"PERCEIVED RELATIONSHIP BETWEEN REWARD PRACTICES AND EMPLOYEE JOB SATISFACTION IN CITY COUNCIL OF NAIROBI"

BY

ONGOYA DANIEL OWINO

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI.

NOVEMBER 2012
DECLARATION

This research project is my own original work and has not been presented for examination in any other University.

Signed: ___________________________ Date: 06/11/2012

Ongoya, Daniel Owino
D61/P/8960/2004

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

Signature: ___________________________ Date: 06/11/2012

Ms. Florence Muindi
Lecturer, Department of Business Administration,
University of Nairobi
ACKNOWLEDGEMENTS

Sincere appreciation and gratitude to my supervisor, Ms. Florence Muindi for her guidance, advice and support without which this research project would not have been successfully completed.

Special thanks to employees of City Council of Nairobi who spared time from their busy schedules to fill in the questionnaires, without which there would be no findings.

I would also like to thank my wife, Dorothy Ongoya for her patience and encouragement throughout the entire MBA course, my friends, Sammy and Collins for their support during this study.
DEDICATION
To my parents, Richard Ongoya and Paulina Awino, my wife, Dorothy Ongoya, and my children, Tito, Nana and Emie for their love and tireless support, encouragement and patience.
ABSTRACT

The dynamism in the current competitive world where excellence and timely achievement of goals and targets in both the public and the private sectors is a key objective demands that management must be innovative enough and come up with best reward practices that motivate, satisfy and retain their employees. The objective of this study was to establish the perceived relationship between reward practices and employee job satisfaction in City Council of Nairobi.

The study adopted an exploratory approach using a descriptive survey design on all the 2880 employees of City Council of Nairobi. The focus of the study was senior management, middle level management, supervisory staff and clerical officers. Using stratified random sampling, a sample of 288 respondents was selected on whom the survey was conducted. A semi structured questionnaire was used to obtain information from the respondents. Data collected was then analyzed using descriptive statistics techniques such as mean, frequencies and standard deviations to facilitate presentation and interpretation. Regression analysis was then done using Pearson Correlation(r) to establish perceived relationship between reward practices and job satisfaction among the employees. Summary of the research findings was explained in a pros form, from which the researcher has drawn his conclusions and recommendations.

The finding of the study was that there was a negative relationship between reward practices and employee job satisfaction in City Council of Nairobi. The study also found out that majority of employees strongly disagree that there were adequate reward practices to ensure employee job satisfaction in City Council of Nairobi. The types of rewards
available were also found to be unfairly allocated, not well structured and are not reviewed regularly to harmonize them with those of employees in other sectors employment.

Based on the findings, the study recommends that City Council of Nairobi should utilize reward strategies that incorporate performance related pay, competence related pay, skill based pay, team based pay and broad banding. The study also recommends that rewards should fairly allocate to all employees and reviewed from time to time in order to keep employees satisfied with their jobs. The study finally recommends that terms and conditions of service of City Council of Nairobi employees should be harmonized for all employees and matches the same with those of employees in other sectors employment.
# TABLE OF CONTENT

DECLARATION........................................................................................................ ii
ACKNOWLEDGEMENTS........................................................................................... iii
DEDICATION........................................................................................................... iv
ABSTRACT............................................................................................................... v
LIST OF TABLES..................................................................................................... x
LIST OF FIGURES................................................................................................. xi
ABBREVIATIONS.................................................................................................... xii

CHAPTER ONE: INTRODUCTION............................................................................. 1
  1.1 Background of the Study .................................................................................. 1
    1.1.1 Concept of Perception .............................................................................. 2
    1.1.2 Concept of Reward ................................................................................... 3
    1.1.3 Reward Practices ..................................................................................... 5
    1.1.4 Employee Job Satisfaction ...................................................................... 5
    1.1.5 City Council of Nairobi .......................................................................... 6
  1.2 Statement of Problem ....................................................................................... 7
  1.3 Research Objective .......................................................................................... 10
  1.4 Value of the study ............................................................................................ 10

CHAPTER TWO: LITERATURE REVIEW................................................................... 12
  2.1 Introduction ...................................................................................................... 12
  2.2 Employee Reward ............................................................................................ 12
  2.3 Reward Practices ............................................................................................. 14
2.3.1 Reward Policies and Procedures ................................................................. 15
2.3.2 Methods of Allocating Rewards .................................................................. 18
2.4 Types of Rewards .......................................................................................... 19
2.4.1 Financial rewards ....................................................................................... 20
2.4.2 Non-Financial rewards ................................................................................ 20
2.5 Employee Job Satisfaction ............................................................................ 22
2.6 Measures of Employee Job Satisfaction ....................................................... 25
2.7 Relationship Between Reward Practices and Employee Job Satisfaction ...... 26

CHAPTER THREE: RESEARCH METHODOLOGY ...................................................... 29
3.1 Introduction ....................................................................................................... 29
3.2 Research Design ................................................................................................ 29
3.3 Target Population ............................................................................................ 29
3.4 Sample Design .................................................................................................. 29
3.5 Data Collection ................................................................................................ 30
3.6 Data Analysis .................................................................................................... 31

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION .32
4.1 Introduction ....................................................................................................... 32
4.1.1 Response Rate ................................................................................................ 32
4.2 Demographic Information ................................................................................. 33
4.2.1 Gender of the Respondents ......................................................................... 33
4.2.2 Age Bracket of the Respondents ................................................................. 34
4.2.3 Level of education of the respondents ......................................................... 34
4.2.4 Duty Departments ......................................................................................... 35
4.2.5 Current Level of Employment ................................................................. 36
4.2.6 Years worked in City Council of Nairobi .................................................. 37
4.3 Reward Practices .......................................................................................... 38
  4.3.1 Reward Strategies ..................................................................................... 39
  4.3.2 Reward Policies and procedures .............................................................. 42
  4.3.3 Reward Allocation Methods ..................................................................... 44
  4.3.4 Types of Rewards ..................................................................................... 45
4.4 Job Satisfaction .............................................................................................. 46
4.5 Regression Analysis ...................................................................................... 50
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS .......................................................... 54
  5.1 Introduction .................................................................................................. 54
  5.2 Summary of Research Findings .................................................................... 54
  5.3 Conclusions .................................................................................................. 58
  5.4 Recommendations ......................................................................................... 58
  5.5 Limitations of the study ............................................................................... 59
  5.6 Suggestions for Further Research ............................................................... 60
REFERENCES ..................................................................................................... 62
APPENDICES ..................................................................................................... 67
APPENDIX I: LETTER OF INTRODUCTION .................................................... 67
APPENDIX II: QUESTIONNAIRE ........................................................................ 68
LIST OF TABLES

Table 3.1: Sample Distribution .................................................................................. 30
Table 4:1: Response Rate .......................................................................................... 32
Table 4:2: Name of Department ............................................................................... 35
Table 4:3 Years Worked ......................................................................................... 38
Table 4:4 Reward Strategies .................................................................................... 39
Table 4:5 Reward Policies and procedures ............................................................... 42
Table 4:6 Reward Allocation Methods ...................................................................... 44
Table 4:7 Types of Rewards ..................................................................................... 45
Table 4:8: Job Satisfaction ....................................................................................... 47
Table 4:9 Model Summary ....................................................................................... 51
Table 4:11 Coefficient Results ................................................................................ 51
Table 4:12: Pearson Correlation .............................................................................. 53
LIST OF FIGURES

Figure 4.1: Gender of the Respondents...............................................................33
Figure 4.2: Age of the Respondents.................................................................34
Figure 4.3: Level of Education ........................................................................35
Figure 4.4: Current Level of Employment.......................................................37
ABBREVIATIONS

CCN – City Council of Nairobi
PwC – PricewaterhouseCoopers
JSS – Job Satisfaction Survey
JDI – Job Descriptive Index
MSQ – Minnesota Satisfaction Questionnaire
CCK – Communications Commission of Kenya
CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Employees are the most important among all resources an organization owns. To retain efficient and experienced workforce in an organization is very crucial in overall performance of an organization. Employees who are satisfied with their jobs can help make an organization competitively more value added and profitable, (Baron 1983). The management must develop a relationship between the organization and employees that will fulfill the continually changing needs of both parties. Organizations expect employees to perform reliably the tasks assigned to them and at the standards set for them, and to follow the rules that have been established to govern the workplace. On the other hand, employees expect their organization to provide fair pay, safe working conditions, and fair treatment, (Beer et al., 1984).

Reward is likely to provide employees of all levels with feelings of fulfillment, achievement and even pleasure for their job. Thus, such feelings can make people more productive, creative and therefore more profitable for the organization. The feelings of job satisfaction can strengthen commitment and loyalty of employees with the organization. Over the years, a considerable amount of literature has been developed, which seeks to improve understanding of rewards practices and the extent to which they influence levels of employees’ commitment, motivation and eventually, job satisfaction. Lawler (1971), asserted that there is an increased emphasis on people as a key source of competitive advantage, and many managers try to comprehend the complexities of rewarding people at work and provide them with job satisfaction so that they can gain employee commitment. Productive reward practice should be reinforced to provide
incentives towards achieving the organizational overall performance. Dessler (2004), notes that employees with outstanding performance will expect that their exceptional contributions will be recognized and also to be appreciated by management.

Bowen (2000 and Galbraith (1973), argued that reward practices should be aligned to motivate employees' performance that is consistent with the firm's strategy, attract and retain people with knowledge, skills, and abilities required to realize the firm's strategic goals, and create a supportive culture and structure. Current performance of the employees can be uplifted by having a well developed performance appraisal, reward and benefits system, (Bretz et al., 1992). Reward practices are concerned with the development of appropriate organizational cultures, underpinning core values and increasing the motivation and commitment of employees.

1.1.1 Concept of Perception

According to Rao and Narayan (1998), perception is the process through which people select, organise, and interpret sensory stimulations into meaningful information about their work environment. Nelson and Quick (1997), define perception as the process of interpreting information about another person, practice or object. A person develops perception about another person or a given process / practice depending on information available to that person and the extent to which the individual is capable of correctly interpreting the acquired information. In other words, one may be in possession of the same set of information that other people have on a particular situation, person or group but still arrive at different conclusions due to individual differences in the capacity to interpret the information in their possession. Rao and Narayan (1998), emphasize that
perception ranks among important cognitive factors of human behaviour or psychological mechanism that enable people to understand their environment and draw conclusions.

Focusing on managers in work settings, Nelson and Quick (1997), provided a concise description of the three major characteristics that influence the perception of people on others and on a given process: First, Perceivers-Specific Characteristics e.g familiarity: Familiarity implies that, compared to others, the observers are better positioned to make observations leading to better relative ability to arrive at superior decisions about a particular situation or practice. Second, Target-Specific Characteristics, like physical appearance or the components of the action or practices being perceived. Such characteristics include: estimated age, race, gender, recognition or payment. More importantly, perceivers find it easier to pick out those appearance traits that are unusual or new. Third, Situation-Specific Characteristics: The strength of situational cues often provides clear indications of behaviour or practices that are acceptable within certain environmental contexts. Thus, there are particular situations that influence behaviour of an individual or adoption of a particular practice in an organization, which do not necessarily affect the disposition of that individual observation. In this regards, perception goes along way to determining key decisions made in an organization concerning issues of employees and how they perceived their work environment.

