

THE RELATIONSHIP BETWEEN REWARDS SYSTEMS AND JOB SATISFACTION A CASE STUDY AT TEACHERS SERVICE COMMISSION-KENYA

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ABSTRACT

The reward practices linked to job satisfaction have been applied differently by both private and public enterprises. There is an increasing tendency towards linking rewards to job satisfaction research done in this area have not been adequately enough. The main objective of this study is to find the effects of promotion policies, benefits, pay structures and employee recognition towards job satisfaction at Teachers Service Commission Headquarters. This is because reward and job satisfaction is core factor in which managers should be keen in order to meet the targets of the organization Data will be collected by use of questionnaire; it will be given to different levels of the employees in the organization. It approached from sample of 55 employees that was drawn from a stratified sampling method from a population of 237 employees of TSC Headquarters. The researcher intends to use descriptive study design. The expected outcome is aimed at unearthing the need to motivate employees in Teachers Service Commission so as to improve their job satisfaction.

Key words:*Job satisfaction, reward systems, Benefits Promotion, Recognition*

1. Introduction

Rewards system and job satisfaction of employees nowadays is the problem of every company. It is every company to find good and qualified Human Resources and to organize the work as to achieve the organizational goals, allowing the company to rise to a new level. Effective business is difficult to imagine without the teamwork of professionals, which in turn is impossible without good reward and motivation system. Clearly people employed in the, creativity, diligence and initiative of workers, all those qualities that lead to good business performance and achievement of strategic goals of the organization

Clark (2001) says that material interests of workers must cooperated with objectives of the organization, that allow to use the human resources in the best way, to optimize and reduce labour costs, maintaining the optimal number of workers. All of these goals are achieved through appropriate system of rewards, designed to promote and motivate the employees and bring the satisfaction form their work. Therefore, the reward system in any organization should be geared to encourage productivity In the Modern world of business most organizations have adopted reward systems or schemes to reinforce behaviour management.

Reward systems is concern with the formulation and implementation of strategies and policies whose purpose is to reward people fairly, and consistency in accordance to the values of the organization. It also about the design, implementation, maintenance and communication of reward processes in order to help the organization implement it.

According to Armstrong (2006) Reward systems consist of policies that are guidelines on approaches to management, practices that provide financial and non-financial rewards s (, processes concerned with evaluating the relative size of job (job evaluation) and assessing individual performance (performance management), procedures operated in order to maintain the systems and to ensure that it operates efficiently and flexibly and provides value for money.

An organization is always perfectly designed to produce what it is producing. If it has quality problems, cost problems, productivity problems, then the behaviour associated with those undesirable outcomes is being reinforced.

The researcher therefore will try to assess on rewards systems in enhancing job satisfaction. As deliberated above, it is seen that rewards relates to human behaviour in regard to performance and productivity of the organization. The researcher tries to establish the relationship between rewards and employees job satisfaction. Job satisfaction is a result of employees' perception of how well their job provides those things that are viewed as important. Job satisfaction is often determined by how well outcomes meet or exceed expectation. For example if organizational participants feel that they are working much harder than others, they will probably have a negative attitude toward their, boss or co-workers. They will be dissatisfied which will lead to poor productivity.

Some of the problems to be deliberated include: inconsistency of policies and procedures, the organization structure, the training undertaken by the company. Reward is the process of recognizing employees of their work productivity. Incentives are a positive motivational influence or an additional payment (or other remuneration) to employees as means of increasing output. Productivity is the ration of the quantity and quality of units produced to the labour per unit of time in any organization.

Clark (2001) explains the dependence between job satisfaction and pay for performance according to the theory of expectations. In general, this approach assumes that people have their own needs and own view of the work. Based on their view, people decide how to behave, and work so that the result of work meets their needs

According to Lazear (2000), if people do not feel a direct connection between their efforts and results achieved, then the motivation will wane. This may occur because of improper estimation of results of work of employee, his poor training or improper training, lack of rights for the employee to perform the task. Expectations regarding the rewards of the results are the expectation of certain rewards or incentives in response of the current level of results.

Statement of the problem

Rewards have been identified as the most powerful motivators of performance that leads to job satisfaction. In today business climate rewards have become more important than ever for several reasons managers have fewer ways to influence employees and shape their behaviour

The Chief executive Secretary Poor performance in the Teachers Service Commission is usually a reflection of poor services to the clients that is teachers. He observed that the persistent labour turnover and delays in meeting targets by the employees (Circular No 77/ 2012). It was felt that a lot of time was wasted by the employees visiting hospitals and attending more, to personal issues than work.

