Effects of Perceived Internal Equity of Rewards on Job Satisfaction: A Case of Host Country Workers of International Non-Governmental Organizations in Nairobi

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Abstract
This study examined the relationship between perceived internal equity of rewards and job satisfaction among host country workers (HCWs) working for international non-governmental organisations (INGOs) in Nairobi. It was a quantitative research design with a target population of 3000 staff. A sample of 341 HCWs was picked from 20 INGOs using stratified random sampling. Data was gathered using questionnaires and a response rate of 63% attained. Descriptive statistics and multiple regressions were applied through the use of SPSS. Findings were presented using cross tabulations and frequency tables. Findings among others revealed that HCWs working for INGOs in Nairobi received fewer components of rewards compared to expatriates working in the same organisations. This is because INGOs in Nairobi had adopted a ‘dual salaries’ approach to rewarding HCWs and their expatriate/international counterparts i.e. different pay and benefits scales. Study showed that perception of internal equity of rewards was low among HCWs working for INGOs in Nairobi. More importantly, the study invalidated the positive relationship between perception of internal equity of rewards and job satisfaction among HCWs working for INGOs in Kenya. This means that although HCWs perceived that their rewards were unfair, compared to expatriates working in the same organization, this did not affect their level of job satisfaction. This research goes ahead to recommend strategic considerations, on a policy level, to remedy the perceived internal inequity of rewards.

Keywords: Perceived Internal Equity of rewards, jobs satisfaction, NGOs

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Perceived Internal Equity was measured against the components of rewards provided by employers to employees. Summations of level of internal equity of rewards lead to the level of job satisfaction. In that regard, it was important that this paper looks at the concept of rewards before engaging in perceived internal equity and job satisfaction proper. Previous researches by Ismail, Zaidi and Anuar (2014) and Milkovich, Newman and Gerhart, (2014) pointed to the fact that Reward is a pay system designed by an employer for the employees of the organization. There is a growing body of literature (Ismail & Salim, 2015; Milgo, Namusonge, Kanali and Makokha (2014) which recognizes that the importance of a reward system is to attract and retain competent employees and further improve their efficiency, productivity and commitment to the organization.

Rewards can be classified as intrinsic rewards and extrinsic rewards. Intrinsic rewards are those that are inbuilt in the job itself, as a result of successfully completing the task or attaining his goals. Extrinsic rewards are those that are external to the task of the job, such as pay and work design. Irshad (2016) expressed extrinsic reward as the result of performance in the form of salary, status, fringe benefits and job security. Extrinsic rewards include things such as basic pay, job security, fringe benefits, promotions and working conditions. Other things included in it are competitive salaries, increment in pay, bonuses, and such indirect forms of payment.

EY Rewards Survey (2016) indentified five components of a reward package as base pay, benefits, work-life balance, performance management, recognition and career opportunities. Base pay is provided by an employer to an employee for services rendered (i.e., time, effort and skill). It is a fixed salary or wage which constitutes the rate for the job. It may provide the platform for determining additional payments related to performance, competence or skill. It may also govern pension entitlements and life insurance. Benefits are allowances an employer uses to supplement the cash compensation that employees receive. These are designed to protect the employee and his or her family from financial risks. Allowances include house rent, travel allowance, hardship allowance, etc. The concept of allowances is based on the cost of living index and is meant to compensate for the extra efforts needed for one to perform normal duty.

Work-Life balance are specific set of organizational practices, policies, programs, plus a philosophy, which actively supports efforts to help employees achieve success at both work and home. Work-life strategies address the key intersections of the worker, the family, the community and the workplace. Performance management involves the alignment of efforts toward the achievement of business goals and organizational success. Recognition acknowledges or gives special attention to employee efforts or performance. It meets an intrinsic psychological need for appreciation and can support business strategy by reinforcing certain behaviours that contribute to organizational success.

Career advancement are a set of learning experiences designed to enhance employees’ applied skills and competencies; it is a plan for an employee to advance in their own career goals and may include advancement into a more responsible position in an organization. This is intended to engage employees to perform better and enable them deliver their greatest value to their organization.

Old school of thought was that rewards are costs that need to be controlled to minimize the impact on the bottom-line. However, evolving thinking is that rewards are investments that
need to be managed to generate returns that achieve the organization’s strategic plans. This has given rise to the Total Rewards approach, which is a mixture of extrinsic (transactional) and intrinsic (relational) rewards strategically designed to recruit, develop, retain, recognize and motivate employees. Total rewards are tailored to the organizations culture and work processes, are integrative and people centered.