1.1.2 Concept of Reward
Tropman (2005), defines reward as compensation or payment that an organization provides to its employees for the skills time and effort for the benefit of the organization and the employee. Kandula (2006), states that rewards are a proven means of inspiring employees to perform very well. The reward or compensation people receive for their
contribution to an organization includes monetary and non-monetary components (Price, 2007). Murlis and Watson (2001), contend that reward package should not only include monetary values but should also be enlarged and based on building a much deeper understanding of the employee agenda. The reward must aim at creating fun, challenging, and empowering work environment in which individuals are able to use their abilities to do commendable jobs for which they are shown appreciation, (Pfeller, 1998).

Reward can be used to develop and support a productive psychological contract by ensuring that employees are paid on the basis of their contribution to the organization rather than relying on stick and carrot promotion as a reward for loyalty and service. In addition, people should be rewarded according to competence and skills as long as these are used for good purpose. There should be reliance upon contingent pay as a means of conveying messages about organizational values, critical success factors and priorities and how people are expected to contribute in specific areas rather than as a direct motivator, (Nieuwenhuizen & Rossouw, 2009). There is also need to develop team reward systems that emphasize the importance of team work, flexibility and the multiskilling. Price (2007), points out that there should be a need to introduce gain sharing schemes which underline the propositions that we are all in this together by sharing gains in added value and involve employees in analyzing performance and proposing improvement.
1.1.3 Reward Practices

Reward practices are procedures, rules and standards associated with allocation of benefits to employees. According to Armstrong (2006), reward practice is the formulation and implementation of strategies and policies, the purposes of which are to reward people fairly, equitably and consistently in accordance with their value to the organization and thus help the organization to achieve its strategic goals. Cole (2008), also defines reward practice as a mechanism by which an organization plans how to attract, retain, and motivate its employees.

Organisations have reward practices for purposes of attracting and retaining committed employees who work hard to achieve the company goals because they see the connection between their future and the future of their respective organizations, (Okoth 2003). Deeprose (1994), argued that the motivation of employees and their productivity can be enhanced through providing them effective recognition which ultimately results in improved performance of organizations. The entire success of an organization is based on how an organization keeps its employees motivated and in what way they evaluate the performance of employees for job compensation.

1.1.4 Employee Job Satisfaction

Job satisfaction is the positive attitude towards one's work when tangible and/or intangible rewards fulfill expectations, (Weiss 2002). Locke (1976), stated that job satisfaction can be viewed as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience. Locke et al. (2002), wrote that the achievement of one's job values in the work situation results in the pleasurable emotional state known as job satisfaction. Porter et al. (1975), explained job satisfaction as a feeling about a job
that is determined by the difference between the amount of some valued outcome that a person receives and the amount of outcome he feels he should receive thus creating meaning to employees and resulting into an increased motivation. The happier people are within their jobs, the more satisfied they are said to be. Researchers have linked job satisfaction to: reward practices, demographics, employee-leader relations, performance appraisal, commitment, turnover and organisational performance, (Bass, 1990).

In order to expand the understanding of job satisfaction, it is vital to know what motivates people to work. Campbell et al., (1970) categorised job satisfaction theories into either content theories or process theories. Content theories are built on various factors which influence job satisfaction. Process theories on the contrary, take into account the process by which variables such as expectation needs, values and comparison interact with the job to produce job satisfaction. Job satisfaction has various dimensions such as: pay, promotions, recognition, working conditions, benefits, supervision and co-workers, (Locke 1976).

1.1.5 City Council of Nairobi
The City Council of Nairobi (CCN) dates back to 1950 when it was elevated from a municipal centre, Kibwage (2002). Its function is to deliver services to residents of Nairobi and to undertake administration of Nairobi City. City Council of Nairobi derives its legal mandate from the Local Government Act (Cap 265) of the Laws of Kenya, amongst other Acts of Parliament that augment its diverse core functions and priorities (City Council of Nairobi Handbook, 2007). City Council of Nairobi as part of the Local Authorities has the legal mandate to provide and maintain a variety of public services, initiate infrastructure and other development projects and to undertake basic
administrative tasks at the local level. This entails the need for efficiency in service
delivery by the employees and a suitable reward system will enhance this objective.
Human resources department at City Council of Nairobi is charged with the mandate of
taking into account the employees’ welfare. Ensuring that reward practices lead to
employee job satisfaction is one of it’s key responsibility.

City council of Nairobi has a total of 12,383 employees comprising of senoir
management, middle management, clerical as well as support staff who are deployed into
various departments, (City Council of Nairobi Website). Main departments within the
Council are: City Planning, Administration, Human Resources, Fire Brigade, Eastates
and Developments Control, Operations and Services, Transport, Engineering, Quantity
Surveys, Finance and Accounting. Other departments within the City Council of Nairobi
include: Highways & Building Works, Electrical and Architectural departments— all
which have a number of employees performing various duties.

1.2 Statement of Problem

The dynamism in the current competitive world where excellence and timely
achievement of goals and targets in both the public and the private sectors is a key
objective, demands that management must be innovate enough and come up with the
best reward practices that motivate and retain their employees. A considerable amount of
literature has been developed, which seeks to improve understanding of rewards practices
and the extent to which they can influence the levels of employees’ commitment,
motivation and eventually job satisfaction. Bretz, Milkovich and Read (1992), observes
that current performance of the employees can be uplifted by having a well developed
recruitment policy, performance appraisal, reward and the bonus system. Dessler (2004),
notes that those employees with impressive performance will expect that their exceptional contributions are recognized and also appreciated by the top management. Innovative reward practices provide employees with feelings of fulfillment, achievement and even pleasure for their jobs (Den Hartog and Venberg (2004). They note that, such feelings can make people more productive, creative and therefore more profitable for the organization. Furthermore, feelings of job satisfaction can strengthen the commitment and loyalty of employees with the organization, (Ramlall (2004). Chiu (2002), stresses that fair reward practices improve employees’ motivation which boosts their job satisfaction. Galbraith (1973) argued that the reward practices should be aligned to motivate employees’ performance that is consistent with the firm's strategy, attract and retain people with the knowledge, skills, and abilities required to realize the firm's strategic goals, and create a supportive culture and structure.

City Council of Nairobi is the largest local government body in charge of service delivery to the over five million residents of the City of Nairobi. Thus, for efficient service delivery to enhance credibility and reputation of City Council of Nairobi, its employees need to be satisfied in their jobs. This is, however, not the situation at the City Council of Nairobi since its employees have been accused of being unprofessional, corrupt, politically affiliated, lazy and inefficient - a fact which is attested by the poor state of major city roads and poor garbage collection among others, (PWC Audit report Part I 2012). The report highlighted the Council’s pathetic reward practices, poor recruitment policies, bureaucracy and duplication of responsibilities. Even worse, it reveals that, more than ninety two percent (92%) of the Council’s 11,392 employees are ‘incompetent’.
At least nine-out-of-ten City Council of Nairobi employees are either semi-skilled or unskilled, a fact that seriously impairs the Council’s efficiency. Nearly half of City Council of Nairobi employees never progressed beyond primary school education, (PwC Part II, 2012). The major loophole which the above Price Waterhouse Coopers, 2012 report also enlists is that the employees are recruited and rewarded poorly and unfairly based on nepotism and political connections, making most of them unsatisfied with their jobs. It asserts that pay, promotion, recognition, working conditions, supervision and leadership, skills and abilities, organizational policies and procedures which influence employee job satisfaction, are either poor or terribly inadequate at the City Council of Nairobi.

A number of studies have been conducted on job satisfaction in Kenya. Many of these studies have focused on other factors other than reward practice and how they contribute to job satisfaction in general. Atieno (2010), for instance, researching on motivation among Communication Commission of Kenya (CCK) employees found out that individual employee characteristics and motivation resulting from rewards enhanced job satisfaction amongst employees. Muigai, (2010) also studied how demographic characteristics of the employees affect job satisfaction and concluded that gender and age amongst other demographic characteristics had a positive correlation with job satisfaction. Still and Bundi, (2010) studied human resource management practices with focus on pay and promotion, job security and relationship with co-workers and established that the overall level of employee job satisfaction was high with increased availability of these factors. Not the least, Kathini, (2010) also studied employee procurement and retention policies and how it affects their job satisfaction. She found that when employee
recruitment terms like pay, compensation, work environment and others like equity, clarity, consistency and transparency are upheld, the employees become more satisfied in their jobs. Despite these research works, no study to the knowledge of the researcher has been done specifically to analyse the relationship between reward practices and employee job satisfaction. The study therefore intends to concentrate on reward practices as a factor for job satisfaction as there seems to be a knowledge gap in this area and address the question: What is the perceived relationship between reward practices and employee job satisfaction in City Council of Nairobi?

1.3 Research Objective
To establish the perceived relationship between reward practices and employee job satisfaction in City Council of Nairobi.

1.4 Value of the study
The study will make a significant contribution to local authorities in Kenya as it will provide insight on how council employees perceive and relate the various reward practices to their levels of job satisfaction. This relationship will indeed enable the City Council of Nairobi to discover: what motivates its employees, what drives loyalty and what makes and keeps the employees enthusiastic in their jobs. The study findings will also help the City Council of Nairobi management to understand staff job satisfaction and productivity levels which are key to decision making on where to allocate resources so as to enhance solutions to problems that affect employees.

In addition, the research work will contribute to the body of knowledge in the world of academia and specifically to literature on human management practices carried out by organizations.
It will be a vital reference document for researchers and scholars since they will use the information as a basis for further research and expand the knowledge for use in other sectors of the economy. To this end it will act as a reference literature on determinants of job satisfaction.

Moreover, City Council of Nairobi stakeholder organization such as donor communities and private investors would be interested in the findings of the project so as to make informed decisions on their investment and other services offered to or sourced from the council. The civil society and non-governmental organizations may also rely on the research to know what ways they can support the Council or offer checks and balances as far as rewarding human resource is concerned to ensure effective and efficient service delivery within the city.
CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature review on employee reward, reward practices, types of reward, employee job satisfaction, measures of employee job satisfaction and the relationship between reward practices and employee job satisfaction.

2.2 Employee Reward

According to Chiang and Birtch (2007), the utility and enticement entrenched in reward is revealed in a variety of theoretical perspectives. The dichotomy of intrinsic and extrinsic rewards was initiated by Herzberg et al., (1957) who labelled the achievement, recognition and advancement as an intrinsic reward that motivate the employees more than the extrinsic rewards, that is, salary, job security or working environment, etc. Zhou et al., (2009), states that the philosophy of extrinsic rewards is originated from the term” utilitarianism” and suggests that people’s behaviours are modifiable, so by providing extrinsic rewards their performance could be enhanced. “Romanticism” on the other hand refers to intrinsic motivation that boosts the innovation and creativity of the employees.