Lack of job satisfaction has also been evidence by the employee's strike. Employees interviews by media blamed management for what they said was failure to give them avenue of expression their grievances. Based on this scenario may be indicators that research sought to find out the methods/ rewards systems used by the Teachers Service Commission. The difference is greater between employees at different levels. As the number of departments and levels of organizations increases, it gets harder to set goals that are relevant to these departments must be considered. In addition, it's difficult to design rewards which are cost efficient and valued by all employees. These difficulties arise as individuals' preferences are affected by the promotion policies and as different employee training opportunities are created in different departments and different levels.

If their needs are satisfied the staff would be motivated to perform effectively. For organizational reward system is the most effective motivational tools available to organizations Byars (1996)

Killika (1999) in a case study of Kenya Revenue Authority went out to identify different level of employees experience significantly different levels and source of job satisfaction. The study took into consideration that factors that impact the employees as an individual can impact his or her job satisfaction. From the study the higher level employees were more satisfied than the lower group. While the employees were basically satisfied with their jobs, there were significant differences in levels of satisfaction in several areas. Professionals were significant more satisfied than non-professionals in the areas of enjoyment of the work itself, appreciation and recognition, promotion pay and overall satisfaction thus create gap for more studies to be done.

From the study of Richard (2005) job satisfaction, like autonomy was found to be significant for all the three measures of commitment for both the bivariate correlations and the regression analyses. Job satisfaction is closely related to commitment and is considered a strong indicator of commitment Lincoln (1990). Other literature reviewed on organization commitment, showed that even though career advancement and autonomy was found to be related to all the three measures of commitment in the regression analysis, the analysis showed that earnings did not significantly relate to any of the measures, hence the need for the author to pursue the study as he has a conviction that the results will be different in Kenya

There is no study that has been done to authoritatively show if indeed a relationship exists between pay, employee recognition, benefits, promotion and job satisfaction of employees working with Teachers Service Commission. The gap in knowledge has thus necessitated the proposed study.

General Objective: To establish the relationship between rewards system and job satisfaction

Objectives

- i. To identify relationship between employees benefits and job satisfaction
- ii. To establish how employee recognition has influence job satisfaction in the organization
- iii. To establish the effects of pay structures on the employee towards job satisfaction
- iv. To establish the effects of promotion policies towards job satisfaction

Rewards systems programs are becoming very important ingredient in management operations and the general job satisfaction of an organization. The research will help Top management to improve reward systems and policies in an organizations effectively at all levels and hence job satisfaction. The Human Resource Management Department will use the findings of the study to identify the best ways of improving employee perception towards job satisfaction in the organization.

Definition of terms

Rewards systems

This is policies that provide guidelines on approaches to managing rewards. They are practices that provide financial and non-financial rewards and processes concerned with evaluating the relative size of jobs and assessing individuals' performance (performance Management)

Motivation

It's a reason for doing something and is concerned with factors that influence people to behave in a certain way.

Intrinsic Rewards

These are rewards that do not involve any direct payments and often arise from the work itself; for example, achievement, autonomy, recognition, scope to use and develop skills, training career development opportunities and high quality leadership.

Literature Review

Introduction

Reward management is concerned with the formulation and implementation of strategies and policies in order to reward people fairly equitably and consistently in accordance with the value they bring to the organization. It aims at meeting the needs of both the organization in employees.

Decenzo(1999) says that our knowledge of motivation tells us that people do what they do to satisfy some need before they do anything therefore they look for payoff or reward, rewards and their link to motivation rewards include promotion, desirable work assignments and a host of other less obvious payoffs. Peer acceptance or kind words of recognition .people behave in ways that they believe are in their best interest they constantly look for payoffs for the efforts. They expect job performance to lead to organizational goal attainment, which in turn leads to satisfying the individual goals or needs. Organization then use rewards to motivate people. intrinsic are personal satisfaction on gets from the job itself these are self-initiated reward, such as having pride in ones work, having accomplishment, being part of work team, job enrichment, making work seem more meaningful.

Extrinsic rewards include money promotions and benefits .The data was collected from different sources and authors, in the form of primary and secondary data, to obtain the relevant data various instruments and techniques of research will be employed. The data will be analysed to provide a concrete and factual elements in which are useful in building the models of the problem.

Theoretical Orientation

An employee reward system consist of an organization integrated policies processes and practices for rewarding its employees in accordance with their contribution skills, competence and their market worth. It is developed within the framework of the organization reward philosophy, strategies and policies and contains arrangements in their form of processes, practices, structures and procedures which will provide and maintain appropriate types and levels of pay benefits and other forms of rewards.

