

Factors That Influence the Implementation of Employee Benefits Programs in the Savings and Credit Cooperative Society Industry in Kenya: A Case Study of A Savings and Credit Cooperative Society in Kenya

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Abstract

Employee benefits combined with basic pay form a competitive total remuneration package that aims to attract and retain high quality employees. The purpose of this research was to evaluate the factors that influence the implementation of employee benefits programs in the Savings and Credit Cooperative Society (Sacco) industry in Kenya. Employee benefits are the elements of remuneration given to employees in addition to various forms of cash pay (Armstrong, (2010). These include elements that are not strictly remuneration such as annual holidays, personal leave, pension, staff loan and insurance among others. The general objective of the research was to investigate the factors that influence the implementation of employee benefits programs in the Savings and Credit Co-operative Societies (Sacco) industry in Kenya. This study was carried out at a Savings and Credit Society Ltd with a target population was the 80 employees. A sample of 25% was selected for the study using simple random sampling technique and data was collected using mainly the questionnaires. The findings revealed the majority of employees were fairly young and this posed enormous challenge regarding staff retention. The organization's policy on employee benefits clarified to employees the benefits to be offered and ensured fairness and impartiality in the program. The provision of benefits also required huge investment in the financial, physical and human resources and due to the huge cost of benefits, the Sacco tended to provide only those benefits it could afford. Communication to employees on benefits played a big role in the success of benefits programs. In addition, government policy made it mandatory for the Sacco society to provide statutory benefits including health insurance, pension and paid leave. The findings affirm the critical role of organization's policy, resources, communication and government policy in implementing employee benefits programs in the Sacco industry in Kenya.

Key Words: *Savings and Credit Cooperative Society; Towers Perrin Model, Employee benefits; resources; organizational policy; employee communication; government policy*

1. Introduction

Employee benefits are the elements of remuneration given in addition to various forms of cash pay(Armstrong 2010). The benefits contribute to a competitive total remuneration package that both attracts and retains high quality employees. They also cater for the personal needs of employees and enhance employee commitment to the organization. For some people benefits provide a tax-efficient

method of remuneration. Employee benefits include paid leave, holiday, retirement schemes, allowances, share ownership and pensions. Some types of employee benefits in Kenya are mandatory as they are required by law while others are optional. The legally required benefits include health insurance, social security contributions and workers compensation. According to a tefah (1996) the workers compensation insurance is mandatory as it provides coverage for an employee who is injured while on the job. The disability allowance is also required to provide at least some income for a worker who has become disabled due to work related injury.

According to Mortocchio(2001) the cost of employee benefits has been rising in developing world. Due to the magnitude of the expenditure incurred in most organizations the provision of these benefits has gone down. This gives reasons why many employee benefits program are not implemented. The main challenge facing organization is lack of ability to attract and retain quality employees. Pay may not be a strong motivator especially for senior managers and executives. Progressive organizations have consequently turned to the concept of total remuneration that combines basic salary and employee benefits so as to attract and retain senior managers. Organizations without remuneration are threatened by employee exits leading to high staff turnover thereby increasing operating costs and undermining performance. In the last two years, the government of Kenya has encouraged investors in the public transport industry to form Sacco societies as a mechanism for self-regulation and create an avenue for government to engage the players in the sector in order to improve road safety. The numerous Sacco organizations that currently exist in the country require strong leadership and management competence in order to achieve their business objectives and confer benefits to shareholders in the form of increased value of member investments. They must compete in the labor market for quality workers especially for the chief executive officer and senior managers. In this contested business environment, competitive advantage will go to those organizations with a pay package that includes competitive and attractive employee benefits. The successful implementation of employee benefits will require resources that include financial, physical and human. The scarce resources in the Sacco society may limit their ability to offer lucrative employee benefits that can attract and retain high quality workers. As a result they may not be able to attract high quality employees but actually witnessed high staff turnover.

The general objective of the research was to investigate the factors that influence the implementation of employee benefits programs in the Savings and Credit Co-operative Societies (Sacco) industry in Kenya. The specific objectives were to find out how organization's policy on benefits, availability of resources, employee communication on benefits and government policy on benefits affect the implementation of employee benefits programs in the Savings and Credit Co-operative Societies (Sacco) industry in Kenya. The study also aimed at answering the questions such as - how does organizational policy on benefits, availability of resources, employee communication and government policy on benefits affect the implementation of employee benefits programs in the Savings and Credit Co-operative Societies (Sacco) industry in Kenya?

2. Literature Review

A review of key literature revealed that implementation of employee benefits programs in Savings and Credit Cooperative Societies in Kenya had received little attention from academic researchers. The literature review focused on published literature on employee benefits including types of benefits, the theoretical framework, models and theories and the definition of employee benefits and its role in helping

the organization to provide a competitive total remuneration package that attracts and retains high caliber employees.

