CONTINGENT REWARDS AS A STRATEGY FOR INFLUENCING EMPLOYEE ENGAGEMENT IN MANUFACTURING COMPANIES: CASE STUDY OF WILLIAMSON TEA KENYA LIMITED

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ABSTRACT

Employees who are engaged in their work and committed to their organizations give companies crucial competitive advantages including higher productivity and lower employee turnover. This study sought to establish contingent rewards as a strategy for influencing employee engagement. The study was conducted at Williamson Tea Kenya Limited (WTKL) in Kericho County and the guiding objectives included, examining how the composition of contingent rewards influence employee engagement, evaluating how implementation of contingent rewards influence employee engagement and establishing the perspectives of contingent rewards and how they influence employee engagement. The study adopted a descriptive approach to research. The population of the study was 91 employees of Williamson Tea Kenya Limited with a sample of 82 employees. Data was obtained from primary sources and collected by use of a questionnaire. Data was analyzed by use of SPSS and Ms Excel and presented through frequency distribution charts, graphs and tables. According to the findings, it was noted that all variables had a strong relationship with the independent variable Employee engagement; however, implementation of the rewards had a stronger relationship with employee engagement variable. It further recommends that Williamson Tea Kenya Limited undertakes an immediate and strategic measure to improve its employee engagement through rewards by offering total rewards, having a more inclusive and participative approach in implementing rewards as well as gaining confidence and positive attitudes from employees on reward programs.

LIST OF ABBREVIATIONS

CIPD Chartered Institute of Personnel and Development
CRS Contingent Rewards Systems
EPZA Export Processing Zone Authority
GDP Gross Domestic Product
HR Human Resources
M Mean
ROK Republic of Kenya
SD Standard Deviation
SET Social Exchange Theory
SHRM Society for Human Resource Management
TBK Tea Board of Kenya
WTKL Williamson Tea Kenya Limited
1. INTRODUCTION

Background of the Study

According to McShane & Gilnow (2000), the concept of employee engagement remains very critical in an organization’s setting and is rated among the key preoccupations of today’s organizations. The level of employee’s engagement determines an organization’s survival or demise and its prosperity or decline. High and positive engagement level is associated with high prospects of expansive developments and growth, survival and competitiveness of an organization. Employee engagement thus remains very vital for the organization’s sustainability. Armstrong (2009) adds that employee engagement patterns in an organization are determined by the nature of productivity, innovation, flexibility, quality, profitability, sales turnover among other factors, which is further connected closely with the managerial strategies taken in respect of its resources especially the human resources. Havenga, Stanz & Visagie (2011) states that the adoption of such engagement prospects of a more cooperative, participative, collaborative approach to work and comprehensive reward enhances an organization’s and employees’ performance and makes them to have an overall positive and favorable image among the stakeholders.

According to M. Phelps & K. Brossoit (2007), today's business landscape has presented new and challenging demands for manufacturing organizations. Customer requirements for lower prices, higher quality and greater value are unprecedented and unyielding. Many companies look for quick fixes in the form of plant consolidations, expensive redesigns of operations, or relocations of their operations. As most manufacturers continue to seek fractional reductions in cost, one of the most important drivers of improved business performance and profit margin is the ongoing development of skills and effectiveness for all employees. The world’s most successful manufacturing organizations are able to build engaged, high performing workforces by investing in every employee and the results are striking, as study after study has shown the clear link between employee engagement and organizational performance. When manufacturing Companies engage employees, the organizations could have more satisfied and loyal customers, increased profits, better-quality products or services and greater growth potential.

World Bank (2013) contends that if manufacturing companies in Kenya are to survive the challenges, both leaders and workers should be personally engaged, empowered as teams and aligned around a strategy that revolutionizes the industry. While the revolution to survive must be inspired by leaders, it will only happen when the workers are individually excited about contributing to organization success. Garvy (2013) takes into consideration new and existing process improvement strategies within the manufacturing industry, such as Six Sigma and many new lean manufacturing methodologies, employee engagement can ensure people alignment with these new strategies. They also enable manufacturing companies to understand what drivers are going to keep their workforce engaged and willing to exert discretionary behaviours that will help the company bring the product(s) they are manufacturing to market quickly and more efficiently. Employee engagement can be critically important to competitiveness in the manufacturing industry.

1.1 Reward Systems

According to Armstrong (2009), reward management develops motivation and job engagement by valuing people in accordance with their contribution. The application of the contingent rewards systems in the improvement of employees’ performance and engagement happens to be a new development in the fields of human resources management and other managerial disciplines (Cole, 2002). According to Whetten & Cameron (2002), Contingent Reward Systems (CRS) provides positive
reinforcement for a job well done. This reinforcement measurement encourages employees to effectively complete their tasks and meet their goals in a professional and timely fashion. Unlike annual performance reviews and evaluations, the CRS provides more frequent assessments of the employee’s work with applicable rewards when qualified. Not only should the employee meet the immediate goal, he should uphold and maintain the company’s metrics of desired behavior.

An effective reward system entails meeting and exceeding employee expectations by rewarding everyone in the organization according to the level of effort (Armstrong, 2009). Contingent reward system has been widely applied and has gained prominence in various fields or organization management both in the public and private firms, where it has been successfully applied, CRS has resulted in remarkable performance improvements through increased employee flexibility, innovation, creativity, productivity, developments, quality and general preparedness to deal with market and competitive events (Schemerborn, 2009). CRS, however, has met more resistance due to its demands of resources, time and effort but continues to flourish despite these setbacks.

It is generally recognized that people may receive two major categories of rewards from work. One is intrinsic rewards, which are rewards that are internal to workers and which they give themselves. Intrinsic rewards include self-esteem, a sense of accomplishment, and a feeling of growth or development of special skills and talents. Many of these rewards are desired from the work itself. Intrinsic rewards are related to the worker’s perception of the job and, hence, are affected by job design, intrinsic rewards may be called as “non-financial/non-monetary rewards. A second category is extrinsic rewards, which are external to workers and are given by the organisation or someone else. Extrinsic rewards include direct and indirect compensation. Direct incentives are those rewards which are directly involved with the money as wages and salaries, bonus, commission, individual and group incentives, profit sharing and stock options. Indirect incentives are those rewards which are related to employees’ benefits or perquisites. It consists of protection programmes, paid time off, health insurance plans, child care benefits and employee discounts (Henderson, 1994). Extrinsic rewards may be called as monetary or financial rewards. Being an extrinsic reward, compensation is more easily controlled by managers than are intrinsic rewards. Intrinsic rewards satisfy hierarchical needs of higher level such as social, esteem and self-actualization needs, and are real motivators or satisfiers where as extrinsic rewards satisfy lower level needs (Maslow 1951).

1.2 Profile of Williamson Tea Kenya Limited

According to Kenya Association of Manufacturers (KAM, 2014), the Kenyan food-processing sector, remains the largest component of the manufacturing industry. In terms of structure, economic contributions, and performance within the manufacturing sector, this sector is the most important and largest comprising of over 1,200 businesses, encompassing everything from small family organizations to large multinational companies. The agricultural economy accounts for 24% Gross Domestic Product (GDP), employing two thirds of the population and accounting for 70% of export earnings, Export Processing Zone Authority (EPZA, 2005). Currently, about 62% of the total crop in the country is produced by the smallholder growers, who process and market their crop through their own management agency - Kenya Tea Development Agency (KTDA) Ltd. The attractiveness of Kenya as an investment location for the tea sub-sector is further strengthened by the presence of big multinationals, operating in the sector in Kenya and the balance of 38% is produced by the large scale estates, which are managed by the major multinational firms associated with tea in the world; some of these include Unilever Tea Kenya

Williamson Tea Kenya Limited is one of the key private tea manufacturing companies in Kenya. The Company has been in operation since 1869 and specializes in the manufacture and export of black tea. Williamson Tea Kenya Limited is divided into different functional areas that support the core strategy in pursuit of the customer developments and satisfaction through superior service. The departments in the Company comprise of human resources, sales and Shipping, production and manufacturing, Field operations, finance and administration, purchasing and supplies and information technology. The human resources department is responsible for among other activities ensuring effective employee performance, engagement, motivation and meeting work programs and schedules (WTKL, 2014).

Despite being a renowned manufacturing firm, Williamson Tea Kenya Limited has been facing a lot of challenges that have worked to weaken its competitiveness growth and development prospects, performance and managerial capabilities. The Company operations system and processes have been rife with rampant reported cases of low employee performance, productivity, and less motivated employees that affects customer response and poor image among Stakeholders. The Company needs to design appropriate programs to uplift its competitive standings, managerial competencies and performance levels among environments, with key among the programs being the adoption of the contingent rewards systems, total quality management practices and the participative managerial practices. According to Mondy (2010), the introduction of contingent rewards normally brings more benefits associated with improved productivity, efficiency, profitability, motivation, flexibly and reduced costs of operations, complaints and conflicts among the employees and the other stakeholders.

