

Reward Systems as Determinant Of Talent Management in Public Universities in Kenya

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Abstract: *The aim of this study was to determine whether reward systems influence talent management in public universities in Kenya. Literature has revealed that on one hand talent management has taken a slow pace or has lacked in institutions of higher education compared to the private sector on the other hand studies have established that reward systems in public institutions do not match the private sector. The sample was n=249 from public universities in Kenya. Factor analysis revealed a determinant of 0.144; Bartlett's test was significant $p < 0.05$ with KMO value of 0.759. Factor analysis revealed one item with a loading value below 0.4 as recommended by Pallant, (2005); hence this item was eliminated in the analysis; all other remaining components were retained for analysis. The data had a Cronbach's alpha of 0.764; hence the 8 items extracted were determined to be reliable. Data analysis revealed a strong positive relationship ($r(249) = 0.529$, p -value < 0.05) indicating a significant linear relationship between reward systems and talent management.*

Keywords: *Reward system, Talent Management, Kenyan Public Universities, Institutions of Higher Education*

I. Introduction

Academic staff are the most important human resources in higher institutions of learning. The performance of academic staff to a large extent determines the quality of the students and as Rowley (2009) pointed out the institutions of learning have implicit or explicit mission to offer a high quality learning experience to all their students; the academic staff provide this interface and to ensure quality the staff need to be motivated well. Proper reward system management amongst other strategies ensures motivation. Dessler (2003) clearly stated that, without increased motivation and morale of the employees, organizations risk losing valuable employees and will be at a disadvantage in attracting potential top talents.

Literature has established that reward systems have been an issue in higher institutions of learning; for instance Broadman and Ponomariov (2007) citing Boyer (1990) observed that the universities still use traditional reward systems to compensate articles published in refereed academic journals, book chapters, and academic monographs, this do not match up with the daily tasks performed such as creation of knowledge, teaching, technology transfer, and economic development. In addition Bayissa & Zewdie (2010) study indicated that opportunity for growth and career development (further education), job security and job freedom are some of the major rewards availed to academic staff; however available reward systems of the institution other than the basic salary are poor. Public institutions compared relatively to private institutions as noted by (Thornton, 2011) have seen the average faculty salaries fall; consequently making it difficult for public institutions to attract and retain top professors.

Studies have highlighted the benefits of rewards to an organization or institutions. Torrington (2008) argued that the purpose of reward system is to attract and retain suitable employees; as a caution he argued that, employers who develop a reputation as cheap are unlikely to be desirable in the job market; hence ends up with people that nobody else desires. Bratton and Gold (2007) collaborated this observation by noting that rewards can serve the purpose of attracting prospective job applicants, retaining valuable employees, motivating employees, as well as assisting in achieving human resource objectives and obtaining competitive advantage. This was collaborated by Muhamad, Bano & Rehman (2010) argument that employee performance and talent retention can be enhanced by cogitation through incentives, monetary benefits and rewards. Similarly, Bayissa & Zewdie (2010) acknowledged that the main purpose for the reward system is to attract and retain competent employees rather than the one to motivate.

A study Shahzad et al. (2010) found that Universities needed to offer a competitive compensation and workload for attracting and retaining competent faculty in Higher education; this connection was important because it enhanced the commitment of faculty to performance and acted as a key factor to improve academic quality. Furthermore, Armstrong (2008) suggested that to achieve long lasting motivation for the employees, attention must be paid to both monetary and non monetary rewards. Similarly Rowley (2009) noted that for academic staff to offer high quality learning and manage their learning experiences their motivation was crucial.

For a reward system to be motivational it should satisfy a number of criteria; have value, be large enough to have impact, be understandable, be timely, should be durable and cost efficient (Van der Stede, 2007).

Research gap

The studies; Muhamad et al. (2010); associated reward systems to performance. The studies that highlight that reward systems are intended to attract and retain suitable employees include (Torrington, 2005; Bratton & Gold, 2007; Muhamad, Bano & Rehman, 2010; Bayissa & Zewdie, 2010) however other studies related reward systems to motivation; (Van der Stede, 2007; Armstrong, 2008; Torrington et al. 2008 & Rowley, 2009). Bayissa & Zewdie , (2010) study focused on academic staff reward related problems and examined the effectiveness of both financial and nonfinancial reward systems. These studies were not linked to talent management.

