

An Assessment of Rewards and Motivation Strategies as Predictors of Employee Job Satisfaction in the Banking Industry in Kenya

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Abstract

This study sought to assess the prediction effect of reward and Motivation strategies on job satisfaction in the Commercial Banks in Kenya. The sample of the study comprised of 78 respondents being 28 managerial staff and 50 line employees drawn from Commercial Banks in Western Kenya. Data was collected by use of questionnaires and interview schedule. Statistically quantitative data was analyzed using descriptive as well as inferential statistics. Study findings revealed a statistically significant relationship between employee reward and job satisfaction and a significant relationship between employee motivation and job satisfaction. Findings of this study have provided vital and relevant information to stakeholders in the banking industry in Kenya and beyond on how reward and motivation strategies can be harnessed to bring about employee job satisfaction for improved organizational performance. The study has also stretched the frontiers of knowledge on the relationship between employee motivation and resultant occupational attitudes.

Keywords: Rewards, Motivation, Job Satisfaction, Commercial Banks

1.1 Introduction

Business strategy associated with rewards and motivation towards job satisfaction has resilient effect on success of the organization (Devanna et al. 1984). The connections between rewards, motivation and job satisfaction of employees are strategically significant to the success of public and private organizations (Schuler and Jackson 1996). According to an analysis of 14 national surveys, Crews on (1997) concluded that economic rewards are most important to private sector employees. Only limited researchers have found no significant differences in the opposite direction. Gabris and Simo (1995) found no significant differences for 20 motivational needs, containing the need for monetary rewards. And Crewson (1997) establish related outcomes when data was restricted to one occupational group, i.e. engineers. Maidani (1991) even concludes that public sector employees rate extrinsic factors, such as pay, as more important than the private sector employees.

Motivation is a factor that exercises a powerful force on our activities and exertion. According to Baron (1983), motivation is an accretion of diverse practices which effects and directs our behavior to accomplish certain particular goal. It is like a vigorous in the current environment that clearly produces and incorporates an optimistic influence on job. Motivation relay on a certain intrinsic and extrinsic features that are collaborated with positive results in abundantly devoted employees. Tangible incentives are functioning in growing performance for assignment that not completed earlier, to in spire as thinking smarter and support both quality and quantity to accomplish organizational goals (Board, 2007). Moreover, incentives and rewards factors are the most favoured factors for the employee motivation.

However, Lewis and Frank (2002) found an elusive difference: respondents who give importance to high income are more likely to prefer private sector employment but less likely to work for the public sector. The unique employees' rewards, motivation and job satisfaction helps to create unique (Boxall and Purcell 2003) and vibrant capabilities level to drive competitiveness for public and private organizations (Cappelli and Crocker-Hefner 1999). Board (2007), described that tangible incentives are effective in increasing performance for work assignment that not completed before and encourage effectively thinking which assist both quality and quality in achieving goals. Incentives, rewards and recognition are the major aspects that influence on employee motivation. Today employees are involved in their working activities which are for their benefits and feel intrinsic motivation in their behaviours as their activities are enjoyable and satisfactory (Vansteenkiste, 2005).

1.2 Study Objectives

The study was guided by the following objectives;

- i. To determine the influence of employee rewards on job satisfaction
- ii. To examine effect of employee motivation on job satisfaction

1.3 Study Hypotheses

The study was guided by the following non-directional Null Hypotheses;

H₀₁: There is no significant relationship between employee rewards and job satisfaction

H₀₂: There is no significant relationship between employee motivation and job satisfaction

1.4 Review of Related Literature

The study has reviewed related empirical as well as theoretical literature.

1.4.1 The Concept of Employee Reward

The Word rewards state the benefits that workers receive from their jobs (Kalleberg 1977 and Mottaz, 1988), and significant elements of employee job attitudes such as organizational commitment, motivation and job satisfaction (Steers and Porter 1991). In any organization, rewards play an important role in building and sustaining the commitment among employees that ensures a high standard of performance and workforce constancy (Wang, 2004). According to the individual–organization exchange theme, individuals enter organizations with specific set of skills, desires and goals, and expect in return a decent working environment where they can use their skills, satisfy desires, and attain their goals (Mottaz, 1988).

