

## Reward and Compensation as a Determinant of Employee Commitment: A Survey of Ktda Tea Factories in Kenya

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### Abstract

The purpose of this study was to investigate the determinants of employee commitment in tea organizations in Kenya. Strong commitment is correlated with high productivity, while low commitment lowers productivity. The primary objective of this research was to determine the influence of reward and compensation on employee commitment in tea factories in Kenya. To achieve this objective a survey was conducted to canvas the opinions of respondents in public KTDA tea factories in Kenya. Purposive sampling was employed to select six (6) factories based on second payment known as bonus; with three (3) high paying and three (3) low paying. Stratified sampling technique was used to categorize population into managers and employees. Random sampling was used to give the sample size of employees. A total of 273 respondents were randomly selected from a population frame of 861 employees. Qualitative and quantitative data was collected by use of self-administered structured questionnaires and interview schedule. Analysis of data showed low paying factories had a lower average mean in all aspects of reward and compensation 54.93% compared to high paying at average mean 71.60%. Further analysis using Spearman's rank correlation test revealed significant relationship ( $P=0.00<0.01$ ) between reward and compensation and commitment. The study confirmed the significance of reward and compensation as a determinant of employee commitment. This study has implications for management of KTDA tea factories in Kenya since they can influence employees to achieve optimized motivation and commitment, by designing a good reward and compensation that is perceived as fair, equitable and consistent.

**Keywords:** Reward and Compensation, Employees, Commitment, Organization, Enlisted Factories

### 1.0 Introduction

No organization in today's competitive world can perform at peak levels unless each employee is committed to the organizations' objectives and works as an effective team member. The work place is changing dramatically and demands for highest quality of products are increasing. Appointment of good workers is critical but of greater significance is the organizations ability to create a committed workforce. According to Hancock et al, (2013) commitment is the main predictor of turnover and performance; hence organizations that are concerned about employees and want to keep high performing employees should consider increasing commitment. The literature suggests that positive work related behaviour and attitudes largely depends on employee perceptions on extend their employer values their contribution and cares about their wellbeing (Allen et al, 2003). To remain competitive in the face of these pressures employee commitment is crucial. Without employee commitment there can be no improvement in any business area. To succeed in the face of increasing competition organizations need improved productivity at all levels. This requires commitment on the part of all employees which can only be achieved through better management practices in the area of managing rewards and compensation, by creating a perception of fairness through competitive wages and benefits (Coetzee, 2005). In the past organizations secured the loyalty of their employees by guaranteeing job security. However many organizations have responded to competitive pressures by downsizing, restructuring and casualisation, thus creating a less secure environment and broken employment psychological contract. A growing number of employees feel they are victims of broken promises. One of the challenges facing modern organizations involves maintaining employee commitment in the current competitive pressures. With no assurance of continued employment, employees have now raised their expectations in other areas. For instance employees expect employers to demonstrate their commitment in terms of pleasant working environment where a fair and just reward and compensation provides employees with the baseline requirements met to go for higher things like job satisfaction and fulfillment hence enhancing organizational commitment (Harter, 2002).

As organizations are faced with ever increasing competition and as they prepare for new challenges, reward and compensation management is key component of survival in attracting, motivating and retaining the best employees which ultimately lead to organizational efficiency and effectiveness thus realizing high productivity and profitability (Milkovich and Newman, 2004). Bragg, (2002) argue that companies with committed

employees will outperform companies with uncommitted workforce, and contents that demonstrating commitment to employees will generate a reciprocal commitment by employees. Committed employees do better work than uncommitted and organizations with committed employees do better financially than the others. Employers need to determine what is responsible for this disparity. Organizational effectiveness depends on more than maintaining a stable workforce; employees must perform assigned duties dependably and be willing to engage in activities beyond role requirements. It thus seems that employees' willingness to contribute to organization effectiveness will be influenced by their level of commitment (Coetzee, 2005).