1.1 Statement of the Problem

Employee engagement can be critically important to competitiveness in the contemporary business environment. The Gallup Organization, which studied employee engagement in 7,939 business units in 36 companies, found that employee engagement was positively associated with performance in a variety of areas, including increased customer satisfaction, profitability, productivity and reduced employee turnover. The breadth of employee engagement was substantial. About 2/3 of the business units scoring above the median on employee engagement also scored above the median on performance, while only about 1/3 of companies below the median on employee engagement scored above the median on performance (Harter, Schmidt & Hayes, 2002).

Recent exploratory findings have indicated that the factories in Kericho County have a larger potential of improving on performance and productivity if the employees potential are properly harnessed due to the number of registered tea growers in the County (Chepngen 2010). The findings further indicate there is low productivity, sales and employee morale in the tea factories in the county. To achieve the desired efficiency and productivity levels, business establishments rely on a highly motivated workforce that shares the vision and aspirations of the establishment. One way of ensuring employee engagement is through rewards systems. Managing reward is largely about managing expectations what employees expect from their employers in return for their contribution and what employers expect from their employees in return for their pay and the opportunity to work and develop their skills. The purpose of managing the system of rewards within an organisation is to attract and retain the human resources the organisation needs to achieve its objectives. To retain the services of employees and maintain a high level of performance, it is necessary to increase their motivation and commitment. In effect the organisation is
aiming to bring about an alignment of organizational and individual objectives when the spotlight is on reward management.

Mutunga (2009) did a research on the factors that contribute to the level of employee engagement in the telecommunication industry in Kenya at Zain Kenya and it was concluded that several factors contribute to engagement but, salary and benefits was the largest contributor. Wachira (2013) recently did a research on the relationship between employee engagement and employee commitment at Barclays Bank of Kenya and she concluded that employee engagement may not be effective if not aligned with proper rewards and feedback for employee commitment and that there is evidence that employee engagement has a direct relationship with employee commitment. The Society for Human Resource Management’s (SHRM, 2012) Employee Job Satisfaction and Engagement report, points at the reward system as the most prevalent cause of the problems that leads to demotivation. Most manufacturing firms use the contingent rewards without clear guidelines and procedures.

From the studies it is evident that reward systems contribute immensely to employee motivation, performance, productivity and commitment. Given the critical role that employees play in an organization, this study is set to find out, how reward systems can be used as a strategy to influence employee engagement so as to contributes to the productivity and growth of the organization which eventually reduces labor turnover, increase and create the workers’ productivity and culture, eliminate or reduce industrial unrest and improve management and staff relation. None of the previous research has looked into linking why specifically rewards influence employee engagements. This gap in knowledge and on the background, proposed this study which seeks to analyze contingent rewards as a strategy for influencing employee engagement.

1.2 Justification

This study will investigate the effects of contingent reward systems on employee engagement. Although the study will be conducted at WTKL situated in Kericho County, it will be of benefit to a number of organizations, including other manufacturing firms, government, private sector, universities and colleges. The study will be used by the government to inform rewards policy formulation and implementation in county levels as well as national level.

The universities, schools and colleges will benefit from the study since the information generated from the research will act as notes and reference materials for current and future learning. The private sector especially the small and medium scale enterprises in other towns will find the study very useful as it will form the basis for future reward management and employee performance improvements. The study will also offer guidelines for effective manufacturing sector in matters regards to effective contingent reward systems and employee management techniques.

1.3 Objectives

i. To examine the influence of the composition of contingent rewards on employee engagement at Williamson Tea Kenya Limited

ii. To evaluate the influence of implementation of contingent rewards on employee engagement at Williamson Tea Kenya Limited

iii. To establish the influence of employees perception on contingent rewards on employee engagement at Williamson Tea Kenya Limited.
1.4 Research question
i. Does the composition of contingent rewards influence employee engagement at Williamson Tea Kenya Limited?
ii. Does the implementation of contingent rewards influence employee engagement at Williamson Tea Kenya Limited?
iii. What is the influence of employees’ perception of contingent rewards on employee engagement at Williamson Tea Kenya Limited?

1.5 Scope

This study will endeavor to establish the influences of contingent rewards as a strategy for employee engagement in the manufacturing sector in Kenya. The study will concentrate on such contingent reward systems including, composition of contingent rewards, implementation of continent reward programs and the employees’ perspectives about contingent rewards. Whereas the manufacturing sector is wide, this research will mainly focus on tea industry. The study will be conducted at the Williamson Tea Kenya Limited in Kericho County. The study will be conducted for a period of two months and will be in response to poor employee engagement reported of late among the companies in the manufacturing sector in Kenya. The study will adopt a descriptive design to research, which provides qualitative data from the population.

2. LITERATURE REVIEW

Introduction

This chapter presents literature that will be reviewed to provide a theoretical ground for the study. It also identifies the research issues that will be addressed and a detailed discussion of the underlying concepts and variables. It will specifically focus on theoretical review, past studies on the subject in an effort to highlight the relationship of those researches and this research and a review of some of the literature on the variables of the research. The chapter also provides the research gap and the conceptual framework that shows the relationship between the variables of the study.

2.1 Theoretical Review

Employee engagement occurs when the employees have great commitment to their employer and less intention to quit from their organization (Schaufelli & Bakker, 2004). According to Armstrong (2009), effective and good employee engagement programs contribute to increased commitments, motivation, morale and innovation with the ultimate improvements on performance and profitability of an organization. Organization need to identify what is the driving behaviors and what are the key motivating factors for employees to know their needs and what they want in their workforce through motivation theories. There are different motivation theories that support employee’s performance through employee engagement plans as a result of the reward system, such as the equity theory, expectancy theory and social exchange theory.

2.1.1 Equity Theory

Adams (1965) states that equity theory is concerned with the perceptions people have about how they are being treated as compared with others. To be dealt with equitably is to be treated fairly in comparison with another group of people (a reference group) or a relevant other person. He further states...
that equity involves feelings and perceptions and it is always a comparative process. It is not synonymous with equality, which means treating everyone the same, since this would be inequitable if they deserve to be treated differently. Equity theory states, in effect, that people will be better motivated if they are treated equitably and demotivated if they are treated inequitably.

Equity theory is based on the idea that individuals are motivated by fairness, and if they identify inequities in the input/output ratios of themselves and their referent group, they will seek to adjust their input to reach their perceived equity. Contingent rewards are ways on how employees can be motivated if they are well and fairly implemented to those who have made an achievement (Hawks, 1997). According to equity theory, employees expect to be adequately rewarded for their efforts, they also expect to be rewarded in a fair manner as other employees are, meaning if a potential reward is offered to one employee for a particular level of productivity, that a reward should be offered to any other employee who puts forth the level of effort required to earn that reward. Equity in rewards leads to employee engagement while inequities in rewards can lead to employee disengagement through lower levels of job satisfaction, deviant workplace behavior and low employee morale and can cause performance problems that negatively impact the entire organization (Laudon, 2007).

2.1.2 Expectancy Theory

According to Vroom (1964), expectancy theory states that motivation will be high when people know what they have to do to get a reward, expect that they will be able to get the reward and expect that the reward will be worthwhile. The concept of expectancy was originally contained in the valency–instrumentality–expectancy (VIE) theory formulated by Vroom. Valency stands for value, instrumentality is the belief that if we do one thing it will lead to another, and expectancy is the probability that action or effort will lead to an outcome. The theory suggests that although individuals may have different sets of goals, they can be motivated if they believe that; there is a positive correlation between efforts and performance, favorable performance will result in a desirable reward, the reward will satisfy an important need, the desire to satisfy the need is strong enough to make the effort worthwhile.

For employees to be engaged, the composition of contingent reward systems needs to be effective. Extrinsic financial motivation, for example, a bonus scheme, works only if the link between effort and reward is clear and the value of the reward is worth the effort. It also explains why intrinsic motivation arising from the work itself can be more powerful than extrinsic motivation. Intrinsic motivation outcomes are more under the control of individuals, who can place greater reliance on their past experiences to indicate the extent of motivation (Vroom, 1964). The composition of rewards is important in influencing employee engagement. Instrumentality is on the implementation of the reward system and if it is done in an equity manner to both teams and an individual and expectancy is about perception of employees as to whether they will get what they desire and if it will satisfy their needs. All these factors if well addressed in the reward system will lead to effective employee engagement.

