



**EFFECT OF PERCEPTIONS OF FINANCIAL REWARDS ON EMPLOYEE COMMITMENT IN THE WATER SECTOR
IN KENYA. A CASE STUDY OF KAKAMEGA COUNTY WATER AND SANITATION COMPANY**

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EFFECT OF PERCEPTIONS OF FINANCIAL REWARDS ON EMPLOYEE COMMITMENT IN THE WATER SECTOR IN KENYA. A CASE STUDY OF KAKAMEGA COUNTY WATER AND SANITATION COMPANY

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ABSTRACT

The purpose of this study was to establish the effects of implementation of financial rewards on employee commitment at Kakamega County water and sanitation Company. Financial rewards are monetary incentives that an employee earns as a result of good performance. These rewards are aligned with organizational goals. Employee commitment is the strength of an individual's identification with, and involvement in an organization. When an employee helps an organization in the achievement of its goals, a reward often follows. This study was carried out to determine if financial rewards have positive effect on employee commitment and performance. Solutions to these financial reward systems and related problems arrived at should help restore work places and have satisfied, motivated and committed work force thus ensuring high productivity. Structured questionnaire was used for data collection and generated data from questionnaire analyzed using Statistical Package for Social Science (SPSS) software version 24 and the findings represented using descriptive statistics such as frequencies and percentage. The study found positive and significant relationship between the independent and dependent variables and concluded that Perception of rewarding allowances, Perception of merit pay, Perception of health insurance and perception of service related pay strategically enhance job satisfaction levels, enhancing employee commitment to a company. The study recommended fair financial rewarding of employees in the company, development of clear policies on Health insurance cover and service related pay as this enhances the employee commitment to the organization leading to higher productivity in the company.

Key Words: *Performance, Allowances and Bonuses, Health Insurance, Employee Commitment, Service related pay, Employee Commitment*

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INTRODUCTION

A reward recognizes a person's contribution. According to (Armstrong, 2012) Reward management is about deciding how people should be rewarded and ensuring that reward policies and practices are implemented. Strategic reward aligns rewards strategies, systems and processes with the fundamental need of the business for high performance. It involves developing total reward strategies which provide for both financial and non-financial rewards, determining levels of pay, base pay management, the management of contingent pay schemes and the provision of employee benefits. According to (John, 2015) compensation in form of salaries and incentives are a means of encouraging the worker to be committed to their duties. Good rewards make the employees feel valued and therefore they give their best.

Reward management makes a positive impact on performance when it contributes to the development of high performance culture, one in which the values, norms and HR practices of an organization combine to create a climate in which the achievement of high levels of performance is a way of life. According to (Adams,2007) It's good to appreciate and treat employees well because when they feel appreciated, they are highly motivated but when employees feel unappreciated they feel dissatisfied. People are rewarded financially for the job they are in (base pay) and may receive additional rewards related to the level of their performance, competence or skill (contingent or variable pay), or their service in the job (service related pay). (Gardener and Lambert, 1972) defined motivation as it is about moving employees towards doing the job and achieving the goal through rewards.

It was observed that KACWASCO has over the year's various personnel problems that could be associated with reward; low rate of staff development programs, delay in the payment of salary, inconsistency in payment of bonus allowance, lack of medical insurance cover and other fringe benefits like lunch allowance and

standby allowance had been delayed too. In the year 2018, the staff of KACWASCO were not paid bonus at the end of the year which was a norm. also, Over the years, the company only provided medical insurance cover for the financial year 2018/2019 only one year yet it had stopped paying the staff the medical allowance, while there has been a lot of complaints of standby allowances not being paid, i.e. since last year 2019. The situation described above could cause a low level of morale and lack of commitment among workers. In responding to these developments, a critical analysis of the reward system is vital.

Commitment represents the strength of an individual's identification with, and involvement in, an organization. It is a concept that has played an important part in HRM philosophy. As Guest (1987:503) suggested, HRM policies are designed to maximize organizational integration, employee commitment, flexibility and quality of work. (Beer *et al*, 1984;20) identified commitment in their concept of HRM as a key dimension because it can result not only in more loyalty and better performance for the organization, but also in self-worth, dignity, psychological involvement and identity for the individual.

The three characteristics of commitment identified by (Mowday *et al* ,1982) are a strong desire to remain a member of the organization, a strong belief in and acceptance of the values and goals of the organization and a readiness to exert considerable effort on behalf of the organization. Commitment according to (Salancik, 1977) can be increased and harnessed to obtain support for organizational ends and interests through such ploys as participation in decisions about actions.

Some researchers e.g. (Allen and Meyer, 1991) suggest that this is the most important form of commitment as it has the most potential benefits for organizations. Employees who have high affective commitment are those who will go beyond the call of duty for the good of the organization. In recent literature this form of commitment has also been referred to as 'engagement' and is the form of

commitment that is most usually measured by organizations. e). Structural commitment: Employees believe they are involved in a fair economic exchange in which they benefit from the relationship in material ways. There are enticements to enter and remain in the organization and there are barriers to leaving. This type of commitment is also frequently referred to in the literature as Continuance Commitment.