According to the cognitive theory, actions only get strengthened when the expectations change about what one does and what he receives in terms of rewards. Vroom (1964), debates that certain behaviour is determined to be initiated only if the expectations and the consequences related to that event occurred. Porter and Lawler (1968), followed Vroom’s ideas and further contended that people often put efforts in work by judging the value of reward and the relationship between their effort and expected reward (Chiang, 2005). Taylor (1911), argues that only a continuous and large amount of pay can bound
people to work hard and they are motivated only if the incentives and penalties are directly associated with their performance. Pfeffer (1998), argued that people work for money. Latham and Locke (1979), speculate in their goal setting theory that performance can be enhanced only when the objectives and goals are difficult and feedback is associated to the elevated performance for the attainment of higher goals.

Adams (1963) totally negates the notion and introduces the idea of equitable rewards. According to him people can be motivated only if they are treated in an equitable manner. Equity theory says that reward or pay system is considered fair if they are perceived to be fair (Jaques, 1961). Azasu (2009) suggested the “Principal-agency theory” in which mostly people are opportunist and are always motivated through monetary rewards. While socioeconomic theorists argue that people are neither inclined towards monetary reward nor they have homogeneous approach, they might be fascinated by the cocktail of monetary and non-monetary rewards that can be the potent to enhance their motivation and commitment (Malhotra et al., 2007). Vandenberghe et al., (2008) links the big five personality attributes (extroversion, agreeableness, conscientiousness, stability and openness to experience) to performance of employee. Employees possessing the traits of extroversion and agreeableness are observed to be more cooperative. Extroverts pay more attention towards social interaction. Agreeable and conscientious employees are more inclined towards future prospects like insurance, pension and job security, etc. Simple openness to experience exercises positive impact on the opportunities of career development. Employees will feel that the rewards in an organization are fair if they know what they are and how they are used to determine their level of pay and the methods of pay progression.
2.3 Reward Practices

Armstrong and Murlis (1998), opined that reward practices are a fundamental function of human resource management as they deal with the assessment of job values, design and management of payments as well as performance management and reward procedures. Reward practices should take into account organizational goals, values and strategies. They should include the development of organizational cultures as they are led by organizational requirements and can increase the motivation and commitment of employees. Reward practices comprise of two main elements: financial and non-financial rewards. The financial rewards include rewards strategies such as merit-pay, market-based pay, profit-related pay, while non-financial rewards focus on the needs of people for recognition, achievement, responsibility and personal growth, (White and Drucker, 2000). Reward practices also aim to deliver other objectives such as legal compliance, labour cost control, perceived fairness towards employees and the enhancement of employee performance to achieve high levels of productivity and customer satisfaction. The design of these systems may include: pay for individual performance, pay for individual development, rewards based on the performance of small groups or teams and finally rewards based on division or organisational performance.

Reward practices serve as the most contingent factor in keeping employees’ self esteem high and passionate. Oosthuizen (2001), stated that it is among the function of managers to motivate the employees successfully and influence their behavior to achieve greater organizational efficiency. Studies by Wether and Davis(1996), have demonstrated that the practice of rewarding is important for at least two reasons. First, a reward has a motivating effect on employees to do what managers expect of them. Second, rewarding
practices can induce employees to deliver high-quality service. Reward policies and procedures should take into account organizational goals, values and strategies and also include the development of organizational cultures (Armstrong and Murlis, 1998).

2.3.1 Reward Policies and Procedures

Organizations seek to determine the reasonable balance between employee commitment and satisfaction of the employees. The reward policies serve as the most contingent factor in keeping employees' self esteem high and passionate. Oosthuizen (2001), stated that it is among the function of managers to reward the employees successfully and influence their behavior to achieve greater organizational efficiency. La Motta (1995), is of the view that satisfaction at job is the result of ability and reward. Ability formulated through education, equipment, training, experience, ease in task and two types of capacities i.e. mental and physical. Satisfaction of employees and rewards are the factors that proved to be the bonding agents of the performance evaluation programs. According to Wilson (1994), the process of employee satisfaction is one among the key elements of total reward policy.

Entwistle, (1987) points out that if an employee performs successfully, it leads to organizational rewards and as a result motivational factor of employees lies in their satisfaction. Majority of the organizations require their employees to work according to the rules and regulations, as well as, job requirements that comply with full standards. The investigations that have been conducted to find the relationship between compensation and individuals were focused to increase the satisfaction of employees, (Ciscel, 1974). According to Andrew (2004), commitment of all employees is based on rewards. Most of organizations have gained immense progress by fully complying with
their business strategy through a well balanced reward practice programs. Deprose (1994), argued that the motivation of employees and their productivity can be enhanced through providing them effective reward which ultimately results in improved satisfaction of organizations. Freedman, (1978) is of the view that when effective rewards practices are implemented within an organization, favorable working environment is produced which motivates employees to excel in their satisfaction. Flynn (1998), argued that reward programs keep high spirits among employees, boosts up their morale and create a linkage between reward practices and satisfaction of the employees. The basic purpose of recognition and reward program is to define a practice to pay and communicate it to the employees so that they can link their reward practices which ultimately leads to employee’s job satisfaction. The rewards include the financial rewards, pay and benefits, promotions and incentives that satisfy employees to some extent but for committed employees, recognition must be given to keep them motivated, appreciated and committed. Baron (1983), argued that when we recognize and acknowledge the employees in terms of their identification, their working capacity and satisfaction is very high. Employees are motivated fully when their needs are met. The level of motivation of employees increases when employees get an unexpected increase in recognition, praise and pay (La Motta, 1995). The ability of supervisors to provide strong leadership has an effect on job satisfaction of employees (Morris, 2004). The study relates how the impact of incentives, rewards and recognition programs drives employee motivation.

Reward policies and procedures play a vital role in determining the significant satisfaction in job and it is positively associated with the process of motivation. Lawler
(2003), argued that there are two factors which determine how much a reward is attractive, first is the amount of reward which is given and the second is the weightage an individual gives to a certain reward. Deeprose (1994), is of the view that good managers recognize people by doing things that acknowledge their accomplishments and they reward people by giving them something tangible. Fair chances of promotion according to employee's ability and skills make employee more loyal to their work and become a source of pertinent workability for the employee. Bull (2005), posits a view that when employees experience success in mentally challenging occupations which allows them to exercise their skills and abilities, they experience greater levels of job satisfaction. Incentives, rewards and recognition are the key parameters of today's motivation programs according to most of the organizations as these bind the success factor with the employees' satisfaction. Robbins (2001), asserts that promotions create the opportunity for personal growth, increased levels of responsibility and an increase on social standing. Similarly, recognition which is a central point towards employee motivation adores an employee through appreciation and assigns a status at individual level in addition to being an employee of the organization. Barton (2002), argued that the factor in fortune best companies which discriminates companies from the others is recognition that is the most important factor of their reward practice.

Employees are definitely closer to their organization as their jobs can become the major satisfaction in their life after having a proper rewards. Rewards enhance the level of productivity and satisfaction at job, whether it's a first time satisfaction or repeated activity at the job in a progressive way.
2.3.2 Methods of Allocating Rewards

Reward allocation methods are based on well-articulated set of beliefs and guiding principles that are consistent with the values of the organization. Such beliefs and principles include the need to achieve fairness, equity, consistency, and transparency in carrying out the reward practices (Armstrong 2007). The philosophy recognizes that, if Human Resource Management (HRM) is about investing in human capital from which a reasonable return is required, then, it is proper to reward people differently according to their contribution, seniority, tenure in the organization, job group, pay structure and job evaluation surveys done by the organization. Armstrong and Murlis (1994) suggest that in developing a reward allocation structure, the relative pay among the various jobs should be determined. This is done using Job Evaluation to assess the relevant job contributions of each job within the company such as responsibility, skills, and effort and working conditions are required by the job. Chen et al. (1997) also observes that a job evaluation system is used to determine how many points a job (not a particular individual occupying a job) should be awarded on each of the four compensable factors.

A recent study by Chang and Quak (2001) also highlights another method of allocating reward as through determining salary ranges. They note that every individual performing the same job does not earn the exact same amount of pay. In order to accommodate for differences in personal and performance contributions, a company should develop a salary range for each job and adopt a system to place each individual within this salary range. This is done by placing individuals in the range based on either performance, or seniority. When initial placement and movement within the range is based on
performance, the company must develop a system of performance evaluation for this purpose under Performance Appraisal.

Determining the pay level of jobs within the organisation is yet another method of reward allocation, (Newstrom and Davis 1997). The organisation should position its pay structure relative to its competitors and decide whether it wants to compensate its employees at, above, or below market averages. This will depend on factors it uses to attract and retain employees. In order to determine market averages, most companies rely on wage and salary surveys as a tool, (Amstrong and Murlis, 1994).

Scholl (2007) outlines that, the basis for all effective compensation methods is an equitable pay structure derived from pay surveys or pay systems in the organization. The purpose of developing such pay systems is to attempt to maximize Pay Satisfaction. Moreover, Scholl argues that equitable pay structure is a system to determine the relative pay given to individuals occupying the various positions within an organization. This means when they make internal (job and company) and external (market) comparisons there's a high probability that they will perceive equity.

2.4 Types of Rewards
The various types of organisational rewards are in abundance. Kreitner et al. (1999) say that rewards can vary from subsidised lunches to stock options, from boxes of chocolates to golf club membership. The most basic form of rewards is pay and benefits, but there are less obvious social and psychic rewards. Social rewards can include a simple praise and recognition from others both inside and outside the organisation. Psychic rewards are more from the inside, and include personal feelings of self-esteem,
self-satisfaction, and accomplishment. Despite the fact that reward systems vary widely, it is possible to identify and interrelate some common components.

2.4.1 Financial rewards
Financial rewards take the forms of: salary, wages, bonuses, pay incentives, medical insurance, paid holidays and recreation and also total remuneration (base pay and contingent pay), (Armstrong,2007). According to Newstrom and Davis (1997), money has always been important to employees because of the goods and services that it will purchase, it can be regarded as a status symbol and it represents to employees what their employer thinks of them. According to Armstrong and Murlis (1994) financial rewards need to be considered from three points of view: the effectiveness of money as a motivator; the reasons why people are satisfied or dissatisfied with their rewards, and the criteria which should be used when developing a financial reward system. Money is significant for people not only for what it can buy but also as a highly tangible method of recognising their worth. Armstrong and Murlis, (1994) adds that although money can motivate, to achieve lasting motivation, attention has also to be paid to the non-financial motivators. The individuals' values, needs and employment conditions will influence the reactions towards reward policies and practices.

2.4.2 Non-Financial rewards
Non-monetary rewards are more varied and unique than monetary rewards and offer major advantages. They help meet employees' needs for recognition, growth and responsibility and most can be relatively inexpensive. In the organisation, non-monetary rewards range from small merchandise rewards to certificates of appreciation.
The technical requirements are equally varied, ranging from rewards with no
documentation (certificates of appreciation) to rewards requiring management’s
signature (external rewards) before being submitted to the employees, (Office of
Human Resources Management, 2002). According to Spangenberg (1994), a survey was
conducted by the American Productivity Centre where 99.9 per cent of respondents
said that “recognition for a job well done is important or very important” as a
motivational factor. In this survey it was ranked above competitive salary and pay for
performance.