2.1.3 Social Exchange Theory

Homans (1958) defined social exchange as the exchange of activity, tangible or intangible, and more or less rewarding or costly, between at least two persons. According to Saks (2006), a strong theoretical rationale for explaining employee engagement can be found in Social Exchange Theory (SET). The central tenet of the social exchange theory is that people make social decisions based on perceived costs and benefits. This assumption affirms that human being evaluate all social relationships to determine the benefits they will obtain out of such relationship (Homans, 1958 & Blau, 1964).
A basic principle of SET is that relationships evolve over time into trusting, loyal, and mutual commitments as long as the parties abide by certain ‘rules’ of exchange (Cropanzano and Mitchell 2005). Saks (2006) argues that one way for individuals to repay their organization is through their level of engagement, employees will choose to engage themselves to varying degrees and in response to the resources received from their organization. Bringing oneself more fully into one’s work roles and devoting greater amounts of cognitive, emotional, and physical resources is a very profound way for individuals to respond to an organization’s actions, as suggested earlier by Kahn (1990). Employees are more likely to exchange their engagement for resources and benefits provided by their organization. SET provides a theoretical foundation to explain why employees choose to become more or less engaged in their work and organization. In terms of Kahn’s (1990) definition of engagement, employees feel obliged to bring themselves more deeply into their role performances as repayment for the resources they receive from their organization. When the organization fails to provide these resources, like rewards, individuals are more likely to withdraw and disengage themselves from their roles.

2.2 Conceptual Framework

Conceptual framework is a graphical or diagrammatical representation of the variables of the study (Kothari, 2005). Conceptual framework indicates the relationships that exist between the independent and dependent variables selected for the study. In this study the conceptual framework shows the relationship that exists between the independent variables comprising of the composition of contingent rewards, implementation of contingent rewards and the views of contingent rewards systems and the dependent variable of employee engagement.

**Independent Variables**

**Composition of contingent rewards**
- Financial (e.g. bonuses)
- Non-Financial (e.g. wellness programs)

**Implementation of contingent rewards**
- Group or team approach
- Individualistic approach

**Employees’ perception of contingent rewards (attitude, beliefs)**
- Positive attitude

**Dependent Variables**

**Employee engagement**
- Energy at work
- Job Inspiration
- Committed

Fig 2.1 Conceptual Framework on the use of Contingent Rewards as a strategy for Employee Engagement
2.2.1 Composition of Contingent Rewards and Employee Engagement

Rewards can comprise of financial or non-financial elements or combination of both the financial and non-financial, which is partial or total rewards (Armstrong, 2009). Total rewards is where there is both financial and non-financial elements, while the use of only financial or only non-financial elements constitutes the partial rewards systems. The composition of the rewards system has a great influence and effect on employee engagement and commitments (Schemerborn, 2009). Berk, (2009) states that the application of total rewards with both financial and non-financial proponents contributes to increased commitments of the employees. The financial elements comprise of salaries increments, bonuses, gain sharing and profit sharing schemes. On the other hand the non-financial elements in the rewards consists of such variables as the suggestion schemes, participation in decision making, quality circles, trainings, quality of work life, wellness programs, job enrichment and an array of employee assistance programs.

In the views of Hitt (2011), the amalgamation of the financial and non-financial rewards makes the staff more motivated, excited, interested and ready to positively identify with the organization strategies goals and objectives. This also offers high levels of satisfaction, attraction and retention rates. Partial rewards although less expensive and time consuming and economical to the firm has shown to be less effective as a means of gaining employee commitments. Sometimes with the partial rewards, employees tends to get frustrated, bored and fatigued at the sight of only financial or non-financial rewards. Omar (2012) through a study conducted at the multimedia university of Kenya confirms that those organizations with total rewards register better employee relationships through increased identification, less complaints, grievances and conflicts.

These organizations do register fewer disputes with increased interaction, collaboration and co-operative efforts and strongly associated with operation through friendly work climate, enterprising culture and collaborative work atmosphere. Kimani (2012) through a study conducted at the Technical University of Kenya on Contingent Rewards Systems and its application in the industrial set up provides that the partial rewards are less effective as tools for engineering employee engagement than the total rewards. When applied effectively and rightly, total rewards contribute to employee motivation, morale, excitements, positive efforts and attraction and retention with the organization.

Chartered Institute of Personnel and Development (CIPD, 2007) states that the composition of the rewards system has great influences on employee commitments and engagements in an organization. While admitting that the development and application of the total rewards present great challenges to the management in the forms of logistics, time and monetary expenses the journal notes that the application of total rewards has been a blessing for majority of the firms. The report contends that the partial rewards system contributes more dysfunctional and negative consequences associated with unfavorable performance, profitability, retention and attraction rate and negative identification and comments from the employees of the organization operations.

2.2.2 Implementation of Contingent Rewards and Employee Engagement

According to Armstrong (2009), employee engagement in an organization is highly influenced by the implementation systems of the contingent rewards systems. Implementation that denotes the execution of the programs determines the relationships that exist between the employees and the organization. Implementation can take the forms of a more inclusive group or team and a participatory approach with modern practices, processes and operations, or a more individualistic, lone ranger and exclusion approach with traditional practices (Cole, 2002). Effective implementation process advocates for more employee engagement.
participation in the programs with increased freedom, autonomy, independence, openness and team relationships. Additionally good implementation programs need to be supported with modern and favorable communication systems, decision making systems, friendly collaborative and cooperative relationship patterns, appropriate organizational cultural orientation, modern organization structures and technological orientation (World Bank, 2013).

The application of an open, all round communication, participative culture, group decision making and team working processes, flexible and decentralized organizational structures associated with the application of the modern electronic computer based technologies and networked relationships, contributes to more employee engagement. These subsystems of implementation of programs contribute to enhanced employee motivation, morale, efforts, excitement and positive identification with the goals and objectives of the firm. According to Mondy (2010), non-effective implementation processes are built on lone and individualistic approaches with increased employee exclusion, adversarial relationship, high controls with corresponding low freedom, autonomy, and high dependence. Such programs supported with hierarchical organization structures, or one way communication systems, closed cultural orientations and traditional technological practices contributes to decreased employee participation in the programs of the organization and identification with the systems, procedures and operations within the firms (CIPD, 2007)

In the views of Mullins (2010), effective implementation also depends on the leadership and managerial practices adopted by an organization. According to Armstrong (2009), the use of democratic and participative leadership systems and managerial process contributes to enhance employee engagement through increased morale, motivation, innovation and creativity as well as reduced stress, internal conflicts, grievances, complaints and disputes. The use of bureaucratic and autocratic leadership styles and managerial systems, associated with decreased participation contributes to decreased engagement. Employees tend to be resistant to change, exhibit low values for innovation, flexibility, creativity and enthusiasm with resultant reduced effort. CIPD (2007) observes that those organizations that have adopted more open cultural orientation, modern technological systems, democratic and participative managerial approaches in the implementation of the contingent rewards have recorded high success in terms of positive employee engagement.

There have been recorded cases of high employee enthusiasms, high efforts, excitements, interests and positive efforts and feedback. Such employees are less prone to disputes, conflicts and grievances and continue to preset the organization in good light (Mondy, 2010). On the contrary those organizations operating on the traditional technology with more hierarchical structures have recorded negative unfavorable and dysfunctional engagement patterns with their employees with resultant high levels of law suits, work stoppages, strikes and pickets among sick outs, work slows and perennial complaints (Schemerhorn, 2009).

2.2.3 Employees perception of Contingent Rewards and Employee Engagement

According to Ryan & Deci (2000), CRS has attracted both positive and negative views among the scholars and managerial experts. There are three main views about contingent rewards comprising of modern liberal perspectives, integrative liberal and conservative view points and the traditional conservative view point about the application of the contingent rewards. Despite the view points, the contingent reward system has an influence on the commitments and engagement levels among the employees in the organization. The modern and liberal view about contingent rewards contends that
contingent rewards system has all the positive elements and is appropriate for most of the organization. The development of contingent rewards is in line with the new managerial and organizational practices associated with team working, systems of management, management by objectives and the total quality management and Just in time practices.

Delaney and Huselid (1996) contend that contingent rewards contribute to increased motivation, morale, identification and offers freedom of choice and opportunity for advancements, growth and developments within the organization. Contingent rewards also offer an organization the chances to develop the key resources, acquire high levels of skill inventory and capacity, capability and competency levels. Additionally contingent rewards provide the employees with the opportunity to compete amongst themselves which further works to improve quality, productivity, and effectiveness as well as economy and efficiency. The integrative view about contingent reward system is that it is good and bad, favorable and unfavorable and functional and dysfunctional in nature. While contingent reward system is associated with positive organizational attributes such as increased employee morale, satisfaction, motivation, interest, attraction and positive identification with the goals and objectives of the firms it also contributes to high levels of stress, boredom, fatigue, tiredness and internal conflicts.