According to (Armstrong, 2012), (Kochan and Dyer, 1993) indicated that factors affecting the level of commitment in what they called mutual commitment firms were as follows; 1. Strategic level; supportive business strategies, top management value commitment and effective voice for HR in strategy making and governance. 2. Functional (human resource policy) level; staffing based on employment stabilization, investment in training and development and contingent compensation that reinforces cooperation, participation and contribution. 3. Workplace level; selection based on high standards, broad task design and teamwork, employee involvement in problem solving and climate of cooperation and trust.

The research conducted by (Purcell et al, 2003) identified the following key policy and practice factors that influence level of commitment; received training last year, satisfied with career opportunities, satisfied with the performance appraisal systems, think managers are good in people management (leadership), find their work challenging, think their firm helps them achieve a work life balance and satisfied with communication or company performance.

Statement of the problem

It is important to note that devising the best model of recruiting and retaining competent and capable employees who would carry the mandate of the institution is a big challenge. Locally, studies on rewards such as (Njagi, 2003) conducted a survey of the application of reward management principles in the Kenyan Commercial Banking Industry and (Orlale-Njenga ,2008) carried out a study on

employee reward management practices in the Kenya Local Government Sector the case of the City Council of Nairobi and indeed linked rewards with employee performance. Particularly, non-monetary rewards were found to lead to motivation and effectiveness of the workforce while non-monetary rewards contributed largely to job satisfaction. However, these studies did not have an in-depth look at the perception of financial rewards on employee commitment. As a staff of Kakamega county water and sanitation company, it was observed that the company has over the year's various personnel problems that could be associated with reward; low rate of staff development programs, delay in the payment of salary, inconsistency in payment of bonus allowance, lack of medical insurance cover and other fringe benefits like lunch allowance and standby allowance have been delayed too. In the year 2018, the staff of KACWASCO were not paid bonus at the end of the year which was a norm. also, Over the years, the cooperation only provided medical insurance cover for the financial year 2018/2019 only one year while there has been a lot of complaints of standby allowances not being paid, i.e. since last year. The situation described above could cause a low level of morale and lack of commitment among workers thereby decrease in revenue collection due to low productivity. In responding to these developments, a critical analysis of the reward system is vital. According to (Werner Schuler Jackson,2012), once employees have been hired, performance based pay can influence employee satisfaction and their decision to stay or leave. Most employees consider performance to be an input in their equity considerations, and they are generally more satisfied when performance is linked to pay. When high performers think that they contribute more (input) but do not receive proportionately greater rewards (outcomes), they experience feelings of inequity and become dissatisfied. In turn, this causes employees to reduce their efforts. Such employees may even look elsewhere for employment, and in either case, the organization loses. Not paying for performance is likely to demotivate and alienate the best workers, and these are the employees' organizations really want to retain. This study

therefore sought to examine whether financial reward enhances the commitment of staff in Kakamega county water and sanitation Company.

Research objectives

The main objective of this study was to establish the role of perception of financial rewards on employee commitment in the water sector in Kenya. The specific objectives were;

- To establish influence of perception of merit pay on employee commitment in the Water Sector in Kenya,
- To determine the influence of perceptions of allowances and on employee commitment in the Water Sector in Kenya.
- To assess the influence of perceptions of health insurance cover on employee commitment in the Water Sector in Kenya.
- To establish the influence of perception of service related pay on employee commitment in the Water Sector in Kenya

The study was based on the following hypotheses:

- **H0₁:** Perception of Merit pay does not significantly influence employee commitment in the Water Sector in Kenya
- **H0₂:** Perceptions of allowances have no significant influence on employee commitment in the Water Sector in Kenya
- **H0₃:** Perception of health insurance cover does not significantly affect employee commitment in the Water Sector in Kenya
- **H0₄:** Perception of Service related pay does not significantly influence employee commitment in the Water Sector in Kenya

LITERATURE REVIEW

Equity theory

Equity theory was developed in the early 1960s by psychologists Stacy Adams. Adams (1965) defines inequity as “inequity exists for person whenever he perceives that the ratio of his outcomes to inputs and the ratio of others outcomes to others inputs are unequal”. It follows that inequity results not only when a person is under-benefited but also

when he is over- benefited. According to Adams (1965) the focus of the theory is on the exchange relationship where individuals give something and expect something in return. What the individual gives is called inputs. On the other side of the exchange, is what the individual receives, called outcomes. The third variable in addition to inputs and outcomes is called the reference person or group. This reference group can be a coworker, relative, neighbor, or group of coworkers. It may even be the person himself in another job or another social role.

An important issue of the equity theory is the emphasis on the individual perception of what exists, even though it may not be real. The perception of inequity is based on comparing the individual’s ratio with the comparison others ratio (e.g., when an employee in another company receives Kenya Shillings 5000 more for the same job, no inequity is experienced, but a coworker in the same company with the same abilities and skills, if he or she receives a pay raise, inequity may be experienced). The result of inequity is tension. If an individual experiences a deficit, an anger results if he or she receives more than others, a feeling of guilt develops. Individuals will use several strategies to cope with tension and guilt (Miner, 1980).

This theory was used in this study to define the role that perceptions would play in influencing the commitment of employees at work. It applies to the independent variables including employee perceptions of allowances, merit pay, perceptions of insurance cover and service related pay.