Armstrong (1999), acknowledgements that the reward systems consist of financial rewards (fixed and variable pay) and employee benefits which together comprise total remuneration. The system also incorporates non-financial rewards (recognition, praise, achievements, responsibility and personal growth)

Theories of reward systems

Expectancy Theory

Many employees do not understand how extrinsic rewards are tied to performance. Managers must clarify exactly what extrinsic rewards are available and how they are allocated. In this theory, the force to perform is defined as expectancy time instrumentally time valence. It proposed three determinants motivations to rewards are this are: they belief that performance will result in reward. Employees are motivated when thy belief performance will lead to desired rewards. The employee considers whether performance is instrumental in achieving rewards: the valence of rewards. Valence refers to an individual preference for rewards he believes will result from performing well a manager who provide rewards that have low valence are not highly preferred is not likely to see that rewards bring significant improvement in performance.

Equity theory

According to Duening (2006) equity theory concerns the perception of (cognitive process) how they are being treated. Equity theory is based on the assessment process workers use to evaluate the fairness of justice of organizational outcomes and adjustments process used to maintain perception of fairness.

It focuses on the fair distribution of outcomes across employees in order to encourage high level of job satisfaction. It is known as distributive justice. This theory is concerned with fairness of procedures used to make decisions about distributions of outcomes. Procedural decisions pertain to how the levels of performance are evaluated, how disputes are handled and how outcomes such as pay rises are distributed across employees.

Reinforcement Theory

This theory states that behaviour is a function of its consequences. Behaviours which are followed by positive consequences are rarely occurred. Positive reinforcement occurs when rewards, such as recognized good performance, occurs after a desired behaviour occurs. Evenly highly valued rewards lose their motivating potential unless they are given at the correct time. If creativity is desired behaviour, it should be rewarded when it is displayed.

Two-Factor theory

This theory is based on need satisfaction and on motivational effect of those satisfiers and dissatisfies conditions. It was found that the accounts of good periods most frequently concerned the content of job, particularly achievement, recognition, advancement, autonomy, and the work itself.

Conceptualization

This Proposal will study use conceptual framework to explain the various relations among the factor that have been identified as important to uncover the problem. The aim of this research is to study the achievement of job satisfaction. Some of the factors perceived to have great influenced are: pay structures, employees' benefits rewards policies and Employees training in the organization.

Pay Type

A pay defines the different levels of pay for jobs or groups of jobs by reference of their relative internal value as determine by job evaluation to external relatives as established by market rate surveys and sometimes, to negotiated rates of jobs. Pay types are the kind of compensation or rewards to employees upon exercising their responsibilities as employees of a certain entity. They vary in the way they are used and comprise among others the contingent pay that consists of payments related to individual performance, contribution, competence or skill to team or organization performance. This type of pay can be awarded in two ways as a consolidated increase to the basic rate of pay, or as cash lump sum (variable Pay) (Armstrong, 2003:676)

Promotion as factor of Job satisfaction

These were described as the chances for advancement to higher hierarchy in an organization Locker (1976) offers that employees seek fair promotions policies and practices. Promotions provide opportunities for personal growth more responsibilities and increased social status .Individual who perceive that promotions therefore are a likely to experience satisfaction from their jobs Nzuve (2007) define promotions as a change of assignment from a job at a lower level to another at a higher level within the organization. He sees promotions as proving an employee with an increase in pay and improved status. Promotion has been found to affect employee performance according to the reviewed literature. However, for promotion to be effective in improving job satisfaction it must be seen as fair based on meritocracy

Benefits

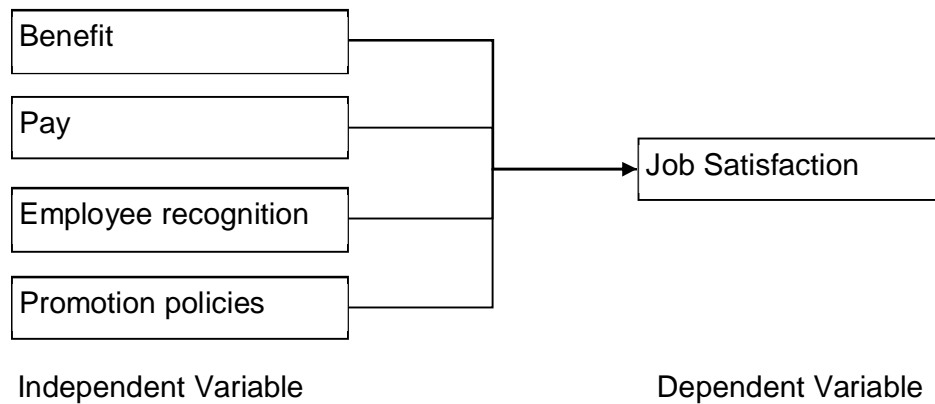
Employees benefits are elements of remuneration given in addition to the various forms of cash pay. They also include items such as annual holidays, pension sick leave insurance cover company cars. It deals with the level of reward taking into account, market stance that is internal rates of pay and compare with market rates: achieving equal pay, the approach to total reward; transparency of rewards that is the publication of information on reward structures and processes of employees.