This being a study of rewards offered to HCW in Kenya, it was imperative to align to the legal framework. HCW’s employment relationship is governed by the Employment Act (2007) and the law recommends the following direct financial rewards: a basic pay, national security contribution, a housing allowance, commuter allowance and 21 leave days in a year. The act is silent on indirect financial rewards i.e. insurances (health, life), retirement benefits, holidays (paid and non-paid), family education and other specialized benefits (telephone, meals, transport). The act does not offer any guidelines on the learning and development and work environment which are left at the discretion of the employer and regulated under the organization’s human resources policies.

**Perceived Internal Equity**

Perceived internal equity is defined as workers’ understanding of their work situation such as wage, promotion and benefits. The said understanding is developed in comparative basis i.e. comparison is made against their co-workers (Rahimi, Hashim, Tahsildari and Khodakarami, 2013) another way of stating this is to say that a person’s perception of his/her responsibilities, rewards and work conditions is seen as fair or equitable when compared with those of other employees in similar positions in the same organization. Factors such as skill level, the effort and the responsibility of the role, as well as working conditions are considered. Perceived internal equity is achieved when an organization implements similar and proportional rewards for all employees commensurate with professional level (SHRM, 2015).

Chen, Kraemer and Gathii (2011) examined causes and consequences of compensation fairness versus expatriates, as perceived by locals of multinationals in Kenya. They found that compensation disparity versus expatriates negatively affected locals’ perceived compensation fairness; but compensation advantage versus other locals positively affected it. The effects of both disparity and advantage were mediated through perceived equity. Expatriate interpersonal sensitivity towards locals reduced the negative effect of disparity but enhanced the positive effect of advantage on compensation fairness. Compensation fairness against expatriates was positively related to job satisfaction but negatively related to turnover intention.

Job satisfaction is defined by Robbins & Judge (2009) as “a positive feelings about one’s job resulting from and evaluation of its characteristics. According to Society for Human Resource Management (SHRM 2013), Job Satisfaction is the level of contentment a person feels regarding his or her job. This feeling is mainly based on an individual's perception of satisfaction. Lawler’s theory explains that job satisfaction has four basic conditions: the Discrepancy Theory, which states that people compare themselves to internalized standards called "self-guides". These different representations of the self can be contradictory and result in emotional discomfort; the Equity Theory which focuses on a person’s perceptions of fairness with respect to a relationship. During a social exchange, an individual assesses the ratio of what is output from the relationship to what is input in the relationship, and also the ratio of what the other person in the relationship outputs from the relationship to what is input into the relationship. Fulfillment Theory states that the basic rule of workers happiness is to
satisfy their demands and fulfill their wishes. Namely, the more a worker earns the more he is satisfied and the less a worker earns the less he is satisfied. A higher rank job or an interesting job can satisfy them too.

**Effect of Perceived Internal Equity on Job Satisfaction**

The relationship between perception of equity and job satisfaction has been investigated by several researchers (McIntyre, Bartle, Landis and Dansby (2002); Rifai (2005); Paik, Parboteeah, and Shim (2007); Lambert, Hogan and Griffin (2007); Deconinck and Bachmann, 2007; Aziri, 2011). These researches have consistently showed a positive relationship between Perception of Internal Equity and Job Satisfaction. A limitation of the researches is that the participants were drawn from private businesses and Universities in the Egypt, US and Asia. Paik, Parboteeah, and Shim (2007) examined the effects of perception of compensation equity between host country workers and expatriates on job satisfaction and job performance. Based on field surveys and in-depth interviews of Korean expatriates and Mexican workers, the researchers found equity gaps. They also reported a significant negative effect of perceived compensation gaps on job satisfaction.

The above findings indicate that the relationship remains the same in the INGO sectors. However, studies in the INGO sector generally favored parent country workers to understand Job Satisfaction. There was a scarcity of studies about this relationship using samples from host country workers. This study would contribute to the field by shifting focus to the host country workforce. Finally, this relationship had not been tested for validity in Kenya. To fill these voids in knowledge, the main objective of this study was to explore the relationship between perceptions of internal equity of rewards and job satisfaction among host country workers of INGOs in Kenya.

**Host Country Workers of International NGOs**

There are three main staffing strategies used by International NGOs. The first strategy is a Home-country national’s strategy (also known as Parent Country Strategy) where employees from the home / parent country live and work in the country of operation; these individuals are called expatriates. The second staffing strategy is a host-country nationals strategy, which involves employing people who were born in the country in which the INGO operating; these individuals are called locals. Finally, a third-country national’s strategy which means engaging employee from an entirely different country from the Home country and host country: these individuals are called Third Country Nationals (expatriates).

