

**THE PERCEIVED EFFECT OF REWARD MANAGEMENT PRACTICES  
ON FACTORS INFLUENCING EMPLOYEE RETENTION  
AT COMMUNICATIONS AUTHORITY OF KENYA**

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## DECLARATION

This research project is my original work and has not been presented in any University or College.

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### **Supervisor's Approval**

This project has been submitted for examination with my approval as the University Supervisor;

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## **DEDICATION**

This project is dedicated to my husband who challenged me to aspire for greater academic excellence and to my children for competitive encouragement. I also dedicate this project to the hundreds of Communications Authority of Kenya (CA) employees who toil daily to make a living and whose sacrifice and dedication makes CA the company it is.

## **ACKNOWLEDGEMENT**

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## TABLE OF CONTENTS

<b>DECLARATION</b> .....	<b>ii</b>
<b>DEDICATION</b> .....	<b>iii</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>iv</b>
<b>LIST OF TABLES</b> .....	<b>viii</b>
<b>ABBREVIATIONS AND ACRONYMS</b> .....	<b>ix</b>
<b>ABSTRACT</b> .....	<b>x</b>
<b>CHAPTER ONE: INTRODUCTION</b> .....	<b>1</b>
1.1 Background of the Study .....	1
1.1.1 Concept of Employee Perception.....	2
1.1.2 Total Reward.....	2
1.1.3 Reward Management Practices.....	3
1.1.4 Employee Retention.....	4
1.1.5 Communications Authority of Kenya (CA) .....	5
1.2 Research Problem .....	6
1.3 Research Objective .....	8
1.4 Value of the Study .....	8
<b>CHAPTER TWO: LITERATURE REVIEW</b> .....	<b>9</b>
2.1 Introduction.....	9
2.2 Theoretical Foundation of the Study.....	9
2.2.1 Social Exchange Theory.....	9
2.2.2 Expectancy Theory.....	10
2.3 Reward Management Practices.....	11
2.3.1 Reward Strategy .....	11
2.3.2 Reward Policies .....	12
2.3.3 Job Evaluation.....	13
2.3.4 Salary Survey.....	13

2.3.5 Total Rewards.....	14
2.3.6 Grade and Pay structure .....	15
2.4 Employee Retention.....	15
2.5 Relationship between Reward Practices and Employee Retention.....	17

### **CHAPTER THREE: RESEARCH METHODOLOGY**

3.0 Research Methodology.....	20
3.1 Introduction .....	20
3.2 Research Design.....	20
3.3 Target Population of the Study .....	20
3.4 Data Collection .....	20
3.5 Data Analysis .....	20

### **CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION**

4.1 Introduction .....	22
4.2 Response Rate.....	22
4.3 Demographic Characteristics of the Respondents .....	22
4.3.1 Gender.....	22
4.3.2 Highest Level of Education.....	23
4.3.3 Number of Years worked.....	23
4.3.4 Position/ Grade of the Respondents.....	24
4.4 Reward Management Practices.....	25
4.4.1 Reward Strategy Policy.....	25
4.4.2 Job Evaluation and Grading.....	26
4.4.3 Salary Survey.....	27
4.4.4 Total Rewards.....	28
4.5 Employee Retention.....	29
4.6 Relationship between Reward Management Practices and Employee Retention.....	30
4.7 Discussions of Findings .....	32

**CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

5.1 Introduction.....34  
5.2 Summary of Findings..... 34  
5.3 Conclusion ..... 35  
5.4 Recommendations..... 36  
5.5 Recommendations for further studies ..... 36

**REFERENCES.....37**

**APPENDIX 1: Research Questionnaire.....41**

## LIST OF TABLES

Table 4.1	Distribution by Gender.....	22
Table 4.2	Highest Education Qualification.....	23
Table 4.3	Work of Years worked in the organization.....	24
Table 4.4	Position in Communications Authority of Kenya.....	25
Table 4.5	Reward Strategy and Policy.....	26
Table 4.6	Job Evaluation and Grading.....	26
Table 4.7	Salary Survey.....	27
Table 4.8	Total Rewards.....	28
Table 4.9	Factors Influencing Employee Retention.....	29
Table 4.10	Relationship between Reward Management Practices and Employee Retention..	31



## **ABBREVIATIONS AND ACRONYMS**

**CA** : Communications Authority of Kenya

## **ABSTRACT**

The most perpetual challenge in most organizations today is lack of a well -structured reward management and employee retention program. This has heightened the need for reward management programs in order to achieve employee retention in Communications Authority of Kenya. The study specifically aimed to determine the effects of reward management practices on employee retention. A descriptive survey was done. The population of this study consisted of all the employee of Communications Authority of Kenya. The data was collected using self-administered questionnaires. The data was analysed using both descriptive and inferential statistics to explore the various variables of the study. The researcher was able to do this using the computer software Statistical Package Social Sciences Software (SPSS). The correlation analysis indicated that there was a positive relationship between reward management practices and employee retention. The study deduced that Communications Authority of Kenya use Reward Strategy and Policy, Job evaluation and grading, Salary survey and Total rewards to a great extent. The study recommends that CA should now focus more on non- monetary rewards such as shorter working week; more work life balance and so on so that employees may not suffer fatigue and boredom due to routine. The organization should establish loyalty clubs/team building and good working conditions. The study suggests that further research should be done on the effects of reward management and employee retention in the private organizations. This is because the private and public sectors have different strategic approaches and thus allowing for comparison and allow for generalization on the effects of reward management practices and employee retention in organizations in totality.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Employee retention has become an increasingly recurring problem in many organizations today; as a result organizations are working to design and put measures in place to address this recurring problem. Employee retention is a vital element in the survival and success of an organization and should be considered when developing strategies and business plans to ensure a competent skilled workforce that delivers the organization objectives and goals. The departure of key staff can have drastic impact on the performance of the organization and those employees likely to leave are usually the most valued ones (Armstrong 2006). Employee retention adds a competitive edge and ensures the organization is able to compete and meet market expectations. Rewards are the returns to employee given by the employer in respect of work done. Expectation of receiving a desired reward motivates employees not only to put in more effort on work but also maintain employment contract in an organization.

Studies have long shown that employees who are motivated and committed to the organization are less likely to quit (Mowday, 1998; Ramlall, 2004). The factors of reward management have a great correlation with employee retention. Most of the organizations in public and private sectors rely on employment retention by the reward system which has been on-going research since long time. One (2007) argues that for most people, work is the primary source of income and financial security and an important indicator of status within the organization as well as society.

According to CA policies, the principles of employee's reward programs include; satisfying the actual or perceived personal needs of the employees, convince the employees that the organization for which they work cares for their needs, provide a tax efficient mechanism in remuneration, meet the legal requirements of the nation, is consistent with both the strategic plans and compensation objective of the organization and the cost of benefits is calculable and provision is made of sound financing. (Communications Authority of Kenya, 2015). In this study

we shall be trying to understand the perceived effects of reward management practices on employee retention at the Communications Authority of Kenya.

### **1.1.1 Concept of Employee Perception**

Wendell (1998), states that perception is a process of consciousness of an object. It is one of the means of valid knowledge in the world and consists in an inseparable relation of the perceptive consciousness with its content. According to his research, employee perception is a factor that can make a huge difference in the quality of the workplace and influence the employees' stay in the organization. When employees view the employer, their work, and their relationships within that workplace as being positive, there is a good chance the employee will be productive and remain with the employer for a long time. Negative perceptions of the company and the work environment can cause qualified employees to seek opportunities elsewhere.