Mostly organizations have increased the substantial improvement by entirely complying with the organizational strategy by a well-balanced reward and recognition programs for employee. Reward refers to all categories of financial benefits, tangible services and benefits that an employee receives as part of employment relationship with the organization (Bratton and Gold 1994). Lawler (2003) described that there are two aspects that decide how much a reward is attractive, the quantity of reward which is provided and the weight age an employee gives to a specific reward. Employees are certainly closer to their organizations and perform better job, while they receive healthier reward and recognition in their organizations. Rewards increase the level of efficiency and performance of the employees on their jobs and in the result thereof increase the success of the organization.

Generally employees' job description and job specification determines rewards to maintain fairness among employees within an organization and competitive in the marketplace (Zaini et al. 2009). Organizational rewards means all the benefits i.e. financial and non-financial that an employee receives through their employment relationship with an organization (Bratton and Gold 1994, Malhotra et al. 2007). According to the literature the rewards distinguishes into three main types that individuals seek from their organization i.e. extrinsic, intrinsic and social rewards (Williamson et al. 2009). Extrinsic rewards are the physical benefits provided by the organization such as pay, bonus, fringe benefits and career development opportunities.

Intrinsic rewards refer to the rewards that come from the content of the job itself, and encompass motivational characteristics of the job such as autonomy, role clarity and training (Hackman and Oldham 1976). Social rewards arise from the interaction with other people on the job and may include having supportive relationships with supervisor and coworkers. Ali and Ahmed (2009) established that there is a substantial affiliation between reward and recognition, and similarly in employee motivation and job satisfaction. Study exposed that if rewards and recognition offered to employees then there would be a substantial modification in work motivation and satisfaction.

1.4.2. The Concept of Employee Motivation

Motivation stems from the Latin word *movere*, which means to move or to carry. Motivation is the force that constantly induces to move and perform things. The most practical definition proposed by social scientist that, motivation is a psychological processes that origin the stimulation, direction, and persistence of behaviour (Luthans2005). Many authors add a voluntary component or goal directed emphasis to that definition (Hellriegel and Slocum 1976). Thus motivation becomes those psychological procedures that cause the arousal, direction, and persistence of voluntary actions that are goal directed. The features such as incentives and rewards are the most favoured factors for employee motivation programs. However, the performance of employee job satisfaction is an imperative motivator and an arrangement of psychological and environment circumstances (Spector 1985, Milne 2007). Motivation programs are the key component of incentives, rewards and recognition as different organizations correlate success factor with employee performance. Employees are completely motivated when they achieved their needs.

Kiviniemi et al. (2002) described that job satisfaction of the employees' increase by the rewards they receive from the organizations. Pay and promotion dependents on performance and provide strong motivation for employees to work harder in order to be promoted (Lepak and Snell 1999). In any organization, the exceptional performance is possible with great committed employees that can merely achieved by employee motivation. Chiu et al. (2002) highlighted that organization implements merit pay system to reward employees for meeting specific goals, which can affect employee motivation levels. However most of the organizations gained the immense progress by fully complying with their business strategy through a well-balanced reward and motivation programs for the employee. In the existing vibrant environment the extremely motivated employees provide their services as a synergy for achievement of organizational goals, business strategies, high proficiency, growth and performance. Motivation is similarly compulsory when the employee of an organization has not a good relationship pattern.

1.4.3. The Concept of Job Satisfaction

According to Balzar et al. (1997) job satisfaction is a sensation that employees have about their work environment and their expectations towards work. Thus, job satisfaction can be recognized as what one wants or

values from a job (Brief and Weiss 2002). Different kinds of satisfaction lead to diverse objectives and behaviours that ascend from different types of motivation in getting different types of rewards (Luthanset al. 2005). Rewards with their aftermath relationship were expected to establish on satisfaction of the employee with their organization (Milne, 2007).