Expectancy Theory

According to expectancy theory (Porter & Lawler, 1968; Vroom, 1964), the interactions among three different beliefs determine motivation: expectancy, instrumentality, and valence. In order for an individual to be motivated to perform a certain task, she must believe that if she exerts enough effort, she will be able to achieve whatever level of performance is required.

Using job performance as an example, if a person works hard at her job, she must believe that she will be able to meet her employer’s performance requirements. This relationship is referred to as expectancy. An individual must also believe that her performance will result in a particular outcome. The linkage between performance and outcomes is called instrumentality. An individual may view an outcome as desirable or undesirable. The final condition needed for an individual to be motivated is for that individual to positively value the outcomes that she believes she will receive for her performance. This is referred to as valence. Expectancy, instrumentality, and valence are based on individual perception. As a result, individuals working in the same organization may have very different assessments of expectancy, instrumentality, and valence.

Although first applied to organizations to explain job motivation (Porter & Lawler, 1968; Vroom, 1964), expectancy theory has been extended to a variety of research questions involving organizations. Examples include organizational innovation (Monge, Cozzens, & Contractor, 1992), budget allocation (Mobley & Meglino, 1977),

competitive behavior (Chen & Miller, 1994), and strategy implementation (Guth & MacMillan, 1986).

Goal setting theory

Goal setting theory (Locke & Latham, 1984, 1990a) is based on the simplest of introspective observations, namely, that conscious human behavior is purposeful. It is regulated by the individual’s goals. Goal directedness, however, characterizes the actions of all living organisms including those of plants.

The domain of goal setting theory lies within the domain of purposefully directed action. The theory focuses on the question of why some people perform better on work tasks than others. If they are equal in ability and knowledge, then the cause must be motivational. Goal setting theory approaches the issue of motivation from a first-level perspective; its emphasis is on an immediate level of explanation of individual differences in task performance (Ryan, 1970). The theory states that the simplest and most direct motivational explanation of why some people perform better than others is because they have different performance goals.

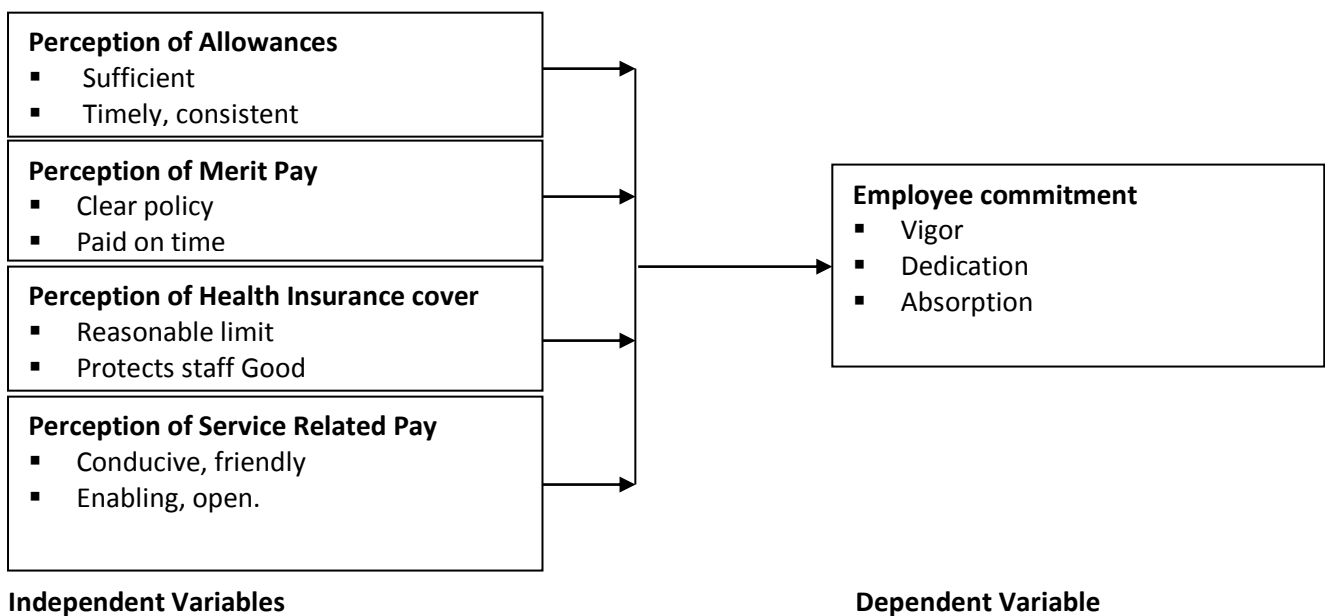


Figure 1: Conceptual framework

Empirical Literature Review

(Waruinge, 2014) studies perceived reward justice and their effect on employee commitment: a case of teachers in Murang'a county in Kenya. The study identified the factors that may reduce teachers' dissatisfaction in schools. The study established that discipline was administered fairly but the employees were not contented with how the decisions were made. It was also established that the staff were not continuously committed to the institution because the study showed that if they had alternatives, they would quit. About normative commitment, the study showed that the respondents did not believe that a person must always be loyal to his or her school. They did not have an issue with quitting the job. The study recommended that the schools should adopt democratic management style where managers appreciate the employee's effort towards the job.