According to Parkinson (1990) positive employee perception of the organization portfolio is an important factor for the existence, growth and development of an organization. What the employee perceives is generally what the employee believes and acts on. Employee perceptions are shaped by many factors, chief among them organizational roles, supervisory styles, and communication styles. Employee perceptions cannot be ignored, even when they are known to be incorrect, because they are factual to the employees that in turn act as a major factor to continued existence of the employee to the organization. Robbins (2004) defines perception as 'a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment' (2004, p. 132). Perception is not necessarily based on reality, but is merely a perspective from a particular individual's view of a situation.

### **1.1.2 Total Reward**

Employee reward refers to all forms of pay going to employees and arising from their employment."(Dessler 2011), the phrase 'all forms of pay' in the definition does not include non-financial benefits, but all the direct and indirect financial rewards. Direct financial rewards consists of pay received in the form of wages, salaries, bonuses and commissions provided at regular and consistent intervals while indirect financial rewards includes all financial rewards that are not included in direct rewards and can be understood to form part of the social contract

between the employer and employee such as medical cover, payment for time not worked, retirement plans, extra cash payments other than those based on performance, costs of subsidized café, among other such benefits. For total rewards strategy to work effectively, reward must be seen to be internally fair and equitable, industry competitive, and well communicated (Armstrong, 2007). Jack and Adele, (2003) argue that employees are in need of more money and more disposable income, and that employees view their income level as an indication of their worth to the organization and their field. Manus and Graham (2003) defined total reward as including all types of reward direct and indirect, intrinsic as well as extrinsic and each aspect of reward linked together and treated as an integrated and coherent whole. Research over the years, across many disciplines indicates that a combination of rewards offered by an employer represents a system of inducements where different reward elements drive different behaviors and outcomes.

Patricia and Shuster (2001), asserts that better workforce deal is one of total rewards that make work more attractive and fulfilling. Here the emphasis is on people (in total). The very best talent is interested in partnering with business that provides a compelling future, individual growth, a positive work place and total pay. But this is not just free lunches and time off to attend classes. It involves exciting and interesting work, colleagues, and leaders.

### **1.1.3 Reward Management Practices**

Armstrong (2010) defined Reward Management as “the strategies, policies and processes required to ensure that the value of people and the contribution they make to achieving organization, departmental and team goals is recognized and rewarded”. Armstrong and Murlis (2004 p3) defined reward management "as the process of formulating and implementation of strategies and policies that aim to reward people fairly, equitably and constantly in accordance with their value to the organization. Armstrong & Murlis (2007) notes the importance of direction as an element in a reward strategy: “Reward strategy determines the direction in which reward management innovations and developments should go to support the business strategy, how they should be integrated, the priority that should be given to initiatives and the **pace** at which they should be implemented.” Brown (2001) says that, ‘reward strategy is ultimately a way of thinking that you can apply to any reward issue arising in your organization, to see how you can create value from it.’ Reward strategy sets out what the organization intends to do in the

longer term to develop and implement reward policies, practices and processes that will further the achievement of its business goals.

Reward policy underpins reward practices. The policy defines the key elements of the total reward available for employees. The policy also defines the organizations orientation towards the labor market clearly stating how the organization wishes to benchmark itself versus the competition. The task of developing a strategic reward framework for organizations is usually challenging but necessary to survive in the competitive market place. The process however cannot be copied from the organization but needs to be designed, developed and grown within the unique environment of the organization Wilson (2003). The policy also defines the maintenance requirements necessary to ensure that reward management remains relevant and properly aligned to overall organization goals.

Schuster and Zingheim (1992), states that reward systems are critical parts of any organization's design. How well they fit with the rest of the systems in an organization has an important impact on how effective the organization is and on the quality of life that people experience in the organization. Over the past decade, some new reward systems practices have become popular in order to align reward systems with the important changes that are occurring in the way organizations are designed and managed. Michael Armstrong (2006), states that, Job evaluation provides the basis for achieving equitable pay and is essential as a means of dealing with equal pay for work of equal value issues. The reward system will consist of policies that will provide guidelines on approaches to manage rewards. Processes concerned with evaluating relative size of jobs (job evaluation) and assessing individual performance (performance management). Procedures operated in order to maintain the system and to ensure that it operates efficiently and provides value.

#### **1.1.4 Employee Retention**

Parkinson (1990) defines employee retention as the efforts by which employers attempt to retain employees in their workforce. In this sense employee retention becomes a strategy rather than an outcome. Organizations strategists develop employee retention as a strategy with focus of gaining competitive advantage that is aligned to the overall organizations strategy. There are various high performance environments that share a serious devotion to results after employees

are retained. This calls for examining approaches that can be used to retain critical employees. Nurturing from entry level, a new hire and then to high performing and committed employees requires organization to understand requirements of positive work environment. According to Siggler (1999) employee retention refers to organizations ability to retain its employees, which can be represented by simple statistics. Leighn (2002) defines employee retention as keeping those employees that keep the organization in business. Abraham (2007), states that it is important that the organization hires the right employee and strives to safeguard them to avoid losing them. It is the duty of the organization to focus on reducing employee turnover with an aim of decreasing recruitment cost, training costs, accidents of new employees are often higher and so is wastage of resources.

According to Hyman (2005) employee retention is crucial for one reason, and that is the cost of employee turnover, whether one measures the cost in terms of recruitment costs, loss of productivity, opportunity cost, or the knowledge and expertise lost when talented individuals leave these are all losses that could be saved by providing employees with the right reason to stay. Effective succession planning is dependent upon the ability to retain the best employees in any organization. This process enhances effective and efficient delivery of goods and services by organizations.

### **1.1.5 Communications Authority of Kenya**

The Communications Authority of Kenya is the regulatory authority for the communications sector in Kenya. It was established in 1999 by the Kenya Information and Communications Act, 1998, the Authority is responsible for facilitating the development of the Information and Communications sectors including; broadcasting, multimedia, telecommunications, electronic commerce, postal and courier services. Its vision is “Access to and use of Information and Communication Services by all in Kenya by 2018”. The Mission of the Authority is to “Facilitate the transformation of lives through progressive regulation of the Information and Communication Technology Sector”. Communications Authority of Kenya is located in Nairobi Province, Nairobi County along Waiyaki Way (Communications Authority of Kenya, 2015).

The Authority has a total population of One Hundred and Ninety three (193) employees distributed in its Headquarter Office and two branches referred to as Regional offices. The Authority will achieve the above vision through a well-coordinated efficient organization structure which is expected to be responsive to customer needs and other market demands and provide staff with opportunities for career development and advancement along professional lines. The four broad groupings are; Communications Infrastructure; Regulation and Access; Operation; Legal, Risk and Enforcement The Structure has the Chair of the board at the top with nine board members, the Authority's Director General being a member. Most decisions are made by the Authority's Director General upon advice from various Directors who are in charge of various departments within the organization, for example, Human Capital and Administration department which is headed by Director and assisted by two (2) Assistant Directors is responsible for ensuring that the Authority's resources are fully utilized through formulation and implementation of sound Human Resource Policies. The department is also responsible in ensuring that the employee's rewards and employee retention activities are carried out effectively. (Communications Authority of Kenya, 2015).

## **1.2 Research Problem**

Frost (2001) states that many professional organizations are in a dilemma as a result of the competition that is present in rewarding and retaining highly skilled workers because they fail to match the salaries being offered by their competitors or to offer more than their competitors. The challenge for many organizations today therefore is to come up with an efficient reward strategy for retaining these core employees for the success of the organization. According to Birt, Wallis and Winternitz (2004) the fundamental issue for organizations are to keep track of the ever changing needs of employees so that they can become an employer of choice to employees. It is very imperative for organizations to have knowledge of these attributes so that they may be able to match their reward and retention strategy to the needs of the workforce. Most of the organizations in public and private sectors rely on employment retention by the reward system which has been on-going research since long time. Recently, research revealed that employee retention is enhanced by the compensation and reward system, Rashid and Zhao (2009).