In their efforts to achieve the rewards, employees exert extra effort, attention and enthusiasm resulting in both positive and negative circumstances (SHRM, 2012). The competitions under which the employees undergo contribute to expended high energy which has equally both positive and negative consequences for the firms and the employees. While the high energy may result in increased rewards, it contributes to high strain, stress and low morale and motivation. According to Ryan & Deci (2000), the traditional conservative view point states that the contingent rewards systems with its underlying philosophies of flexibility, freedom, autonomy, independence and participation of team approach remain unworkable among many organization. Contingent rewards systems present the organization and the employees with unnecessary expenses, time adjustments, personal life design and organization restructuring with further unfavorable consequences. The adoption of the contingent rewards will require new work methods, uncertainty in the development of policies rules and procedures and constant changes in the process, operation and systems (Ali & Ahmed, 2009).

In the development of the three perspectives, the modern view looks synonymous with the application of the contingent rewards. Those employees with the modern, liberal positive view point tends to relate well, are highly motivated, excited and positively identify with the organizational goals and objectives. On the contrary the employees with the traditional conservative view point contributes to more bottleneck towards the success of the contingent reward system such employees are prone to conflicts, frustrations, disputes and reduced commitments towards the organizations ideologies. The integrative perspective though has attracted less attention among the scholars present the reality on organizational managerial circles. This view point is fraught with confusion but lays the ground for proper consideration and evaluation of the programs (Cameron & Pierce 2002).

2.2.4 Employee Engagement

Today majority of the organization in both the public and private sector work towards increased positive employee engagement programs through the provision of better training and developments, reward systems, empowerment programs and the provision of assistance programs (Harter, Schmidt & Hayes, 2002). This has been out of the realization that better employee engagement program continue to improve the organizational life, health and competitive well beings and overall performance. The use of
rewards has been significant to the engagement process with the fundamental application of the more flexible adaptable and individual and group schemes.

William Kahn provided the first formal definition of employee engagement as "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances." Kahn (1990:694). The cognitive aspect of employee engagement concerns employees’ beliefs about the organization, its leaders and working conditions. The emotional aspect concerns how employees feel about each of those three factors and whether they have positive or negative attitudes toward the organization and its leaders. The physical aspect of employee engagement concerns the physical energies exerted by individuals to accomplish their roles. Thus, according to Kahn (1990) engagement means to be psychologically as well as physically present when occupying and performing an organizational role.

Saks (2006) argues that organizational commitment also differs from engagement in that it refers to a person’s attitude and attachment towards their organization, whilst it could be argued that engagement is not merely an attitude; it is the degree to which an individual is attentive to their work and absorbed in the performance of their role. According to May, Gilson and Harter (2004) engagement is most closely associated with the constructs of job involvement. The concept of employee engagement should not be regarded just another human resource strategy. Employee’s engagement is a long term process and linked to core tenants of the business like as, values, culture and managerial philosophy. An organization has to promote the factors which have a positive effect of engagement through every business activity that they do. It is also suggested that organizations must understand that CRS is a vital element to their employees. They need to consider the views of employees over how best to engage in CRS.

Organizations therefore have to develop such cultures where employees are not scared to offer upwards feedback and have candid communication at all the levels. After reviewing research, it can also be concluded that high levels of employee engagement may lead to improved employee commitment & involvement towards respective jobs and thus creating a motivated workforce – that will work together to achieve the common goals of the organization (May et al 2004).According to CIPD (2006), establishing an engaged workforce is now a high priority for many organizations in both the private and public sectors. Many employers feel that engaged employees outperform others by showing heightened interest in their work and being prepared to ‘go the extra mile’ for their organization.

Fundamental to the concept of employee engagement is the idea that all employees can make a contribution to the successful functioning and continuous improvement of organisational processes. Engagement is about creating opportunities for employees to connect with their colleagues, managers and wider organisation. It is also about creating an environment where employees are motivated to want to connect with their work and really care about doing a good job (Kular, Gatenby, Rees, Soane, & Truss, 2009). There is a fundamental link between rewards and benefits offered and the employees. The role of rewards in employee engagement centres on total reward, implementation and communicating with employees about the value of the rewards or incentives that are available to them.

2.3 Critique of Existing Literature Relevant to Study

Employee engagement is a meaningful construct that is clearly worth of more future research. One area in need of investigation is some of the predictors of engagement. Whilst May et al (2004) found predictors related to the three psychological conditions of engagement identified by Kahn (1990), as
adequate resources, job enrichment and supportive supervisors, the evidence suggests that these predictors can only influence engagement in relation to other factors, thus calling for the need to uncover predictors which affect engagement as a whole. There are other variables that might also be important for employee engagement. For example, flexible work arrangements, training programmes and incentive rewards might also be important for employee engagement. Thus, future research should attempt to flesh out the types of factors that are most important for engagement in different roles, jobs, organizations and groups.

Whilst employee engagement surveys are now being used by many organizations, such as the survey used by the Gallup Organization (2012), it could be argued that surveys fail to show which specific actions can be taken to help employees become more engaged. Wachira (2013) conducted a study on relationship between employee engagement and commitment in Barclays Bank of Kenya. She concluded that allowing people to make their own decisions about work, to control their work, and to achieve their goals may help employees become more engaged in their jobs. Kamau (2012) carried out a research on the factors that influence organizational commitment and employee engagement at Kenya plant health inspectorate Service Corporation. From the findings, the significant factors were education, duration of service and job category. Mwangi (2011) carried out a research on the utilization of emotional intelligence and transformational leadership for employee engagement in public universities in Kenya. The results established that emotional intelligence impacts employee engagement significantly through the competencies in self-awareness, social awareness, self-management and social management.

It is suggested that future researchers should create and use surveys, whereby the results indicate not just levels of engagement, but also where the problem areas lie and what, in an employee’s opinion, should be done to eliminate the barriers to engagement. A further consideration is that employee surveys should be supported by interviews or questionnaires and contextual analysis in order to gain a more holistic view on engagement and how it is being managed within different organizational settings. In all the above studies, none has put on emphasis as to how rewards can influence employee engagement in as much as the importance of reward in the day-to-day performance of employees’ duties cannot be over emphasized, especially when it comes to being rewarded for a job done. It is a well-known fact that human performance of any sort is improved by increasing motivation. This research paper will examine the contingent rewards as a strategy to influence employee engagement with special reference to a selected tea manufacturing company, Williamson Tea Kenya Ltd.

2.4 Summary

In an organizational setting, various circumstances or condition necessitate the effective application of contingent rewards as a strategy for employee engagement, Armstrong (2009). The most pragmatic and critical conditions for this study as indicated on the conceptual framework comprise of the composition of contingent rewards, the implementation of contingent rewards programs and the views or perspectives about the contingent rewards.

2.5 Research gaps.

According to Oroni, Iravo and Munene (2014) in their study of Influence of Motivation on Tea Factory Employee Performance, it was established that rewards given are not effective and efficient. This could be due the fact there was no standard reward policy on factories. Therefore there is need to find out if the composition of the rewards, implementation process and employee perceptions of contingent rewards and how it influences employee engagement which results to high productivity and a decrease in the rate of labour turn over which may lead to the retention of skilled and experienced employees. It was
also noted that there was lack of a structured policy system in place and employees’ awareness of the standards they need to meet for rewards was poor.

There have been researches on Reward Management among most private sectors. Given Oroni et al (2014) finding and noting that most of studies solely look into employee engagement as a whole, this study will in detail look into one predictor of employee engagement and is biased on reward as it provides a picture on how Contingent rewards acts as a strategy for influencing employee engagement. The research is also on an agriculture manufacturing sector and might not necessarily reflect similar views in other industry in as much as it will form a base for general knowledge though its contents and findings can be applicable to all. The research will therefore look into detail, on the composition of rewards, its implementation and views on employee on Contingent rewards and how all these factors influence employee engagement.

3. METHODOLOGY

Research Design

The study adopted descriptive design to research. Descriptive research design was employed to measure the dependent and the independent variables as they exist and to describe individual variables. According to Mugenda & Mugenda (2003), descriptive survey design helps a researcher to gather, summarize, present and interpret information for the purpose of clarification. The study is therefore modelled on a case study design. A case study is a descriptive, exploratory or explanatory analysis of a person, group or event (Robert, 2009). Kothari (2005) also defines a case study as a powerful form of qualitative analysis and involves careful and complete observation of a social unit be it a person, family, cultural group or an entire community and/or institution. By using case studies, the research was able to probe, collect data and explain phenomena more deeply and exhaustively. The study sought to describe the relationship between the implementation, composition and views of contingent reward system and its effectiveness in employee engagement practices.

3.1 Target Population

This research looked into manufacturing sector, as the overall state of manufacturing industry is not good, it is plagued by incredibly high turnover; intellectual capital is retiring; and some Companies have a miserable human resource record (World Bank, 2013). Specifically the Tea Industry, where recent findings have indicated that tea factories have a larger potential of producing tea and improving on productivity if the potential of the employees are properly harnessed due to the number of registered tea growers and agricultural activities in the County, given that over 70% of the population is engaged in agricultural activities (Chepngen, 2010).