Armstrong and Murlis (1994) observe that one of the most powerful motivators is
recognition and it is necessary, because people need to know not only how well they have
achieved their objectives, but also that their achievements are appreciated. Praise is
probably the most common way of giving recognition, but there are other forms of
recognition such as long service awards, status symbols of one kind or another,
sabbaticals and work-related trips abroad, all of which can be part of the total reward
process. Further, McClelland (1998), identified influence as another type of reward but
established that although the need for influence and power is as important to some people
as is the need for achievement, the need for affiliation was always present. The
organisation can provide motivation by empowering people by putting them into
situations where their views can be expressed, listened to and acted upon. Achievement,
responsibility and personal growth are not the least, other non monetary ways of
rewarding employees, (O’Neal (2006).
2.5 Employee Job Satisfaction

The concept of job satisfaction is of great interest to many researchers and management professionals. Employees can be satisfied by some elements of the job and simultaneously dissatisfied with others. Distinct types of satisfaction lead to different intentions and behaviours that arise from different types of motivation in getting different types of rewards, (Spector 2007). Weiss, (2002) observes that job satisfaction as an attitude but points out that researchers should clearly distinguish the objects of cognitive evaluation which are: emotions, beliefs and behaviors. This argument suggests that we form attitudes towards our jobs by taking into account our feelings, our beliefs, and our behaviors. Job satisfaction describes how contented an individual is with his or her job. The happier people are with their jobs, the more satisfied they are said to be. Khainga (2006), highlights that job satisfaction has three dimensions. Firstly, it is an emotional response to a job situation. This can only be inferred. Secondly, job satisfaction is determined by how well outcomes meet expectations. For instance, if the salary is commensurate to work done and is also equitable, the organizational members are likely to develop job satisfaction. Finally, job satisfaction should be viewed as representing a combination of related attitudes.

Job satisfaction can take place through intrinsic motivation, that is, self-generated factors that influence people to behave in a certain way such as responsibility, freedom to act, scope to use and develop skills and abilities among others. It could also be through extrinsic motivation i.e. what is done to or for people to motivate them, including rewards such as increased pay, praise or promotion, (Locke 1976). According to Maslow’s Hierarchy of Needs Theory (1954), for instance, employees with challenging jobs see
chance to fulfill their higher level needs of self-actualization and reach self-fulfillment. Equitable rewards too, affect job satisfaction. Employees are satisfied when they feel that the rewards they receive from their job correspond to their skills and effort. It is not solely about the amount of money they receive. They are satisfied when they feel that they have been fairly treated and when the rewards they receive are equal to the ones that their colleagues who have the same skills and exert the same effort, receive. As Equity Theory suggests “perceived equity seems to lead to greater job satisfaction and organizational commitment”, (Huczynski and Buchanan, 2001). Supportive colleagues also positively lead to job satisfaction. Due to the considerable amount of time that employees spend in their job, their colleagues are part of their everyday lives. Friendly and supportive co-workers can increase an employee’s job satisfaction. This view can be related to Maslow’s Hierarchy of Needs Theory (1954) and refers mostly to employees that wish to fulfill their affiliation needs. Moreover, studies have shown that employee satisfaction is increased when the immediate supervisor is understanding and friendly, offers praise for good performance, listens to employees’ opinions, and shows a personal interest in them, (Robbins 1998). When an employee’s personality is consistent with the job that he or she is performing, then his or her job satisfaction will increase. John Holland’s personality- Job Fit Theory suggests: There is a fit between an individual’s personality characteristics and his or her occupational environment, (Robbins 1998). He also claims that satisfaction and the propensity to leave a job depend on the degree to which individuals successfully match their personalities to an occupational environment, (Robbins, 1998). Consequently, employees that have jobs compatible to their personality are more likely to perform better, because they are able to use their skills and talents, and
in general, to do what they are good at. This increased performance the probability of achieving satisfaction from their job.

Research on job satisfaction further suggests that a significant portion of some people's satisfaction is genetically determined. That is, an individual's disposition towards life-positive or negative- is established by his or her genetic makeup, holds overtime, and carries over into his or her disposition towards work (Robbins, 1998). What this theory proposes, is that there are employees who have an inherent negative attitude towards work that job characteristics such as rewards, benefits and working conditions cannot alter it. Therefore, there is nothing that managers can do to change those employees' attitude towards their work. Instead, what they can do is concentrate on the careful selection of their employees to prevent such situations from happening in the future. Furthermore, as far as managers are concerned they are focused on areas of training, organizational structure, job enrichment, levels and methods of payments, based on the assumption that such factors affect the feelings, the attitudes and the behavior of the employees.

Locke (1976), developed the Affect Theory which is arguably the most famous job satisfaction model. The main premise of this theory is that satisfaction is determined by a discrepancy between what one wants in a job and what one has in a job. Further, the theory states that how much one values a given facet of work (e.g. the degree of autonomy in a position) moderates how satisfied or dissatisfied one becomes when expectations are or are not met. When a person values a particular facet of a job, his satisfaction is more greatly impacted both positively (when expectations are met) and negatively (when expectations are not met), compared to one who does not value that
Frederick Herzberg too, developed a two factor theory (also known as Motivator Hygiene Theory) and attempted to explain satisfaction and motivation in the workplace. This theory states that satisfaction and dissatisfaction are driven by different factors - motivation and hygiene factors, respectively, (Herzberg, 1968). Motivating factors are those aspects of the job that make people want to perform and provide people with satisfaction. They include: achievement in work, recognition or promotion opportunities. They are intrinsic to the job or the work carried out. Hygiene factors on the other hand involve aspects of the working environment such as pay, company policies, supervisory practices and other working conditions.

2.6 Measures of Employee Job Satisfaction

Dessler (1999), noted that job satisfaction reflects the attitudes about an employee’s job in practice. Measuring job satisfaction is undertaken by analyzing specific aspects of the job. This is done using instruments such as popular job satisfaction survey and job descriptive Index which considers such aspects as pay, promotional opportunities and supervisor. Job satisfaction levels are determined by carrying out attitude surveys.

The most widely cited survey instruments found in the literature include: The Job satisfaction Survey (JSS), the Job Descriptive Index(JDI) and Minnesota Satisfaction Questionnaire (MSQ). Job Satisfaction Survey(JSS) was developed by Paul E. Spector to assess employee attitudes about the job and aspects of the job. The JSS is a 36 item questionnaire that targets nine separate facets of job satisfaction. Those facets include pay, promotion, benefits, supervision, contingent rewards, operating procedures, coworkers, nature of work, and communication. Response to each question range from ‘strongly disagree’ to ‘strongly agree’, and questions are written in both directions. The
JSS assesses job satisfaction on a continuum from low (dissatisfied) to high (satisfied).

Job Descriptive Index (JDI) was first discussed in Smith, Kendall, and Hulin’s publication of the Measurement of Satisfaction in Work and Retirement (1969). This 90-item scale is designed to measure employees’ satisfaction with their jobs by looking at five important aspects of job satisfaction which are: present job, present pay, and opportunities for promotion, supervision, and coworkers. The ratings are done and the interpretation is almost same as for JSS. Minnesota Satisfaction Questionnaire (MSQ) was developed in 1967 by Weiss, Dawis, England, & Lofquist, for which it has become a widely used instrument to evaluate job satisfaction. Three forms of the MSQ have been developed, two 100-item long forms (1977 version and 1967 version) and a 20-item short form. The MSQ is designed to measure specific aspects of an employee’s satisfaction with her or his job, and it provides more information on the rewarding aspects of the job than do other more general measures of job satisfaction.

2.7 Relationship Between Reward Practices and Employee Job Satisfaction

Reward Practices are based on well-articulated set of beliefs and guiding principles that are consistent with the values of the organization. Such beliefs and principles include the need to achieve fairness, equity, consistency, and transparency in carrying out the reward practices, (Armstrong 2006). It is assumed that reward practices are closely related to job satisfaction. Many scholars and practitioners believe that sound reward practices result in better level of job satisfaction which ultimately improves organizational performance, (Appelbaum et al., 2000). Steijn (2004), found that reward practices had positive effect on job satisfaction of employees of public sector whereas individual characteristics such a
age, gender, and education had insignificant effect on job satisfaction. Gould-William,  
(2003), showed that use of specific reward practices in local government organizations is  
associated with a greater degree of job satisfaction, workplace trust, commitment, effort,  
and perceived organizational performance.  
These studies recognize that, if human resource management (HRM) is about investing in  
human capital from which a reasonable return is required, then, it is proper to reward  
people differently according to their contribution.  

Purcell et al (2003), believe that discretionary behaviour that helps an organization to be  
successful is most likely to happen when employees are well motivated and feel  
committed to the organization, and when the job gives them high levels of satisfaction.  
Their research found that the key factor affecting job satisfaction is the nature of reward  
practice in the organization. They concluded that it is therefore reasonable to relate job  
satisfaction with reward practices in an organization. Abang et al. (2009), cited that  
intrinsic rewards resided in intrinsic motivation and extrinsic rewards signified extrinsic  
motivation. Bjorkman and Budhuar (2007), found out that private sector employees  
thrives on extrinsic motivation through economic rewards and Srivastava, (2004) and  
Zaini et al. (2009), on the contrary found that public sector employees have greater needs  
for intrinsic rewards and intrinsic motivation. Milne (2007), opined that rewards offered  
by employers significantly improves an employee’s motivation towards their work and  
subsequently improves job satisfaction. Davis (1951), found that job satisfaction can  
make employees achieve organizational goals, take more interest in work and feel  
honored to be part of their organization. Murlis (2001), concluded that organizational  
factors consisting of personnel reward practices and procedures, employee relations,
nature of work, technology and work organization, supervision and styles of leadership, management practices and working conditions play a great role in ensuring that employees are happy with the tasks they perform and hence more satisfied with their jobs.
CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides methodology and procedures used in collecting and analysing data in the research. It describes the research design, target population, sample design, data collection and data analysis methods.

3.2 Research Design

The research design used in this study was a descriptive survey. According to Cooper and Schindler (2000), a descriptive survey research design seeks to find out the who, how, what, where and when about a phenomenon. This research design was appropriate in this study since the researcher aimed at collecting information from all respondents on their attitudes and opinions with a view to explore perceived relationship between reward practices and employee job satisfaction. The descriptive design provided data from a cross section of the sample population.

3.3 Target Population

The target population was all 2880 staff of City Council of Nairobi. The focus of the study was senior management, middle level management, supervisory staff and clerical officers.

3.4 Sample Design

The research used a stratified random sampling design. This choice was made because it gives each item in the population an equal probability of being selected. A quota of 10% was established for each stratum in the council from the four stratus of; senior
management, middle level management, supervisory staff and clerical staff. Using stratified random sampling design, the researcher selected 288 respondents on whom the survey was conducted. A table of random numbers was used to select the individual respondents for the study.