Communications Authority of Kenya has put in place various forms of employee rewards which are intended to attract and retain the most qualified staff. These include both financial and non-financial rewards such as salaries, bonuses, recognition, allowances among other benefits. In the previous years, there has been low employee turnover thereby the average age of employees which is currently at 40 years is quite high resulting into little or no movement at all. Communications Authority of Kenya just as any State Corporation is being guided by government regulations and HR policies on its' reward management even though State Corporations are not associated with good pay. While it may be considered that the salary attached to a post represents appropriate remuneration of its holder for proper and efficient performance of duties, the Authority offers additional payments to its employees in form of allowances and as part of employees' privileges, the Authority offers various staff benefits in the form of advances and loans to assist staff acquire basic facilities to enable them settle down while in service. The benefits are intended to attract, retain, and motivate competent workforce and prepare them for prosperous retirement. (Communications Authority of Kenya, 2015).

Various studies have been done in relation to employee retention; Pegg (2009), studied the impact of benefits on talent retention, motivation and productivity levels and concluded that organizations are to inform their people about the type of benefits on offer. Maluti, et.al (2012) studied on impact of employee commitment on retention in state financial corporation in Kenya and found that there was no significant impact of employee commitment on employee retention. Otieno (2010) studied the causes of staff turnover in Private Primary Schools and recommended that employees should be compensated well as an indicator for management's appreciation of employees' contribution and abilities. Njoroge (2007) did a survey on factors influencing employee retention in manufacturing firms and concluded that employee retention is influenced by reward, work environment, career development opportunities and employee motivation. Allen, (2000) did research on talent management as an organization strategy to increase the rate of employee retention and concluded that organizations need to analyze employee talents and abilities to align them to their roles and responsibilities assigned to them. Hosseini (2010) concluded that among the eight dimensions of quality of work life, pay fair and adequate pay size, integration and social cohesion, continuing security, the integration and development of human capabilities and career development opportunities, are related to employee retention.

Although the above studies were done, they were in different contexts and were not focusing on reward and retention together. This study therefore seeks to address this gap with the following question: What is the perceived effect of reward management practices on factors influencing employee retention at Communications Authority of Kenya?

### **1.3 Objectives of the Study**

The objective is to determine the Perceived effects of reward management practices on factors influencing employee retention in Communications Authority of Kenya.

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

The study will be important to management and staff of Communications Authority of Kenya; they will be able to know the perceived effects of reward management practices on employee retention and to identify various forms of employee benefits to individual employee. This will reduce employee turnover and hence improve the organizations' image. In addition, the study will add value to policy makers (Government) especially Ministry of Information and Communication Technology (MOICT) as they will want to come up with retention strategies in the Kenyan job market.

The Ministry may come up with policies and adopt them in order to retain staff and reduce labor turnover. These policies will enable organizations to retain the best employees who have excellent skills, high talent and have knowledge of the organization.

This study will increase the body of knowledge especially human resource scholars as they will be able to perceive what strategies organizations can adopt in retaining staff. In addition it will enable scholars understand how organizations can come up with retention strategies that will motivate employees to remain with the organization and improve performance.

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter summarizes the information from the available literature in various similar fields of study. The specific areas covered here are direct financial rewards, indirect financial rewards, work environments and knowledge gap.

#### 2.2 Theoretical Foundations of the Study

This research shall be founded on the theories of social exchange and the expectancy theory.

##### 2.2.1 Social Exchange Theory

George Homans (1958) introduced Exchange theory in his publication, social behavior exchange. He defined social exchange as the activity tangible or intangible and more or less rewarding or costly between at least two persons. The fundamental principal of the theory is that humans choose behaviors that maximize their likelihood of meeting self-interest. The theory assumes that those engaged in interactions are rationally seeking to maximize the benefits to be gained from those situations.

The exchange theory views employment relationship as consisting of social or economic exchanges (Aryee, Budhwar and Chen, 2002; Cropanzano, Rupp and Bryne , 2003).Economic exchange relationships involve the exchange of economic benefits in return for employees' efforts and are often dependent on formal contracts which are legally enforceable. On the other hand, social exchanges are 'voluntary actions' which may be initiated by an organization's treatment of its employees, with the expectation that the employees will be obligated to reciprocate the good deeds of the organization (Aryee et al., 2002; Gould and Davies, 2005). The exchange approach view of organizational commitment\ engagement posits that individuals attach themselves to their organizations in return for certain rewards from the organizations. According to this view, employees enter the organization with specific skills, desires and goals, and expect to find an environment where they can use their skills, satisfy their desires and achieve their goals. Perception of favourable exchange/ rewards from the employees' view point

is expected to result in increased engagement to the organization. On the other hand, failure by the organization to provide sufficient rewards in exchange for employees' efforts is likely to result in decreased organizational engagement. From this perspective, social –exchange theory suggests that employees respond to perceived favourable working conditions by behaving in ways that benefit the organization and /or other employees. Equally, employees retaliate against dissatisfying conditions by engaging in negative work attitudes such as absenteeism, lateness or preparing to quit the organization (Haar, 2006; Crede et al., 2007). The exchange theory has also been used to explain the employees' attitudinal engagement to the organization. According to the exchange perspective, employees exchange their identification, loyalty and attachment to the organization, in return for incentives from the organization. This implies that an individual's decision to become and remain a member of an organization is determined by their perception of the fairness of the balance of organizational inducements and the employee contribution. Meyer and Smith (2000) argue that unless employees believe they have been treated fairly, they will not be committed to the organization.

### **2.2.2 Expectancy Theory**

Armstrong (2007), states that in Expectancy Theory we select our behaviour based on the desirability of expected outcomes of the action. It was most prominently used in a work context by Victor Vroom who sought to establish the relationship between performance, motivation and ability and expressed it as a multiplicative one – where performance equals motivation x ability. There are a lot of attractions for this kind of approach, particularly for employers who can target their motivation effort and anticipate a definable mathematical return for them. As this is a cognitive process theory it relies on the way employees perceive rewards. These three theories plus variants of them have been used in countless research studies and continue to inform the practice of reward management up to the present day.

Expectancy theory Employee retention has been the topic of extensive research from the early 20th century. According to Vroom (1961), people will perform better if there is a desirable outcome or reward. The reward must be something that is not only desirable but also something that will make the effort exerted worthwhile (Borkowski, 2005). The organization must understand what types of things motivate their staff because what works for one individual may not work for another. Some individuals may be motivated by recognition from their supervisors

while others may be motivated by bonuses or benefits. The more aligned employees' goals match the company's goals, the higher the employee retention rate. Expectancy theory further postulates that employees have a variety of expectations. Employees expect that management will provide them with information regarding their job and will train them adequately so that they can perform their roles effectively within the organisation. Indeed, the expectancy theory is the extent to which an employee's goals match the company's goals. The more aligned these are, the higher the employee retention rate (Vroom, 1961).

### **2.3 Reward Management Practices**

Employee reward refers to all forms of pay going to employees and arising from their employment."(Dessler 2011), the phrase 'all forms of pay' in the definition does not include non-financial benefits, but all the direct and indirect financial rewards. Armstrong and Murlis (2004 p3) defined reward management "as the process of formulating and implementation of strategies and policies that aim to reward people fairly, equitably and constantly in accordance with their value to the organization. It also deals with the design, implementation and maintain of reward processes and practices that are geared towards the improvement of organizational, team and individual performance".