(Ile *et al*, 2020) assessed family responsibilities and job satisfaction of deposit money banks in Port Harcourt, Nigeria. The study adopted a cross-sectional survey in its investigation of the variables with a sample of 223 employees. He's study findings revealed that there is a positive significant relationship between family responsibilities and job satisfaction of Deposit Money Banks in Port Harcourt. The study recommended that the management of deposit money banks in Port Harcourt should make effort to include and promote flexible arrangement of the time of their employees to help them to relax better for better productivity.

(Simiyu and Mutua, 2019) studied career development on employee commitment: a case study of Masinde Muliro University of Science and Technology. The target population was 1,112 which included Management staff, teaching and non-teaching staff. A sample size of 112 was used. The study used self-administered structured questionnaires as the data collection instruments. he results found that the relationship between career development and employee commitment was statistically significant. Increased career

development or more job training opportunities would develop employee skills and increase their interest in their job, hence more committed to their job deliveries. The study recommended that employees should be involved in making work related decisions, this makes employees feel part of the organization and also gives them a chance to set achievable targets, which makes them committed towards achieving them.

(Wangui, 2016) studied relationship between human resource management practices and employee job satisfaction in Public Universities in Kenya: a case of Kenyatta University, Kenya. The total population of the study comprised of one thousand and eighty (1080) employees working in various departments. he study employed proportionate sampling technique to select the sample size of one hundred and seven (107) respondents for the study. The study used questionnaires and interview guides to collect data from the respondents. The study found that reward systems, training, communication and recruitment affect employee job satisfaction in KU considerably. The study recommends that the reward system in the University needs to be reviewed to make it more equitable. The employees of the Institution from different cadres should be involved in continuous training, coaching and mentoring in order to enhance their skills, competency and quality professional development which will in turn lead to more professionalism, professional expertise in their work and also increased satisfaction.

(Igella, 2014) studied factors influencing employee commitment: a case of Kenya civil aviation authority. Her findings also indicated that organizational factors such as demand for perfection, strong work ethic, organization being highly reliable, organization promoting top down social interactions, organization encouraging formation of self-managing teams, employee interaction with the organization, the organization having a strong management style, the organization promoting team work and the organization

encouraging retention of its employees all strongly influenced the commitment of employees, though the scale of influence varied depending on a particular respondent .

(Brandis, Rice and McPhail, 2015) studied Hospital employees’ perceptions of fairness and job satisfaction at a time of transformational change. They found that increasing rewards for staff who perceive low levels of organizational justice does not increase satisfaction as much as for staff who perceive high levels of fairness.

METHODOLOGY

This study adopted a descriptive cross sectional survey so as to determine the frequency or level of a particular attribute in a defined population at a particular point in time, (Lotta, 2012). The study targeted staffs of water and Sanitation Company of Kakamega headquarters and Mumias schemes within Kakamega County. Kakamega water and sanitation company had a total of 165 workers according to the information obtained from the Human Resource department but the researcher sampled a portion of staff population. There were 43 staffs at the Headquarter and 12 staff at Mumias scheme. This makes the target population to be 55

Table 1: Results for Perception of rewarding allowances

Statement	SD		D		U		A		SA	
	F	%	F	%	F	%	F	%	F	%
Our cooperation has a formal policy on various allowances for employees	5	9.8	5	9.8	3	5.9	23	45.1	15	29.4
Our cooperation recognizes high achievers and excellent performers	6	11.8	21	41.2	13	25.5	5	9.8	6	11.8
Our cooperation offers reasonable allowances for employees of all cadres	4	7.8	8	15.7	5	9.8	27	52.9	7	13.7
Employees are given more rewarding responsibility in case of distinct performance	9	17.6	30	58.8	6	11.8	5	9.8	1	2.0
The cooperation consistently pays its staff the promised allowances	16	31.4	17	33.3	6	11.8	4	7.8	8	15.7
There is fairness in distribution of allowances	9	17.6	10	19.6	19	37.3	9	17.6	4	7.8
I have received allowances as per the cooperation policy	5	9.8	12	23.5	2	3.9	20	39.2	12	23.5

Table 1 showed how respondents rated effect of perception of rewarding allowances on Employee

staffs representing 33.33% of 165 workers who serve Kakamega water and sanitation Cooperation. The researcher used primary data which was collected using structured. The researcher used both descriptive and inferential statistics to analyze the data collected. Data was analyzed through the use of descriptive statistics through use of Statistical Package for Social Sciences (SPSS) and presentation of the findings was done by frequency distribution tables and diagrams, pie charts, and bar graphs. The regression analysis and ANOVA were used to test the influence of financial reward on employee commitment.