According to SHRM (2014), there are merits to hiring Host Country Workers (locals). They are more productive from the start, as they do not have many of the cultural challenges associated with an overseas assignment. Secondly, they already know the culture and laws. When globalization first occurred, it was more likely that expatriates would be sent to host countries. But in 2011, many INGOs were comfortable that the skills, knowledge and abilities of managers existed in the countries in which they operated, making the hiring of a host-country national a favorable choice. Also important are the connections the host-country nationals may have to influence policy and regulations in the host country, and this is a factor that would make an INGO consider hiring locals as opposed to foreign talent.

According to Institute of Development Studies (University of Nairobi), INGOs have moved to the forefront of international development, bringing with them considerable influence in shaping development policy, planning and implementation. MacLeod and Clarke (2009) theorised that only organisations that truly engage and inspire their employees produce
world-class levels of innovation, productivity and performance. In meeting the expectations of their employees, the INGOs stand to benefit from loyalty translating to higher productivity and achievement of their goals. This research sort to fill a significant gap from previous researches i.e. there was no recorded research on Perceived Internal Equity of rewards offered to HCWs working in the INGO sector in Kenya.

Statement of the Problem
On the basis of above issues, the main objective of this study was to fill a knowledge gap where there are no previous researches in the area of perceived internal equity among home country workers (HCWs) working for International Non-Governmental Organisations (INGOs) in Kenya. INGOs featured in this study have their Headquarters in the Americas, Britain or Europe and with regional hubs in East Africa, Asia, South Africa and Latin America. Due to its strategic location, regional offices in Nairobi, oversee the operations with Eastern and Central Africa. This means that managerial jobs are internationally recruited resulting in a rich mix of expatriates and local staff.

However, employment relations of HCWs are governed under the Employment Act of Kenya (2007). The Act recommends direct financial rewards i.e. a basic pay, national security contribution, a housing allowance, commuter allowance and 21 leave days in a year. The act is silent on indirect financial rewards i.e. insurances (health, life), retirement benefits, holidays (paid and non-paid), family education and other specialized benefits (telephone, meals, transport). The act also lacks guidelines on personal learning & Development as well as work environment; which are left at the discretion of the employer and regulated under the organization’s human resources policies.

Expatriate contracts are administered at the Headquarters under relevant laws. A well-crafted expatriate compensation package will normally include basic pay, housing, pension, healthcare, relocation costs, family support (spouse and children), children education, domestic help costs, paid host leave and foreign taxes. Feelings of unfair treatment in the workplace are common among Kenyan INGO employees – and not without reason. The humanitarian and development sectors are known for their differential treatment of expatriates and locals, with the latter receiving fewer benefits and considerably lower salaries compared to their foreign colleagues. In July 2016, the NGO Board announced a tightening of employment rules intended to regulate alleged employment disparity between local and expatriates. This study is intended to capture the perceptions of local staff concerning the rewards offered to them and provide a basis for discussions on this crucial issue. Basically put, staff at regional offices in Nairobi are performing the same roles but on different pay levels, based on different contracts and governed under different laws. The rationale for this study is to take stock of perceived internal equity of rewards among INGOs in Kenya. If INGOs are to effect meaningful and fundamental change, they have to ensure that HCWs receive the right mix of rewards to ensure they are motivated.

This research seeks to fill this significant gap from previous researches; there is no recorded research on perceived internal equity of rewards offered to HCWs working in the INGO sector in Kenya.

Study Objectives
The study was intended to document the rewards offered to both local and expatriates working in the INGO sector in Nairobi. Further the study aimed at gathering perceptions of local workers on the rewards offered to them; as compared to their local colleagues and
international workers (expatriates). Final objective was to deduce the corresponding level of job satisfaction among the locals using rewards as the determining variables.

**Research Questions**

i. Which rewards are provided to HCWs and expatriates working in Nairobi Offices of INGOs?

ii. What is the level of perceived internal equity on rewards of HCW working in Nairobi Offices of INGOs?

iii. What is the effect of perceived internal equity of rewards on job satisfaction of HCWs working in Nairobi Offices of INGOs?