Most organizations use different types of rewards. The most common types include basic pay, Job design, incentives and benefits, development opportunities and performance based pay. According to Cox (2002) money is important because of the things it can buy and it also symbolizes an employee's worth. An organizations reward practice is important because if managed effectively, money can improve motivation and performance. While pay and benefits alone are not sufficient conditions for high satisfaction, it is an indispensable measurement in job satisfaction evaluation. Noel (2007) argues that for most people, work is the primary source of income and financial security and an important indicator of status within the organization as well as society.

#### **2.3.1 Reward Strategy**

Reward strategy is a business-focused description of what the organization wants to do about reward in the next few years and how it intends to do it. It is a declaration of intent which

establishes priorities for developing and acting on reward plans that can be aligned to business and human resource strategies and to the needs of people in the organization. Brown and Armstrong (2006) believe that reward strategy is ultimately a way of thinking that you can apply to any reward issues arising in your organization to see how you can create value from it. The aim is to support the corporate and human resource strategies and align reward policies and processes to organizational and individual needs. It provides a sense of purpose and direction and a framework for reward planning. In the words of Rosabeth Kanter (1999) business strategies exist to elicit the present actions for the future and to become ‘action vehicles’ integrating and institutionalizing mechanisms for change. It also provide the organization with a sense of purpose and direction in delivering reward programs that support the achievement of business goals and meet the needs of stakeholders.

Reward strategy constitutes a framework for developing and putting into effect reward policies, practices and processes that ensure that people are rewarded for doing the things that increase the likelihood of the organizations business goals being achieved. As Helen Murlis (2003) points out, reward strategy will be characterized by diversity and conditioned both by the legacy of the past and the realities of the future

### **2.3.2 Reward Policies**

The task of developing a strategic reward framework for organizations is usually challenging but necessary to survive in the competitive market place. The process however cannot be copied from the organization but needs to be designed, developed and grown within the unique environment of the organization Wilson (2003). A well designed incentive program rewards measurable changes in behavior that contribute to clearly defined goals. The challenges in developing such a program lies in determining what rewards are effective agents of change, what behaviors can be changed and the cost and benefits of eliciting change Hartman et al. (1994). Employees should be aware of the relationship between how they perform and the reward they get. Organizations should apply performance management programs which assist in planning employee’s performance programs, monitor performance by effecting proper measuring tools. Reward should be used as a way of strengthening good behaviors among employees as well as productivity. Hence reward should focus on reinforcing good behaviors. Employees could be

awarded for working overtime, taking initiatives, reliability, exceptional attendance, and outstanding feedback and meeting deadlines.

### **2.3.3 Job Evaluation**

Job evaluation is of fundamental importance in reward management. It is a systematic process for defining the relative worth or size of jobs within an organization in order to establish internal relativities and provide the basis for designing an equitable grade structure and managing pay relativities, Michael Armstrong (2006). Job evaluation provides the basis for achieving equitable pay and is essential as a means of dealing with equal pay for work of equal value issues. In the 1990s and 1980s job evaluation fell into dispute because it was alleged to be bureaucratic, time consuming and irrelevant in a market economy where market rates dictate internal rates of pay and relativities. However as the e-reward 2003 survey of job evaluation showed, job evaluation is still practiced widely and its use is extending, not least because of the pressures to achieve equal pay.

Job evaluation can be analytical or non-analytical. According to Michael Armstrong (2006), analytical job evaluation is the process of making decisions about the value or size of jobs, which are based on an analysis of the level at which various defined factors are present in a job in order to establish relative job value. The set of factors used in a scheme is called the factor plan, which defines all of the factors used and the levels within each factor. The two main types of analytical job evaluation schemes are point factor schemes and analytical matching. On the other hand, non-analytical job evaluation compares whole jobs to place them in a grade or rank order. They are not analyzed by reference to their elements or factors. The main non-analytical schemes are: job classification; job ranking, paired comparison ranking, internal benchmarking, and market pricing. The issue is how best to carry it out analytically, fairly, systematically, consistently, transparently and so far possible, objectively without being bureaucratic, inflexible or resource intensive.

### **2.3.4 Salary Survey**

It is an analysis of the finding of what the others are paying so that one can correctly price their jobs in relation to their competitors, Gary Dessler (2008). Herderson (2006) states that every employer conducts at least a telephone, newspaper or Internet salary survey. Employers use

those surveys in order to determine the price of the benchmark jobs also based on a formal or informal survey of what comparable firms are paying for similar jobs. Survey also collects data on benefits, life insurance, sick leave and vacations to provide a basis for decisions regarding employee benefits. Salary survey can be formal or informal. Internet survey can be good for checking specific issues such as when a bank want to confirm the salary at which to advertise a newly opened teller's job or if some banks are paying tellers an incentive, Nicholas Wade (2003).

### **2.3.5 Total Rewards**

The Chartered Institute of Personnel and Development (CIPD) define the concept of total reward thus: Total reward is the term that has been adopted to describe a reward strategy that brings additional components such as learning and development, together with aspects of the working environment, into the benefits package. It goes beyond standard remuneration by embracing the company culture, and is aimed at giving all employees a voice in the operation, with the employer in return receiving an engaged employee performance. World at Work, a not-for-profit organization that provides education, conferences and research on global human resources issues defines total rewards as all of the tools available to the employer that may be used to attract, motivate and retain employees.

Total rewards include everything the employee perceives to be of value resulting from the employment relationship. Total reward has the potential to assist employers, in a very powerful way, and help them align both their HR and business strategies. If we consider all the tools available that we can use to attract and retain, certain considerations come to mind Adam Sorensen (2010) Zingheim and Schuster (2000) comment that the conception of "total rewards" can be categorized in to four components: convincing future, encouraging workplace, individual growth and "total pay". Silverman and Reilly (2003) explained the total pay as the combination of basic salary, performance- based salary, benefits, and acknowledgment or feedback. Employees are in awe of the "total pay" that is devised around their task and needs. Several alternatives available are basic salary to reward the workers continuing value; performance based salary to highlighting the results; benefits to give safety from life and health vulnerabilities, in addition to vacation, identification and feedback.



Advantage of a total reward package is increased flexibility. Flexibility allows business' to develop programs that cater to the needs of its employee by combining transactional and relational awards, allowing the reward package to meet the different emotional and motivational rewards of employees (World at Work, 2007). Improved recruitment and retention is another advantage. Highly skills employees are in demand and, companies must find ways to attract and retain high performers. A comprehensive rewards package highlights the organization's commitment by showing the total value of the reward package. This commitment provides a competitive advantage to prospective employees as well as those employees contemplating leaving the organization (World at Work, 2007). Total rewards help reduce labour costs and the cost of turnover by promoting employee engagement and reaffirming trust within the organization.

### **2.3.6 Grade and Pay Structure**

Pay is an important feature of human resource management after all it is the main reason why people work. It is a sensitive and controversial area. Newman and Milcovich (2001) states "Employees may see compensation as a return in exchange between their employer and themselves as an entitlement for being an employee of the company or as a reward for job well done." This brings us to types of grades and pay structures in an Organization. Armstrong and Helen 2004 goes ahead to describe grade and pay structures as tools that provide the framework for managing pay although grade structures are increasingly being used as a part of non-financial reward process by mapping career paths without any direct references to the pay implications. A grade structure consists of a sequence or hierarchy of grades or levels into which groups of jobs that are broadly comparable in size are placed, Armstrong (2006).