Employee recognition on Job Satisfaction

Rewards systems consist of both incentive and precognitive programs. Incentives refer to the financial inducements that organization offer employees in exchange for contribution to sales figures quality and customer service. It is important to note that incentives are distinct for pay and remuneration practices (salary or Wages) Recognition refers to the identifications of a job well done hence representing non-financial means of appreciation and encouraging an employee contributions satisfied customers.

Lanchance (2000) noted that rewards that bind an employee to an institution have more to do with the way employee is treated than any particular pay scheme she suggests that while people may come to work for the pay they stay at work for many other reasons managers need to acknowledge and manage those other rewarding conditions as an overall strategic to rewards.

Figure 1 - Conceptual Framework



Research Design and methodology

Research Design

The study will use descriptive research technique. Descriptive studies try to describe characteristics of subject opinions, attitudes and perception of people of interest to the researcher. Descriptive studies also aim at obtaining information from a representative selection of the population and from the same; the researcher is able to generalize the findings to a larger population.

Population

The population comprises of two hundred and thirty seven (237) employees of TSC. The organization has different levels in terms or structure that is Managers, Assistant Managers Supervisors and Support staff.

Sample population

This refers to the sampling method and technique that was used. The researcher used stratified random sampling designed. Stratified sampling method divides the population into sub-populations called strata that are homogenous. The sample of this study comprised of 237 employees who were drawn by use of stratified sampling method as population of interest by strata and thus it will be possible to subdivide it into mutually exclusive groups or subpopulation. The rationale for selecting 55 employees is based on the observation by Daniels & Terral (1979) that sample of (30) units and above is enough to make inference about the entire population.

Study Population

The research was carried out in the area of operation of TSC Headquarters. The study population consists of total of 237 employees stationed at the headquarters. The researcher targeted employees of the TSC which includes Senior Management, Middle Management and Lower Cadre employees of the TSC.

Table 1 - Study population

Population	Population Size	Percentage	Sample size
Senior managers	12	30	2
Assistant Managers	40	30	5
Supervisors	62	30	24
Sub-ordinates staff	123	30	16
Total	237		55

Data Collection Procedure

The population size of TSC staff is 237 employees at the headquarters. The study population will be 55 and 2 Senior Managers 5 Assistant Managers 24 supervisors of section heads and 16 sub-ordinates. This gives a total of 55 employees as a sample size for this study which was selected from respective stratum. This research was focus on both collected both primary and secondary data. Primary data was collected from the target population in the study area. Secondary data was from the existing information in books magazines, reports, brochures and other materials. This was obtained from the study area. Both primary and secondary data gathered qualitative and quantitative.

Instruments

The researcher used questionnaires for collecting the required data. The questionnaires being open ended so that information could be easily analysed and understood by the respondents, however, some structured questions was used in critical areas where more information was required from the respondents. Questionnaires will be made by the researcher and distributed to the target population so as to get accurate data. Respondents were given three weeks to fill and submit back the questionnaires to the researcher. Respondents however they were reminded of agreed submission three days prior to actual date. After this the questionnaires formed of basis of the study.

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Data Analysis and Reporting

The data is analysed using descriptive statistics and coded to facilitate grouping of responses into specified categories. That data subsequently summarized using description statistic such as means, standard deviation frequencies and percentages.

Validity & Reliability

Reliability is the consistency of measurements of a concept, using an identical measurement procedure, and the replicability of the findings (Lee, 1999). A pilot study will be conducted where the researcher will sample respondents from Nairobi Region to measure the reliability of the instruments used. Mugenda & Mugenda (1999) define validity as the accuracy and meaningfulness of inferences, which are based on research results. It is the extent to which an instrument can measure what it is supposed to measure. The data obtained must accurately represent the variables of the study for it to be valid. Validity of the questionnaire would be measured by having the managers in a different region indicate against each question whether they think it is meant to measure what the researcher really intends to measure.