**Literature Review**

**Theories on Perceived Internal Equity**

**Equity vs. Expectancy Theory**

Equity theory suggests that employee perceptions of what they contribute to the organization, what they get in return, and how their return contribution ratio compares to others inside and outside the organization,' determine how far they perceive their employment relationship to be (Adams, 1963). When discussing the equity theory, it is important to distinguish between equity theory of motivation and expectancy theory, as both thoughts are often interlinked. The expectancy theory emphasizes that people will be motivated when they believe their efforts will lead to the outcome they desire. Both the expectancy theory and equity theory represent a cognitive approach to motivation and describe how people will adjust themselves (motivation) when they perceive their efforts may obtain outcomes that are consistent with their expectations. The assumption is that people calculate costs and benefits in determining course of action (Stecher and Rosse, 2007). In both instances, we are dealing with individuals being motivated when they perceive their efforts will lead to the reward they expect; such as money or recognition.

In both cases, we look at the valence of rewards; if employees do not perceive their efforts will pay off (effort –reward relationship), they will be less inclined to alter their behavior. However, the equity theory goes on to evaluate the outcome-to-input ratio comparison process and the cognitive and behavioral mechanisms to restore perceptions of equity, as studied by Stecher and Rosse, 2007). It also looks at ways to reduce inequity by such means as employees changing their inputs to a level that matches their outcomes and attempting to change their outcomes to a level that matches their inputs. There is evidence that supports the theory's prediction that people respond to inequity by reducing work effort to match the outcome (Stecher and Rosse, 2007)

**Theories on Job Satisfaction**

According to Gruneberg (1979), the theories have been divided into two categories: content theories and process theories. Content theories explore the factors that influence ones job satisfaction while process theories explore the process by which variables such as needs, values, and expectations interact and influence the characteristics of a job so as to produce job satisfaction. The process theories attempt to identify values that are causal to job satisfaction while content theories places emphasis on identifying values conducive to job
satisfaction (Knoop, 1994). Hence, the content and process theories will be further discussed in an attempt to gain an enhanced understanding of the constructs.

**Content theories**

Content Theories are those that infer that certain needs and values need to be attained and satisfied in order for an individual to experience a degree of satisfaction with his/her job (Locke, 1969). These include theories such as Maslow’s Hierarchy of Needs and Herzberg’s two Factor Theory (Gruneberg, 1976).

**Maslow’s Need Hierarchy Theory:**

This theory infers that one’s job satisfaction will involve fulfilling the needs of an individual. i.e. Basic physiological, Safety and security, Social (affection), Esteem and Self actualization needs. The first three needs are categorized as lower order needs while the fourth and fifth are categorized into higher order needs (Gruneberg, 1979). Maslow further states that only when the lower order needs are fulfilled, then can one seek to fulfill higher order needs. However, Maslow’s need hierarchy theory does not claim that the lower order needs always has to be satisfied before the higher order needs but rather that it is more likely that the lower order needs will be fulfilled than the higher order needs (Locke, 1976). This theory when related to the job situation would infer that only when lower order needs such as security and pay are satisfied can an employee seek satisfaction and achievement from the job itself.

**Herzberg’s Motivator-Hygiene Theory:**

Herzberg’s Motivator-hygiene Theory (also referred to as the two factor theory) is based on a study conducted on 200 accountants and engineers whom were asked to describe moments when they felt satisfied with their jobs as well as moments when they felt dissatisfied with their jobs (Herzberg, Mausner, Snyderman (1959) as cited in Locke, 1976). As a result of this study, Herzberg distinguished job satisfaction into two classes of factors. The first class includes motivator factors such as recognition, achievement, and intrinsic interest in the work. The presence of these factors in the work context will lead to satisfaction; however, the absence of these factors does not lead to dissatisfaction.

The second class consists of factors that are referred to as hygiene factors (pay, security, and working conditions) which when inadequate will lead to dissatisfaction but when adequate will not necessarily lead to satisfaction (Gibson, Ivancevich, Donnelly, and Konopaske 2000). In using these two categories, Herzberg, Mausner, Snyderman (1959) argued that the causes of satisfaction and dissatisfaction are distinct and separate (Gruneberg, 1979). Prior to the work of Herzberg, job satisfaction was understood as a uni-dimensional concept. This meant that job satisfaction could be placed on a scale of extremes with job satisfaction on one end and job dissatisfaction on the other end of the scale (Gibson, Ivancevich, and Donnelly and Konopaske 2000). This inferred that the concepts of job satisfaction and job dissatisfaction are interdependently related where the removal of one would cause the other and vice versa. The model developed by Herzberg however, indicates that job satisfaction is not a uni-dimensional concept as the removal of one concept does not necessarily result in the other.