FINDINGS

Perception of rewarding allowances

The study examined the effect of perception of rewarding allowances on the Employee commitment in Kakamega County Water and Sanitation Company. The effect of perception of rewarding allowances was conceptualized using seven statements. The study asked respondents to rate the statement provided based on a Likert scale ranging from 1-strongly disagree to 5- strongly agree. Table 1 gave statistics.

commitment in Kakamega County Water and Sanitation Company. For example on the statement

'Our cooperation had a formal policy on various allowances for employees', most respondents agreed 23 (45.1%), 15 (29.4%) strongly agreeing, 5 (9.8%) disagreed while 3 (5.9%) were uncertain. On the statement, 'Our cooperation recognizes high achievers and excellent performers', 27 (52.9%) agreed, 7 (13.7%) strongly agreeing, neutral 5 (9.8%), while 6 (11.8%) disagreed. On the statement, 'Our cooperation offers reasonable allowances for employees of all cadres', most respondents agreed 27(52.9%), 17(13.7) strongly agreed, 5(9.8%) were uncertain while 4(7.8%) disagreed. On the statement 'Employees are given more rewarding responsibility in case of distinct performance', 30(58.8%) disagreed, 9(17.6%) strongly disagreeing with only 1(2.0%) strongly agreeing. On the statement, 'The cooperation consistently pays its staff the promised allowances', 17(33.3%) disagreed, 16(31.4%) strongly disagreeing, neutral 6(11.8%), while 8(15.7%) agreed. On the statement 'There is fairness in distribution of allowances', 30(58.8%) disagreed, 9(17.6%) strongly disagreeing with only 1(2.0%) strongly agreeing. On the statement 'I have received allowances as per the cooperation policy', 20(39.2%) of the respondents agreed, 12(23.5%) strongly agreeing while 5(9.8%) strongly disagreeing

with only 2(3.9%) uncertain. From these descriptive results the study found that employees studied had affirmed the existence of rewarding allowances policy in the cooperation management. Employees averagely agreed that they have received allowances as per the cooperation policy, a show of fairness in distribution of allowances. However, there is need for the cooperation to consistently pay its staff the promised allowances in case of distinct performance.

As noted by Werner Shuler Jackson, total compensation influences productivity in numerous ways. Compensation practices that link pay to the Company's financial performance or other indicators of productivity can help focus employee's attention on finding new ways to reduce costs and increase revenues.

Perception of merit pay

The study examined the effect of Perception of merit pay on Employee commitment in Kakamega County Water and Sanitation Company. Perception of merit pay was conceptualized using six statements. The study asked respondents to rate the statement provided based on a Likert scale ranging from 1-strongly disagree to 5- strongly agree. Table 2 gave descriptive statistics there from.

Table 2: Results on Perception of merit pay

Statement	SD		D		N		A		SA	
	F	%	F	%	F	%	F	%	F	%
There is a clear performance related pay policy	12	23.5	20	39.2	4	7.8	11	21.6	4	7.8
I have received a bonus in the last one year from the cooperation	3	9.8	2	3.9	0	0	23	45.1	21	41.2
The pay for performance is purely based on meeting or exceeding targets	6	11.8	15	29.4	12	23.5	13	25.5	5	9.8
There is fairness in awarding benefits which encourages performance	10	19.6	16	31.4	11	21.6	11	21.6	3	5.9
Pay for performance is based on consistent contributions.	7	13.7	19	37.3	13	25.5	9	17.6	3	5.9
Team member's work results contribute to my overall success.	2	3.9	4	7.8	9	17.6	26	51.0	10	19.6

Table 2 showed how respondents rated effect of Perception of merit pay on Employee commitment in Kakamega County Water and Sanitation. For example, on the statement that 'There is a clear

performance related pay policy', 12(23.5%) strongly disagreed, 20(39.2%) disagreed, 4(7.8%) were neutral while 11(21.6%) agreed with 4(7.8%) strongly agreeing. On the statement, 'I have

received a bonus in the last one year from the cooperation', 23(45.1%) agreed, 21(41.2%) strongly agreeing, while 2(3.9%) disagreed. On the statement, 'The pay for performance is purely based on meeting or exceeding targets', 15(29.4%) disagreed, 12(23.5%) were neutral while 13(25.5%) agreed. On the statement 'There is fairness in awarding benefits which encourages performance', 16(19.6%) equally disagreeing and strongly disagreed respectively while 11(21.6%) agreed as 11(21.6%) were neutral. On 'Pay for performance is based on consistent contributions' 19(37.3%) disagreed, 13(17.6%) neutral while 9(17.6%) agreed. On the statement 'Team member's work results contribute to my overall success', 26(51.0%) agreed, 10(19.6%) strongly agreeing while 9(17.6%) were neutral with 4(7.8%) disagreeing as 2(3.9%) disagreed. These results are supported by

(Marsden, 2004), the main purpose of merit pay schemes is to recognize the level of contribution but sometimes this is questionable because of the difficulty of making fair and consistent assessments of performance as a basis for pay decisions thus most respondents, 23.5% were uncertain on the statement 'The pay for performance is purely based on meeting or exceeding targets'.

Perception of health insurance cover

The study wanted to examine the effect of Perception of health insurance cover on Employee commitment in Kakamega County Water and Sanitation Company. Perception of health insurance cover was conceptualized using seven statements. The study asked respondents to rate the statement provided based on a Likert scale ranging from 1- strongly disagree to 5- strongly agree. Table 3 gave descriptive statistics there from.