2.1 Types of Employee Benefits

According to Chung (2006) there are various types of employee benefits including pension schemes, personal security, financial assistance, personal needs, subsidized meals, clothing allowance, mobile phone credit, company car and petrol allowance among others. Employees regard pension as the most vital benefit after basic pay. Pensions are finance by both employee and employer contributions. Pensions provide an income to employees when they retire and deferred benefits to employees who leave. Through pensions, the organization demonstrates commitment to employee welfare and concern about the long-term interests of its employees. Attractive pension schemes attract and retain high-quality workers since they maintain competitive levels of total remuneration. Welfare benefits promote the total wellbeing of employees both at work and at home and may include insurance schemes, stock purchase, sporting facility and savings plans. Some of the welfare benefits are required by law and are statutory. In Kenya, the retirement Benefits Authority (RBA) for instance has been created to deal with matters of employee benefits in Kenya. Welfare benefits are provided voluntarily and are in some cases through collective bargaining or union demands. According to Nzuve (2010) employee benefits are provided with the understanding there is a return to the organization in terms of improved employee commitment and productivity. The organization should provide only those benefits which employees need and whose absence will affect their performance. There are various employee benefits models and theories that include the Towers Perrin Model of Reward, Total Remuneration Theory and Cafeteria Approach to Employee Benefits

2.2 Towers Perrin Model of Reward

A model of reward known as the Towers Perrin Model was developed by Duncan in 2005. This model distinguished between transactional rewards which are financial in nature and relational rewards which focus on learning and development t(ArmstrongandMurlis2007)). The Towers Perrin model shown in Figure 2.2 is a matrix with four quadrants. The upper two quadrants – pay and benefits – represent transactional or tangible rewards. These are financial in nature and are essential for recruiting and retaining staff but can be easily copied by competitors. By contrast, the relational or intangible non-financial rewards represented in the lower two quadrants cannot be imitated so readily and can therefore create both human capital and human process advantage. They are essential to enhancing the value of the upper two quadrants. The real power comes when organizations combine relational and transactional rewards. The model also makes a useful distinction between individual and communal rewards, particularly in the latter case.

Transactional (tangible)

Pay	Benefits
<ul style="list-style-type: none"> • base pay • contingent pay • cash bonuses • long-term incentives • shares 	<ul style="list-style-type: none"> • pensions • holidays • health care • other perks • Flexibility

<ul style="list-style-type: none"> • profit sharing 	
<p>Learning and development</p> <ul style="list-style-type: none"> • workplace learning and development • training • performance management • career development 	<p>Work environment</p> <ul style="list-style-type: none"> • core values of the organization • leadership • employee voice • recognition and achievement • job design and role of development

Relational (intangible)

Figure 2.1 Towers Perrin Model of total reward

2.3 The Total Remuneration Concept

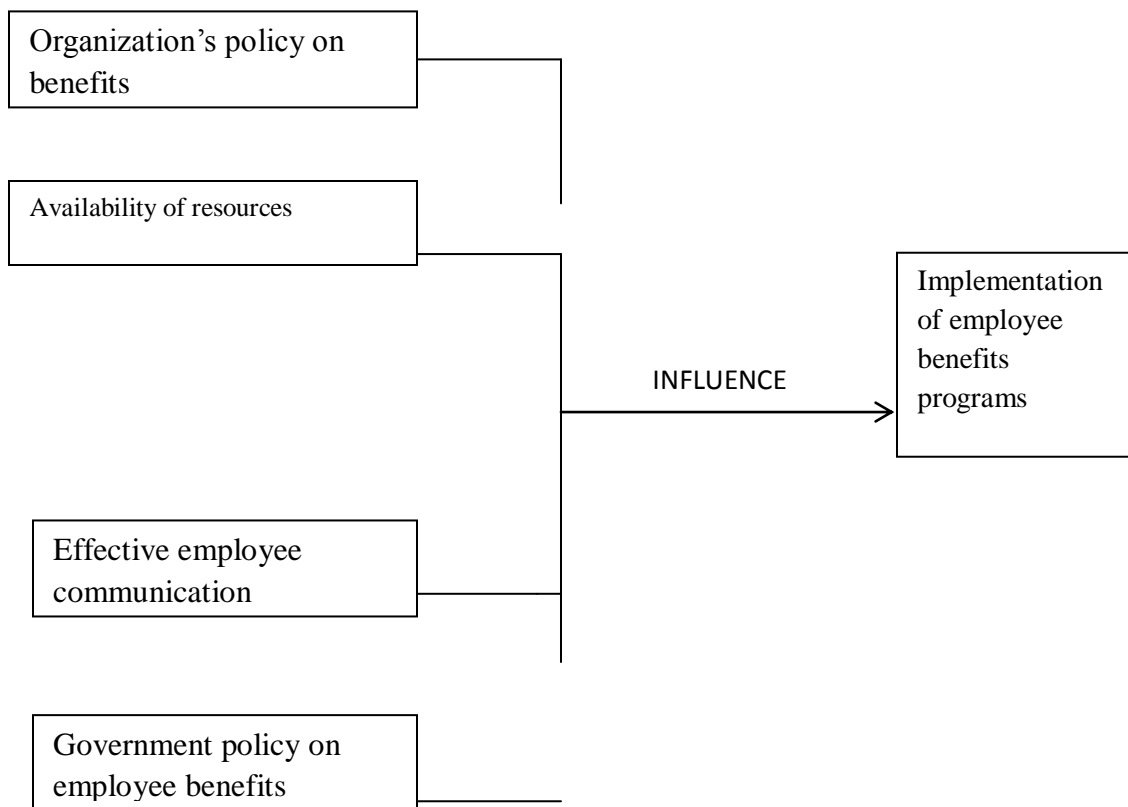
The total remuneration concept is anchored on the principle of treating all aspects of pay and benefits provision as a whole. According to Manus and Graham (2003) total reward is the combination of financial and non-financial rewards paid to employees. The cost to the business organization of each element can be assessed with the aim of adjusting the package according to individual needs. Total remuneration is the sum of basic pay and benefits that an employee receives from employer in exchange for their labor. Total rewards include all types of rewards – indirect as well as direct, and intrinsic as well as extrinsic. All aspects of reward, namely base pay, contingent pay, employee benefits and non-financial rewards, which include intrinsic rewards from the work itself, are linked together and treated as an integrated and coherent whole. Total reward combines the impact of the two major categories of reward: transaction rewards – tangible rewards arising from transactions between the employer and employee concerning pay and benefits, and relational rewards – intangible rewards concerned with learning and development and the work experience.