4.4.2 Reward System Factor Analysis

Factor analysis was performed using all items that make up reward system. Prior to PCA the suitability of the data for factor analysis was assessed (Pallant, 2005). To test for appropriateness of factor analysis Kaiser-Meyer- Oklin (KMO) and Barlett's test of Sphericity were used.

Table1: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.759
Bartlett's Test of Sphericity	Approx. Chi-Square	473.771
	df	36
	Sig.	.000

Table 1 show (KMO) Measure of Sampling Adequacy was 0.759, was above the recommended value (Hair *et al.*, 1998; Pallant, 2005). In addition, Bartlett's Test of Sphericity reached statistical significance at ($p < 0.05$) which indicated that the matrix is not an identity matrix hence indicating appropriateness of factor analysis. After assessment of the suitability of data for factor analysis; Principal Component Analysis was applied to extract components. Table 2 shows the factors extracted for the independent variable reward system.

Table 2: Component Matrix

	Component
Comfortable with Reward System Management	.685
My Income meets Personal Developmental Needs	.684
Equity and Fairness in Compensation and Benefits	.665
Satisfied with the level of Recognition for my Performance	.657
compensated for extra work	.645
promotions are done fairly	.553
Engage in part timing because salary is not adequate	.497
My institution pay Higher compared to Others	.486
<i>My salary is adequate</i>	.353

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Table 3 shows one factor with a loading less than the recommended threshold of 0.4, (Beaumont, 2012).The factor italicized was removed from analysis. Factor analysis as noted by Pallant (2005) is possible when there are large numbers of related variables.

Reward System Reliability Analysis

Table 4 Reliability Analysis

Reliability Statistics	
Cronbach's Alpha	N of Items
.759	9

To test for the reliability of reward system questionnaire Cronbach's alpha was calculated giving a value of 0.759. Hair *et al.*, (1998); Maizura *et al.*, (2009) recommended a Cronbach alpha value of 0.70. Other studies have recommended a reliability coefficient of 0.50 or 0.6 (Nunnally, 1967; Davis and Cosenza, 1988).

Descriptive Analysis

Table 5 shows the percentage respondents' rates for the reward systems factors.

Table 5: Reward system

Code	Factors related to Reward systems	HA(5)	A(4)	N(3)	D(2)	HD(1)
RS1	I am comfortable with management of reward system	12.4	23.7	24.1	22.9	16.9
RS2	Compensation and benefits systems ensure equity and fairness	6.0	22.1	26.9	24.1	20.9
RS3	My income enables me meet my personal needs	10.0	26.5	28.9	24.5	10.0
RS5	I am compensated for any extra work done outside my routine work	10.4	22.1	28.5	28.5	10.4
RS6	My institution pay higher compared to others	6.4	12.9	38.2	30.1	12.4
RS 7	I am satisfied with the level of recognition offered for my performance	10.0	20.9	29.7	28.9	10.4
RS8	Promotions are done fairly	4.8	29.3	25.7	31.3	8.6
RS9	I engage in part timing because my salary is not adequate	33.3	34.9	11.6	9.6	10.4
	Averages	12.78	26.87	25.39	23.189	11.67

i. Comfortable with Management of Reward Systems (RS1)

The findings on this factor indicated that a total 39.8% of the respondents disagreed while 36.1% of the respondents agreed that they are comfortable with management of reward systems. These findings are in conformity with Bayissa and Zewdie, (2010) results which indicated that academic staffs in their study were not satisfied with the overall reward system. Similarly Kiptebut, (2010) findings indicated that 86.4% respondents from public universities were more dissatisfied with their pay than 51.7% respondents from private universities. As Bratton and Gold, (2007) noted reward can serve the purpose of attracting prospective job applicants, retaining valuable employees, motivating employees, as well as assist in achieving human resource objectives and competitive advantage. This has implication that if reward systems are not attractive then attracting and retaining staff becomes a challenge in public universities.