Table 3: Results on Perception of health insurance cover

Statement	SD		D		N		A		SA	
	F	%	F	%	F	%	F	%	F	%
Our cooperation has a good health insurance policy.	28	54.9	15	29.4	3	5.9	3	5.9	2	3.9
The cover protects employees from payment of huge medical expenses that might be incurred.	24	47.1	18	35.3	4	7.8	4	7.8	1	2.0
The amount given each year for my family is normally sufficient and satisfactory	27	52.9	16	31.4	4	7.8	2	3.9	2	3.9
The medical expense limits are sufficient	33	64.7	10	19.6	6	11.8	1	2.0	1	2.0
Our health insurance provider is reliable and pays for our medical expenses on time.	36	70.6	7	13.7	4	7.8	2	3.9	2	3.9
A bonus is awarded to me by the insurer each year when I do not make an insurance claim.	40	78.4	6	11.8	2	3.9	1	2.0	2	3.9
The costs of pre-hospitalization, in and outpatient facilities are sufficiently catered for.	31	66.8	12	23.5	0	0	6	11.8	2	3.9

Table 3 showed how respondents rated effect of Perception of health insurance cover on Employee commitment in Kakamega County Water and Sanitation Company. Responses on the statements are as indicated. For example, on the statement that 'Our cooperation has a good health insurance policy', 28(54.9%) strongly disagreed, 15(29.4%) disagreed, 3(5.9%) were neutral while 3(5.9%) agreed as 2(3.9%) strongly agreed. On the statement, 'The cover protects employees from

payment of huge medical expenses that might be incurred,' 27(52.9%) strongly disagreed, 18(35.3%) disagreed, 4(7.8) were neutral while 2(3.9%) agreed. On the statement, 'The amount given each year for my family is normally sufficient and satisfactory,' 33(64.7%) strongly disagreed, 10(19.6%) disagreed 6(11.8) were neutral while 1(2.0%) agreed. On the statement 'Our health insurance provider is reliable and pays for our medical expenses on time,' 40(78.4%) strongly

disagreed, 6(11.8%) disagreed while 1(2.0%) agreed. On average the respondents feel that the employees are not well covered by the company yet many work cultures are infused with high pressure and demands. This causes employees to become stressed as they strive to meet expectations. However, focusing on employee well-being is one way employers can encourage performance and productivity and this is supported by (Ekere A.U and Amah E, 2014) you can increase employee productivity by creating a work environment that provides challenging responsibilities and assistance with health and personal needs. Job satisfaction has

long been established as a factor that affects employees' intentions to stay and leave.

Perception of service related pay

The study sought to examine the effect of management support on Employee commitment in Kakamega County Water and Sanitation Company. Influence of perception of service related pay was conceptualized using five statements. The respondents were asked to rate the statement provided based on a Likert scale ranging from 1- strongly disagree to 5- strongly agree. Table 4 gave descriptive statistics there from.

Table 4: Perception of service related pay

Statement	SD		D		N		A		SA	
	F	%	F	%	F	%	F	%	F	%
There is a clear policy on service related pay	17	33.5	19	37.3	3	5.9	6	11.8	6	11.8
The cooperation recognizes the long serving employees	5	9.8	18	35.3	13	25.5	29	17.6	6	11.8
The cooperation pays its employees the service related pay	7	13.7	22	43.1	10	19.6	8	15.7	4	7.8
The is fairness in awarding service pay	11	21.6	26	51.0	0	0	5	9.8	9	17.6
There is timely payment of service pay	18	35.3	19	37.3	3	5.9	4	7.8	7	13.7

Table 4 showed how respondents rated effect of management support on Employee commitment in Kakamega County. Responses on the statements are as indicated. For example, on the statement that 'There is a clear policy on service related pay', 17(33.3%) strongly disagreed, 19(37.3%) disagreed 3(5.9%) were neutral while 6(11.8%) agreed. On the statement, 'The cooperation recognizes the long serving employees,' 18(35.3%) disagreed, 13(25.5%) were neutral while 6(11.8%) agreed. On the statement, 'The cooperation pays its employees the service related pay', 29(56.8%) disagreed, 10(19.6%) were neutral while 12(23.5%) agreed. On the statement 'There is timely payment of service pay', 18(35.3%) strongly disagreed, 19(37.3%)

disagreed, 3(5.9%) were neutral, 4(7.8%) agreed while 7(13.7) strongly agreed. From the descriptive statistics it could be clearly noted that there is no equity on service related pay as well as clear policies on SRP.

Employee Commitment

The study wanted to evaluate whether employees were satisfied while working at the County Government of Kakamega. Employee commitment was conceptualized using five statements. The study asked respondents to rate the statement provided based on a Likert scale ranging from 1- strongly disagree to 5- strongly agree. Table 5 gave descriptive statistics.