2.4 The Cafeteria Approach

The cafeteria approach to benefits is based on the notion that employees have different preferences for benefits. Employers therefore often let employees individualize their benefits plan (Armstrong. and Murlis 2007). The cafeteria plan is done in which the employer provides each employee a benefits budget fund and lets the person spend it on the benefits he/she prefers subject to two conditions. First, the employer must limit the cost for each employee benefits package. Second, each employee benefits plan must include certain required items such as social security, workers’ compensation and unemployment insurance. Employees are allowed to make mid-year changes to their plan if for instance their dependent care costs rise and they want to direct more contributions to their expansion. The cafeteria plans take several varieties as follows: first the flexible plan that accounts for medical cover and other expenses. Second, the life plan where employer attaches price to every benefit offered and allows employees to shop for the benefits they need each year.

There has been a paradigm shift in employee benefits provision where employers are increasingly placing greater responsibility on their employees to fund and make decisions about their benefits option (Burke2002).Due to rising cost of implementing employee benefits schemes, the employee benefits model has evolved, with significant changes occurring in the past five years. These changes include benefits cutback by some organizations and in some cases phase out. Organizations have also been gradually giving more and more financial and decision making responsibility to their employees. The main strategy applied by organizations is cost-sharing between employer and employee in the provision of benefits (Meyer 2001). For instance in Kenya it is common for medical insurance companies to offer a medical cover that stipulated that consultation fee is Kshs.1,000 (about 12 US dollars). This means that if the employees visit reputable hospitals like The Nairobi Hospital where consultation with a physician is Kshs.1.500(about 18 US dollars), the employee has to pay the extra amount (Nzuve 2009).

2.5 The Conceptual Framework



(Independent variables)

(Dependent variable)

Figure 2.2The Conceptual Framework Diagram

The implementation of employee benefits programs is influenced by many factors. In this particular study, the researcher concentrated on some of the factors deemed to influence the implementation of employee benefits programs. The conceptual framework model shows how independent variables namely

organization's policy, availability of resources, employee communication on benefits and government policy influence the implementation of employee benefits programs in an organization (dependent variable)

2.5.1 Organization's Policy on Benefits

The HR policy in an organization provides the guidelines on how people should be managed in an organization. The policy may cover areas including recruitment, placement, training, promotions and remuneration among others. The policy also specifies the various types of benefits to be provided to employees as well as provide guidelines on how employee benefits programs should be implemented. Employee benefits policy should define organizational strategy for attracting and retaining quality staff. A good policy ought to ensure benefits are aligned with the organizational goals and objectives as well as with employer and employee needs. Progressive organizations usually align their benefits policy with the HR strategy whose main pillar is to attract and retain quality employees (Dessler 1996).

2.5.2 Availability of Resources

The implementation of employee benefits requires significant amount of financial, physical and human resources (Armstrong 2009). The financial resources are a crucial factor that influences the successful implementation of employee benefits in any organization. The benefits cost money to implement and without adequate finances the organization plan to roll out employee benefits program will remain a pipe dream. According to Mondy & Noe (2004) employee benefits generally cost about 30 percent of organizational compensation. This means employees receive this money indirectly through benefits such as medical insurance cover, training for career development, leave of absence, bonus and social security among others. The organization must pay for these facilities and that is why financial resources is a major factor in implementing employee benefits programs. The physical resources required for implementation of employee benefits are the normal fixed assets required in any business organization such as building, equipment and furniture among others. There is a close connection between fixed assets and provision of employee benefits. For instance in order to cater for health needs of employees, the organization may need to construct a hospital or medical clinic. More-over, provision of transport to and from work may require a bus or van. The human resources are also required for the administration of employee benefits. People are the greatest asset for any organization. People operate the machines, carry out activities, brainstorm on problems and make decisions. Indeed, highly competent and motivated employees show great respect for their work and are committed to achieving organizational objectives. More over the model of social man implies that people will work effectively if their social needs are met (Cole 2002). Provision of employee benefits is one way to meet the social needs of workers.