Amabile et al. (1994) concluded that employee who reveals high job satisfaction is motivated by rewards, and rewards supported work engagement (Vandenberghe and Trembley 2008). According to Zaini's (2009) satisfaction of rewards in public and private sector employee has been established certainly associated with job satisfaction. Furthermore, Zaini et al. (2009) and Chew (2005) preceding research found that job satisfaction is associated with the monetary compensation (pay, promotion, and bonus) and non-monetary compensation is one of the most important explanatory variables in both sectors (Furham et al. 2009). Organizations like banking sector have determined a balance between the performance of the employees and their commitment to the work which in result of job satisfaction. Reward and motivation are the two main factors that have an effect on the job satisfaction and motivation of employees. In reference to statistics, there is a significant relationship between reward and recognition, and between motivation and job satisfaction (Ali and Ahmed, 2009).

Providing the financial benefit to employees without any prominent expression also loses its importance. Rewards have a direct link with the motivation and job satisfaction of the employees. Variations in rewards and recognition can bring a positive change in work motivation and job satisfaction of the employee (Ali and Ahmed, 2009). Smith et al. (1969) defined the job satisfaction as the level to which an individual has a positive attitude towards his job, either in general or towards a specific dimension. The attitudinal type of job satisfaction suggests that an individual would attempt to stay with a satisfying job and quit a dissatisfying job (Spector 1985). Different studies treated job satisfaction as a predictor of significant behavioural outcomes, such as determined to leave, turnover, and absenteeism (Elangovan, 2001). The considering role of job satisfaction has also been inspected by several researchers (Lok and Crawford 2001). It has been an utmost researched topic and thousands of studies have been conducted on this single topic to measure the job satisfaction of industrial workers, teachers, bank officers, administrators, and managers in a variety of undertakings the world over (Sweeney, Hohenshil and Fortune 2002).

1.5 Methodology

The study employed a descriptive study design where 78 respondents were sampled to take part in the study. The study used purposive sampling technique to sample 28 managerial staff and simple random sampling to obtain 50 line officers from commercial banks in Kakamega, Mumias, Bungoma and Busia in western Kenya. Both questionnaire and interview schedule were used to collect study data. Interview schedules were used to collect data from managerial staff while a standard questionnaire was used to collect data from line officers.

1.6 Study Findings

After analysis of the study data, the following were the findings;

Table 1: Regression Results for the Relationship between Motivation, Reward and Job Satisfaction.

Study construct	β (Std. Coeff.)	S. E	t-value	Sig.	R2	F Value
Job Satisfaction	0.67	0.08	6.93	0.001	.61	69.37
Motivation	0.59	0.07	3.67	0.003	.57	9.81
Reward	0.51	0.10	3.51	0.009	.55	7.19

Source: Study data, (2015).

Study findings in table 1 reveal a statistically significant and positive relationship between employee rewards and job satisfaction ($\beta = 0.51$, $P < 0.01$, $R^2 = .55$). Since reward is significantly related to job satisfaction within 99% confidence interval, the first study hypothesis is rejected and its alternative adopted.

The second study Hypothesis proposed that there is no significant relationship between employee motivation and job satisfaction. Regression analysis however confirmed that motivation is significantly related to job satisfaction ($\beta = 0.59$, $P < 0.01$, $R^2 = .57$). Since the study has established that there is a statistically significant and positive relationship between employee motivation and job satisfaction, the second hypothesis of the study is rejected and its alternative adopted. Spector (1985) suggested that job satisfaction is an important motivator for employee's performance and lead to miscellaneous behaviour that arise from motivation. Luthans and Sommers (2005) established through empirical studies that high motivation can be brought about by good rewards structures and systems for employees in organizations. Eisenberger and Cameron (1996) likewise recommended that reward contingent on attaining a particular standard of performance increases perceived independence.

1.7 Conclusion

Based on the study findings, it is concluded that employee reward is significantly related to job satisfaction in the banking sector in Kenya and that employee motivation is significantly and positively related to job satisfaction in

the banking industry in Kenya. Our analysis concluded that the degree of rewards, motivation and job satisfaction of employees has a strong relationship in the banking sector of Saudi Arabia. Literature from empirical studies reveals that employees in the banking sector give more importance to economic or financial rewards (Karl and Sutton 1998, Houston 2000). This means that an increase in financial reward for banking sector employees would bring about an incremental variance in their motivation as well as job satisfaction. Consequently, rewards need to be strategically readjusted to attain the organizational goals, boost employee's motivation to perform their job better and enhance satisfaction with their jobs.

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