3.2 Sample Frame/Size

The sample frame for the study was 91 employees of Williamson Tea Kenya Limited. Employee’s categories at Williamson Tea Kenya Limited include; Top Management comprising of Executive staff and General Managers, Middle Management which comprises of Managers and Operations team which comprises of Supervisors and operative staff. The sample size is as indicated on the table.
Table 3.1 – Sample Size

<table>
<thead>
<tr>
<th>Employee category</th>
<th>Population</th>
<th>Sample size 90%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>Middle Management</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Operations</td>
<td>70</td>
<td>63</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>91</strong></td>
<td><strong>82</strong></td>
</tr>
</tbody>
</table>


The population of the study was 91 employees. The sample size of 82 employees will represent 90% of the target population at Williamson Tea Kenya Limited. The sample size will comprise of all the strata of the population.

### 3.3 Sampling technique

Stratified sampling technique was used to select the sample. The technique produced estimates of overall population parameters with greater precision. The population was stratified into three i.e. Top Management, Middle Management and Operations. Simple random sampling was then employed to select 82 employees and to ensure that all employees stand equal chance of being selected to avoid sample bias and ensure that the results are reliable enough to be generalized.

### 3.4 Data Collection Instrument and procedure

Data collection was done through primary resources. Primary data is a direct report from someone who is actively involved in what is under research or investigation. The merit of primary data is that it is direct information, uncontaminated by being transmitted through another source. The demerits of primary data are that sometimes the person who is on the field sees only part of the action. The primary data was collected through a questionnaire. The questionnaires were administered by two research assistants well trained for this purpose. Questionnaires are inexpensive and are also self-administered and can be anonymous (Kothari, 2005)

### 3.5 Data Analysis

Descriptive statistics such as mean and standard deviation was used to analyze the data. Data presentation was done by the use of charts, graphs, percentages and frequency tables. Inferential statistics were used in drawing conclusions. Data under background information of the questionnaire was analyzed using frequency distributions and percentages to determine the profile of respondents. Data in various sections of the dependent variable was analyzed using mean scores and standard deviations. Pearson Correlation statistic was used to establish the significance of the correlation between Composition, Implementation, views of employees on reward strategies and employee engagement at WTKL. Data from the completed questionnaires was summarized, coded and tabulated.
4. DATA ANALYSIS, PRESENTATION AND INTERPRETATION

Introduction

The study sought to investigate the effects of contingent rewards and its influence on employee engagement. The study was conducted at Williamson Tea Kenya Limited (WTKL). The aspects under investigation included composition of the reward system, reward implementation process and the views about the contingent rewards and how they affect employee engagement. Data editing and reconciliation were done before data analysis was undertaken. This was paramount to remove any incoherence and irrelevance in data and was also essential to avoid reaching wrong conclusions and drawing wrong inferences. Data was entered into the SPSS V 21.0 for windows. The data analysis was supplemented by using other computer software packages like Microsoft Excel.

4.1 Response Rate

A total of eighty two (82) questionnaires were produced and administrated to the sampled categories of respondents. At the end of the study, fifty three (53) questionnaires were returned, coded and analyzed. The overall response rate was therefore 64.6%. The response rate was good enough since over half of the respondents responded and considering the difficulties involved in making follow-ups with questionnaires.

Table 4.1 Response rate

<table>
<thead>
<tr>
<th>Employee Category</th>
<th>Sample</th>
<th>Respondents</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>7</td>
<td>5</td>
<td>71.4</td>
</tr>
<tr>
<td>Middle Management</td>
<td>12</td>
<td>9</td>
<td>75</td>
</tr>
<tr>
<td>Operative</td>
<td>63</td>
<td>39</td>
<td>61.9</td>
</tr>
<tr>
<td>Total</td>
<td>82</td>
<td>53</td>
<td>64.6</td>
</tr>
</tbody>
</table>

4.2 Profile of the Respondents

4.2.1 Gender of Respondents

Respondents were asked to state their gender. They provided the responses as indicated in figure 4.1 below

![Figure 4.1 Gender of respondents](image)

Figure 4.1 Gender of respondents
Figure 4.1 shows that 54.7% of respondents were female with 45.3% being male. These findings indicate that there were more female respondents compared to the males. It further indicates no significant variation of gender responses and thus shows WTKL gives equal opportunities to employees based on gender.

4.2.2 Level of education of the respondents

Respondents were asked to state their level of education and they provided varied responses as indicated in figure 4.2 below.

![Figure 4.2 Distribution of respondents by level of education](image)

From figure 4.2, it is evident that most of the respondents had undergraduate and post graduate degree qualifications at 58.5%. The level of education was important in this study. This evaluated whether the respondents had the prerequisite knowledge to understand the concept under research. The fact that most respondents had university level of education and above, it means that they were able to understand the concept of employee engagement and commitment.

4.2.3 Distribution of respondents by years of experience

Respondents were asked to state their years of experience while serving in the company. They provided the responses as indicated in table 4.2

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-4 Years</td>
<td>2</td>
<td>3.8</td>
</tr>
<tr>
<td>5-8 Years</td>
<td>7</td>
<td>13.2</td>
</tr>
<tr>
<td>9-13 Years</td>
<td>10</td>
<td>18.9</td>
</tr>
<tr>
<td>14-17 Years</td>
<td>13</td>
<td>24.5</td>
</tr>
</tbody>
</table>
From Table 4.2 it is evident that most of the respondents had worked at the Company for 9 – 20 years with aggregate value of 83.1%. The respondent’s working duration at WTKL confirms that the respondents are knowledgeable with the Company’s operations and rewards strategies and as such will give responses relevant to the study.

4.2.4 Distribution of respondents by department

Respondents were asked to state departments in the company. They provided the responses as indicated in table 4.3

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resources</td>
<td>5</td>
<td>9.4</td>
</tr>
<tr>
<td>Sales and Shipping</td>
<td>7</td>
<td>13.2</td>
</tr>
<tr>
<td>Production and Manufacturing</td>
<td>14</td>
<td>26.4</td>
</tr>
<tr>
<td>Finance and Administration</td>
<td>7</td>
<td>13.2</td>
</tr>
<tr>
<td>Field and Operations</td>
<td>9</td>
<td>17.0</td>
</tr>
<tr>
<td>Information Technology</td>
<td>7</td>
<td>13.2</td>
</tr>
<tr>
<td>Procurement and Logistics</td>
<td>4</td>
<td>7.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

From table 4.3 above 26.4% of the respondents were from the Production and Manufacturing department, this was followed by the Field departments that attracted a response rate of 17%, 13.2% respondents were each from the Information Technology, Sales and shipping and Finance and Administration. The least included 9.4% and 7.6% from the Human Resources department and Procurement and Logistics departments respectively. This showed that all the departments of the Company were considered and it was important to get responses from across the Company.

4.2.5 Distribution of respondents by level in Company hierarchy

When asked to state their level in the company employee category, respondents provided varied responses as indicated in figure 4.3
From Figure 4.3 it is evident that most of the respondents were the Junior workers in operative level. 73.6% of the respondents were in operative, 17% were in middle management and the rest, and 9.4% were in Top management. The results showed that all level of Company hierarchy participated in the study thus giving good response rates.

4.3 Composition of Contingent Rewards and Employee Engagement

4.3.1 Composition of the Rewards System

This study sought to determine the composition of the employee reward systems at WTKL. Respondents were asked to state their reward composition and they provided the responses as indicated in the figure 4.4 below.

![Figure 4.4 Composition of the Rewards System at Williamson Tea Kenya Limited](image)
From figure 4.4 above, majority at 45% of the respondents were of the view that their reward system had more financial and non-financial elements. It is worth noting that the composition of the rewards system has a great influence and effect on employee engagement and commitment. Berk, (2009) states that the application of total rewards with both financial and non-financial proponents contributes to increased commitments of the employees.

4.3.2 Composition of the rewards and its influence on employee engagement

This study endeavored to establish whether the composition of the rewards had an effect on the employee engagement process at the Williamson Tea Kenya Limited. In this regard respondents were asked to state their level of agreement that the composition of the rewards had an effect on their engagement process. They provided the responses as indicated in figure 4.5

![Figure 4.5 Composition of the rewards and its influence on employee engagement](image)

From figure 4.5 above majority 67.9% of the respondents stated to have agreed that the composition of the rewards had an effect on their engagement. Offering total rewards make staff more motivated, excited, interested and ready to positively identify with the organization strategies goals and objectives. This also offers high levels of satisfaction, attraction and retention of employees. Omar (2012) through a study conducted at the multimedia university of Kenya agrees that those organizations with total rewards register better employee relationships through increased identification, less complaints, grievances and conflicts.