Table 5: Results for Employee commitment

Statement	SD		D		N		A		SA	
	F	%	F	%	F	%	F	%	F	%
At my work I feel bursting with energy.	2	3.9	15	29.4	16	31.4	13	25.5	5	9.8
I find the work that I do full of meaning and purpose.	3	5.9	9	17.6	0	0	18	35.3	21	41.2
Time flies when I am working.	1	2.0	7	13.7	22	43.1	11	21.6	10	19.6
At my job I feel strong and vigorous	2	3.9	19	37.3	12	23.5	6	11.8	12	23.5
I am enthusiastic about my job										
When I am working, I forget everything else around me	4	7.8	18	35.3	0	0	14	27.5	15	29.4
My job inspires me.	4	7.8	14	31.4	18	35.3	7	13.7	6	11.8
When I get up in the morning I feel like going to work.										
I feel happy when I am working intensely.	0	0	2	3.9	16	31.4	15	29.4	18	35.3
I am proud of the work that I do	0	0	9	17.6	18	35.3	10	19.6	14	27.5
I am immersed in my work	0	0	19	37.3	13	25.5	8	15.7	11	21.6
I can continue working for very long periods at a time	0	0	5	9.8	14	27.5	16	31.4	16	31.4
To me my job is challenging	1	2.0	27	52.9	8	15.7	6	11.8	9	17.6
I get carried away when I am working	12	23.5	19	37.3	2	3.9	6	11.8	12	23.5
At my job, I am very resilient mentally	5	9.8	24	47.1	11	21.6	4	7.8	7	13.7
It is difficult to detach myself from my job	7	13.7	23	45.1	11	21.6	6	11.8	4	7.8
At my work, I always persevere, even when things do not go well	18	35.3	17	33.3	4	7.8	7	13.7	5	9.8

Table 5 showed how respondents rated Employee commitment in Kakamega County Water and Sanitation Company. Responses on the statements are as indicated. For example, on the statement that 'At my work I feel bursting with energy,' 17(33.3%) disagreed, 16(31.4%) were neutral while 18(35.3%) agreed. On the statement, 'I find the work that I do full of meaning and purpose, 9(17.6%) disagreed, 3(5.9%) strongly disagreed, 21(41.2%) strongly agreed while 18(35.3%) agreed. On the statement, 'At my job I feel strong and vigorous', 19(37.3%) disagreed, 12(23.5%), were neutral while 6(11.8%) agreed. On the statement 'When I am working, I forget everything else around me,' 16(31.4%) disagreed, 18(35.3%) were neutral while 6(11.8%) agreed. On the statement that 'My job inspires me,' 2(3.9%) disagreed, 16(31.4%) were neutral while 18(35.3%) strongly agreed as 15(29.4%) agreed. On the statement, 'When I get up in the morning I feel like going to work, 19(37.3%) disagreed, 13(25.5%) while 19(37.3%)

agreed. On the statement, 'I feel happy when I am working intensely, 19(37.3%) disagreed, 2(3.9%), were neutral while 18(35.3%) agreed. On the statement 'I am proud of the work that I do', 19(37.3%) disagreed, 13(25.5%) while 19(37.3%) agreed. On the statement that 'I can continue working for very long periods at a time,' 19(37.3%) disagreed, 13(25.5%) while 19(37.3%) agreed. On the statement, 'To me my job is challenging', 16(31.4%) disagreed, 18(35.3%) were neutral while 6(11.8%) agreed. On the statement, 'I am satisfied with my job, 5(9.8%) strongly disagreed, 24(47.1%) disagreed, 11(21.6%) were neutral while 4(7.8%) agreed. On the statement 'It is difficult to detach myself from my job', 17(33.3%) strongly disagreed, 19(37.3%) disagreed, 5(5.9%) were neutral while 10(19.6%) agreed. On the statement 'At my work, I always persevere, even when things do not go well', 12(23.5%) strongly disagreed, 15(29.4%) disagreed, 7(13.7%) were neutral while 7(13.7%) agreed as 10(19.6%) strongly agreed. The descriptive results

for employee commitment show that majority of employees are not committed to their job. Most of the employees disagreed to the statement 'It is difficult to detach myself from my job', a show that they can move to other organizations if there is an opportunity. Mencl, Wefald, and van Ittersum (2016) acknowledge that employee commitment is a sentimental response of an employee towards the job which emanates from their experience on the job, an acceptable measure of wellbeing in the workplace which contributes to the psychological wellbeing of the employees. It is viewed as accepting the organization's goals, the willingness

to work hard and the intent to stay on in an organization (Jain , Sharma , & Jain, 2012). It is only satisfied employees who can offer good service that yields customer satisfaction and it is a function of the perceived relationship between the expectations from a job, what one receives from the job and the value attributed to it (George & Zakkariya, 2015). Dissatisfied employees are less committed to their work and will more often look for other opportunities in order for them to leave an organization and when opportunities are not available, they are emotionally and mentally withdrawn from the organization.

Correlation Analysis

Table 6: Correlation Analysis

		Perceptions regarding allowances	Perception of merit pay	Perception of health insurance cover	Perception of service related pay	Employee commitment
Perceptions regarding allowances	Pearson Correlation Sig. (2-tailed)	1				
	N	51				
Perception of merit pay	Pearson Correlation Sig. (2-tailed)	.884**	1			
	N	51	51			
Perception of health insurance cover	Pearson Correlation Sig. (2-tailed)	.853**	.852**	1		
	N	51	51	51		
Perception of service related pay	Pearson Correlation Sig. (2-tailed)	.836**	.836**	.827**	1	
	N	51	51	51	51	
Employee commitment	Pearson Correlation Sig. (2-tailed)	.861**	.856**	.834**	.833**	1
	N	51	51	51	51	51

The results on table 6 indicated that all independent variables were positively related to the dependent variable. The independent variables showed significant positive relationship. Perception regarding allowances is positively related to Employee commitment at R=.861, p=.000. Perception of merit pay is positively related at

R=.856, p=.000; Perception of health insurance cover is positively related at R= .834, p=.000 while perception of service related pay is related at R=.833, p=.000.