### **2.4 Factors Influencing Employee Retention**

Achieng' (2011), states that employee retention is the ability of an organization to retain its employees. According to her, many are times that organizations focus on the business performance at the end of year results but forget all the factors that influence employee retention needs to be enhanced for better performance. Nzube, (1997), Job dissatisfaction can cause labor turnover. Labor turnover can be high in organizations with poor working conditions, undesirable jobs, pay inequities, and limited opportunities for advancement. Knudson (2006), working

conditions for any employee must be conducive to enable employee retention. His argument is that an organization would better invest on the employee working conditions other than spend in replacing employees who burn out and quit which increases the organization level of expenditure. Armstrong (1999), performance management practices must be participative, transparent and regular to ensure that the employee have a feeling that s/he is appraised fairly. Employee may quit on the basis that the performance management was unfairly conducted, Hodgetts and Hegar (2008).

Jackson and Werner (2009), behavior is goal oriented and that employees require to be given performance feedback so that they can evaluate and adjust their performance in light of the organization strategic objectives and goals articulated by the management. This calls for the management to set SMART objectives, managers to have timely evaluation of the employee performance so that the employees can adjust with an aim of meeting their individual objectives. According to their research, once the management process is continuous and goal oriented, then the employee feels a sense of participation hence satisfaction and in return they get retained within the organization. According to Taylor (2000), the management should make greater effort to ensure that they provide meaningful and realistic feedback of the employee performance feedback; moreover stronger aspect is the management to instill to the employees a sense of commitment both in achieving continuous improvement in performance and having employees to fully participate in achieving their work place individual and organizational goals which lead to increased employee retention

Hodgetts and Hegar (2008), “Employees don’t quit jobs, they quit managers.” He estimates that 80 percent of turnover is driven by the environment a manager creates for an employee (compared to 20 percent resulting from issues with company culture). Because of this, any investments in training and development for your line managers are well-spent. The success of any retention strategy is ultimately subject to the line managers’ ability to deliver on initiatives put in place. According to Tucker (2003), “Whatever your company values, you have to be sure your managers are executing on it. Help them for them to help reduce turnover. Teach them how to empower employees to succeed and grow, rather than just drive performance.” Which in turn

increase in employee retention it's also critical to keep the line of communication about careers wide open between employees and managers, especially because career goals change over time.

Armstrong M (2006), Rules and regulations are formulated for the benefit of the employees and thus should not be too rigid which increase employee retention. An organization must have employee friendly policies for the individuals to stay motivated that assist to increased employee retention. The management must take into consideration the genuine problems of the employees to make the organization a better place to work. According to him, the rules and regulation formulated by the employee must have a room to involve the employee to enable them recognize their input in their development leading to satisfaction thus the rate of employee retention is high. According to Armstrong, for employee to be comfortable in the workplace, the rules governing them must be clear and well explained to them to enable them to abide.

Yellen (1984) asserts that retaining talent is essential for companies and the actions that a leader takes to promote retention must be ones that are meaningful to the employee. The solution of giving money to people is not a bad problem for employees. But his research shows that if pay meets two qualities, it no longer serves as a retention tool; Pay must be fair relative to what others in similar positions in the organization and outside the organization are receiving

Armstrong (1999), working conditions of an employee acts as factors affecting employee retention. According to him, if the expected conditions are missing, they will create dissatisfaction and lead to an employee quitting the organizations to another one that can provide the best working conditions. Among those of the working conditions that affect the employee are; working space, lighting and security factors. Employers must utilize positive reinforcement methods while maintaining expected working conditions to maximize employee satisfaction leading to a high rate of employee retention.

## **2.5 Relationship between Reward Management Practices and Employee Retention**

Willis (2001) asserts that reward is one of the crucial issues as far as attracting and keeping talent in organizations is concerned. The fundamental hypothesis is that money influences employee behavior through shaping their attitudes (Parker & Wright, 2001). Therefore wages influence the

attraction and retention of the workforce (Parker & Wright, 2001). The provision of a lucrative remuneration package is one of the broadly discussed factors of retention. Not only do rewards fulfill financial and material needs but they also provide a social status and position of power within an organization. In a past study, Allen, Shore and Griffeth (2003) reported that employers have to differentiate themselves from others through their compensation strategy in order to attract and retain quality employees. Therefore, an organization's compensation strategy should be able to attract the right quality of employees, retain suitable employees and also to maintain equity amongst the employees.

A valued employee is more likely to stay in employment than an unvalued employee is. Sutherland (2004) argues that reward systems ought to be a significant sphere of innovation for employers. The increasing diversity of the workforce, she states, suggests the need for more creative approaches to tailoring the right rewards to the right people. She concluded that recognition and reward are part of a more comprehensive effort at keeping workers or adopting good workplace practices, which can contribute to increased retention. Recognition programs are an important component of an employee retention plan. The importance of these kinds of program is rooted in theories of positive reinforcement. By saying 'thank you' to employees for a job well done or a 'pat on a shoulder' to show appreciation, an organization is reinforcing ideal behavior and encouraging more of the actions that will make it successful.

Shoaib, Noor, Tirmizi and Bashir (2009), recognize that employee rewards are very important since they have lasting impression on the employee and continue to substantiate the employees' perception of their value to the organization they work for. Moreover, they contend that employees judge the quality of their job in the intrinsic satisfaction and the personal reward they earn from their work. Using intrinsic rewards to increase employee commitment and retention is achievable in all organizations. Sutherland (2004), demonstrates that reward is the basic element, which indicates how much employees, gain by dedicating their time and effort towards the achievements of company objectives, therefore employers have the responsibility to design an attractive reward package to attract and retain valuable employees. Shoaib et al. (2009), also attest that it is important for employers to know the value employees place in their reward systems and to formulate strategies that address equitable and adequate reward for their

employees. When appropriate reward strategies are understood and embedded in the organization's culture, productive employees remain (Shechtman, 2008).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the research methodology that will be applied in conducting the study. This will include the research design, population of the study, data collection and data analysis.

#### **3.2 Research Design**

Descriptive survey will be used to conduct this study. Kothari (2004) explain that a descriptive study gives a clear explanation of the characteristics of the population or situation being studied. In this study, the focus will be to determine the perceived effects of reward management practices on employee retention at Communications Authority of Kenya.

#### **3.3 Population**

The population will be all employees of Communications Authority of Kenya as at August 2015, the numbers of employees are 193 since the population of study will be census. (CA, Human Capital and Administration, 2015).

#### **3.5 Data Collection**

Primary data will be used in this study. A structured questionnaire will be used for purposes of data collection. The questionnaire will consist of three parts, that is A, B and C with section A containing information on the respondents Demographic Profile while section B containing information on Reward Management Practices and Section C focuses on factors influencing employee retention having both closed and open – ended questions and it will be administered using drop and pick later method.

#### **3.6 Data Analysis**

The data collected will be first sorted, cleaned and coded. Both descriptive and inferential statistics will then be used in analyzing the data. Descriptive statistics will include frequencies and percentages, measures of central tendencies such as the mean and measure of dispersion

such as the standard deviation. Inferential statistics will employ Pearson's correlation which will on the other hand be used to study the relationship between the independent and dependent variables. Data will be presented in form of tables and graphs.

## CHAPTER FOUR

### DATA ANALYSIS, FINDINGS AND DISCUSSION

#### 4.1 Introduction

This chapter presents a detailed description of the data, analysis and results within the framework of objectives. Analysis and interpretation is based on an overall objective of study which was to determine the effects of reward management practices on employee retention at Communications Authority of Kenya (CA).