ii. Compensation and Benefits Systems Ensure Equity and Fairness (RS2)

Majority of the respondents with a 45% representation disagreed that the compensation and benefits ensure equity and fairness; 28.1% agreed there was equity and fairness. Bayissa and Zewdie (2010) had similar results where majority of the academic staff who participated in their study felt there was no transparency and fairness in the reward systems. In addition Kiptebut, (2010) findings indicated that the majority of the academics felt that they were not fairly rewarded considering the responsibilities they undertook. Similarly Kamoche *et al.* (2004) found that there were unfair practices and lack of clear and consistent wage policies in the public sector in Kenya. Adam's Equity theory, (1963) demonstrated that people tend to be attracted to institutions where they perceive that there is equity and fairness in regard to compensation compared to their contributions to the institutions. If this is not the case the rates of attraction and retention tend to be low and vice versa.

iii. Compensated for any Extra Work done outside my Routine Work (RS5)

Results showed that academics were not compensated for any extra work done an indication that there was an element of exploitation in public universities; with a majority 38.9% disagreeing and 32.5% agreeing.

These results are collaborated by Mihyo (2007) study where the academic staff under the study responded to increased workloads due to the introduction of second stream courses most of which were run in the evening and for which the institutions are adequately paid by the students, but in some institutions staff were not been paid for extra work for periods close to two years. Similarly, Schwartz, Skinner & Bowen (2009) found out that faculty members were involved in decision-making and took on leadership roles in addition to their work responsibilities, with little recognition for the time involved.

iv. My Institution pay Higher Compared to Others (RS 6)

Majority (42.5 %) of the respondents disagreed that their institutions pay higher than other institutions 19.3% were of the opinion that they were paid more compared to others. In public universities salary scales are determined by the government and varies with the positions held. The differences in payments amongst the institutions occur in part time payments. Zhang and Liu (2010) also found that the composition of faculty determines faculty salary levels. Cheslock and Callie, (2011) found that there were less salary inequality in public universities and this was attributed to the greater dissemination of salary information in public institutions.

v. I am Satisfied With The Level of Recognition Offered for my Performance (RS 7)

As the table shows the majority (39.3%) of the respondents said they disagreed with level of recognition offered for the performance, 30.9% agreed they were satisfied. This confirms results of Bayissa and Zewedie (2010) where lack of recognition for performance was found to be amongst the most prevalent problems of reward system. Kipkebut, (2010) citing Kigotho, (1994); Makabila, (2006) & Mkawale, (2007) argue that dissatisfaction with pay has resulted to frequent strikes and closure of Kenyan public universities consequently lecturers look for other means of supplementing their income hence compromising the delivery of teaching.

vi. Promotions Are Done Fairly (RS 8)

On this factor a majority of the respondents disagreed that promotions are done fairly with a 39.3% of the respondents and 30.9% agreed that promotions are done fairly. The unfairness comes about due to the many requirements put in place which are beyond the lecturers' ability. Tetey (2006) found that promotional procedures in African universities are long, stressful and cumbersome for instance possession of a doctorate as a prerequisite for promotion beyond the position of a lecturer. In addition, Kipkebut, (2010) noted that promotion for academic employees is dependent on teaching, research and publications. These requirements which are not reasonable provide little chance for academic staff being promoted.

vii. I am Engaged in Part Time Because My Salary is not Adequate(RS 9)

From the table above 68.2% agreed that they engage in part time because the pay is not adequate while 20% disagreed with this statement. These results indicate that part timing is on the rise and quality is definitely compromised. Part timing or moon lighting as it is referred by Ishengoma (2007) is one of the internal brain drain which is a consequence of low remuneration among other reasons. Literature has further supported this finding with (Abagi, 1998; Tetey 2006) as cited by Kipkebut (2010) arguing that academic employees who are unable to get attractive opportunities elsewhere are actively engaged in professional and non professional activities within and outside their universities to supplement their income. Consequently besides quality issues in teaching, researches are also compromised. Kipkebut (2010) observed that quality of research produced in African universities has been found to be poor not only due to lack of adequate facilities, but also because academics are not well prepared to do research.