**Process Theories**

Unlike the content theories that aim to identify the factors that influence job satisfaction and dissatisfaction; process theories are aimed at exploring the interaction between variables with regards to its relationship to the concept of job satisfaction (Gruneberg, 1979). These theories
explore job satisfaction as being determined by the context and nature of the job, the needs, expectations, and the values that an individual may have in relation to the job.

The Expectancy and Equity Theory:
The expectancy and equity theory provides an individual with a “frame of reference by which he judges the world about him” which also affects how the individual behaves and interacts with the environment and other individuals (Gruneberg, 1979). The essential concept being put forward by the expectations and equity theory makes reference to when an individual begins to compare his/her inputs and outputs from a particular job with that of others. When related to the job context, this theory infers that one would develop a concept of what they believe to be appropriate rewards for their efforts (Gruneberg, 1979). Hence an individual would compare the efforts and rewards of his/hers with that of others which decides the satisfaction that one experiences with his/her job. If the individual does perceive a discrepancy between his/her efforts and rewards, the individual would begin to decrease the amount of work put into his/her job thus providing a poor quality of work (Gruneberg, 1979).

The Reference Group Theory:
This Theory is an essential aspect of the expectation and equity theory as an individual compares his/her efforts and rewards to that of their friends and work colleagues in deciding whether one is being treated equitably (Gruneberg, 1979). The reference group theory simply infers that an individual tends to make comparisons with different reference groups which inadvertently influence the satisfaction that they experience with the aspects of their jobs. Although this theory is used in understanding the concept of Job Satisfaction, it is also criticized as one is unable to explain how and why individuals choose specific reference groups.

The Needs/Value Fulfilment Theory:
This Theory explains that an individual may differ in “what they value in a job and this, too, is likely to affect the degree to which they are satisfied. Hence, in the work context, each individual would differ in what they want from a job.

Empirical Review of Perceived Internal Equity
According to Grobler, Warnich, Carrell, Elbert and Hatfield (2006), for the successful implementation of employment equity practices in the workplace, various stakeholders have to become actively involved. The most obvious are managers, employees, trade unions and political groups. Grobler, Warnich, Carrell, Elbert and Hatfield (2006), further argued that employers must ensure that perceived Internal Equity exists in matters such as compensation, promotion and access to training. Grobler, Warnich, Carrell, Elbert and Hatfield (2006), pointed out that staffing decisions entail more than merely determining who should enter and who should leave an organization. They further advised that organizations design proper internal staffing programmes.

Causes of Inequity
A psychological contract is a deal between employer and employee concerning the perception of the two parties on their mutual obligations towards each other. It is a set of promises or expectations that are exchanged between the parties in an employment relationship (Robinson, Kraatz and Rousseau, 1994). They are often tacit and implicit and they tend to be invisible, assumed, unspoken, informal or at best only partially vocalized. The psychological contract represents an essential feature of organizational life, serving to bind individuals and organizations together and to regularize their behavior (Robinson, Kraatz and Rousseau,
Psychological contracts are closely related to organisational equity perceptions, specifically individual assessment of procedural fairness (Robinson, Kraatz and Rousseau, 1994). When organizations live up to its promises, employees experience less emotional exhaustion and are more satisfied with their jobs (Ugwu and Oji, 2013). Violation of the psychological contract occurs when an employee perceives that the organization has failed to fulfil one or more of its obligations comprising the psychological contract (Rousseau and Parks, 1993). Responses to violations of psychological contract include increased exits (Wanous and Poland, 1992), Schalk and Rousseau, (2001), taking initiative with superiors to improve conditions, decreased loyalty, increased neglect i.e. absenteeism and lateness, less attention to quality.

Outcomes of inequity
Internal inequity is expected to cause employees to take actions to restore equity. Unfortunately, some such actions (e.g., quitting or lack of cooperation) may not be helpful to the organization. According to Adams (1965) felt injustice will lead to dissatisfaction, anger, and guilt. People will feel angry and dissatisfied when they are getting less of what they expect in comparison to what they input. This anger is usually directed toward other people and institutions that caused inequity and sometimes it is self-directed where no other party is targeted for punishment or retaliation. Because of that Adams (1965) theorized that perceived inequity feels unpleasant and encourages people to move in the direction of reducing it, and the strength of motivation to do so will vary directly with the magnitude of inequity experienced. As a result Adams proposed several means called “means of inequity reduction”. These means are: 1) Person altering his inputs: 2) Person altering his outcomes 3) Person distorting his inputs and outcomes cognitively 4) Person leaving the field 5) Person acting on others.