2.5.3 Effective Communication on Benefits

There is strong need for management to communicate to employees the policy and procedure on benefits, the benefits available and the criteria for eligibility. Effective communication is the process by which information is exchanged and understood by two or more people usually with intent to motivate or influence behavior (Holloway (1997). Communication ensures transparency and accountability in implementing employee benefits program. The employees and their representatives need to understand the benefits package in its totality. Individual employees should be explained how the benefits have been determined and how they relate to their job performance. They ought to know the value of the benefits so they are aware of their total remuneration. In addition, employees need to be convinced that the system of

benefits is fair and impartial. Proper and timely communication of employee benefits will enhance employee appreciation and increase their commitment to the organization

2.5.4 Government Policy on Employee Benefits

According to Nzuve(2010) the government can intervene with a policy to obligate employers to provide certain benefits to employees. The government can for instance use the national assembly to legislate laws that enforce payment of the benefits. The law will make it mandatory for employers to pay certain benefits to the employee. Some types of employee benefits in Kenya are mandatory as they are required by law while others are optional. The legally required benefits include for instance various forms of insurance covers for employees. Through various Acts of Parliament and legislations, the government of Kenya has made it mandatory for employees to be offered certain benefits. The National Social Security Fund (NSSF) Act Cap 258 in Kenya obligates employers to enroll employees into the social savings plan offered by NSSF whereby the employer matches the employee deduction. The deducted amount is saved with NSSF and paid to employees upon retirement thereby creating a social safety net for the workers. Moreover, the National Hospital Insurance Fund (NHIF) Act Cap 255 (1998) obligates both public and private sector employees to obtain NHIF medical insurance cover. The employer is mandated to deduct the monthly premium for the employee and remit to NHIF.

The literature review highlighted the models and theories that help provide greater understanding of employee benefits as a component of reward management. It has depicted how the Towers Perrin Model of total reward has improved our understanding of the various categories of rewards. The Cafeteria Approach to provision of benefits has also improved appreciation for flexibility in provision of benefits to employees. The conceptual framework similarly reviewed the factors deemed to influence implementation of employee benefits programs. Therefore the models, theories and conceptual framework have been used to conceptualize and understand employee benefits and highlight how their implementation may be enhanced.

3. Methodology

This section focuses on research design, population of study, data collection methods, instruments and techniques of data analysis and presentation of results.

3.1 Research Design

The researcher utilized a descriptive research design. According to Kothari (2004), descriptive research is used to describe the characteristics of a population by directly examining samples of that population.

Descriptive research design was found appropriate and chosen because involved a field survey where the respondents were examined on issues of the problem in their natural set up without manipulation of the environment. This encouraged them to give information more freely and in detail in regard to the factors influencing the implementation of employee benefits programs.

3.2 Population

The targeted population was the employees of a Savings and Credit Cooperative Society (Sacco) Ltd based in Nairobi city. This population fairly represented other Sacco organizations in Kenya. This Sacco had 80 employees and was selected as a case study because it was one of fast growing organization Sacco societies. This case study enabled the researcher to undertake detailed and in-depth study of typical Sacco society. The population of interest studied was spread among the key departments of the Sacco and

consisted of top management (CEO) and departments such Finance & Administration (F & A), Human Resource Management (HR) and Credit Operations (CO).

3.3 Sample and Sampling Technique

Stratified random sampling technique was used in this study. Using stratified random sampling the population was divided into sub-groups called strata and a sample selected from each stratum. According to Mugenda and Mugenda (2003), the goal of stratified research design is to achieve desired representation from various sub-groups in the population. In this study, staff from various departments in the organization (CEO, F & A, HR and CO) were selected and issued with questionnaires, which they filled and were collected later. This sampling technique enabled the researcher to obtain relevant information from all respondents under study. The table below depicts the sample size

Table 3.1 Sample Size

CATEGORY	Target Population	Sample Size	Percentage
CEO, CFO % HR Manager	7	3	43%
Credit Operations	57	11	19%
Finance & Administration	12	3	25%
Human Resource	4	3	75%
TOTAL	80	20	25%

3.4 Instruments of Data Collection

Both primary and secondary data was collected for this study. Primary data was collected using self-administered questionnaires which were sent to respondents to fill. According to Mugenda and Mugenda (2003), questionnaires are used to obtain important information about the population. A questionnaire is a situation where a prepared list of questions is given to the test units to seek their views on the issue under study. The secondary data was gathered by deriving information from records, statements, relevant publications and documents. Under this method, the researcher used already recorded data in order to come up with necessary information for the study.

3.5 Pilot Test

To improve the validity and reliability of the research instruments and the study as a whole, the researcher conducted a pilot test for data collection. The objective was to test the efficacy of the questionnaires before the real research commenced in earnest. The aim of the pilot test was to reduce random error. The pilot test respondents were drawn from Universal Traders Savings and Credit Society Ltd, which is another Sacco of similar size, circumstance and with good reputation in the industry. The questionnaires were administered on the selected employees of Universal Traders Sacco Ltd. The already filled questionnaires were analyzed to determine the efficacy of the research instrument in collecting the

required data. The evaluation of the already filled in questionnaires depicted some weaknesses in the structure and wording of questions in the questionnaire, Such weaknesses were addressed to perfect the instrument ahead of the commencement of actual data collection exercise.