The overall outcome suggests that reward system is an issue that requires serious consideration. According to Torrington (2008), reward system is intended to attract and retain suitable employees; an employer who develops a reputation as cheap is unlikely to be desirable in the job market because potential employees will think it does not reward efforts; hence the organization ends up with people that nobody else wants. This is in tandem with Muhamad, Bano & Rehman, (2010) observation that employee performance and talent retention can be enhanced by cogitation through incentives, monetary benefits and rewards. According to Adams Equity Theory (1963) most individuals attempt to achieve equity by adjusting their own inputs and outcomes, or attempting to change the inputs or outcomes of the comparison others. Individuals can use behavioral processes or cognitive processes in order to attempt to restore equity; these include decreasing productivity at work, finding a new job, asking for a wage increase amongst other reasons.

Correlation Analysis

What is the Relationship Between Reward System and Talent Management

The figure suggests that the relationship between reward system and talent management is positive since the points are scattered from left to right, (Pallant, 2005)

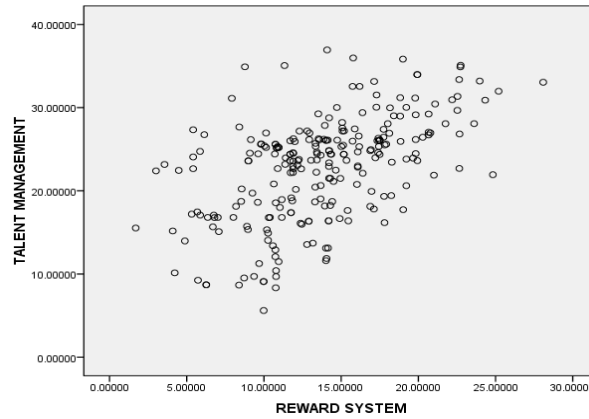


Figure 1: Correlation Reward System Vs Talent Management

Table 6 shows the Pearson correlation calculated for the relationship between reward systems and talent management. A strong positive relationship was found ($r(249) = 0.529$, $p\text{-value} < 0.05$) indicating a significant linear relationship between the two variables. This means that if the value of reward system variable increases, the value of talent management variable also increases. Green, Salkind, and Akey, (2000) highlighted that correlation coefficient of 0.10, 0.30 and 0.50 regardless of the sign, are interpreted as small, medium and large coefficients respectively.

Table 6: Correlation Coefficient Of Reward System vs Talent Management

		Correlations	
		Reward System	Talent Management
Reward System	Pearson Correlation	1	.529**
	Sig. (2-tailed)		.000
	N	249	249
Talent Management	Pearson Correlation	.529**	1
	Sig. (2-tailed)	.000	
	N	249	249

Regression Analysis: How does Reward System influence Talent Management?

The estimated regression equation was used to predict the value of the dependent variable talent management given values for the independent variable (reward system). To determine how well reward systems can predict talent management the regression equation used was;

$$y = a_2 + \beta_2 x_2 + e$$

where; β_2 is the coefficient of correlation, x_2 is reward systems and y is talent management. The independent variables; leadership, academic workload and work force attributes are held constant.