A case study done on INGOs in Uganda revealed that open-pay policy was not adhered to with expatriate staff. Mukasa (1999) concluded that the lifestyles of the expatriates sent mixed messages to local staff since they had expensive accommodation, paid vacations, domestic workers and educational support for their families. This was a source of tension among the staff and resulted in ‘us against them’ attitude. There were reported cases of fraud, high turnover of expatriate staff and non-adherence to reporting guidelines. These relationships affected the INGO’s operations, their principles and efforts to bring about meaningful and fundamental change.

Barney and Wright (1998) pointed out that while employees are primarily responsible for their own career planning, an organization’s management can do a great deal to support them in managing their careers and in making more realistic career decisions. They referred to Ferreira and Coetzee (2010) who said “formalized career management practices can avoid employee turnover. Taking an interest in employees’ careers can also improve morale, increase productivity and help the organization become more successful.” Barney and Wright (1998) added that a formal organizational career management system can also help create a positive career development culture which can help address a range of issues such as productivity and competitiveness, employment equity, succession planning and workforce forecasting, talent retention, and so forth.

Grobler, Warnich, Carrell, Elbert and Hatfield (2006) were of the view that where companies manage their workers strategically, they will understand that their opportunities within the company are dependent on the success of the business. However, if employees believe that despite the apparent success of an organization few opportunities for promotion exist.
because of the absence of a proper internal staffing programme, employees may lose confidence in their employer. Puttick, van Esch and Kana (2007) supported this view and pointed out that competence of the employees at every level of the organisation is important for the achievement of business objectives.

**Empirical Review of Job Satisfaction**

Job satisfaction is considered a nebulous concept as one cannot provide a single agreed definition for it (Mumford, 1972). Despite the inconsistency in finding one agreed definition of job satisfaction; there are various theories that are intended to understand the concepts of job satisfaction. According to Brooke, Russell and Price (1988) job satisfaction can be defined as an individual’s general attitude towards his/her job as well as the satisfaction of one’s needs and wants. In addition Locke (1976) defines job satisfaction as a positive emotional state that can be considered as pleasurable which results from appraisal that an individual may receive from a job.

Locke (1976) further inferred that the concept of job satisfaction is one that can be identified as an emotional response. This suggests that the true meaning of the concept can be explored by a process which is directed towards an individual’s “mental contents and processes” (Locke, 1976, p. 1300). Current researchers such as Gavin and Vinten (2005) define job satisfaction as a concept that can be described as being composed of an individual’s perceptions, beliefs, and attitudes that one may associate within his/her work environment. The concept of job satisfaction is further described as a pleasurable emotional state which usually results from the judgment of an individual’s job (Alas, 2005). These are based on factors within the work environment such as: the working conditions, the benefits, the procedures and the policies that may exist within that particular work context (Gibson, Ivancevich and Donnelly, 2000). Hence, the expression of an individual’s job satisfaction affirms that his/her important needs are being fulfilled.

According to Grobler, Warnich, Carrell, Elbert and Hatfield (2006) job satisfaction is often considered to be a strong determinant of turnover. However, employee perceptions of inequitable treatment have been found to be even stronger predictors of absence and job turnover than job satisfaction. They emphasized this point by saying that if employees perceive that they will be more equitably treated by another organization, the probability of their leaving increases. Smith and Kozlowski (1997) defined organizational development as an ongoing planned effort by managers and leaders to manage change as a means of improving organizational performance. They further stated that this involved planning interventions to improve the skills and abilities of employees and to eliminate aspects of the organization that limit employee and organizational growth and performance. Previous and current research shows that there is no single agreed definition of job satisfaction. Furthermore, it is evident that the core concepts overlap among the different theorists descriptions of job satisfaction.

**Causes of Job satisfaction**

People usually tend to consider their appraisal of work experiences in terms of liking or disliking and develop feelings of satisfaction or dissatisfaction with respect to their job and the organization as a whole. Many factors account for how favourable an individual appraises his or her job, more especially the attitude of an individual toward his or her work. Research has identified a number of variables that seem to contribute to either job satisfaction or organizational commitment. According to Jex (2002), and as quoted by Muindi and
K’Obonyo (2015), researchers have considered three approaches to explain the development of job satisfaction namely job characteristics, social information processing (organizational characteristics) and dispositional (worker characteristics).