3.6 Data Analysis Methods

The study utilized both quantitative and qualitative methods of data analysis. Primary data was analyzed using quantitative techniques to capture the summary of respondents especially for closed-ended questions. The raw data was organized, coded and analyzed in order to generate the information required for the study. The exploratory data analysis of quantitative data involved presentations using tables, pie charts and bar charts to illustrate the diverse findings of the study. In addition, both the primary and secondary data were analyzed qualitatively using non statistical techniques including subjective statements and explanations. The qualitative data was analyzed by coding, summarizing meanings, categorizing meanings and structuring meanings using narratives. The qualitative data was presented through description, statements and involved explaining the findings in a narrative manner. Qualitative analysis enabled the researcher to analyze the information in a systematic way in order to come to some useful conclusions and recommendations

4. Findings

4.1 General Information

4.1.1 Response Rate

Out of the 20 questionnaires distributed to employees of the Sacco, 18 were returned thus giving an overall response rate of 90%. Most respondents were male who formed 61% of the sample collected. However females formed a significant percentage of 39%. In addition, most respondents were in the age bracket 25 – 35 years forming 56%. The rest were in the age bracket 36 to over 45 years. Regarding work experience, most respondents had 4 – 10 year experience working with the Sacco thus forming 46% of the sample collected. However those who had served in the Sacco for at least 10 years formed a significant percentage of 29%. The majority of employees in the sample (70%) had bachelor's degree. However a significant 29% in the sample had a master's

4.1 Data Analysis

The quantitative data was collected using a questionnaire delivered to respondents and collected later by researcher after being filled. This data was analyzed quantitatively and it revealed the following:

4.1.1 Organization's Policy on Benefits

The organization's policy on employee benefits is clear to employees

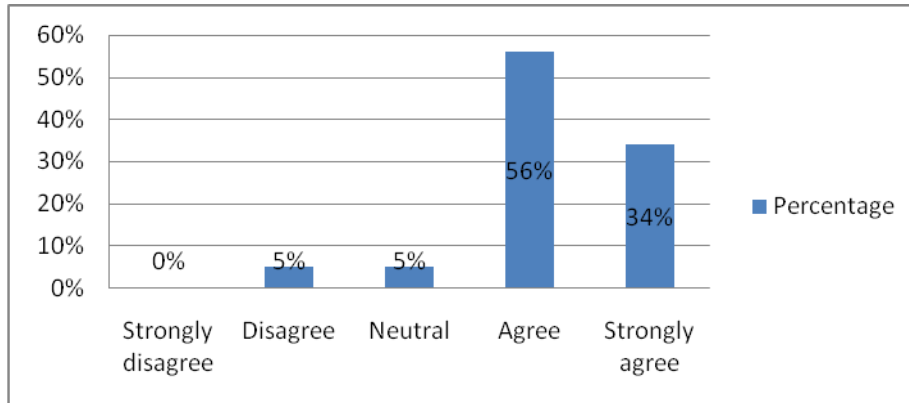


Figure 4.1: Analysis of clarity of organizational policy on employee benefits

The majority of employees (56%) agreed organization's policy on benefits was clear to employees.

The organization's policy clearly states what employees need to do to qualify for benefits

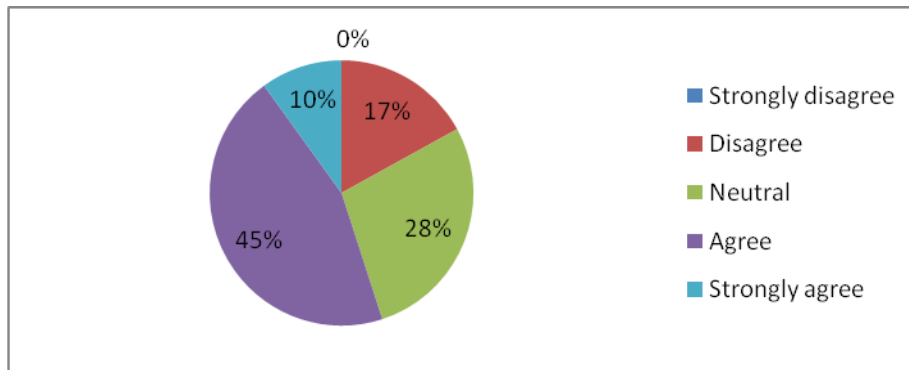


Figure 4.2: Analysis of clarity of organization's policy on qualification for benefits

A simple majority of employees (45%) agree that it is clear to all on what they need to do to qualify for benefits. However a significant 28% hold neutral opinion.