Compensation is the glue that binds employees and employers together. However (Milkovich et al, 2004) argue that a poorly designed compensation package is a source of dissatisfaction and employee turnover. A reward and compensation package fails to secure employee commitment when it is viewed as not being fair, inequitable and inconsistent. Such compensation fails to attract, retain and motivate employees. Employees who quit companies give inadequate or skewed compensation as the reason for exiting. It does not take many uncommitted employees to prevent business from prospering and thereby ceding a huge advantage to its competitors. In many organizations there is a growing gap between expectations of employees and what they are prepared to do. There are a number of reasons for this erosion, the most common is failure on the part of management in some ways. Many studies have investigated the factors that impact employee commitment and turnover.

Fossey and Havey (2010) study on finding and sustaining employment practically concluded that more satisfied employees will be more committed, furthermore a committed employee will discontinue actively searching for other sources of income and generously offer full competence to the organization, this however does not come alone but depends on factors that enhance commitment. This indicates that compensation management must be taken seriously to achieve a competitive advantage (Vance, 2006). Since employee commitment is likely to be influenced by aspects of reward and compensation, this research was aimed at providing tea organizations with a practical approach to enhance employee commitment and improve productivity.

### **1.1 Problem statement**

Reward and compensation is of growing importance to companies in the world over that are seeking to gain an advantage among competitors as a tool for enhancing higher employee commitment and retention (Owens, 2006). According to Gallups, (2013) study on the state of American workplace, "70% of American workers are not committed or are actively disengaged from their workplace. They are emotionally disconnected from their workplace and less likely to be productive. In the report it is estimated that actively uncommitted workers cost the U.S. between \$450 billion to \$ 550 billion dollars a year in lost productivity. This figures show the claring importance of having committed and engaged employees at the workplace. Earlier research by Fossey and Havey (2010) practically concluded that more satisfied employees will be more committed, furthermore a committed employee will discontinue actively searching for other sources of income and generously offer full competence to the organization, this however does not come alone but depends on factors that enhance commitment.

Various empirical studies have provided extensive evidence that a good reward and compensation system is a strategy for competitive advantage and enhanced employee commitment while competitive pay attracts, retains and motivates qualified candidates (Zaman et al, 2011; Vance, 2006; Dessler, 2005; Harter, 2002). According to Milkovich et al, (2004) a poorly designed compensation package fails to secure employee commitment especially when it is viewed as not being fair, inequitable, and inconsistent and is a source of dissatisfaction and employee turnover. Exit interviews have shown that 70% of employees who quit their jobs do so because they are dissatisfied with the compensation (Welch, 2006). A study of a sample of 350, daily workers in Ireland and New Zealand by (O' Driscoll and Randall, 1999) cited in (Naicker, 2008) showed rewards have a powerful effect on employee attitudes towards their jobs and organization commitment.

Scholars (Vance, 2006; Boon et al, 2006; Milkovich, 2004; Harter, 2002) agree that reward and compensation can positively impact commitment and is a strategy for competitive advantage which enhances employee commitment, but inadequate or skewed compensation is the reason for job dissatisfaction and exiting. However employee commitment has been affected by the competitive business environment. Employees have become victims of broken promises arising from downsizing, restructuring and casualisation, thus creating a challenge for the organizations to maintain a committed workforce with no assurance of continued employment (Coetzee, 2005). Rashid et al (2003) says high levels of commitment are evident in organizations that are doing well financially.

Braggs (2002) argue that companies that do well financially outperform others and have committed employees, yet fewer than half the employees in today's workforce are committed to their employer. Employers need to determine what is responsible for this disparity. Observations from 54 enlisted KTDA tea factories in Kenya show high disparity in average payment of tea deliveries (bonus) over a 3 year period (2009 to 2012). This is evidenced between six (6) selected factories from different Counties. The disparity of average payments (high and low) in KTDA tea organizations has been attributed to different levels of employee commitment (Tiampati, 2012; Cohen, 2007; Silverthorne, 2004). Empirical literature showed that little had been done to establish the

determinants of employee commitment in KTDA tea factories. This study was therefore undertaken to determine the influence of reward and compensation aspects on employee commitment in KTDA tea factories in Kenya.