Rose (2003) analysed a number of possible influences on job satisfaction including individual well-being, working hours, work orientation, financial variables, the employment contract, and market and job mobility. His findings fail to provide strong support for explanations of job satisfaction primarily in terms of socio-technical rewards of the job, although low influence in the workplace did emerge as a significant factor.

Factors related to the contractual features of the job were more important. Having contractually assured promotion opportunities, annual pay increments, bonuses and a job that was regarded as permanent significantly boosted the job satisfaction score. There was also little support for the view that job satisfaction rises in a closely linear association with earnings; rather, jobs enabling financial expectations were more preferred. Having a recognized career path was also a highly significant factor relating to job satisfaction.

A key point from Rose (2005) conclusions is that intrinsic rewards do not matter in analysing job satisfaction. However, they may matter significantly less than is sometimes assumed once a greater range of influences is introduced. What is needed is an expansion of the range of causality. Differences in job satisfaction between groups and individuals are extremely complex and require more research, especially in relation to the measures used to gauge job satisfaction.

Outcomes of Job Satisfaction
Organizations need to be aware of the outcomes of job satisfaction and the benefits that can be derived for both the organization and the employees. Once awareness is raised on the added advantages of satisfied employees, action can be taken to improve employee satisfaction levels and the organization can evaluate if initiating the changes were successful or not. In examining the outcomes of Job Satisfaction it is important to breakdown the analysis into the various subsections, for example: absenteeism, turnover, performance and age (Herrera and Lim, 2003).

Muir (1994) studied absenteeism and found that there is a positive relationship between absenteeism and job satisfaction as employees who are dissatisfied with their job tend to be absent more frequently. Further to this, he found that female absenteeism had risen at a faster pace compared to male absenteeism and that on average, 21 million working days are lost yearly due to absenteeism. Becker (1964) derived from previous studies that work commitment and intent to stay with the organization is positively associated with job satisfaction. Chen, Kraemer and Gathii (2011) explained job satisfaction from a different view point that if an employee is loyal to an organization, the employee will use loyalty to develop associating job attitudes such as job satisfaction and intention to stay.

Crow and Hartman (1995) believed there is a positive relationship between performance and job satisfaction in that if dissatisfaction is reduced, employee performance will increase. However, Crossman and Abou-Zaki (2003) argued that the relationship between performance and job satisfaction is debatable and that it is incorrect to assume 'that higher job satisfaction levels lead to higher performance, or that high achievers are satisfied with their jobs'.
Bernal, Snyder and McDaniel (1998) suggested that a positive relationship between age and job satisfaction exists up to the age of 60 years and that organization initiatives will only partially influence job satisfaction due to the age distribution of employees. Chileshe and Haupt (2010) supported this view but believe job satisfaction is U-shaped. Furthermore, they stated that younger employees had higher satisfaction levels due to the novelty of employment but this decreases with the rise of boredom; however, satisfaction rises again when the employee becomes accustomed to the job in later years.

**Knowledge Gaps: Perceived Internal Equity and Job satisfaction**
Most individuals spend a large amount of their lives at work, so a study on the effect of perceived internal equity on one’s job satisfaction is fundamental in improving the well-being of a large number of individuals who consider their job to be an essential aspect of their lives. According to Gavin and Vinten (2005), organisations whose employees have a higher degree of job satisfaction tend to possess lower levels of stress, absenteeism and turnover. According to Shmailan (2015), individuals that appear to be satisfied with their jobs tend to be psychologically healthier. Hence, a positive attitude towards one’s job usually infers a positive attitude towards one’s life in general.

The area of perceived internal equity of rewards in an international organisation set up has been exhaustively researched but from a private business and University staff point of view. With this study, the researcher seeks to venture in an area where no research has been recorded i.e. the level of Perceived Internal Equity of rewards offered to HCWs working with INGOs in Kenya.

**Conceptual Framework**
This conceptual framework is graphical representation of the independent (Perceived Internal Equity of rewards) and dependent (job satisfaction) variables.

![Conceptual Framework Diagram]

This study started by listing the components of rewards offered to HCWs; and the components of rewards offered to expatriates to provide a comparison i.e. Remuneration (salary benefits), learning & development and work environment. Perception of fairness was gathered to arrive at the level of perceived internal equity of rewards.

In analyzing the level of perceived internal equity, the researcher relied on the concept of psychological contract. High level of perceived internal equity would be construed to mean that employees’ inputs were well compensated by the outputs (rewards) from the
organization; resulting in job satisfaction. Low level of perceived internal equity was translated to mean a bleach of the psychological contract which had negative effect on an employee’s job satisfaction.