4.3.3 Composition of rewards and motivation levels towards employee engagement

This study sought to establish the level of motivation effects of the various reward categories towards employee engagements at Williamson Tea Kenya Limited. In this respect respondents were asked to indicate their level of motivational effects in regards to the reward categories in the table below.

1.NME = No Motivational Effect; 2.LME = Low Motivational Effect; 3.AME = Average Motivational Effect; 4.HME = High Motivational Effect; 5.VHME = Very High Motivational Effect. Means for the factors were established in order to provide a generalized feeling of all the respondents. Means greater than 1 and less than 1.5 implied that there was no motivational effect. Means greater than 1.5 and less than 2.5 implied that there was low motivational effect. Means greater than 2.5 and less than 3.5 implied that there was average motivational effect. Means greater than 3.5 and less than 4.5 implied that there was
high motivational effect while means greater than 4.5 implied that there was very high motivational effect.

The standard deviation on the other hand describes the distribution of the responses in relation to the mean. It provides an indication of how far the individual responses to each factor vary from the mean. A standard deviation of more than 1 indicates that there is no consensus, greater than 0.5 and less than 1 indicates that the responses are moderately distributed, while less than 0.5 indicates that they are concentrated around the mean.

### Table 4.4 Composition of rewards and motivation levels towards employee engagement

<table>
<thead>
<tr>
<th>Nature and system of rewards</th>
<th>M</th>
<th>SD</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual bonus</td>
<td>3.28</td>
<td>1.063</td>
<td>53</td>
</tr>
<tr>
<td>Extra day off</td>
<td>1.83</td>
<td>0.995</td>
<td>53</td>
</tr>
<tr>
<td>Certificate of service</td>
<td>2.25</td>
<td>1.285</td>
<td>53</td>
</tr>
<tr>
<td>Personal thank-you</td>
<td>2.40</td>
<td>1.349</td>
<td>53</td>
</tr>
<tr>
<td>Car benefit</td>
<td>2.21</td>
<td>1.306</td>
<td>53</td>
</tr>
<tr>
<td>Flexible working hours</td>
<td>3.15</td>
<td>1.150</td>
<td>53</td>
</tr>
<tr>
<td>Opportunity for promotion</td>
<td>3.57</td>
<td>1.118</td>
<td>53</td>
</tr>
<tr>
<td>Possibility for training seminars</td>
<td>3.11</td>
<td>1.368</td>
<td>53</td>
</tr>
<tr>
<td>Club membership</td>
<td>2.60</td>
<td>1.261</td>
<td>53</td>
</tr>
</tbody>
</table>

Table 4.4 as from the respondents, indicates that Opportunity for promotions has a high motivational effect on employee and thus leads to employee engagement with a mean score of 3.57 and SD of 1.118. A promotion combines both financial and non-financial reward, because there is a change in stature which will be reciprocated with salary increments. From the above responses, it is further noted that when applied effectively and rightly, rewards contribute to employee motivation, morale, excitement, positive efforts and attraction and retention with the organization, this is further explained by other responses which had average motivational effects. In the views of Hitt (2011), the amalgamation of the financial and non-financial rewards makes the staff more motivated, excited, interested and ready to positively identify with the organization strategies goals and objectives

### 4.4 Implementation of Contingent Rewards And Employee Engagement

#### 4.4.1 Approaches used in the rewards implementation

This study sought to determine the approaches used in the implementation of rewards at Williamson Tea Kenya Limited. Towards this end, respondents were asked to state their approaches mostly used in the company to implement their rewards. They provided the responses as indicated in the figure 4.6 below
Figure 4.6 Approaches used in the rewards implementation

Figure 4.6 shows that majority at 58.5% of the respondents were of the view that the approach in rewarding is based on individuals and is bureaucratic. Effective implementation process advocates for more employee participation in programs with increased freedom, autonomy, independence, openness and team relationships. From the above responses, there is an indication, though with an insignificant variation, that rewards at the Company are only implemented given an individual and bureaucratic approach as opposed to a more participative approach and within a team.

4.4.2 Approach used in implementation and how it affects employees’ engagement

This study endeavored to assess how the current approach used in the implementation of rewards affects employees’ engagement at Williamson Tea Kenya Limited. Towards this end respondents were asked to state how the current approach used in the implementation of rewards affects their engagement in the company.

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Results In Favorable Relationships</td>
<td>16</td>
<td>30.2</td>
</tr>
<tr>
<td>Results In Unfavorable Relationships</td>
<td>29</td>
<td>54.7</td>
</tr>
<tr>
<td>No Effect On Employee Engagement</td>
<td>8</td>
<td>15.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From table 4.5 above majority 54.7% of the respondents were of the view that the current approach used, negatively affects their engagement in the company and results in unfavorable relationships. This clearly shows how a good implementation programs needs to be supported with modern and favourable communication systems, decision making systems, friendly collaborative and cooperative relationship patterns, appropriate organizational cultural orientation, modern organization structures and technological so that it can have a positive influence on employee engagement. According to Mondy (2010), non-effective implementation processes are built on lone and individualistic approaches...
with increased employee exclusion, adversarial relationship, high controls with corresponding low freedom, autonomy, and high dependence.

4.4.3 Whether the employees had ever received rewards

This study sought to establish whether the employees had ever received rewards at Williamson Tea Kenya Limited. In this respect respondents were asked to state whether they had ever received rewards. They provided the responses as indicated in figure 4.7 below.

![Figure 4.7 whether the employees had ever received rewards](image)

More than 90% of the respondents stated to have received rewards while only 8% of the respondents stated not to have received the rewards. This denotes that the Company does have a reward strategy in place.

4.4.4 Effectiveness of implementation towards employee engagement

This study sought to assess the effectiveness of the implementation of the rewards at Williamson Tea Kenya Limited. In this regard respondents were asked questions in respect of reward implementation that would have helped determine the effectiveness of the implementation process by agreeing or disagreeing to the statements.

1. SD - Strongly Disagrees, 2. NAD – Neither Agrees nor Disagrees, 3. SA – Strongly Agrees. Means for the below factors were established in order to provide a generalized feeling of all the respondents. Mean greater than 1 and less than 1.5 implied that the respondent strongly disagrees. Mean greater than 1.5 and less than 2.5 implied that respondents neither agreed or disagreed and were neutral while Mean of greater than 2.5 and less than 3 implied that respondents strongly agreed.
Table 4.6 Effectiveness of the implementation of rewards towards employee engagement

<table>
<thead>
<tr>
<th>Implementation criteria</th>
<th>M</th>
<th>SD</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criteria for rewards has been explained to me through policies</td>
<td>1.79</td>
<td>.885</td>
<td>53</td>
</tr>
<tr>
<td>Aware of the procedure for nominating an employee for award</td>
<td>1.66</td>
<td>.758</td>
<td>53</td>
</tr>
<tr>
<td>Rewards system implemented through management only input</td>
<td>2.54</td>
<td>.898</td>
<td>53</td>
</tr>
<tr>
<td>Aware of rewards associated with the program</td>
<td>2.19</td>
<td>.921</td>
<td>53</td>
</tr>
<tr>
<td>I am free to select an award that will have value to me</td>
<td>1.50</td>
<td>.800</td>
<td>53</td>
</tr>
<tr>
<td>Employee of the year to be issued</td>
<td>2.09</td>
<td>.861</td>
<td>53</td>
</tr>
</tbody>
</table>

From the results as provided in table 4.6, it is evident that majority of the employees strongly disagreed to the fact that they are free to select an award that will have value to them with a mean of 1.5. This is seen from the approach that the Company takes in implementing its rewards as stated by the respondents. Non-effective implementation processes are built on lone and individualistic approaches with increased employee exclusion, adversarial relationship, high controls with corresponding low freedom, autonomy, and high dependence. Such programs supported with hierarchical organization structures, or one way communication systems, closed cultural orientations and traditional technological practices contributes to decreased employee participation in the programs of the organization and identification with the systems, procedures and operations within the firm. Schmerhorn (2009) states that those organizations operating on the traditional technology with more hierarchical structures have recorded negative unfavorable and dysfunctional engagement patterns with their employees with resultant high levels of law suits, work stoppages, strikes and pickets among sick outs, work slows and perennial complaints.

4.5 Perception of contingent rewards and employee engagement

4.5.1 Views held about rewards

This study sought to determne the views held about the current employee reward programs at Williamson Tea Kenya Limited. Respondents were asked to state their views of the rewards. They provided the response as provided in figure 4.8 below.
Majority 60% of the respondents stated to be holding negative and unfavorable view about the current rewards. The views are mainly based on the implementation of the rewards systems. It also notes that a traditional and conservative way of the current reward programs which the organization holds to.