When all the independent variables are computed and combined into financial rewards and their effect on employee commitment correlated, the

results on table 6 were obtained. From the results showed the relationship had $R = .836$, $p = .000$. This indicated a significant positive correlation.

Regression Analysis

The regression analysis was also performed and results for model summary were as shown in table 7 below.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.836 ^a	.698	.694	.382

Regression analysis between independent variables and the dependent variable had coefficient of relationship $R = .836$. This showed the existence of a high positive relationship. The coefficient of determinant, R^2 was .698, the proportion of variance in the dependent variable (employee commitment) that was explained by the independent variables. This indicated that a total of 69.8% of variations in employee commitment in

Kakamega County can be explained by perception of rewarding allowances, Perception of merit pay, Perception of health insurance and perception of service related pay while 30.2% can be explained by other factors which were not considered in this study.

Regression Coefficients for the Relationship

The coefficients for the regression model were obtained as shown on table 8.

Table 8: Regression Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	.349	.129		2.696	.010
	Perceptions regarding allowances	.496	.213	.508	2.328	.024
	Perception of merit pay	.209	.218	.209	.959	.034
	Perception of health insurance cover	.150	.106	.141	1.418	.016
	Perception of service related pay	.388	.149	.393	2.603	.012

The regression coefficients which were obtained for the model were as shown in above table. The coefficient for Perception regarding allowances $B = .496$, $p = .024$, Perception of merit pay had $B = .209$, $p = .034$; Perception of health insurance cover had $B = -.150$, $p = 0.016$ and Perception of service related pay had $B = .388$, $p = .012$. These findings implied that holding Perception of merit pay, perception regarding allowances, perception of health insurance cover and perception of service related pay (independent variables) constant, the employee commitment at Kakamega county water and Sanitation Company would be 0.349. A unit change

in perceptions regarding allowances at Kakamega county water and sanitation Company will change employee commitment by 0.496 units. A unit change in Perception of merit pay style at Kakamega county water and sanitation Company will change employee commitment by 0.209 units. A unit change perception of health insurance cover at Kakamega county water and sanitation Company will change employee commitment by 0.150 units and a unit change in perception of service related pay will lead to 0.388 units in employee commitment. Lastly from the table, all the values for all the variables are statistically significant

considering that all their p -value are significant ($p < 0.05$) making the null hypotheses of this study to be rejected.

Therefore, from the regression model coefficients, this study finds the relationship between financial rewards and employee commitment in Kakamega water and Sanitation Company to be explained by the following regression equation;

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$; which on fitting the coefficients becomes

$$Y = .349 + .496X_1 + .209X_2 + .150X_3 + .388X_4 + \varepsilon$$

Where;

Y- Employee commitment

$\beta_0, \beta_1, \beta_2, \beta_3$ and β_4 are the constants

X_1 – Perception of allowances

X_2 – Perception of Merit based pay

X_3 – Perception of Health insurance cover

X_4 – Perception of Service related pay

ε - Error term

The effect of the standard error of estimate is assumed to be negligible and is equal to zero ($\varepsilon = 0$).

CONCLUSIONS AND RECOMENDATIONS

Based on the findings of the study, the study concluded that, all financial rewards have significant contribution to employee commitment to his\her job. Perception of rewarding allowances, Perception of merit pay, Perception of health insurance and perception of service related pay strategically enhance job satisfaction levels, enhancing employee commitment to a company. This study found that cooperation has policies that defines how the employees should be rewarded, thus an influence on employee job satisfaction. The study therefore concluded that clear policies are important as they play a role in enhancing job satisfaction come commitment of employees in organizations.

From the findings of the study the researcher generally recommends fair financial rewarding of

employees in the company as this enhances the employee commitment the organization leading to higher productivity in the company. Once staffs have been recruited, the employer needs to ensure that there are appropriate differentials and other rewards aimed at achieving fairness in pay in relation to effort, responsibility and other factors, Cole (2002).

Perception of Service related pay significantly influences employee commitment in the Water Sector in Kenya. The researcher recommended the managers to formulate clear policies on SRP and strictly adhere to them avoiding judgment as SRP is intended as a reward management scheme that exhibits both fairness and universality; for as an individual spends increasing lengths of time in a role or within an organization, their level of basic pay increases incrementally regardless of skill, ability or background.

From the findings researcher concluded that the company has poor health insurance to its employees yet According to (Ekere A.U and Amah E, 2014), you can increase employee productivity by creating a work environment that provides challenging responsibilities and assistance with health and personal needs. Job satisfaction has long been established as a factor that affects employees' intentions to stay and leave. The researcher recommends that more health cover policies should be put in place to raise the employees sense of well-being in the company.

Suggestions for Future Studies

This study has found positive relationship between all financial rewards and employee commitment among employees in the Kakamega County Water and Sanitation Company by 87.7%, this study therefore would wish to recommend future studies to consider more on these other factors in KACWASCO.

The study also recommends a similar study in other water companies in other counties in the country.

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