Table 3.1: Sample Distribution

<table>
<thead>
<tr>
<th>Population Category</th>
<th>100%</th>
<th>10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>40</td>
<td>4</td>
</tr>
<tr>
<td>Middle level Management</td>
<td>280</td>
<td>28</td>
</tr>
<tr>
<td>Supervisory Staff</td>
<td>360</td>
<td>36</td>
</tr>
<tr>
<td>Clerical Staff</td>
<td>2200</td>
<td>220</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2880</td>
<td>288</td>
</tr>
</tbody>
</table>

3.5 Data Collection

A semi-structured questionnaire was used to collect primary data for this study. The questionnaires were self-administered by the researcher to all respondents. The choice of this tool was guided by time available and the research objective. The questions were close-ended and sought to obtain information on reward strategies, policies & procedures, methods & types of reward as well as about employee job satisfaction. Respondents were presented with a range of questions against which they were expected to respond based on predetermined rating scale. The respondent’s perceptions, views, values and opinions were then captured through these questions and measured using Likert Scale (Cooper & Schinder, 2007). The respondents were required to complete questionnaires as honestly and as completely as possible.
3.6 Data Analysis

Data collected was sorted, classified, coded and tabulated for ease of analysis. The data was summarized and categorized according to common themes. Data collected was analyzed using descriptive statistics techniques such as mean, frequencies, modes and standard deviations to classify and determine respondents' responses. Regression analysis was then done using Pearson Correlation(r) to establish perceived relationship between reward practices and job satisfaction among the employees. The data was then be presented in table & charts and interpretations given in prose.

The following regression equation was used in the study:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where:  
\( Y = \) Job satisfaction

\( X_1 = \) Reward strategies

\( X_2 = \) Reward policies and procedures

\( X_3 = \) Types of rewards

\( X_4 = \) Methods of allocating rewards

\( \beta_0 = \) the constant

\( \epsilon = \) error term
CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter gives analysis, presentation and interpretation of findings of the study as set out in the research methodology. The data is presented using pie charts, frequency tables and percentages. The results presented are on perceived relationship between reward practices and employee job satisfaction with reference to City Council of Nairobi. The data was gathered exclusively from questionnaires as the research instrument. The questionnaire was designed in line with the objectives of the study.

4.1.1 Response Rate

The study targeted to sample 288 respondents in collecting data on perceived relationship between reward practices and employee job satisfaction in City Council of Nairobi.

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responded</td>
<td>243</td>
<td>84</td>
</tr>
<tr>
<td>Not responded</td>
<td>45</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>288</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey Data, October 2012

From the study, 243 out of 288 sampled respondents filled in and returned the questionnaire representing 84% of the targeted population.
This commendable response rate was made possible by the researcher's efforts in personally administering the questionnaires.

4.2 Demographic Information

This section presents an analysis and interpretation of data collected about gender, age, level of education, number of years worked, departments and levels of employment of the respondents.

4.2.1 Gender of the Respondents

The study found that there were more male respondents, represented by 70%, than females respondents represented by 30%. This is shown in figure 4.1.

Figure 4.1: Gender of the Respondents

Source: Survey Data, October 2012

The findings indicate that the number of male employees in City Council of Nairobi is more than double that of females employees, especially at the clerical level since most of the respondents were clerical staffs.
4.2.2 Age Bracket of the Respondents
The study established the respondents' age brackets. From the findings, majority of the respondents were aged between 31-40 years, constituting 36% of the respondents. 29% were aged between 41-50 years, while 27% were aged between 20-30 years. Only a small portion of the respondents representing 9% were aged above 51 years.

Figure 4.2: Age of the Respondents

Source: Survey Data, October 2012

The findings show that most of the respondents were middle aged and significantly above forty years old. This means that City Council of Nairobi employees are mainly middle aged and above.

4.2.3 Level of education of the respondents
The study found that the majority of respondents (64%) held diploma certificates, followed by 20% who held a secondary school certificates. 13% of the respondents indicated that they held degrees. The remaining 3% of the respondents held primary school certificates.
The findings show that majority of City Council of Nairobi employees have diploma education and below and a very small number of employees have degrees.

4.2.4 Duty Departments

The study gathered information on departments in which the respondents worked.

Table 4.2: Name of Department

<table>
<thead>
<tr>
<th>Department</th>
<th>No.</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit Department</td>
<td>31</td>
<td>13</td>
</tr>
<tr>
<td>City Planning Department</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>City Engineering Department</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>City Treasurer Department</td>
<td>41</td>
<td>17</td>
</tr>
<tr>
<td>City Inspectorate Department</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>Education Department</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>Environment Department</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Information &amp; Communication Technology Department</td>
<td>23</td>
<td>9</td>
</tr>
<tr>
<td>Investigation &amp; Information Analysis Department</td>
<td>15</td>
<td>6</td>
</tr>
<tr>
<td>Department</td>
<td>Count</td>
<td>Percentage</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-------</td>
<td>------------</td>
</tr>
<tr>
<td>Human Resource Department</td>
<td>34</td>
<td>14%</td>
</tr>
<tr>
<td>Legal Department</td>
<td>14</td>
<td>6%</td>
</tr>
<tr>
<td>Procurement Department</td>
<td>5</td>
<td>2%</td>
</tr>
<tr>
<td>Public Health Department</td>
<td>9</td>
<td>4%</td>
</tr>
<tr>
<td>Social Services &amp; Housing Department</td>
<td>17</td>
<td>7%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>243</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data, October 2012

According to the findings, majority of the respondents (17%) were from City Treasurer Department, 14% were from Human Resource Department, 13% from Audit Department, 9% from ICT Department and 7% from Social Services and Housing Department. 6% of the respondents were each from City Planning Department, Education Department, Investigation & Information Analysis Department and Legal Departments. Others were: 5% from the City Engineer Department, 4% from Public Health Department, 3% from Environment Department and the remaining 2% each from City Inspectorate and Procurement Department.

The survey drew respondents from all the departments within the City Council of Nairobi. It therefore implies that the whole council was very well represented in the study.

4.2.5 Current Level of Employment

The study also sought to enlist the respondents’ levels of employment. It was found that majority of the respondents were clerical staff represented by 77%. 13% of the respondents were supervisory staff, 9% were middle level management and 1% was senior management.
The findings show that majority of the city council of Nairobi employees serve at the clerical level. The number of employees at the senior and middle levels is quite insignificant and constitutes a very small percentage of the total staff.

4.2.6 Years worked in City Council of Nairobi
Respondents were requested to indicate the number of years they had worked at the City Council of Nairobi.
Table 4:3 Years Worked

<table>
<thead>
<tr>
<th>Years worked at CCN</th>
<th>F</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-8 years</td>
<td>142</td>
<td>58</td>
</tr>
<tr>
<td>9 years and above</td>
<td>49</td>
<td>20</td>
</tr>
<tr>
<td>2 years and below</td>
<td>35</td>
<td>14</td>
</tr>
<tr>
<td>3-5 years</td>
<td>17</td>
<td>7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>243</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Survey Data, October 2012

From the study, 58% of the respondents had worked for 6-8 years, 20% of the respondents had worked for 9 years and above, 14% of the respondents had worked for 2 years and below while 7% had worked for 3-5 years in the City Council of Nairobi.

The findings indicate that a significant number of respondents had worked for over six years in City Council of Nairobi. This implies that most of the employees are well experienced as they have worked for a long time and the Council has a good retention rate for its staff.

4.3 Reward Practices

This section presents an analysis and interpretation of data collected from the respondents about reward practices. Respondents were asked to indicate their opinions in a Likert scale 1 - 5 with responses to statements ranging from “strongly disagree” to “strongly agree” where: 1 = strongly disagree, 2 = Disagree, 3 = neither agree nor disagree, 4 = agree and 5 = strongly agree. The responses were then analysed to obtain means where a mean of: ≤ 2.50 = Disagree, 2.60 - 3.50 = Neutral and ≥ 3.6 = Agree.
4.3.1 Reward Strategies

The study sought to know the level of agreement of the respondents’ with various reward strategies practiced in City Council of Nairobi.

**Table 4:4 Reward Strategies**

<table>
<thead>
<tr>
<th>Employee reward strategies</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Council has a well structured team based pay for all staff</td>
<td>2.9344</td>
<td>1.54778</td>
</tr>
<tr>
<td>Employee competence appreciated through an elaborate competence related pay</td>
<td>2.0820</td>
<td>1.58425</td>
</tr>
<tr>
<td>Varied benefits packages are provided which ensure that tax-efficiency savings are re-invested for the benefit of employees</td>
<td>3.6162</td>
<td>1.24782</td>
</tr>
<tr>
<td>Council makes necessary adjustments to pay to take account of market rates</td>
<td>2.0656</td>
<td>1.50409</td>
</tr>
<tr>
<td>Terms and conditions of my service are often harmonised with that of other employees and my value recognized from time to time.</td>
<td>2.2131</td>
<td>1.29248</td>
</tr>
<tr>
<td>Council has a staff contributory pension scheme for permanent employees</td>
<td>3.6279</td>
<td>1.35057</td>
</tr>
<tr>
<td>I am provided with a challenging work environment, where that encourages me to develop and acquire new skills and experience</td>
<td>3.0656</td>
<td>1.40082</td>
</tr>
<tr>
<td>I enjoy a range of development programmes to enable my career growth</td>
<td>2.7164</td>
<td>1.24488</td>
</tr>
<tr>
<td>Council allows for flexibility in working patterns to accommodate individual staff circumstances consistent with organisational needs.</td>
<td>3.6010</td>
<td>1.37833</td>
</tr>
<tr>
<td>Council provide pay and grading structures that support organisational needs</td>
<td>2.3934</td>
<td>1.32008</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>I am paid in accordance with my grade salary</td>
<td>3.6001</td>
<td>1.53128</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>2.5655</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data, October 2012

From the study, respondents disagreed: that Council makes adjustments on pay to take account of market rates as shown by a mean of 2.06556; that employee competence was appreciated through an elaborate competence related pay shown by a mean score of 2.08020; that terms and conditions of their services were often harmonized with that of other employees and their values recognized as indicated by mean score 2.2131 and that the Council provided pay and grading structures that support organizational needs as indicated by a mean score of 2.3934.

Nevertheless, from the findings, respondents agreed that: employees are paid in accordance to their grade salary shown by a mean score of 3.6001; Council allows for flexibility in working patterns to accommodate individual staff circumstances that was consistent with organisational needs as shown by a mean score of 3.6010; that they were provided with varied benefits packages which ensure that tax efficiency savings were reinvested for the benefits of employees shown by a mean score of 3.6162 and that the Council has a staff contributory pension scheme for permanent employees shown by a mean score of 3.6279; The respondents were, however, neutral on the extent to which: they enjoyed a range of development programmes to enable their career growth as shown by a mean score of 2.7164; they felt that Council had a well structured team based pay for
all staff shown by a mean score of 2.934 and also they were provided with challenging work environment and encouraged to develop and acquire new skills and experience shown by a mean score of 3.0656.