### **1.2 Research objective**

The main purpose of this study was to determine the influence of reward and compensation on employee commitment: A survey of KTDA tea factories in Kenya. In order to achieve these objective, different aspects of reward and compensation were identified namely: conditions for recognizing employee quality effort, team and individual compensation, rewarding quality work, clear communication of rewards and penalties and employee compensation programmes.

### **2.0 Literature review**

Based on social exchange theory grounded in an economic model of human behaviour where interaction between individuals is motivated by a desire to maximize rewards and minimize losses, the individual's organizational commitment depends on his or her perceived balance of reward utilities over input utilities. The approach emphasizes the current exchange relation between individuals and organizations. Thus relationships providing more rewards than costs will yield enduring mutual attraction and commitment to the organization; this explains organizational citizenship behaviour (Coetzee, 2005). This is in line with Vroom's expectancy theory (1968) cited in Armstrong (2009), which states that motivation will be high when people know what they have to do to get a reward (Instrumentality). They also expect (Expectancy) that they will be able to get the reward and that the reward received will be worthwhile (Valence).  $MF = Expectancy \times Instrumentality \times Valence$ . The strength of expectations is based on past experiences (reinforcement).

Social exchange viewpoint studies have shown that employee's commitment to organization derives from their perceptions of employers commitment to them through positive beneficial actions directed at the employees by the organization thus establishing high –quality exchange relationship. This creates obligations for employees to reciprocate in positive beneficial ways in their own commitment to the organization through high work performance. Human resource practices that represent high commitment strategies include a fair, competitive and equitable reward and compensation system. It has been established that there is a significant and positive relationship between fair and adequate rewards and compensation and employee motivation to high performance Dessler (2005).

This view is supported by Zaman et al ,(2011) in their study who affirmed that reward and compensation system is the centre piece of the employment contract after all it is the main reason why people work. The objective of any good reward and compensation are to attract, motivate and retain good people for the attainment of organizational goals. But when the reward and compensation system is perceived as unfair, or not equitable and competitive, it becomes the source of dissatisfaction. Herzberg's two-factor theory (cited in Armstrong, 2009) notes that certain factors are necessary to maintain "Hygiene" or ensure that employees are not dissatisfied. If a fair and just compensation system is provided, the employee has the baseline requirement met to ensure that they are now in a position to go for higher things like job satisfaction and fulfillment, however if it's lacking leads to dissatisfaction. The basic tenets of the two-factor theory provide insight into areas managers or employers can influence for instance recognition and rewarding best performance in order to increase the satisfaction of their employees and thus gain commitment and loyalty to organization.

Commitment is two-way activity. If employers want committed employees, they need to be committed employers. Committed employees do better work than uncommitted ones and organizations with committed employees do better financially, yet fewer than half the employees in today's workforce are committed to their employer. Employers need to determine what is responsible for this disparity. With no assurance of continued employment in the current competitive work environment, employees have raised their expectations in areas like a pleasant working environment with fair and just reward and compensation system (Coetzee, 2005).

Milkovich et al, (2004) argued that a poorly designed compensation package is a source of dissatisfaction and employee turnover. A reward and compensation package fails to secure employee commitment when it is viewed as not being fair, inequitable and inconsistent. Such compensation fails to attract, retain and motivate employees. This indicates that compensation management must be taken seriously to achieve a competitive advantage. This view is held by (Harter, 2002) studies who noted that employees who quit companies give inadequate or skewed compensation as the reason for exiting. If a fair and just compensation is provided employees have the baseline requirements met to go for higher things like job satisfaction and fulfillment and thus commit their efforts to organizational commitment and high performance.