In this Sacco, the provision of employee benefits was guided by policy which determined how they were awarded to employees. Such policies were contained in the Human Resource (HR) manual and provided guidance on what benefits would be provided to employees and eligibility criteria. The Sacco policy helped in streamlining provision of benefits to employees as it provided fairness and impartiality in the exercise and did not leave room for management bias, prejudice or favors. Policy ensured fair distribution of benefits to employees. However the policy made it difficult for management to implement changes in employee benefits without seeking approval of the board of directors. This hindered provision of new employee benefits as only benefits specified in the policy could be provided by the organization.

4.1.2 Availability of Resources for Provision of Employee Benefits

The provision of various employee benefits requires financial resources

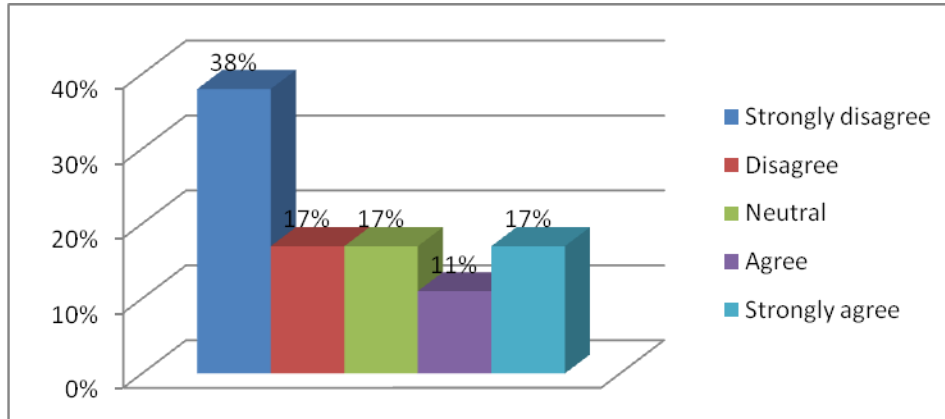


Figure 4.3: Analysis of requirement of financial resources for provision of employee benefits

The majority of employees (55%), agreed Stima Sacco required financial resources in order to provide benefits

Availability of physical facilities for provision of employee benefits

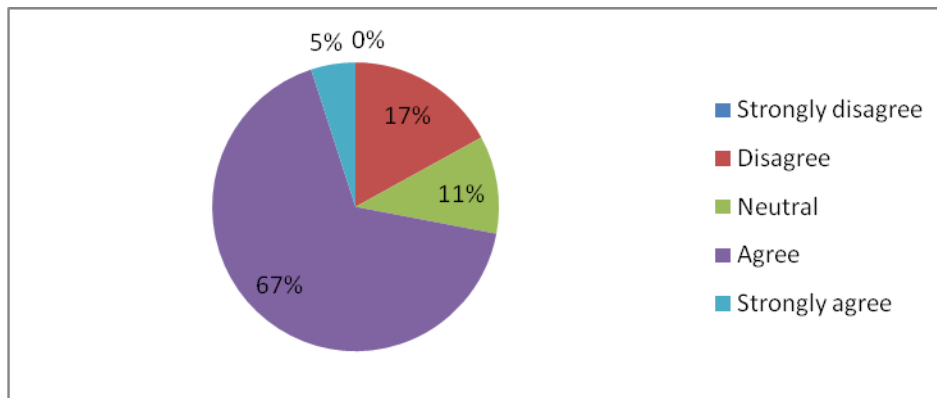


Figure 4.4: Analysis of adequacy of physical resources to provide employee benefits

The majority of employees (67%), agreed Stima Sacco had adequate physical resources to provide benefits.

Implementation of employee benefits was directly affected by availability of resources – financial, physical and human resources. Due to inadequate financial resources, the Sacco had therefore tended to provide benefit which it could afford. As a result the Sacco had chosen to provide those benefits that were critical to the health, welfare and wellbeing of its employees. The management had also required the employee to pay part of the cost involved in providing certain benefits. Consequently it had partnered with its employees in cost-sharing arrangement in the provision of retirement benefit. Due to lack of physical resources, the Sacco provided only those benefits that could be provided in the absence of such

resources. For instance health care was outsourced to an insurance company known as Cooperative Insurance Company (CIC). Human resources were also required for the administration of employee benefits. In this regard, the members of staff of HR department were at the heart of provision of employee benefits carrying out the physical administration of the benefits. Most of those surveyed indicated the leadership played its advisory role to the board regarding provision of employee benefits. The management promoted transparency, fairness and impartiality to ensure all workers were treated evenly in accessing benefits.