#### 4.2 Response Rate

The study targeted all the 193 employees at CA. The response rate was 153 which represented 79% response rate. This response rate was excellent and representative and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent.

#### 4.3 Demographic Characteristics of the Respondents

The study sought to find out demographic characteristics of the respondents including their Gender, Highest level of Education, Number of Years Worked and Position at work.

##### 4.3.1 Gender

The research sought to know the gender of the respondents. The findings are as presented in Table 4.1.

**Table 4.1: Gender**

<b>Gender</b>	<b>Frequency</b>	<b>Percent (%)</b>
Male	49	32%
Female	104	68%
Total	153	100

**Source: Survey Data, 2015**



According to the findings in Table 4.1, majority of the respondents (68%) were female and 32% were male. This implies that majority of CA workers are female which can be attributed to the fact that CA is one of State Corporation which is mostly dominated by female.

#### 4.3.2 Highest Level of Education

The study further sought to find out the respondent’s highest education level.

The findings are shown in Table 4.2.

**Table 4.2: Highest education qualification**

Level of education	Frequency	Percent (%)
Bachelor Degree	86	56.2%
Advanced Diploma	34	22.2%
Masters Degree	14	9.2%
PhD	2	1.3%
KCSE	17	11.1%
Total	153	100

**Source: Survey Data, 2015**

According to the findings in Table 4.3, majority (56.2%) of the respondents had attained Bachelor Degree as their highest level of education, 9.2% were holders of Masters Degrees while 22.2% had Advanced Diplomas and 1.3% had PhD qualifications. This shows that all members of staff have enough literacy level to understand the effects of reward management practices and employee retention.

#### 4.3.3 Number of Years worked in the organization

The study sought to find out how long the respondents had worked with CA. The findings are as presented in Table 4.3.

**Table 4.3: Work experience in Communications Authority of Kenya**

<b>Work experience</b>	<b>Frequency</b>	<b>Percent (%)</b>
0-5	29	18.9
6-10	58	37.9
11-15	31	20.2
16-20	18	11.7
21-25	16	10.4
Over 25	1	0.65
Total	153	100

**Source: Survey Data, 2015**

From the findings in Table 4.3, respondents were required to state the number of years they have worked in the organization. Majority of the respondents (37.9%) had worked for CA for a period of 6 to 10 years. 20.2% of the respondents had worked in the organization for a period between 11 to 15 years while 18.9% of the respondents had worked for less than 5 years. Less than 1% had worked for more than 25 years. The finding of the study is as expected as most employees have been employed by the CA long enough to understand its processes and were in a better position to respond to questions on the relationship between reward management practices and employee retention at Communications Authority of Kenya.

#### **4.3.4 Position/ Grade of the Respondents**

The study sought to establish position held by the respondents. Table 4.4 shows the distribution of the respondents in terms of positions held.

**Table 4.4: Position in Communications Authority of Kenya**

<b>Position</b>	<b>Frequency</b>	<b>Percent (%)</b>
Senior Level Management	17	11
Middle Level Management	32	21
Lower Level Management	104	68
Total	153	100

**Source: Survey Data, 2015**

According to study findings, 11% of the respondents were Senior Managers while 21% were middle managers and 68% of the respondent's lower level managers. The results indicate therefore that a majority of the respondents are in the lower level category. This is normal for organizations to have majority in the lower management category.

#### **4.4: REWARD MANAGEMENT PRACTICES**

The objective of this study was to determine the effects of Reward management practices on employee retention at Communications Authority of Kenya. The Reward Management Practices are grouped into four categories including; Reward Strategy and Policy, Job Evaluation and Grading, Salary Survey and Total Rewards. To achieve the objective of the study, the study used a 5-likert scale where 1= Strongly Disagree (SD), 2= Disagree (D), 3= Neutral (N), 4= Agree (A), 5= Strongly Agree (SA). Since the scale ranged from 1 to 5, therefore it means that the mean score of a given statement was guided by the following that; 1-5, Where 1-1.4 Strongly Disagree (SD), 1.5-2.4 Disagree (D), 2.5-3.4 Neutral (N), 3.5-4.4 Agree (A), 4.5-5 Strongly Agree (SA).

##### **4.4.1 Reward Strategy and Policy**

Respondents were asked to indicate the level of agreement to which Reward Strategy and Policy influences employee retention at CA. The findings were as indicated in Table 4.5.

**Table 4.5: Reward Strategy and Policy**

<b>Factors</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
I understand CA Reward Strategy	153	4.6	0.71
CA reward strategy promotes career progression	153	4.5	0.70
CA reward strategy recognizes superior performance	153	4.4	0.81
I am satisfied with the organization reward policy	153	4.4	0.82
<b>Average</b>		<b>4.5</b>	<b>0.76</b>

**Source: Survey Data, 2015**

As indicated in Table 4.5 a majority of respondents strongly agreed they understood the CA Reward Strategy (4.6) and that CA reward strategy promotes career progression (4.5). They agreed that CA reward strategy recognized superior performance (4.4) and were satisfied with the organization reward policy (4.4). It can therefore be concluded that CA has put Reward Strategy and Policy which it has ensured is well understood by the employees and also the reward strategy promotes career progression, recognizes superior performance and therefore the employees are satisfied with the CA's Reward Strategy and Policy.

#### **4.4.2 Job evaluation and Grading**

The study also sought to establish the respondents' level of agreement with statements relating to job evaluation and grading.

**Table 4.6: Job Evaluation and Grading**

<b>Factors</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
I understand the CA job evaluation system	153	4.5	0.65
The job evaluation recognizes my job's true value	153	4.3	0.72
My pay and grade is commensurate with the job I do	153	4.2	0.72
There is equitable pay system in the company	153	4.3	0.73
<b>Average</b>		<b>4.3</b>	<b>0.71</b>

**Source: Survey Data, 2015**

As indicated in Table 4.6, the respondents strongly agreed that they understood the CA job evaluation system, (4.5), the job evaluation recognized their job's true value (4.3), the pay and grade was commensurate with the job done (4.2) and there was equitable pay system in the company (4.3). The average score was 4.3; this indicates that Job Evaluation and Grading has a positive effect on employee retention at CA. The analysis implies that, CA employees stated that they understand their Job Evaluation System, and that the job evaluation recognizes their job's true value. Further the pay and grade is commensurate with the job done and that the pay system in CA is equitable.

#### 4.4.3 Salary Survey

The study further sought to find out on the respondents' level of agreement with statements on salary survey and results shown in Table 4.7.

**Table 4.7: Salary Survey**

<b>Factors</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
CA pay benchmarked to the market	153	4.7	0.54
Pay is competitive	153	4.7	0.52
I am satisfied with the pay	153	4.0	0.73
I am satisfied with the insurance plan	153	4.3	4.03
I understand all types of benefits offered by CA	152	4.1	0.75
I am satisfied with the phone allowance	153	3.8	0.76
The benefits provided by the organization are satisfying	153	4.1	0.82
<b>Average</b>		<b>4.2</b>	<b>1.16</b>

**Source: Survey Data, 2015**

The findings in Table 4.7 indicates that the respondents agreed that: one of the major reasons that they continue working for this organization is that they believe that CA pay is benchmarked to the market (4.7) and the pay was competitive (4.7). The respondents are satisfied with the pay (4.0), they are also satisfied with the insurance plan (4.3), phone allowance (3.8) and other benefits provided by the organization (4.1). They understood all types of benefits offered by CA (4.1).

The analysis above implies that one of the major reasons that employees continue working at CA is that CA pay is benchmarked to the market. The employees also believe that the pay is competitive and that they are satisfied with the pay, insurance plan and Phone allowance. Further they indicated that they understood all types of benefits offered by CA and that they are satisfying.