Therefore, the findings in table 4.4 above indicate that in regards to reward strategies, employees of City Council of Nairobi disagree that the Council makes adjustments on pay to take account of market rates, employee competence was appreciated through an elaborate competence related pay, terms and conditions of their services were often harmonized with that of other employees and their values recognized and Council provided pay and grading structures that support organizational needs.

But the employees agreed that they were paid in accordance to their grade salary, the Council allowed for flexibility in working patterns to accommodate individual staff circumstances that was consistent with organisational needs, they were provided with varied benefits packages which ensure that tax efficiency savings were re-invested for the benefits of employees and that the Council has a staff contributory pension scheme for permanent employees. However, the employees were neutral on the extent to which: they enjoyed a range of development programmes to enable their career growth, the Council had a well structured team based pay for all staff and also on the fact that they were provided with challenging work environment and encouraged to develop and acquire new skills and experience.
4.3.2: Reward Policies and procedures

The study aimed to know the level of respondents’ agreement with reward policies and procedures in City Council of Nairobi.

Table 4.5 Reward Policies and procedures

<table>
<thead>
<tr>
<th>Reward Policies</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rewards are transparently allocated to all employees</td>
<td>2.3115</td>
<td>0.40879</td>
</tr>
<tr>
<td>I am recognized when I exceed my performance targets</td>
<td>2.0000</td>
<td>0.50555</td>
</tr>
<tr>
<td>There is Equity in rewarding employees at city council of Nairobi</td>
<td>2.2169</td>
<td>0.30531</td>
</tr>
<tr>
<td>Employee Performance is considered while giving rewards at all times</td>
<td>2.4049</td>
<td>0.38256</td>
</tr>
<tr>
<td>Employee assistance policy of the council is functional and beneficial</td>
<td>3.6585</td>
<td>0.80315</td>
</tr>
<tr>
<td>Employees are rewarded fairly in accordance to their performance</td>
<td>2.3102</td>
<td>0.73803</td>
</tr>
<tr>
<td>Present performance appraisal policy of City Council of Nairobi is fair and encouraging</td>
<td>2.3934</td>
<td>0.63584</td>
</tr>
<tr>
<td>I am happy with the annual leave policy of the council</td>
<td>3.5607</td>
<td>0.51694</td>
</tr>
<tr>
<td>I am confident in the long term benefits &amp; insurance policies of the council</td>
<td>3.6607</td>
<td>0.71302</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>2.4794</strong></td>
<td></td>
</tr>
</tbody>
</table>

From the findings majority of respondents disagreed that: employees are recognised when they exceed performance target shown by a mean score of 2.0000; there is equity in rewarding employees as shown by a mean score of 2.2169, Employee performance was
considered while giving rewards at all times shown by a mean score of 2.3049; employees are rewarded fairly in accordance to their performance as shown by a mean score of 2.3102; rewards are transparently allocated to all employees shown by a mean score of 2.3115; performance appraisal policy of City Council of Nairobi was fair and encouraging as shown by a mean score of 2.3934. The respondents, however, agreed that they were happy with annual leave policy of the council as shown by a mean score of 3.5607. They also agreed: that employee assistance policy of the Council was functional and beneficial as shown by a mean score of 3.6885; and that they had confidence in long term benefits and insurance policies as shown by a mean score of 3.6607.

In terms of reward policies and procedures as shown in table 4.6, employees of City Council of Nairobi disagreed that there is recognition when they exceed performance targets, that there is equity in rewarding employees, employee performance was considered while giving rewards at all times and that employees are rewarded fairly in accordance to their performance. The employees also disagreed that rewards were transparently allocated and performance appraisal policy of City Council of Nairobi was fair and encouraging. However, they agreed that they were happy with annual leave policy of the Council, employee assistance policy of the Council was functional and beneficial, and that they had confidence in long term benefits and insurance policies.
4.3.3 Reward Allocation Methods

The study asked respondents to indicate their level of agreement with statements related to reward allocation methods at City Council of Nairobi.

Table 4:6 Reward Allocation Methods

<table>
<thead>
<tr>
<th>Reward Allocation Methods</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rewards are allocated through pay levels of various jobs</td>
<td>3.7705</td>
<td>0.58528</td>
</tr>
<tr>
<td>Salary ranges are determined to allocate rewards</td>
<td>3.8672</td>
<td>0.77921</td>
</tr>
<tr>
<td>Relative pay of jobs is used to allocate rewards</td>
<td>3.9689</td>
<td>0.57560</td>
</tr>
<tr>
<td>Council uses job evaluation to allocate rewards to employees</td>
<td>2.2738</td>
<td>0.45441</td>
</tr>
<tr>
<td>Employee Performance is considered while rewarding staff</td>
<td>2.3689</td>
<td>0.56499</td>
</tr>
<tr>
<td>Happy with the recognition and rewards for my outstanding performance</td>
<td>2.4951</td>
<td>0.45309</td>
</tr>
<tr>
<td>City Council of Nairobi often considers years of employee service to allocate rewards</td>
<td>2.5885</td>
<td>0.48931</td>
</tr>
<tr>
<td>Average</td>
<td>2.2312</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data, October 2012

From the study, respondents agreed that they were allocated rewards through pay levels of various job shown by a mean score of 3.7705. They also agreed that salary ranges were determined to allocate rewards to employees as shown by a mean score 3.8672. Respondents further agreed that Council uses relative pay of jobs to allocate rewards as shown by a mean score 3.9689. However, respondents disagreed with the following statements: Council uses job evaluation to allocate rewards to employees as shown by a
mean score 2.2738; employee performance was considered while rewarding staff as shown by a mean score 2.3689; being happy with recognition and rewarded for outstanding performance as shown by a mean score 2.4951 and that years of service are considered to allocate rewards as shown by a mean score 2.5885.

In regards to reward allocation methods, employees of City Council of Nairobi generally agreed that they were allocated rewards through pay levels of various jobs and salary ranges. They further agreed that Council also uses relative pay of jobs to allocate rewards. However, the employees disagreed that the Council uses job evaluation or considers performance while allocating rewards to staff. They also disagreed that they were happy with recognition and rewards for their outstanding performances and that their years of service were considered to allocate them rewards.

4.3.4 Types of Rewards
The study sought to find out the respondents’ level of agreement with types of rewards available at City council of Nairobi.

Table 4:7 Types of Rewards

<table>
<thead>
<tr>
<th>Types of Rewards</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I am entitled to base pay</td>
<td>3.7016</td>
<td>0.56743</td>
</tr>
<tr>
<td>I am entitled to contingent pay</td>
<td>3.6967</td>
<td>0.44706</td>
</tr>
<tr>
<td>I get overtime payment when I exceed my normal working hours</td>
<td>3.6738</td>
<td>0.55412</td>
</tr>
<tr>
<td>Council has enrolled me to a medical insurance Scheme</td>
<td>3.9492</td>
<td>0.75524</td>
</tr>
<tr>
<td>I am paid leave allowance during my annual leaves</td>
<td>4.0333</td>
<td>0.61163</td>
</tr>
<tr>
<td>I am entitled to an annual council paid holiday for myself and family</td>
<td>1.0000</td>
<td>0.44914</td>
</tr>
</tbody>
</table>

Average 3.7924

Source: Survey Data, October 2012
From the study respondents indicated they agreed with the following: They are paid leave allowance during their annual leaves as shown by a mean score of 4.0333; Council has enrolled respondents to a medical insurance scheme as shown by a mean score of 3.9492; respondents are entitled to base pay as shown by a mean score of 3.7016; respondents get overtime payment when they exceed their normal working hours as shown by a mean score of 3.6738; and respondents are entitled to contingent pay as shown by a mean score of 3.6667. The respondents strongly disagreed that are entitled to an annual council paid holiday for themselves and families as shown by a mean score of 1.0000.

Concerning the types of rewards, employees in City Council of Nairobi agree that they are paid leave allowance during their annual leaves, enrolled to a medical insurance scheme, entitled to base pay, get overtime payment when they exceed their normal working hours and are also entitled to contingent pay. However, employees disagreed that they are entitled to an annual council paid holiday for themselves and families.

4.4 Job Satisfaction
This section presents an analysis and interpretation of data collected from the respondents about their levels of job satisfaction in City Council of Nairobi. Respondents were asked to indicate their opinions in a Likert scale 1 – 5, with responses to statements ranging from “strongly disagree” to “strongly disagree” where: 1 = strongly disagree, 2 = Disagree, 3 = neither agree nor disagree, 4 = agree and 5 = strongly agree. The responses were then analysed to obtain mean where a mean of: ≤ 2.50 = Disagree, 2.60 – 3.50 = Neutral and ≥ 3.6 = Agree.
<table>
<thead>
<tr>
<th>Employee Job Satisfaction</th>
<th>Mean</th>
<th>Std Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>My work is enriched with variety of tasks on daily basis making it more interesting</td>
<td>2.1639</td>
<td>0.21354</td>
</tr>
<tr>
<td>I receive training regularly which teaches me something new about my job</td>
<td>2.2279</td>
<td>0.82088</td>
</tr>
<tr>
<td>I am free to control the amount of work I do everyday</td>
<td>2.2633</td>
<td>0.09270</td>
</tr>
<tr>
<td>I organize my work completely independent of other workers</td>
<td>2.4906</td>
<td>1.00463</td>
</tr>
<tr>
<td>I find the contents of my work as fulfilling and in line with my employment terms</td>
<td>2.2393</td>
<td>0.43797</td>
</tr>
<tr>
<td>I am allowed to decide on the method for doing work as long as it is in line with Council guidelines</td>
<td>3.7705</td>
<td>0.60177</td>
</tr>
<tr>
<td>I am given freedom to put forward my opinions and complains</td>
<td>2.2741</td>
<td>0.51279</td>
</tr>
<tr>
<td>My career path at City Council of Nairobi is clearly defined.</td>
<td>2.4402</td>
<td>0.41865</td>
</tr>
<tr>
<td>My working environment, tools and conditions are safe and secure.</td>
<td>2.4607</td>
<td>1.27845</td>
</tr>
<tr>
<td>Promotional and career advancement opportunities are available in my department</td>
<td>2.3049</td>
<td>1.28250</td>
</tr>
<tr>
<td>My work load of the day is often adequate</td>
<td>2.4803</td>
<td>0.8649</td>
</tr>
<tr>
<td>My supervisor is usually friendly and understanding</td>
<td>2.7787</td>
<td>0.57195</td>
</tr>
<tr>
<td>My colleagues at work are corporative and very supportive of one another</td>
<td>2.6393</td>
<td>0.48361</td>
</tr>
<tr>
<td>Council utilizes skill based and broad banding strategies to reward employees</td>
<td>2.2760</td>
<td>0.61381</td>
</tr>
<tr>
<td>I have access to benefits such as mortgages, car loans and membership to clubs</td>
<td>3.6054</td>
<td>1.02643</td>
</tr>
<tr>
<td>I feel appreciated through certification when I do my job exemplarily</td>
<td>2.5010</td>
<td>0.97594</td>
</tr>
<tr>
<td>I have opportunity to participate in making decisions that directly affect my</td>
<td>2.4897</td>
<td>0.98152</td>
</tr>
</tbody>
</table>
My supervisor clearly explains the tasks assigned to me 2.4848 0.48434
We have end year parties at work which enables us to freely mix and bond. 2.4886 0.96807
I have a sense of job security at City council of Nairobi. 3.7541 0.13513