Zaman et al (2011) indicated that there is a significant and positive relationship between extrinsic rewards and employee motivation and hence performance, but the challenge is that employers are not offering fair and adequate financial rewards to their employees. If employees feel that their effort is appreciated and the company has a good compensation structure based on job evaluation, the employees' motivation and commitment will improve and hence performance. A study by Boon (2006) in Malaysia found that reward and recognition have a motivating effect on people at work, and those aspects of reward such as fairness, equitable pay and praise for

good performance influence employee commitment to organization.

A study conducted by Probst & Brubaker, (2001) cited in Armstrong (2009) indicated that the difference between job satisfaction and dissatisfaction lies in the employees and the amount and type of rewards that the employee expects. Employees expect that their contribution and efforts should be valued and given importance in the same way they value their job and work towards accomplishing the tasks assigned. Exit interviews have shown that 70% of employees who quit their jobs do so because they are dissatisfied with the compensation (Welch, 2006). A study of a sample of 350, daily workers in Ireland and New Zealand by (O' Driscoll and Randall, 1999) cited in (Naicker, 2008) showed rewards have a powerful effect on employee attitudes towards their jobs and organization commitment. Vance (2006) supports this view by asserting that a good compensation is a strategy for competitive advantage and enhanced employee commitment; since competitive pay attracts, retains and motivates qualified candidates for improved efficiency and productivity in the organization.

### 3.0 Research methodology

The study employed a descriptive cross-sectional design. This design was appropriate since it provided a snapshot of the variables in the study at one point in time thus providing objective information across all departments. According to Meijen, (2007), it reveals how variables under study are represented in a cross-section of a population.

#### 3.1 Target population and sample size

The target population of this study was from the six (6) selected tea factories from the various Counties of the tea growing and processing areas in Kenya. They are viewed as representatives of the 54 enlisted tea factories for two main reasons: First a stratification of all high paying and low paying factories resulted in a choice of three(3) from high and three (3) from low paying factories that were purposively selected. Secondly conditions prevailing are the same for factories of similar categories. Respondents were taken from all departments, namely factory operations, finance, technicians and field operations. This helped to collect information across all sections. The sample for the study was obtained from the total population of 861 using Slovens' formula for finite populations (Yara et al, 2012). This gave 273 respondents or 31.7%, which was well above the acceptable sample. According to Mugenda and Mugenda, (2003) a representative sample is at least 10% to 20% of the study population. Stratified sampling technique was used to categories employees into management and non-management. Six (6) managers one from each factory were interviewed. Table 1 shows target population and sample size.

#### 3.2 Sampling techniques and sample size

**Table 1: Target Population.**

Selected Factories	Population	Sample size
Imenti	137	43
Iriani	109	35
Nyansiongo	133	42
Mogogosiek	192	61
Kapkatet	193	61
Chebut	97	31

### 3.3 Research instruments

This comprised a self-administered questionnaire for employees and interview schedule for management. Information on employees' attitudes was solicited using questions of likert-type scale containing 5 response alternatives. Namely Strongly Agree (SA), Agree (A), Somehow (SH), Disagree (D), Strongly Disagree (SD) these questions were rated 5,4,3,2 and 1 respectively. The weight of 5 was allocated to the response that was hypothesized to have the most positive influence on employee commitment to organization while 1 was allocated to the most negative.

In order to determine the strength of the relationship between the independent and dependent variable another set of 5 response alternatives were used, Namely Very High (VH), High (H), Medium (M) Low (L), and Very Low (VL). These were also rated 5,4,3,2 and 1 where the weight of 5 was allocated to the variable with the most influence while 1 was allocated to the variable deemed to have the least influence. Further two questions were put forward to find out whether the employees were committed to their organization in form of "NO" or "YES", and another to rate their level of commitment as very low, low, moderate, high and very high. Likert-scale was used in this study since it was more reliable, and objective (Mugenda and Mugenda, 2003).