#### 4.4.4 Total Rewards

The study further sought to establish the effect of Total Rewards on Employee Retention at CA. The pertinent questions were asked to this end to which respondents were asked to indicate their levels of agreement.

**Table 4.8: Total Rewards**

<b>Factors</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
Reward Strategy promotes career progression	153	4.5	0.78
Total rewards at CA recognizes superior performance	153	4.4	0.86
I am satisfied with reward policies at CA	153	4.2	0.78
I am satisfied with the CA bonus policy	153	3.8	0.68
I am satisfied with the CA health plan	153	3.8	0.71
I am satisfied with CA car loan policy	153	3.9	0.70
<b>Average</b>		<b>4.1</b>	<b>0.75</b>

**Source: Survey Data, 2015**

As in Table 4.8, respondents strongly agreed that reward strategy promoted career progression (4.5) and total rewards at CA recognized superior performance (4.4). Furthermore, respondents were satisfied with the reward (4.2), bonus (3.8), health plan (3.8) and car loan policies (3.9).

The analysis above clearly indicates strong agreement that Reward Management promotes career progression in CA, they further indicated that Total Rewards at CA recognizes superior performance, that they are satisfied with the CA Reward Policy, bonus policy health plan and CA car loan policy.

#### 4.5: EMPLOYEE RETENTION

In order to establish the perceived effects of reward management practices and employee retention, it is important to find out the level of retention in the firm. This section analyses the level of retention in respect to the established reward management practices in the organization.

Respondents were asked to indicate their levels of agreement with pertinent questions posed to establish the level of retention in the organization, which has a significant impact on whether employees should stay or leave. Table 4.9 below presents the finding.

**Table 4.9: Factors Influencing Employee Retention**

<b>The reason why I remain in this organization is because;</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>
I am fully satisfied with the working conditions in the company	153	4.5	0.64
Performance management practices are applied to the organizational strategic goals and objectives	153	4.4	0.61
I have access to the line managers to argue my ideas and feedback	153	4.2	0.79
The policies within the organization are friendly for me to stay motivated	153	4.2	0.86
The salary hike is directly proportional to the hard work I put	153	4.1	0.99
	153	4.2	0.83
Performance management practices are participative and transparent	153	4.4	0.79
There is a good system to ensure proper feedback to employees	153	4.5	0.84
Proper supervision is maintained by the line managers to ascertain productivity	153	4.6	0.73
Corporate culture at CA is aligned to career development	153	4.3	0.75
Performance rating is linked to overall performance	153	4.3	0.73
Objectives set are realistic and attainable	153	4.4	0.75
CA values my contribution	153	4.5	0.72
<b>Average</b>		<b>4.4</b>	<b>0.77</b>

As indicated in Table 4.9, most respondents strongly agreed that they are fully satisfied with the working conditions in CA (4.5). Additionally, performance management practices are applied to applied to the strategic goals and objectives (4.4), respondents also agreed that they have access

to the line managers to argue their ideas and feedback (4.2), policies within the organization are friendly for them to stay motivated (4.2), The salary hike is directly proportional to the hard work they put (4.1), Performance management practices are participative and transparent (4.4), There is a good system to ensure proper feedback to employees (4.5), Proper supervision is maintained by the line managers to ascertain productivity (4.6), Corporate culture at CA is aligned to career development (4.3), Performance rating is linked to overall performance (4.3), Objectives set are realistic and attainable (4.4), and that CA values their contribution (4.5).

The analysis above indicates that employees agreed that they are fully satisfied with the working conditions in the CA, that performance management practices are applied to the organizational strategic goals and objectives, that respondents have access to the line managers to argue their ideas and feedback, the policies within the organization are friendly for them to stay motivated, that the salary hike is directly proportional to the hard work they put. Additionally, respondents agreed that job evaluation at CA is fairly practiced, performance management practices are participative and transparent. Respondents also agreed that there is a good system to ensure proper feedback to employees, proper supervision is also maintained by the line managers to ascertain productivity at CA, Corporate culture is aligned to career development, performance rating is also linked to overall performance and objectives set are realistic and attainable.

#### **4.6 Relationship Between Reward Management Practices and Factors Influencing Employee Retention**

The objective of the study was to assess the relationship between Reward Management and Employee Retention at CA. Pearson's Regression analysis was used to test this relationship as shown in Table 4.10.



**Table 4.10: Relationship Between Reward Management Practices and Factors Influencing Employee Retention**

		Reward Strategy and Policy	Job Evaluation and Grading	Salary Survey	Total Rewards	Reward Management Practices	Employee Retention
Reward Strategy and Policy	r	1	.760**	.583**	.836**	<b>.912**</b>	<b>.670**</b>
	p		.000	.000	.000	<b>.000</b>	<b>.000</b>
	N	153	153	153	153	<b>153</b>	<b>153</b>
Job Evaluation and Grading	r	.760**	1	.661**	.786**	<b>.900**</b>	<b>.645**</b>
	p	.000		.000	.000	<b>.000</b>	<b>.000</b>
	N	153	153	153	153	<b>153</b>	<b>153</b>
Salary Survey	r	.583**	.661**	1	.723**	<b>.807**</b>	<b>.577**</b>
	p	.000	.000		.000	<b>.000</b>	<b>.000</b>
	N	153	153	153	153	<b>153</b>	<b>153</b>
Total Rewards	r	.836**	.786**	.723**	1	<b>.940**</b>	<b>.700**</b>
	p	.000	.000	.000		<b>.000</b>	<b>.000</b>
	N	153	153	153	153	<b>153</b>	<b>153</b>
Reward Management Practices	r	<b>.912**</b>	<b>.900**</b>	<b>.807**</b>	<b>.940**</b>	1	<b>.728**</b>
	p	<b>.000</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>		<b>.000</b>
	N	<b>153</b>	<b>153</b>	<b>153</b>	<b>153</b>	<b>153</b>	<b>153</b>
Employee Retention	r	<b>.670**</b>	<b>.645**</b>	<b>.577**</b>	<b>.700**</b>	<b>.728**</b>	1
	p	<b>.000</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>	<b>.000</b>	
	N	<b>153</b>	<b>153</b>	<b>153</b>	<b>153</b>	<b>153</b>	<b>153</b>
**. Correlation is significant at the 0.01 level (2-tailed).							

**Source: Research Findings**

From the findings in Table 4.10 above, the results revealed that there was a very strong positive relationship between overall reward strategy and policy, and overall factors influencing employee retention,  $r = 0.912$ ,  $p < .01$ . Similar results were noted for job evaluation and grading,  $r = 0.900$ ,  $p < .01$ , salary survey,  $r = 0.807$ ,  $p < .01$ , and total rewards,  $r = 0.9940$ ,  $p < .01$ . Overall there was a very strong positive statistically significant relationship between overall

reward management practices and overall factors influencing employee retention,  $r = 0.728$ ,  $p < .01$ , meaning that reward management practices influences employee retention. There was less than one in one hundred (.01 or 1%) likelihood that the observed relationship between the two variables could have happened by chance. Generally, this means that there is a strong positive correlation between reward management practices and employee retention at CA.

#### **4.7 DISCUSSION**

The study had the objective of establishing the perceived effects of reward management practices on employee retention at Communications Authority of Kenya. This is in line with Herzberg two factor theories who contend that employees will stay in their work place so long as their needs are satisfied and are motivated that they will be committed to their work hence increased retention in the organization. The result of this research has been proven by Zingheim & Shuster (2008) in which he found that reward practices impact positively on employee retention. Non-competitive reward practices have been identified as the main reason why employees leave their jobs (Barak et al., 2001).