4.1.3 Effective Employee Communication on Benefits

Employee awareness about all the benefits provided by the organization

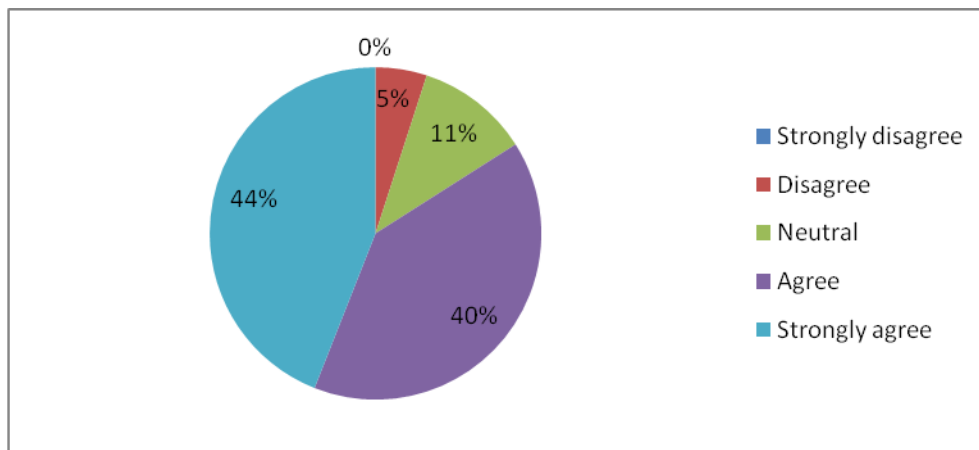


Figure 4.5: Analysis of awareness of benefits the Sacco provides

The majority of employees (84%) were aware about the benefits the Sacco provided to its employees

Awareness of how benefits relate to performance

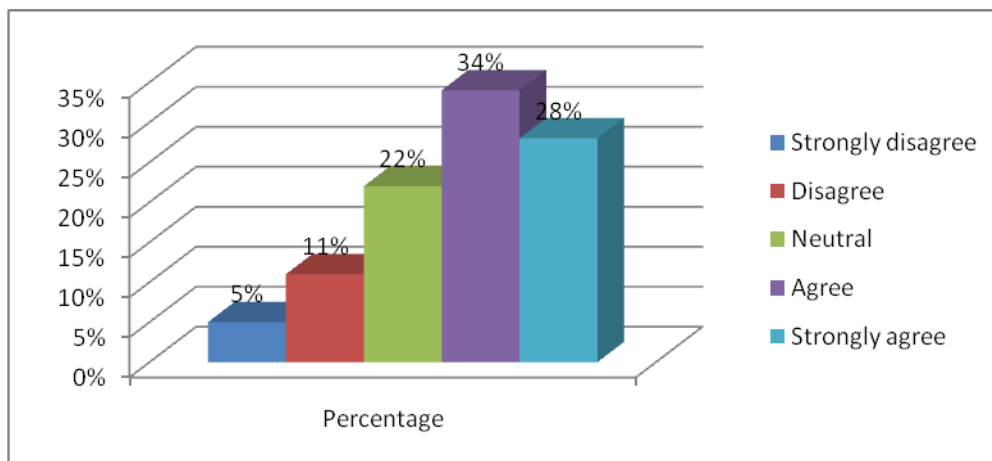


Figure 4.6: Analysis of awareness of how benefits relate to performance

The majority of employees (62%) were aware about the relationship between benefits and performance

The HR policy manual was the main instrument for communicating benefits. The Sacco leadership also issued the employment letter to new employees indicating basic pay and the benefits package. The HR

department also communicated the various employee benefits through various forums such as induction trainings, staff meetings, and emails briefings done from time to time. However a sizeable number of the respondents held that communication on benefits was neither sufficient nor satisfactory. As a result they advocated for a participatory approach when formulating employee benefits proposals. Most respondents believed that the Sacco had not invested fully in facilities for harnessing employee feedback on benefits. Most of the channels of communication were formal and they included staff meetings, training programs, letters, circulars and manuals. They did not find these facilities adequate and aspired for less formal channels for giving feedback on performance of employee benefits and these included suggestion box, newsletter and direct consultations with employees.

4.1.4 Government policy of benefits

Sufficiency of statutory benefits provided by Stima Sacco

Table 4.2: Analysis of sufficiency of statutory benefits provided by the Sacco

CATEGORY	Number	Percentage
Strongly Disagree	1	5%
Disagree	2	11%
Neutral	3	17%
Agree	5	28%
Strongly Agree	7	39%
TOTAL	18	100%

The majority of employees (67%) agreed that the statutory benefits provided by employer were sufficient.

The statutory benefits are the only benefits my employer provides

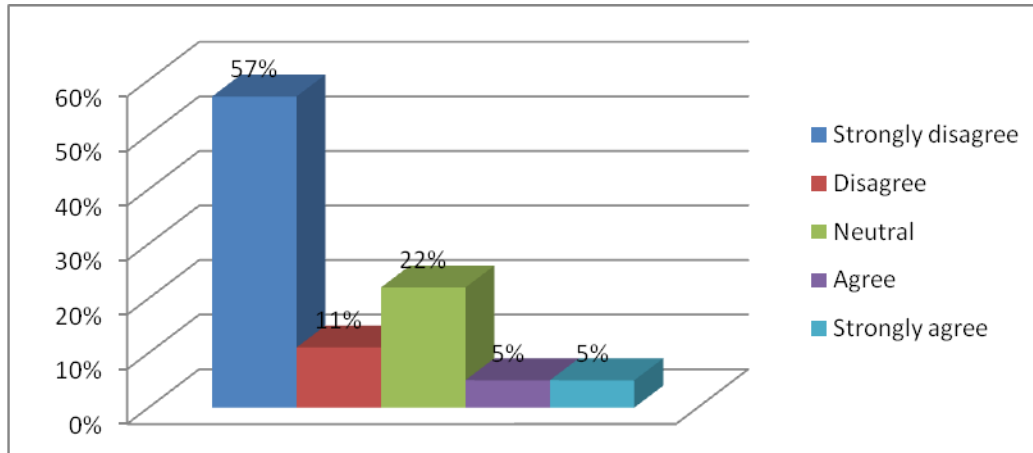


Figure 4.7: Analysis of statutory benefits

The majority of employees (57%) disagreed that the statutory benefits were the only ones provided by the employer