4.5.2 Extent to which the perception on rewards affect employee engagement

This study endeavored to establish the extent to which the employees’ perceptions of the rewards at Williamson Tea Kenya Limited affect employee engagement. In this regard respondents were asked to state the extent to which their perceptions of the rewards affect their engagement with the company. They provided the responses as recorded in table 4.7 below:

**Table 4.7 Extent to which the perception on rewards affect employee engagement**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>19</td>
<td>35.8</td>
</tr>
<tr>
<td>Agree</td>
<td>17</td>
<td>32.1</td>
</tr>
<tr>
<td>Neutral</td>
<td>7</td>
<td>13.2</td>
</tr>
<tr>
<td>Disagree</td>
<td>5</td>
<td>9.4</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>5</td>
<td>9.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>53</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

From table 4.7 above, majority 67.9% of the respondents agreed and strongly agreed that their perception or rewards affect their engagement. It is evident that where an employee views something to be negative, he will not put efforts into it, which will in turn lead to a demotivated workforce. The employees with unfavourable views contribute to more bottlenecks towards the success of the organization; such employees are prone to conflicts, frustrations, disputes and reduced commitments towards the organizations ideologies.

4.5.3 Reward Variables and effects on engagement

This study sought to determine how a range of organizational reward variables and characteristics at Williamson Tea Kenya Limited have had an effect on the employee engagement process. Respondents provided varied repossess as indicated in table 4.8

1. Disagree, 2. Neutral, 3. Agree
Means for the below factors were established in order to provide a generalized feeling of all the respondents. Mean greater than 1 and less than 1.5 implied that the respondent agreed. Mean greater than 1.5 and less than 2.5 implied that respondents neither agreed or disagreed and were neutral while Mean of greater than 2.5 and less than 3 implied that respondents disagreed.

Table 4.8 Reward Variables and effects on engagement

<table>
<thead>
<tr>
<th>Reward Variable</th>
<th>M</th>
<th>SD</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management has an impact on reward program given</td>
<td>2.77</td>
<td>.577</td>
<td>53</td>
</tr>
<tr>
<td>Reward system not motivating</td>
<td>1.79</td>
<td>.948</td>
<td>53</td>
</tr>
<tr>
<td>Reward system not recognizing individual efforts</td>
<td>1.74</td>
<td>.880</td>
<td>53</td>
</tr>
<tr>
<td>Rewards system builds team spirit</td>
<td>2.42</td>
<td>.865</td>
<td>53</td>
</tr>
<tr>
<td>Rewards not fairly implemented</td>
<td>2.30</td>
<td>.932</td>
<td>53</td>
</tr>
<tr>
<td>Rewards system not appreciating outstanding performance</td>
<td>2.19</td>
<td>.942</td>
<td>53</td>
</tr>
</tbody>
</table>

From table 4.8 above, shows that respondents agreed with the fact that Management had an impact on reward programs given with a means score of 2.77, while majority of other parameters had neutral views. The standard deviation also denotes that that the responses were moderately distributed. The cognitive aspect of employee engagement concerns employees’ beliefs about the organization, its leaders and working conditions. The emotional aspect concerns how employees feel about the factors and whether they have positive or negative attitudes toward the organization and its leaders.

4.6 Employee Engagement

This study endeavored to assess the level of employee engagement at Williamson Tea Kenya Limited. In this regard respondents were presented with various scenarios in their work setting that were necessary to determine their level of engagement with the company given their frequency of how they felt in a given year, month or week.

0– Never, 1- Few times a year or less, 2 – Once a month or less, 3 – A few times a month, 4 – Once a week, 5 – Few times a week, 6 – Everyday.

Means for the factors were established in order to provide a generalized feeling of all the respondents. Means greater than 0.5 and less than 1 implied that there was no influence at all. Means greater than 1 and less than 1.5 implied a frequency of at least a few times a year or less. Means greater than 1.5 and less than 2.5 implied a frequency of once a month or less. Means of greater than 2.5 and less than 3.5 showed a frequency of a few times a month. Means greater than 3.5 and less than 4.5 showed a frequency of once a week. Mean of greater than 4.5 and less than 5.5 showed a frequency of few times a week and mean score of greater than 5.5 and less than 6 shows a frequency of every day.

The standard deviation on the other hand describes the distribution of the responses in relation to the mean. They provided the responses as indicated in table below.
Table 4.9 Level of employee engagement at the Williamson Tea Kenya

<table>
<thead>
<tr>
<th>Measures of engagement</th>
<th>M</th>
<th>SD</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Busting with energy</td>
<td>2.53</td>
<td>1.395</td>
<td>53</td>
</tr>
<tr>
<td>Feeling strong</td>
<td>3.26</td>
<td>1.521</td>
<td>53</td>
</tr>
<tr>
<td>Enthusiastic about the job</td>
<td>4.43</td>
<td>1.704</td>
<td>53</td>
</tr>
<tr>
<td>Feeling like going to work every morning</td>
<td>5.06</td>
<td>1.460</td>
<td>53</td>
</tr>
<tr>
<td>My job inspires me</td>
<td>5.34</td>
<td>1.270</td>
<td>53</td>
</tr>
<tr>
<td>Proud of my work</td>
<td>5.32</td>
<td>1.268</td>
<td>53</td>
</tr>
<tr>
<td>Feeling happy when working intensively</td>
<td>5.32</td>
<td>1.252</td>
<td>53</td>
</tr>
<tr>
<td>Immersed with work</td>
<td>4.98</td>
<td>1.394</td>
<td>53</td>
</tr>
<tr>
<td>Getting carried away</td>
<td>4.70</td>
<td>1.750</td>
<td>53</td>
</tr>
</tbody>
</table>

Table 4.9 indicates that respondents were inspired with their jobs, were proud of their work and felt happy when working intensively with a mean score of 5.34, and 5.32 respectively. Engagement in not merely an attitude; it is the degree to which an individual is attentive to their work and absorbed in the performance of their role. It is closely associated with the constructs of job involvement, hence the inspiration, pride and happiness with their work. The physical aspect of employee engagement concerns the physical energies exerted by individuals to accomplish their roles. Thus, according to Kahn (1990) engagement means to be psychologically as well as physically present when occupying and performing an organizational role hence the measures of engagement.

4.7 Rewards factors and Employee Engagement

4.7.1 The reward factors affecting employee engagement

This study sought to determine the reward facts mostly affecting the employee engagement process at Williamson Tea Kenya Limited. Towards this end respondents were asked to determine the reward factors affecting their engagement in the company. They provided the responses as indicated in table 4.10 below.
Table 4.10 Reward Factors affecting employee engagement process

<table>
<thead>
<tr>
<th>Reward Factors</th>
<th>Mean</th>
<th>SD</th>
<th>Pearson correlation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of rewards</td>
<td>3.34</td>
<td>1.53</td>
<td>0.97</td>
<td>53</td>
</tr>
<tr>
<td>Views on rewards</td>
<td>3.89</td>
<td>1.34</td>
<td>0.75</td>
<td>53</td>
</tr>
<tr>
<td>Composition of reward</td>
<td>3.51</td>
<td>1.35</td>
<td>0.60</td>
<td>53</td>
</tr>
</tbody>
</table>

From table 4.10 above, all the factors selected for the study had an effect on employee engagement process. With a Pearson correlation coefficient of 0.97 the factor of reward implementation had a strong correlation with employee engagement. This indicates that the way the rewards systems are implemented at WTKL have a strong impact to employee engagement levels as well as the attitudes as shown by employees.

5. SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Introductions

This chapter comprises of the summary of findings, conclusions and recommendations arising from the study that investigates contingent reward systems as a strategy to influence employee engagement. The summary and conclusions and the recommendations were based on the analysis of returned fifty three questionnaires from the respondents.

5.1 Summary of Findings

From the study it emerged that majority of the respondents were female 54.7%, had post college level of education 58.5%, had served the company for nine to twenty years 81.1%, were from the operative level 73.6%, and from the Production and Manufacturing department 26.4%. The minority of the respondents were male 45.3%, had college level of education and below 41.5%, had served the company for less than nine years 18.9%, were from top managerial levels 9.4% and were from the procurement and logistic department 7.6%.

5.1.1 Composition of contingent rewards and employee engagement

This study sought to determine if the composition of the reward system at Williamson Tea Kenya Limited (WTKL) has an effect on employee engagement. The correlation factor for composition of contingent rewards to employee engagement was .60, it depicts a moderate correlation to employee engagement. Total rewards are the preferred system for rewards as indicated, though with no much significant difference with financial rewards. Therefore when coming up with rewards system, the organization should look into combining both financial and non-financial elements so that it can have a positive impact on employee engagement. Respondents indicated that opportunities for promotion had a high motivational effect on employee engagement. This is followed by annual bonuses, car benefit,
possibility of trainings and club membership. The respondents further stated that certificate of service and personal thank you and Extra day off had low motivational effect and consequently employee engagement.