Many studies (For example, Chan and Morrison, 2000; Ghiselli et al., 2001) have reported a significant relationship between reward practices and retention. Compensation plays significant role in attracting and retaining good employees, especially those employees who gives outstanding performance or unique skill which is indispensable to the organization .This is in line with Lawler, (1990) who emphasizes that high compensation package, helps organizations to create culture of excellence. CA continuously does salary survey both internally and externally in order to benchmark on the pay package to standardize their offer in line of what their co-players are offering.

Career progression was also found to influence retention at CA. This is in line with Smith & Rupp, (2004) who contend that proper career progression of staff motivates them to stay in one organization longer. The study shows bonus schemes is very positively linked to retention at CA and is one of the most important factors in employee's retention. Culture is a powerful way of controlling and managing employee behaviors than organizational rules, this is in line with Joan and Harris, (1999) who contend that in order to recruit and retain new employees organizational

culture is more important than the job itself. In conclusion, the analysis of the results showed the relationship between reward management practices and employee retention is very significant. All the parameters in the analysis measuring reward management practices and employee retention indicated a strong relationship.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter presents the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn were focused on addressing the objectives of the study.

#### **5.2 Summary of Findings**

The study sought to establish the perceived effects of reward management practices on employee retention at Communications Authority of Kenya. The study deduced that Communications Authority of Kenya use reward strategy and policy, Job evaluation and grading, Salary survey and Total rewards to a great extent.

The findings imply that a majority of respondents reached belong to the female gender compared to the male counterparts. The difference in gender response does not have any impact on the outcome of the study.

From the findings it is clear that response from the different level of management was established, and this helps to ascertain the level of diversity of respondents. A majority of respondents were found to belong to lower cadre management, followed by the middle management level. While only a few belonged to the senior management level. This indicated the diverse perspectives in the responses.

It was also established from the findings that majority of the respondents at Communications Authority of Kenya have high education background. This clearly signifies that respondents understood the concept of reward management practices and employee retention.

The findings further found that respondents majority of the respondents have served between 6-25 years, while a small number have worked over 25 years. This establishes that the targeted respondents are well experienced, and that the responses obtained are likely to be of sound

opinion in respect to reward management practices and employee retention at Communications Authority of Kenya.

The study found out that CA has put Reward Strategy and Policy which it has ensured is well understood by the employees and also that the reward strategy promotes career progression, recognizes superior performance and therefore the employees are satisfied with the CA's Reward Strategy and Policy. It was further analyzed that CA employees stated that they understand their Job Evaluation System, and that the job evaluation recognizes their job's true value, the researcher found out that pay and grade is commensurate with the job done and that the pay system in CA is equitable.

The study also indicted that one of the major reasons that employees continue working at CA is that CA pay is benchmarked to the market. The employees also believe that the pay is competitive and that they are satisfied with the pay, insurance plan and phone allowance, it was also analyzed that employees understood all types of benefits offered by CA and that they are satisfying. Further, the study deduced that there was a strong agreement that Reward Management promotes career progression in CA, they further indicated that Total Rewards at CA recognizes superior performance, that they are satisfied with the CA Reward Policy, bonus policy health plan and CA car loan policy.

### **5.3 Conclusion**

From the findings the study concludes that there is strong link between employee reward management practices and retention at CA. The results of this study enabled a better understanding of the relationship between employee retention and reward management practices at CA. It is important for the management to develop an employee retention practice and reward management practice policy , and total reward system whose benefits include pension scheme, life insurance, sabbatical leave, health insurance, workers compensation programs, transportation benefit, flexible work plan, educational fees, employee assistance programs, relocation benefits and recreational programs. In conclusion it can be seen from the findings that employees at CA are retained as a result of effective reward management practices.

#### **5.4 Recommendations**

The study recommends that CA should now focus more on non- monetary rewards such as shorter working week; more work life balance and so on so that employees may not suffer fatigue and boredom due to routine. The organization should establish loyalty clubs/team building and good working conditions.

#### **5.5 Suggestions for Further Studies**

The study has investigated the perceived effects of reward management practices and employee retention at CA. The study therefore recommends that further research should be done on the effects of reward management and employee retention in the private organizations. This is because the private and public sectors have different strategic approaches and thus allowing for comparison and allow for generalization on the effects of reward management practices and employee retention in organizations in totality.

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**SECTION B: REWARD MANAGEMENT PRACTICES**

1. You are asked to indicate the extent to which you agree or disagree with each statement using 5 Likert Scale Response Framework.

Likert Scale indicator:

1= Strongly Disagree (SD)    2= Disagree (D)        3= Neutral (N)

4= Agree (A)    5= Strongly Agree (SA)

*Please circle one number per line to indicate the extent to which you agree or disagree with the following statements.*

<b>REWARD MANAGEMENT PRACTICES</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
<b>Reward Strategy and Policy</b>					
I understand CA Reward Strategy	1	2	3	4	5
CA reward strategy promotes career progression	1	2	3	4	5
CA reward strategy recognizes superior performance	1	2	3	4	5
I am satisfied with the organization reward policy	1	2	3	4	5
<b>Job Evaluation and Grading</b>					
I understand the CA job evaluation system	1	2	3	4	5
The job evaluation recognizes my jobs’ true value	1	2	3	4	5
My pay and grade is commensurate with the job I do	1	2	3	4	5
There is equitable pay system in the company	1	2	3	4	5
<b>Salary Survey</b>					
CA pay benchmarked to the market	1	2	3	4	5
Pay is competitive	1	2	3	4	5
I am satisfied with my pay	1	2	3	4	5
I am satisfied with the insurance plan	1	2	3	4	5
I understand all types of benefits offered by CA	1	2	3	4	5
I am satisfied with the phone allowance	1	2	3	4	5

The benefits provided by the organization are satisfying	1	2	3	4	5
<b>Total Rewards</b>					
Reward Strategy promotes career progression	1	2	3	4	5
Total rewards at CA recognizes superior performance	1	2	3	4	5
I am satisfied with reward policies at CA	1	2	3	4	5
I am satisfied with the CA bonus policy	1	2	3	4	5
I am satisfied with the CA health plan	1	2	3	4	5
I am satisfied with CA car loan policy	1	2	3	4	5

### SECTION C: FACTORS INFLUENCING EMPLOYEE RETENTION

Kindly indicate your level of agreement with the following attributes of employee retention at Communications Authority of Kenya (CA).

Likert Scale indicator:

1=Strongly Disagree (SD) 2= Disagree (D) 3= Neutral (N) 4= Agree (A)

5= Strongly Agree (SA)

The reason why I remain in this organization is because;	SD	D	N	A	SA
I am fully satisfied with the working conditions existing in the company	1	2	3	4	5
Performance management practices are aligned to the organizational strategic goals and objectives	1	2	3	4	5
I have access to line managers to argue my ideas and feedback	1	2	3	4	5
The policies within the organization are friendly for me to stay motivated	1	2	3	4	5
The salary hike is directly proportional to the hard work I put	1	2	3	4	5
Job Evaluation at Communications Authority of Kenya is fairly practiced	1	2	3	4	5
Performance management practices are participative and transparent	1	2	3	4	5

There is a good system to ensure proper feedback	1	2	3	4	5
Proper supervision is maintained by the line managers to ascertain productivity	1	2	3	4	5
Corporate culture at CA is aligned to career development	1	2	3	4	5
Performance rating is linked to overall performance	1	2	3	4	5
Objectives set are realistic and attainable	1	2	3	4	5
CA values my contribution	1	2	3	4	5