### 3.4 Research findings

#### 3.5 Biographic information

The first part of the questionnaire deals with biographic information of the respondents and the information that follows was obtained. Filled 203 questionnaires were received which constituted 76.9 % response rate. Descriptive statistics applied showed that the sampled employees who responded in the selected tea factories

comprised n=171 which translate to 84 % male and n= 32 translating to 16% female this is shown on table 2.

**Table 2: Cross tabulation: Gender of respondents**

	Frequency	Percentage
Male	171	84
Female	32	16
<b>Total</b>	<b>203</b>	<b>100.0</b>

The sample indicated that 39 % of the respondents accounted for age group under 30 years, 47.1% between 30-39 years, 11.9% 40-49 years and only 1.9% were of the age 50 years and above.5.2% of the respondents had education of primary and below,49% had secondary education while 45.8% had tertiary education. Further analysis showed 53.8% respondents had been in the organization for 4 years and below, while 46.2% had spent 5 years and above in their organization. The descriptive statistics also showed that the respondents comprised 33.8 % factory workers, 11.9 % were from finance department, 30% were technicians while 24.3% were field operators, table 3 below:

**Table 3: Biographical information**

Descriptions	Frequency	Percentage
<b>Age</b>		
Under 30	82	39.0
30-39	95	47.1
40-49	25	11.9
50 & above	4	1.9
<b>Qualification</b>		
Primary & below	11	5.2
Secondary	103	49.0
Tertiary	96	45.7
<b>Length of stay</b>		
Less than 2 years	72	34.3
2 - 4 years	41	19.5
5 - 6 years	47	22.4
More than 6 years	50	23.8
<b>Department</b>		
Factory	71	33.8
Financial	25	11.9
Technical	63	30.0
Field Operators	51	24.3
<b>Total</b>	<b>210</b>	<b>100</b>

Chi-square tests were conducted to determine the relationship between age, level of education, tenure or length of stay, gender and commitment. The results showed positive and significant relationships except for education level and commitment. Analysis of results on age of 198 valid cases and commitment gave value of 6.0 df=1 sig.0.014, for tenure or length of stay 196 cases gave highly significant results with Chi-square value 12.42, df =1, sig.0.000. That of education level and commitment with 195 cases gave insignificant results where Chi-square value was 0.01, df= 1, sig.0.919 and for gender analysis of results of 198 cases gave Chi-square value of 12.42, df =1, sig. 0.001 all these analysis was done at 0.05 percent level of significance.

Respondents were asked to state whether they were committed to the ideals, objectives and goals of the organization. Results showed that out of 203 who responded comprising 171 males and 32 females, 90% or 29 females were committed against 10% or 3 who said they were not committed. On the other hand 56 % or 96 males said they were committed against 44% or 75 who were not committed. In comparison more of the females are committed going by their proportion to their male counterparts.

**Table 4. Response on influence of reward & compensation for high and low paying factories**  
**Table 4: Influence of reward and compensation on commitment cross-tabulation by company**

		To what level would reward and compensation influence your commitment			
		Moderate	High	Very high	Total
high paying factories	% within factory	1.4%	27.3%	71.2%	100.0%
low paying factories	% within factory	86.9%	13.1%	0%	100.0%
Total	% within factory	44.5%	23.0%	32.5%	100.0%

Reward and compensation summary table reveals that 71.2% or 99 respondents from high paying factories were very highly influenced by compensation and reward system in their factory, 27.3% (38) respondents indicated this factor's influence as high, and 1.5% (2) as moderate. Participants from low paying factories numbering 61 indicated moderate 86.9% or 53 members, 13.1% (8) high with none stating very high table 4 above. Results showed significant differences between high paying and low paying factories based on the different aspects of reward and compensation. Employers need to determine what is responsible for this disparity. To establish the relationship between reward and compensation influence on employee commitment, a null hypothesis below was tested using Spearman's rank correlation.