Average 2.3735

Source: Survey Data, October 2012

The study found that; majority of respondents disagree: that they their work is enriched with variety of tasks on daily basis as shown by mean score of 2.1639; that they receive training regularly which teaches them something new about their jobs as shown by mean score of 2.2279; that they found the contents of their work as fulfilling and in line with their employment terms as shown by a mean score of 2.2393; that they are free to control the amount of work they do every day as shown by a mean score of 2.2633; that they are given freedom to put forward opinions and complains as shown by a mean score of 2.2741; that the Council utilizes skill based and broad banding strategies to reward employees as shown by a mean score of 2.2760; Promotional and career advancement opportunities are available in the departments as shown by a mean score of 2.3049; that their career paths at city council of Nairobi was clearly defined as shown by a mean score of 2.4402; that their working environments, tools and conditions are safe and secure as shown by a mean score of 2.4607; that their works load of the day was often adequate as shown by a mean score of 2.4803; that the supervisors clearly explained the tasks assigned to them shown by a mean score of 2.4848; that they had end year parties at work which enabled them to freely mix and bond with each other as shown by a mean score of 2.48869; that they had opportunity to participate in making decisions that
directly affected their work as shown by a mean score of 2.4897; that they organized their work completely independent of other workers as shown by a mean score of 2.49066 and that they felt appreciated through certification when they did their jobs exemplarily as shown by a mean score of 2.5010.

Respondents agreed that they had access to benefits such as mortgages, car loans and membership to clubs as shown by a mean score of 3.6054. They also agreed that they had a sense of job security at City council of Nairobi as shown by a mean score of 3.7541 and that they are allowed to decide on the method for doing work as long as it is in line with Council guidelines as by a mean score of 3.7705. However, respondents were neutral to the extent to which their colleagues at work were corporative and very supportive of one another as shown by a mean score of 2.6393 and also neutral to the extent that supervisors were usually friendly and understanding as shown by a mean score of 2.7787.

On job satisfaction, employees of City Council of Nairobi generally disagreed that their work is enriched with variety of tasks on daily basis, that they receive training regularly which teaches them something new about their jobs, that they found the contents of their work as fulfilling and in line with their employment terms; that they are free to control the amount of work they do every day; that they are given freedom to put forward opinions and complains; that the Council utilizes skill based and broad banding strategies to reward employees, that promotional and career advancement opportunities are available in the departments; that their career paths in the Council was clearly defined; that their working environments, tools and conditions are safe and secure; that their works load of the day was often adequate; that the supervisors clearly explained the tasks assigned to them; that they had end year parties at work which enabled them to
freely mix and bond with each other; that they had opportunity to participate in making decisions that directly affected their work; that they organized their work completely independent of other workers and that they felt appreciated through certification when they did their jobs exemplarily.

However, employees agreed that they had access to benefits such as mortgages, car loans and membership to clubs. They also agreed that they had a sense of job security at City council of Nairobi and that they are allowed to decide on the method for doing work as long as it is in line with Council guidelines. But the employees were neutral to the extent to which their colleagues at work were corporative and very supportive of one another and about the fact that supervisors were usually friendly and understanding.

4.5 Regression Analysis
This section presents a regression analysis of the findings of the study as shown from Tables 4.4 - 4.8 in order to establish the existence or otherwise of the relationship between reward practices and employee job satisfaction.

The following regression equation has been used in the analysis:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where: \( Y \) = Job satisfaction

\( X_1 \) = Reward strategies, \( X_2 \) = Reward policies and procedures

\( X_3 \) = Types of rewards, \( X_4 \) = Methods of allocating rewards

\( \beta_0 \) = the constant, \( \epsilon \) = error term
Adjusted $R^2$ is called the coefficient of determination and tells us how job satisfaction relate with reward strategies, reward policies & procedures, methods of allocating rewards and types of rewards.

From the table above, the value of adjusted $R^2$ is 0.454. This shows that, there was a variation of 55.4% of dependent variable in relation to independent variables, which is significant. It therefore means that there is a positive relationship between job satisfaction and reward strategies, reward policies & procedures, types of rewards, methods of allocating rewards.

**Table 4.11: Coefficient Results**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>0.275</td>
<td>.364</td>
<td>0.755</td>
</tr>
<tr>
<td></td>
<td>Reward Strategies</td>
<td>0.322</td>
<td>.206</td>
<td>.166</td>
</tr>
<tr>
<td></td>
<td>Reward policies and procedures</td>
<td>0.147</td>
<td>.126</td>
<td>.110</td>
</tr>
<tr>
<td></td>
<td>Types of rewards</td>
<td>0.277</td>
<td>.134</td>
<td>0.240</td>
</tr>
<tr>
<td></td>
<td>Methods of allocating rewards</td>
<td>0.182</td>
<td>.173</td>
<td>0.455</td>
</tr>
</tbody>
</table>

Dependent Variable: Job satisfaction
The following regression analysis was obtained:

\[ Y = 0.275 + 0.322X_1 + 0.147X_2 + 0.277X_3 + 0.182X_4 \]

Whereby \( Y \) is job satisfaction, \( X_1 \) reward strategies, \( X_2 \) is reward policies and procedures, \( X_3 \) is types of rewards and \( X_4 \) is methods of allocating rewards. The model illustrates that when all variables are held at zero (constant), the value of job satisfaction programs is 0.275. However, holding other factors constant, a unit increase in reward strategies would lead to a 0.322 increase in job satisfaction, a unit increase reward policies and procedures would lead to a 0.147 increase job satisfaction, a unit increase in types of rewards would lead to a 0.277 increase in job satisfaction and a unit increase in methods of allocating rewards would lead to a 0.182 increase in job satisfaction.

There was a negative relationship between job satisfaction and employee reward practices.

### 4.6 Correlation Analysis

The study sought to test the hypothesis using correlation analysis presented in the table below. This was tested using Pearson Product Moment Correlation Coefficients.
Table 4.12: Pearson Correlation

<table>
<thead>
<tr>
<th></th>
<th>Job satisfaction</th>
<th>Employee reward strategies</th>
<th>Employee reward policies and procedures</th>
<th>Methods of allocating reward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee reward strategies</td>
<td>Pearson Correlation</td>
<td>0.013*</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee reward policies and procedures</td>
<td>Pearson Correlation</td>
<td>0.012</td>
<td>0.186</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.032</td>
<td>0.002</td>
<td></td>
</tr>
<tr>
<td>Methods of allocating rewards</td>
<td>Pearson Correlation</td>
<td>0.022</td>
<td>0.032</td>
<td>0.635</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.027</td>
<td>0.027</td>
<td>0.000</td>
</tr>
<tr>
<td>Types of rewards</td>
<td>Pearson Correlation</td>
<td>0.065</td>
<td>0.047</td>
<td>0.539</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>0.065</td>
<td>0.432</td>
<td>0.000</td>
</tr>
</tbody>
</table>

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

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

On employee reward strategies, a correlation coefficient of 0.013 was established depicting a negative relationship \((p \geq 0.005)\). On employee reward policies and procedures, the relationship with job satisfaction had negative significance of 0.012, on methods of allocating rewards the significance level was negative shown by 0.022 and for types of rewards the significance was also negative shown by 0.065.
CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter gives summary of findings from the analysis and interpretations in Chapter 4. It also provides conclusions and recommendations of the study. The objective of this study was to establish the perceived relationship between reward practices and employee job satisfaction in City Council of Nairobi. A semi structured questionnaire was used to collect data. A total of 243 employees drawn from senior management, middle level management, supervisory staff and clerical officers filled in the questionnaires. Data was analysed using tables, charts, frequency distributions, regression and tested using Pearson Product Moment Correlation Coefficients.

5.2 Summary of Research Findings
The study found out that City Council of Nairobi has more male employees than female employees. Most of the employees in the City Council of Nairobi are middle aged and a significant number of them are over forty years old. The Council hires mainly employees with diploma education and below and most of these employees are at clerical level of employment. Very few employees have degree education and are found at senior level management. There are fourteen functional departments within the City Council of Nairobi with Treasurer, Human Resources and Audit Departments having the highest number of employees. The study shows that employees in City Council of Nairobi had worked for a relatively longer period of time of more than six years.
All departments were very well represented and therefore the findings present true information regarding the whole Council.

The findings of the study also indicate that in regards to reward strategies, employees of City Council of Nairobi disagree that the Council makes adjustments on pay to take account of market rates, employee competence was appreciated through an elaborate competence related pay, terms and conditions of their services were often harmonized with that of other employees and their values recognized and Council provided pay and grading structures that support organizational needs.

But the employees agreed that they were paid in accordance to their grade salary, the Council allowed for flexibility in working patterns to accommodate individual staff circumstances that was consistent with organizational needs, they were provided with varied benefits packages which ensure that tax efficiency savings were re-invested for the benefits of employees and that the Council has a staff contributory pension scheme for permanent employees. However, the employees were neutral on the extent to which: they enjoyed a range of development programmes to enable their career growth, the Council had a well structured team based pay for all staff and also on the fact that they were provided with challenging work environment and encouraged to develop and acquire new skills and experience.

In terms of reward policies and procedures employees of City Council of Nairobi disagreed that there is recognition when they exceed performance targets, that there is equity in rewarding employees, employee performance was considered while giving rewards at all times and that employees are rewarded fairly in accordance to their
performance. The employees also disagreed that rewards were transparently allocated and performance appraisal policy of City Council of Nairobi was fair and encouraging. However, they agreed that they were happy with annual leave policy of the Council, employee assistance policy of the Council was functional and beneficial, and that they had confidence in long term benefits and insurance policies.

In regards to reward allocation methods, employees of City Council of Nairobi generally agreed that they were allocated rewards through pay levels of various jobs and salary ranges. They further agreed that Council also uses relative pay of jobs to allocate rewards. However, the employees disagreed that the Council uses job evaluation or considers performance while allocating rewards to staff. They also disagreed that they were happy with recognition and rewards for their outstanding performances and that their years of service were considered to allocate them rewards.

Concerning the types of rewards, employees in City Council of Nairobi agree that they are paid leave allowance during their annual leaves, enrolled to a medical insurance scheme, entitled to base pay, get overtime payment when they exceed their normal working hours and are also entitled to contingent pay. However, employees disagreed that they are entitled to an annual council paid holiday for themselves and families.

On job satisfaction, employees of City Council of Nairobi generally disagreed that their work is enriched with variety of tasks on daily basis, that they receive training regularly which teaches them something new about their jobs, that they found the contents of their work as fulfilling and in line with their employment terms; that they are free to control the amount of work they do every day; that they are given freedom to put forward
opinions and complains; that the Council utilizes skill based and broad banding strategies to reward employees, that promotional and career advancement opportunities are available in the departments; that their career paths in the Council was clearly defined; that their working environments, tools and conditions are safe and secure; that their works load of the day was often adequate; that the supervisors clearly explained the tasks assigned to them; that they had end year parties at work which enabled them to freely mix and bond with each other; that they had opportunity to participate in making decisions that directly affected their work; that they organized their work completely independent of other workers and that they felt appreciated through certification when they did their jobs exemplarily.