Expected Outcome

The researcher's expected outcome is intended to prove that there exists a direct relationship between reward management and job satisfaction. It will be helpful to the TSC Headquarters and its branches as it will act as a guideline towards transformation to Education Sector

Data analysis and presentation***Introduction***

This chapter presents the research findings and analysis of data collected from the field based on the specific objective. Analysis has been done in frequency tables and percentages. Analysis in this chapter is both quantitative and qualitative analysis has been done to the closed-ended questions by creation of frequency tables and percentages. The data is presented in graphs and then interpreted, while qualitative analysis analyzed information on open-ended questions.

Presentation of Findings

The data was collected using questionnaire and with reference to specific objectives on the study. The researcher prepared and issued out 55 questionnaires to the respondent as follows 2 for Senior Manager 5 Assistant Managers, 24 Supervisors, 16 Sub-ordinates staff, out of 55 questionnaires 48 were returned while 8 were not returned which she later collected for presentations and interpretation which was as follows.

Table 4.1 Response Rate

Category	Frequency	Percentage
Responded	47	90
Not responded	8	10
Total	55	100

From table 4.1 and figure 4.1 a total of 47 usable questionnaires were returned which represents a response rate of 90% while 8 questionnaires were never responded which represented 10%. After data collection all questions were coded and the data analyzed. From the research study conducted it was evident that the response rate was good

Table 4.1.0 Working Experience

Age	Respondents	Percentage
0-5	6	13
6-10	12	25
11-15	16	34
16 & Above	13	27
Total	47	100

Source: Author 2014

From the graph above it illustrate that majority of the employees who have worked for the organization between 0-5 represents 13% 11-15 years represents 34% of the respondents,6-10 represents 27%,16 & and Above 27%.

Highest Level of Education**Table 4.1 Highest Level of Education**

Category	Frequency	Percentage
Secondary	7	15
College	10	21
University	30	64
Total	47	100

Source: Author (2014)

From the table 4.1.2 the study research shows that 15% of the respondent had their highest education level in secondary, 21% in college and 64% in university. This established that majority of the respondents had gone through secondary, college and university and had acquired enough skill to assist them to work effectively and with ease.

Table 4:1:3 Employees Benefits

Benefits	Respondents	Percentage
Yes	34	45
No	22	29
Total	47	100

From the table above most of the respondents get other benefits other than salary which represents 45% of the respondents while 29% get no other benefits apart from salary. The figures represented above shows that most of the employees gets other benefits other than salary.

Table 4.1.4 Promotion Policies

Times	Respondents	Percentage
Once	16	34
Twice	21	44
Never	10	22
Total	47	100

From the table above most employees have been promoted twice which represents 44 %, those promoted once represents 44% and those have never been promoted represents 17%. Those who have never been promoted represent 22% of the total questionnaires

Table 4.1.4 Criteria of Promotion

	Frequency	percentage
Merit	13	27
academic	26	55
Long service	10	18
Total	47	100

From the table above it shows the organization use academic criteria in promotion services which represent 55%, while serving long term can no necessarily associated by promotion which represent 18% according to merit represent 27% of the total respondents. The analysis means that the more qualified the employee the higher the chances of being promoted. This will influence job satisfaction.

Table 5.1.5 Rewards System

Reward System	Respondent	Percentage
Existence	22	46
No	25	54
Total	47	100

From the table above 46% confirm that there is reward system while 54% indicated that there is no rewards system in place

Summary of the findings and conclusions

The findings suggest that job satisfaction in the Teachers Service Commission is low. Employees understood that the value of the benefit they receive but they were not competitive enough with similar organization employees did not fully participate in reward development and initiative. These findings suggest that there was need for Teachers Service Commission to look into aspect of employee benefit, employee involvement in reward development. The other aspect of remuneration decision should be put in place mechanism that would address this factor to improve job satisfaction. The organization also should have essential communication strategy on progress report of rewards policies either by coming up with a policy and given employees written handbooks of reward policies, both monetary and non-monetary satisfaction are as important in job satisfaction. The rewarding system should be in place and the policies to be formulated and implemented.

Based on the findings the following recommendations were considered employees form critical part of the organization, such that job satisfaction is greatly affected by the current reward system. Management should ensure that reward system is effective enough and competitive to influence employees to work harder.

Teachers Service Commission should pay its employees positively for the competencies rather than just the experience alone this will make employee to be committed. It should embark also on individuals pay system so as to base it on experience skills and performance. It is important for Teachers Service Commission to be aware of the role the current reward systems play in job satisfaction in that to reward system should serve both internal and external factors. The internal factors benefits include increase job satisfaction decrease absenteeism and labour turnover. A good reward system should motivate people to work harder increase production.

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