$H_o$ : Reward and compensation is not significantly related to employee commitment in KTDA factories in Kenya.

Results showed that all aspects of rewards revealed significant correlations as shown on table 5 below, organizational commitment for improving effort through working conditions was ( $r=0.476$   $p < 0.01$ ), compensation system ( $r=0.494$   $p < 0.01$ ), performance based rewards ( $r=0.458$   $p < 0.01$ ), communicating rewards and penalties ( $r=0.384$   $p < 0.01$ ) and reward and compensation policy was ( $r=0.372$   $p < 0.01$ ). The results further showed that reward and compensation is significantly related to commitment ( $p=0.00 < 0.01$ ).

**Table 5 : Correlation between different aspects of reward and compensation and organizational commitment on respondents**

Reward & compensation Aspects	Correlation value (r)
Organizational commitment for improving Effort through working conditions	0.476
Compensation system	0.494
Performance based rewards	0.458
Communicating rewards and penalties	0.384
Reward and compensation policy	0.372

\*Correlation is significant at 0.05 level

Thus the null hypothesis  $H_o$ , Reward and compensation is not significantly related to employee commitment in KTDA tea factories in Kenya is rejected and conclude that reward and compensation is significantly related to employee commitment in KTDA tea factories in Kenya.

#### 4.0 Discussion of results

The study sought to find out the influence of reward and compensation aspects on employee commitment in tea organizations. Data analysis was conducted by use of descriptive statistics which showed that majority of the respondents were male 171 against 32 females. Analysis showed that a large majority of the respondents 86.1% were of age 39 years and below, while only 13.8% were aged 40 years and above this meant the organizations had a fairly young workforce which has the characteristics of being energetic and innovative but less stable and may show high turnover in such of better alternatives. This concurs with (Meyer et al, 2004) who argued that investment plans alone is insufficient to produce organization commitment among employees with medium lengths of service. Analysis showed the respondents were from various departments which gave objective view

of the issues in the factories.

Chi-square tests were conducted to determine the relationship between age, level of education, tenure or length of stay, gender and commitment. The results showed positive and significant relationship except for education level and commitment. Analysis of results on age of 198 valid cases and commitment gave value of 6.0  $df=1$  sig.0.014, for tenure or length of stay, 196 cases gave highly significant results with Chi-square value 12.42,  $df=1$ , sig.0.000. That of education level and commitment with 195 cases gave insignificant results where Chi-square value was 0.01,  $df=1$ , sig.0.919 and for gender analysis of results of 198 cases gave Chi-square value of 12.42,  $df=1$ , sig.0.001 all these analysis was done at 0.05 percent level of significance.

The results are in line with some theories that postulate that as individual's age, alternative opportunities become limited hence making their current job more attractive. This is in line with Keramati et al, (2013) study which showed significant relationship between age and organizational commitment. While level of education showed negative association, positive relationship with tenure was noted which could be attributed to reduced opportunities and increased personal investment in the organization. Adenuga et al (2013) also indicated that gender significantly predicted employees' organizational commitment. However though gender has positive relationship, analyzed data showed it is mostly women who are more committed to their employers than their male counterparts; this may be attributed to some effort women put in finding jobs and family issues.

Results on aspects of reward and compensation all showed significant relationships, Findings revealed that organizational commitment for improving working conditions contributes to employee commitment. This in line with Social exchange viewpoint studies cited in Armstrong (2009) which found out that employee's commitment to organization derives from their perceptions of employers commitment to them through positive beneficial actions directed at the employees by the organization thus establishing high – quality exchange relationship. Compensation system also showed significant association with commitment, this is in line with (Zaman et al, 2011) who affirmed that reward and compensation system is the centre piece of the employment contract after all it is the main reason why people work, if employees effort is appreciated and the company has a good compensation structure based on job evaluation, the employees' motivation and commitment will improve and hence performance.