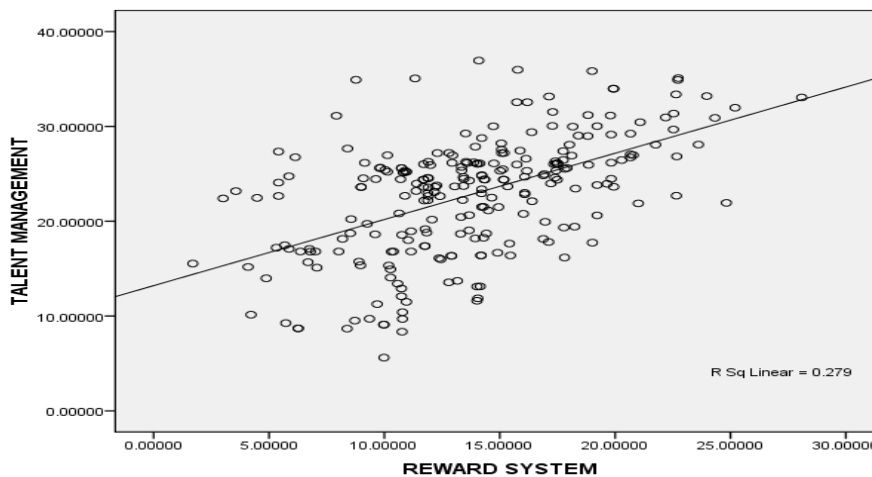


Figure 2: regression line between reward system and talent management

Figure 2 represents the regression line graphically. The line is diagonal reflecting a positive linear relationship between talent management and reward system; this suggests a positively sloped regression line; hence satisfying the assumption of linearity in a simple regression model.

Table 7: Model of Fit between Reward System and Talent Management

Model	R	R Square	Adjusted R Square
	.529	.279	.276

The R squared (coefficient of determination) from table 7 indicates how much of dependent variable (talent management) can be explained by independent variable reward system. In this case 27.6% of the total variation in Talent Management can be explained by the reward systems. This reflects the overall strength of association between reward system and talent management and not the extent of the association.

Table 8: ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2682.311	1	2682.311	95.759	.000
	Residual	6918.722	247	28.011		
	Total	9601.033	248			

The null hypothesis tested was that the reward system in the regression model is not statistically fit to predict the outcome variable (talent management). Table 8 show that the F-test is statistically significant at p value is equal to 0.001. Regression model is statistically fit when $p < 0.05$. The ANOVA table indicates that the regression model can predict the outcome variable significantly at 0.001 hence the null hypothesis is rejected. The conclusion is that reward system can predict the outcome variable (talent management) at $p = 0.001$ level of significant with a 95% level of confidence.

Determining the Regression Equation between reward system and talent management

Table 9: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	13.204	1.034		12.771	.000
Reward System	.698	.071	.529	9.786	.000

a. Dependent Variable: Talent Management

The regression model $y = \alpha_2 + \beta_2 x_2 + e$; shows α is the constant represented by 13.204, β is represented by 0.698, this value indicates the steepness of the regression line or how much the predicted value of the dependent variable (talent management) increases when the value of the independent (reward system) variable increases. From table 9 reward systems contribute significantly to the model at $p=0.001$. The regression equation takes the form; *predicted variable (talent management) = intercept + slope * reward system*. According to Field, (2005) the slope indicates how steep the regression line is; the intercept is where the regression line strikes Y axis. Therefore; *Talent Management = 13.204 + 0.698 * (Reward System)*. For each Reward system value substituted and the Talent Management value that results provides an ordered pair that falls on the regression line. This mean for every unit increase in reward system there is a 0.698 change in talent management.

To test whether the regression coefficient for reward system was significantly different from zero a t test was determined at 5 % level of significance. The null hypothesis tested was; reward system (independent variable) has no significant influence on talent management. That is

$$H_0; \beta_2 = 0 \text{ otherwise } H_A; \beta_2 \neq 0; \text{ where } \beta_2 \text{ is the regression coefficient of reward systems.}$$

The coefficient table 9 indicates that the calculated t-value for reward system equals 9.786, and is statistically significant at p-value 0.001; the $t_{crit} = t_{247} (0.975) = 1.960$; the null hypothesis was rejected and the conclusion was reward system has a significant positive influence on talent management.

II. Conclusion and Recommendations

It was also noted that most public universities are committed to retaining academic staff. However, the study revealed that most of the academics staff were not comfortable with management of reward systems citing inequality and unfairness, inadequate pay; a reason associated with higher rates of part timing to supplement the

income. This also explains the lack of time for research and publications, personal engagement and self development. To contain the academic staff in their institutions there is need to pay them adequately; consequently improve on quality of teaching and research. Proper management of reward systems is one of the strategies for retaining employees.

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