However, employees agreed that they had access to benefits such as mortgages, car loans and membership to clubs. They also agreed that they had a sense of job security at City council of Nairobi and that they are allowed to decide on the method for doing work as long as it is in line with Council guidelines. But the employees were neutral to the extent to which their colleagues at work were corporative and very supportive of one another and about the fact that supervisors were usually friendly and understanding.

In the correlation analysis the study found that holding other factors constant, a unit increase in employee reward strategies, reward policies and procedures, methods of allocating rewards, and types of reward would all lead to a less than proportionate increase in job satisfaction among City Council of Nairobi employees.
5.3 Conclusions

From the study the researcher concludes that reward allocation methods at the City Council of Nairobi are not satisfactory. Rewards are not allocated through pay levels of various jobs, salary ranges not determined to allocate rewards, council does not use job evaluation to allocate rewards to employees and employee performance is not considered while rewarding staff.

The reward policies at the City Council of Nairobi are, however fair since there was equity in rewarding employees, Employee assistance policy of the council was functional and beneficial to employees.

From the study the researcher also concludes that the types of rewards at the Council are insufficient and do not take care of all the employee needs.

The study finally concludes that there was no relationship between reward practices and employee job satisfaction in City Council of Nairobi as holding other factors constant, a unit increase in employee reward strategies, reward policies and procedures, methods of allocating rewards, and types of reward would all lead to a less than proportionate increase in job satisfaction among the employees.

5.4 Recommendations

The study recommends that method of allocating reward should be through determining salary ranges. In order to accommodate for differences in personal and performance contributions, a company should develop a salary range for each job and adopt a system to place each individual within this salary range.
This should be done by placing individuals in the range based on either performance, or seniority. When initial placement and movement within the range is based on performance, the company must develop a system of performance evaluation for this purpose under Performance Appraisal.

The study recommends that more emphasis be put on the reward practices since they serve as the most contingent factor in keeping employees' self esteem high. Reward practices should take into account organizational goals, values and strategies.

The study also recommends that the types of rewards that an organization gives to its employees should be reviewed time to time in order to keep employees satisfied in their jobs. Rewards should include salary, wages, bonuses, pay incentives, medical insurance, paid holidays and recreational facilities. It will also be vital if employees are paid proportionate leave allowance during annual leaves since this was one factor that employees were not comfortable with in the Council.

The study finally recommends that terms and conditions of service should be harmonised for all employees from time to time. The Council should set up a contributory Staff Development Fund to enable employees further their education and acquire new skills and experiences in order to boost their performances.

5.5 Limitations of the study
This study is limited to employees of City Council of Nairobi only. Due to unavailability of adequate time and resources, views of employees from other local authorities in Kenya were not included.
The other limitation is that the views captured by the descriptive survey were mainly from clerical staff of the City Council of Nairobi as they formed the majority of the respondents. Most senior management staff did not respond to certain questions making it difficult to obtain some important information that touched on management.

Finally, the data captured by the Likert type questions was not corrected to take into account the different importance that individual employees attach to the same factor. The correction for this deficiency is for every factor to have three related queries (Porter, 1961). These queries are: How much of the factor are there now?, How much should there be?, How important is this factor to you?

Incorporating this correction would have resulted in cumbersome and repetitive questionnaire that would have been confusing to the respondents.

5.6 Suggestions for Further Research
The study has investigated the perceived relationship between reward practices and employee job satisfaction with a specific reference to City Council of Nairobi and established that indeed there exists relationship between reward practices and employee job satisfaction. The Ministry of Local Government is, however, comprised of various county councils spread across Kenya and differs greatly in terms of size, management styles as well as resource endowments. This warrants the need for another study which would ensure generalization of the study findings for all the Councils in Kenya and hence pave way for new policies.
Another research should be conducted to investigate factors that influence reward practices in Local Authorities in Kenya since this particular study only related the practices to job satisfaction.

Further, a study should be carried out in organizations where the Government has bigger stakes such as public schools and hospitals to find out if the perception of employees with regards to rewards and job satisfaction is the same. This would help in providing generalized information to the government for policy decisions to improve the manpower productivity in the country.
REFERENCES


City council of Nairobi website (2012)


Emma and Atieno (2010). *Relationship between individual characteristics to employee motivation and job satisfaction at CCK.*

63


Kathiani J., *Relationship between employee procurement and retention*, 2010


P. E. Spector. *Job Satisfaction: Application, assessment, causes and consequences.*


Dear Respondent,

I am a postgraduate student at the University of Nairobi pursuing a degree of Master of Business Administration. I am conducting a study on: Perceived relationship between reward practices and employee job satisfaction in City Council of Nairobi.

I am collecting data for this study from City Council of Nairobi employees. Kindly respond to each of the items in the questionnaire. There is no right or wrong answer to the questions I am interested in your general impression only. The accuracy of the information you provide will be crucial in attaining the objective of the study.

The findings of the study will assist in understanding the perception of employees on the relationship between reward practices and job satisfaction with reference to City Council of Nairobi.

The information you provide will be used for this academic purpose only and will be treated with utmost confidentiality.

Thank you in advance.

Ongoya Daniel Owino
Appendix II: Questionnaire

PART A: BIOGRAPHICAL DATA (Please TICK (✓) appropriately)

A. Gender
1) Male
2) Female

B. What is your age bracket?
- 20-30 years
- 31-40 years
- 41-50 years
- Above 51 years

C. What is your highest level of educational qualification?
- Primary
- Secondary
- College
- University

D. Name of your Department (Indicate)

E. What is your current level of employment?
1) Senior Management
2) Middle level Management
3) Supervisory Staff
4) Clerical Staff

F. For how long have you worked for City Council of Nairobi?
1) 2 years & below
2) 3 -5 years
3) 6- 8 years
4) 9 years and above
PART B: QUESTIONS

Instructions

The questions employ a 1-5 scale, with the answers ranging from "Strongly disagree" to "Strongly agree". Please indicate the number that best matches your opinion. Each question should have only one answer.

SECTION 1

Part I: REWARD ALLOCATION METHODS

To what extent do you agree with the following statements about reward allocation methods at City Council of Nairobi?

<table>
<thead>
<tr>
<th>Reward Allocation Methods</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Neither Agree nor Disagree</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>1.</td>
<td>Rewards are allocated through pay levels of various jobs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Salary ranges are determined to allocate rewards.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Relative pay of jobs is used to allocate rewards</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

69
<table>
<thead>
<tr>
<th></th>
<th>Statement</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Council uses job evaluation to allocate rewards to employees</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Employee Performance is considered while rewarding staff</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Salary increases are decided on affair manner</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>I am comfortable with the salary structure of the council</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Salary reviews are done on predetermined regular basis</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>I am happy with the recognition and rewards for my outstanding performance</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>City Council of Nairobi often considers years of employee service to allocate rewards</td>
<td></td>
</tr>
</tbody>
</table>
## Part II: REWARD POLICIES

To what extent do you agree with the following statements about reward policies at City Council of Nairobi?

<table>
<thead>
<tr>
<th>Reward Policies</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neither Agree nor Disagree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. There is Equity in rewarding employees at city council of Nairobi

2. Employee Performance is considered while giving rewards at all times

3. Rewards are transparently allocated to all employees

4. Employees are rewarded fairly in accordance to their performance

5. I am happy with the annual leave policy of the council
7. Employee assistance policy of the council is functional and beneficial

8. I am confident in the long term benefits & insurance policies of the council

9. Present performance appraisal policy of City Council of Nairobi is fair and encouraging

10. I am recognized when I exceed my performance targets

Part III: TYPES OF REWARDS

To what extent do you agree with the following statements about types of rewards at City Council of Nairobi?

<table>
<thead>
<tr>
<th>Types of Rewards</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strongly Agree</td>
<td>Agree</td>
<td>Neither Agree nor Disagree</td>
<td>Disagree</td>
<td>Strongly Disagree</td>
</tr>
<tr>
<td>1 I am entitled to base pay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 I am entitled to contingent pay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
I get overtime payment when I exceed my normal working hours

Council has enrolled me to a medical insurance scheme

I am paid leave allowance during my annual leaves

I am entitled to an annual paid holiday for myself and family

SECTION 2: EMPLOYEE REWARD STRATEGIES

To what extent do you agree with the following statements about employee reward strategies at City Council of Nairobi?

<table>
<thead>
<tr>
<th>Employee reward strategies</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Neither Agree nor Disagree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disagree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Council has a well structured team based pay for all staff

2. Council appreciates employee competence through an elaborate competence related pay
3. Council provides us with a varied benefits package, which reflects the variety of the council's staff, ensuring that tax-efficiency savings are re-invested for the benefit of employees

4. Council makes necessary adjustments to pay to take account of market rates

5. Terms and conditions of my service are often harmonised with that of other employees and my value recognised (both explicit and implicit) from time to time.

6. Council has a staff contributory pension scheme for permanent employees

7. I am provided with a challenging work environment, where I am encouraged to
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>develop and acquire new skills and experience</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>I enjoy a range of development programmes to enable my career growth</td>
</tr>
<tr>
<td>9.</td>
<td>Council allows for flexibility in working patterns to accommodate individual staff circumstances consistent with organisational needs.</td>
</tr>
<tr>
<td>10.</td>
<td>Council provide pay and grading structures that support organisational needs</td>
</tr>
<tr>
<td>11.</td>
<td>I am paid in accordance with my grade salary</td>
</tr>
</tbody>
</table>
SECTION 3: JOB SATISFACTION

To what extent do you agree with the following statements about Employee Job Satisfaction at City Council of Nairobi?

<table>
<thead>
<tr>
<th>Employee Job Satisfaction</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>My work is enriched with variety of tasks on daily basis making it more interesting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I receive training regularly which teaches me something new about my job</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am free to control the amount of work I do everyday</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I organise my work completely independent of other workers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I find the contents of my work as fulfilling and in line with my employment terms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I am allowed to decide on the method for doing work as long</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>I am given freedom to put forward my opinions and complains</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>My career path at city council of Nairobi is clearly defined.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>My working environment, tools and conditions are safe and secure.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Promotional and career advancement opportunities are available in my department</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>My work workload of the day is often adequate</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>My supervisor is usually friendly and understanding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>My colleagues at work are cooperative and very supportive of one another</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Council utilizes skill based and broad banding strategies to</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>I have access to benefits such as mortgages, car loans and membership to clubs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>I feel appreciated through certification when I do my job exemplarily</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>I have opportunity to participate in making decisions that directly affect my work.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td>My supervisor clearly explains the tasks assigned to me</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>We have end year parties at work which enables us to freely mix and bond with each other.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>I have a sense of job security at City council of Nairobi.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU FOR COMPLETING THE QUESTIONNAIRE