All other aspects of reward and compensation, performance based rewards, communicating rewards and penalties, rewards and compensation policy all showed significant and positive association. These results are in line with the study of (Keramati et al, 2013, Mohammed and Eleswed, 2013; O' Driscoll and Randall, 1999 cited in Naicker, 2008) who found that the salaries or rewards offered by an organization have a positive effect on employee commitment towards their jobs and their organization. This supports the findings of (Robbins, 2001) on reward and compensation system, who found that when employees feel their efforts are appreciated and the company introduced a system of fair, equitable and consistent reward compensation system, the company will have employees with optimized motivation and hence increased commitment and performance.

Further analysis revealed that low paying factories showed lower mean in all reward and compensation aspects 54.93 % compared to high paying 71.60 %. Analysis using spearman's correlation test revealed significant relationship ( $p=0.00 < 0.01$ ) between reward and compensation and commitment. The results suggest that part of the disparity in payment among KTDA tea factories is contributed by reward and compensation aspects prevalent in the different factories. This is in line with (Milkovich et al, 2004) who argued that a poorly designed compensation package is a source of dissatisfaction and employee turnover, furthermore a reward and compensation package fails to secure employee commitment when it is viewed as not being fair, inequitable and inconsistent. Employees expect that their contribution and efforts should be valued and given importance in the same way they value their jobs and work towards accomplishing the tasks assigned.

Vance (2006) supports this view by asserting that a good compensation is a strategy for competitive advantage and enhanced employee commitment; since competitive pay attracts, retains and motivates qualified candidates for improved efficiency and productivity in the organization. Braggs, (2002) cited in (Coetzee, 2005) asserts that companies with committed employees outperform those with uncommitted workforce, and contents that demonstrating commitment to employees through various reward and compensation packages will generate a reciprocal commitment by increased commitment and contribution to the organization. This supports the findings that high paying KTDA tea factories rated highly for all aspects of reward and compensation provided in the organizations.

## 5.0 Conclusion

The study sought to find out the influence of reward and compensation aspects on employee commitment in KTDA tea factories in Kenya. It was established that poorly designed reward and compensation package is a source of dissatisfaction and employee turnover furthermore a reward and compensation package fails to secure employee commitment when it is viewed as not being fair, inequitable and inconsistent. The study has implications for management of tea factories since, all aspects of reward and compensation showed significant relationship to commitment; this means part of the disparity observed in payment of tea bonus (high and low) in

various KTDA tea factories in Kenya is contributed by ineffective or poorly designed, inadequate or skewed compensation system. Employment psychological contract has been broken by downsizing, restructuring and casualisation and employees expect employers to demonstrate their commitment in terms of pleasant working environment where there is a fair, equitable and just reward and compensation system. This can enhance commitment and productivity because employees' view pleasant reward and compensation as a way that their contribution and efforts are valued and given importance in the same way they will value their jobs and work towards accomplishing the tasks assigned. It is evident that the problem of employee commitment in KTDA tea factories will continue to bring disparity in average bonus payment unless attention is given to the area of reward and compensation. Organizations with committed employees outperform others with uncommitted ones; furthermore demonstrating commitment to employees will generate a reciprocal commitment by increasing effort and contribution to the organization.

### 5.1 Recommendation

Based on the results of the study management of KTDA factories should put in place a good reward and compensation system as a strategy for competitive advantage and enhanced employee commitment; since competitive pay attracts, retains and motivates qualified candidates for improved efficiency and productivity in the organization.

Reward and compensation should create perceptions of fairness by paying competitive wages, offering competitive benefits and promoting the most qualified employee to enhance commitment. This would provide solutions to organizations faced with low productivity problems by giving special attention to reward and compensation system in their organizations human resource policies for building commitment.

Managers or employers can influence employee commitment by recognizing and rewarding best performance in order to increase the satisfaction of their employees and thus gain commitment for higher productivity.

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