5.1.2 Implementation of contingent rewards and employee engagement

This study sought to determine the approaches used in the implementation of reward systems and the effects on employee engagement at Williamson Tea Kenya Limited. Implementation had a correlation factor of .97, of the three variables: implementation had the strongest relationship and intensity to employee engagement. From the study it was found that approach based on individual and bureaucratic perspective was mostly used in the implementation of employee reward system. It was also found that current approach used in the implementation of rewards negatively affects their engagement in the company and results in unfavourable relationships. Despite the negative effects of its implementation, majority of the respondents stated to having received a reward from the Company. Respondents strongly disagreed to the fact that they are free to select an award that will have value to them, this is depicted from the individualistic approach of implementation. It was also evident that the respondents were neutral and thus neither agreed or disagreed that the reward criteria was known to them, were aware of procedures for nominating an employee for an award or even aware of the rewards associated with the program. It was also noted that respondents strongly agreed that rewards system was implemented through management input only.

5.1.3 Perception Of Contingent Rewards And Employee Engagement

This study sought to determine the perceptions held about the current Employee reward programs at Williamson Tea Kenya Limited and the effects on employee engagement. The respondents stated to hold negative and unfavourable views. The correlation factor of .75 also holds strong relationship with employee engagement. Employees who have a negative and unfavourable view of the rewards will in no way be motivated to work. Majority strongly agreed that their perception of rewards influenced their engagement levels. The respondents also agreed with the fact that Management had an impact on reward programs.

5.1.4 Employee Engagements

Respondents indicated that they would burst with energy and feel strong a few times a week. Further enthusiastic about the job was felt at least once a week while feeling like going to work every morning, my job inspires me, proud of my work, feeling happy when working intensively, immersed with work and getting carried away were felt a few times a week. The results indicate that a strong relationship exists between implementation of rewards and employee engagement. From the Correlations table, it can be seen that the correlation coefficient (r) equals 0.97. The relationship between rewards implementation and employee engagement can be established through policies and procedures and a strategic approach on rewarding employees putting their suggestions into consideration.

5.2 Conclusions

Arising from the study finding as summarized, this study concludes that the reward system is mainly composed of both financial and non-financial rewards. Total rewards have high motivational effects to employees. Additionally this study concludes that the implementation of the reward systems has a negative and unfavourable effect on employee engagement. The company mostly applies the individual bureaucratic approach to the implementation of rewards instead of a more inclusive and team approach. Some of the employees were not even aware of the procedures or were not allowed to at least choose a
favourable reward. Further this study concludes that employees had general negative and unfavourable views about the rewards system as a tool for employee engagement. Most employees were however inspired by their jobs, were proud of their work and felt happy when working. Finally the study concludes that rewards system at Williamson Tea Kenya Limited, while it should serve to motivate employees and encourage them to increase their performance and productivity, has not really achieved its purpose. This is as a result of the implementation process, where employees don’t have the basic policies to inform them of the procedures or regulations for the rewards and that it is mainly the senior managers who have a say in what rewards will be given.

5.3 Recommendations

Arising from the summary of findings and the study conclusion this study recommends that Williamson Tea Kenya Limited undertakes an immediate and strategic measure to improve employee engagement through rewards. This is reaction to the outcome that the process of employee engagement is fundamental to effective performance growth, developments, profitability, prosperity and expansion.

The study recommends that the organization continues to offer total rewards to its employees, so there needs both intrinsic and extrinsic can be met, which leads to motivation and engagement levels. The study also recommends that the team participation approach to the implementation of employee rewards be adopted instead of the current individual bureaucratic approach. Approaches such as employee involvements, clear communication and reward education, offering training and development programs to punctuate the reward practices should be undertaken by the company towards the employee rewards as an engagement tools. The study further recommends that management change their strategies in rewards so that employees can find them favourable and positive.

5.4 Suggestions for further research

The data for this study was collected from a mixed group of employees and managers working at Williamson Tea Kenya Limited. Thus, the findings may not generalize to other industries such as telecommunication which might yield different results. In this regard, replicating this study in different industries would be worthwhile to establish the validity and generalizability of the present findings across different contexts. This study also suggests that further research be conducted to establish the effects of reward implementation system and processes on employee engagement among the Tea Industry in Kenya as this may provide more specific information about employee perceptions of the organizational environment and how implementation has an effect on their perceptions of rewards system which will subsequently lead to Employee engagement.
REFERENCES


APPENDICES

Appendix 1 – Questionnaire

A: GENERAL BACKGROUND

1. Gender
   - Male [ ]
   - Female [ ]

2. Level of Education
   - Secondary [ ]
   - Diploma [ ]
   - Under graduate [ ]
   - Post graduate [ ]

3. Years of Service
   - 0-4 years [ ]
   - 5-8 years [ ]
   - 9-13 years [ ]
   - 14-17 years [ ]
   - 18-20 years [ ]
   - Over 20 years [ ]

4. Department
   - Human Resources [ ]
   - Sales & Shipping [ ]
   - Production & Manufacturing [ ]
   - Finance and Administration [ ]
   - Field & Operations [ ]
   - Information Technology [ ]
   - Procurement & Logistics [ ]
5. **Level in the Company Hierarchy**
   - Top-Management  
   - Middle Management  
   - Operative

B. **COMPOSITION OF CONTINGENT REWARDS AND EMPLOYEE ENGAGEMENT**

6. In your opinion what are the reward systems comprised of at Williamson tea Kenya Limited?
   - Financial elements  
   - None financial elements  
   - Both financial and non-financial elements

7. To what extent do you agree that the composition of contingent rewards has an influence on your engagement with the company?
   - Strongly Agree  
   - Agree  
   - Neutral  
   - Disagree  
   - Strongly Disagree

8. Rate the following rewards on a scale 1-5 and tick the corresponding box, considering how they make you engaged given motivational levels. (1 = no motivational effect, 2 = low motivational effect, 3 = average motivational effect, 4 = good motivational effect, 5 = high motivational effect).
• Annual bonus based on the company’s achievement in Financial targets.
• An extra day off as a reward of a well-done project
• Certificate of Service and monetary gift for 15 and 25 years of service
• A personal "thank you" or note/letter of appreciation from Management or co-workers.
• Car benefit (only taxable value each month to be paid)
• Flexible office working hours
• Opportunities for promotion with higher salary
• Possibility for training, seminar and further education, supported by the company
• Club membership.

C: IMPLEMENTATION OF CONTINGENT REWARDS AND EMPLOYEE ENGAGEMENT

9. Which of the following approaches is mostly used in the implementation of the reward programs?
   - Team participation approach [ ]
   - Individual bureaucratic approach [ ]

10. How does the current approach used in the implementation of contingent rewards affect your engagement in the company?
    - Results in favorable relationships [ ]
    - Results in unfavorable relationships [ ]
    - No influence on employee engagement [ ]

11. Have you ever received a reward?
    - Yes [ ]
    - No [ ]
    (If yes, describe) 

12. When you think about organization’s reward system, recognition program, to what extent do you agree or disagree with the following statements?

   Neither
13. What is your perception of the company contingent rewards systems?
   Favorable, positive [ ]
   Unfavorable, negative [ ]
   No view held [ ]

14. To what extent do you agree that your perception of contingent rewards has an effect on your engagement with the company?
   Strongly Agree [ ]
   Agree [ ]
   Neutral [ ]
   Disagree [ ]
   Strongly Disagree [ ]
15. In your opinion, how do you view the rewards systems the Organization offers, as indicated below?

- Management leadership style has an impact on the Reward program
- The reward system offered does not in any way motivate me to work
- The reward system does not recognize individual and team members equally for the efforts
- The reward system builds a spirit of teamwork and cooperation among co-workers
- The rewards system is not fairly implemented thus Results to demotivation
- The rewards system doesn’t appreciate outstanding performance

**E: EMPLOYEE ENGAGEMENT**

The following statements are about how you feel at work. Please read each statement carefully and decide if you ever feel this way about your job. If you have never had this feeling, write a “0” (zero) in the space after the statement. If you have had this feeling, indicate how often you felt it by adding the number (from 1 to 6) that best describes how frequently you feel that way.

<table>
<thead>
<tr>
<th>Never</th>
<th>A few times a year or less</th>
<th>Once a month or less</th>
<th>A few times a month</th>
<th>Once a week</th>
<th>A few times a week</th>
<th>Everyday</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>
1. At my work, I feel bursting with energy

2. At my job, I feel strong and vigorous.

3. When I get up in the morning, I feel like going to work.

4. I am enthusiastic about my job.

5. My job inspires me.

6. I am proud of the work that I do.

7. I feel happy when I am working intensely.

8. I am immersed in my work.

9. I get carried away when I am working.