The government intervention made it mandatory for employers to provide certain benefits to employees. Consequently the Sacco provided statutory benefits including health insurance benefits such as National Hospital Insurance Fund (NHIF), social welfare benefits such as National Social Security Fund (NSSF) and special insurance cover to cater for employees in certain situations such as Group Personal Accident (GPA) and workers compensation. Through a cost sharing arrangement between employer and employee, the organization also provided a retirement pension benefit scheme. Under this scheme the employee contributed 7.5% of basic pay and employer 15% making a total of 22.5% per month towards employee retirement benefit plan. The leadership had also facilitated employees to start a voluntary benefits in the form of staff welfare scheme for supporting co-workers during bereavement and was financed wholly by employees.

In addition, most of those surveyed were aware about the various employee benefits on offer in other organizations. They compared this with what was available from their employer and found they were in deficit. The awareness and comparison empowered them to demand additional benefits including day care for lactating mothers, enhance medical insurance, payment for health club for physical fitness, mortgage facility, low interest staff loans, home ownership schemes and employee share ownership scheme option (ESOP). Most respondents also believed other factors that can influence success of the employee benefits program include employee involvement in the design and formulation of benefits, effective organization structure that defined employee career growth path and strong leadership that appreciated the role of employee benefits in attracting and retaining quality employees.

5. Conclusions

The Sacco was facing an enormous challenge regarding staff retention as most of employees were within 25 – 35 years bracket an age group largely deemed restless and may move to other organizations if remuneration was not sufficient. Many of these had bachelor's degree and this implied need for tuition

fees benefit to go for further education to obtain master's degree and other professional qualifications. The organization's policy on benefits was clear to employees. However, more needed to be done to enlighten employees that management could not introduce new benefits unless with board's approval. Similarly the provision of benefits in the Sacco was fair and impartial due to adherence to policy. The policy left no room for management bias, prejudice or favor in implementing benefits program. Many employees believed the organization was endowed with adequate financial resources and this meant there was strong expectation by employee to receive more substantial benefits. Many employees also were not convinced the Sacco had invested enough financial resources in the provision of employee benefits thereby questioning seriousness of management in implementing benefits program. However the leadership of the Sacco had demonstrated strong resolve in provision of employee benefits since despite inadequate resources, had provided those benefits that were critical to the health, welfare and wellbeing of its employees. In addition, it had partnered with employees to provide a retirement scheme on cost sharing basis.

Communication on benefits had been inadequate and employee participation on formulation of benefits lacking. The leadership had not adequately invested in facilities for harnessing employee feedback on benefits. This put into doubt management's seriousness in involving employees in benefits formulation. Similarly, while the Sacco was quick to comply with government policy on benefits and provided all statutory benefits but it was not as fast in providing non-statutory benefits. However, management support and facilitation for initiation of a voluntary benefit for employees was a reasonable indicator it felt obligated to provide even non-statutory benefits. The Sacco was dealing with an enlightened team of employees since they were aware about the various employee benefits offered by other organizations. They compared this with what the Sacco offered and found their employer offered less, and demanded more benefits. Employees clamor for more benefits meant management was faced with employees who are not fully satisfied with current benefit provided

6. Limitations of the Study

The data for this study was collected from employees from various segments of the organization. The population was therefore not homogenous as the sample contained employees from diverse age brackets demanding different types of employee benefits. Second, the Sacco was urban based and therefore the study findings cannot be generalized even for rural Saccos operating under different social economic circumstances. Similarly although the study set out to investigate only four factors that influence implementation of employee benefits programs in the Sacco industry (organization's policy, availability of resources, communication on employee benefits and government policy) other factors emerged but could not be evaluated as they fell outside the scope of the study.

7. Further Research

The study findings identified some key issues which have implication for further research. First the Sacco is an urban based financial institution with its unique socio-economic characteristics. The findings and conclusions therefore cannot be generalized for rural Sacco societies. Similar study is therefore required to be undertaken on rural based Sacco societies to validate these findings. In addition, this study set out to investigate only four factors deemed capable to influence implementation of employee benefits programs (organization's policy, availability of resources, communication on employee benefits and

government policy). However other factors emerged but could not be evaluated as they fell outside the scope of the study. These additional factors represented new areas for other researchers to study. They include employee involvement in formulating benefits, the existence of an effective organizational structure that defined employee career growth path and strong leadership that appreciates the role of employee benefits in attracting and retaining quality employees.

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