Previous researches concluded that a positive connection exists between employees’ performance and the state of their satisfaction with their jobs; and higher rate of job satisfaction will lead to enhanced state of efficiency in employees. In line with these findings, the researcher deduced that fair rewards were a determinant of job satisfaction. The researcher considered Age and gender and as control variables. The study intended to confirm if there exists a variation to the effects of Perception of Internal equity on Job Satisfaction when subjected to demographic variables

**Research Design**
The study adopted a quantitative research design. The first part of the study adopted descriptive research. Data collected was coded to enable analysis using multiple regression.

**Area of the study**
The geographical scope of the study was Nairobi. This decision took into account that INGOs preferred operating from Nairobi due to the ease of doing business. Regional Offices in Nairobi coordinated activities in East Africa (Kenya, Uganda, Tanzania, Ethiopia, Rwanda and Burundi) with oversight from their respective Headquarters. Staff within Regional Offices in Nairobi comprised of a rich mix of Host Country Workers, Third Country Workers (expatriates) and host country workers (local staff). Staff in the regional offices in Nairobi were performing the same roles but on different pay levels, based on different contracts and governed under different laws. Foreseen limitation was the unavailability of these employees due to their busy schedules, within and out of Nairobi. The researcher emailed questionnaires to bridge this gap.

The researcher selected INGOs who are registered with the NGO Coordination Board. As outlined by Ulleberg 2009); the government of Kenya restricted the number of expatriates that an INGO can engage. Only expatriates with specialized international experience, knowledge and skills in relevant thematic areas are allowed to work in Kenya and only for a term of two years, renewable once. All cadres of local staff were eligible for this study since they were performing similar kinds of jobs with PCWs, TCWs (expatriates) at the same office.

The researcher focused on local staff who has been engaged during the last 5 years. This is the duration when the government has increased the monitoring of INGOs and regulating the number expatriates engaged in employment in Kenya. Kenya had also been removed from least developed countries; signifying that technology and skills transfer initiatives from the yester-years had paid off. Human capital in Kenya could be equated to any other region of the world and this should translate also in terms of rewards offered to staff working in all sectors, INGOs included.

The content/subject scope was perceived internal equity based on rewards that are offered to HCWs and expatriates and proceed to gather corresponding job satisfaction levels. Foreseen limitation was lack of pay-openness among respondents since rewards are a sensitive issue; some managers could be receiving more rewards than others, due to the nature of negotiations during recruitment process.
Population of the Study
Target population for this study consisted of HCWs working for INGOs with regional offices in Nairobi, Kenya. This group was selected because they are involved in development and implementation of strategy in Kenya, Uganda, Tanzania, Ethiopia, Rwanda and Burundi, coordinated from Nairobi, Kenya under guidance from respective headquarters. Brunt (2016) recorded that there were 20 INGOs working in Kenya and providing over 3000 jobs; these local employees will form the population for this study. The researcher will reached out to Human Resource Managers in these INGOs to identify respondents for her study.

Sample Size and sampling technique
A sample was picked using stratified random sampling to ensure that a representative sample was obtained. The researcher first classified the population into strata based on the job levels i.e. Junior (1290), middle (1260) and senior (450); as per Brunt (2016) conclusion that middle and junior level jobs constituted 85% of jobs in INGO sector.

This being a quantitative study, a good statistical rule of thumb was applied to a confidence level of 95% with a confidence interval of +/-5 points. This resulted in a sample size of 341. This sample was distributed equally among the 20 organizations to result in a total of 17 respondents per organization. The researcher further sort the support of HR managers to randomly pick a samples size of 7 junior level, 7 middle level and 3 senior level staff, per organization. These were equally distributed among the genders.

Sources of Data and Collection Procedure
Primary data for the study was obtained by use of questionnaires directly administered to 341 Host country employees of INGOs in Nairobi. Questionnaires were chosen over other data collection methods since they are cheaper and more convenient to administer. The questionnaires had four parts namely 1) respondents profile i.e. age range, job level and gender 2) rewards offered to local staff and of expatriate staff 3) perceptions of internal equity on rewards i.e. remuneration package (basic pay and benefits), learning and development and working environment 4) job satisfaction based on rewards i.e. remuneration package, learning and development and work environment

Part 2 listed components of a total rewards package (Brown, 2014) and requested respondents to list the components included in their own packages and secondly components provided to expatriates working in the same organization

Part 3 on the internal equity had questions like “my remuneration package is commensurate to the worth of my job” with answers ranging from to a less extent, to a moderate extent, to a great extent, to a very great extent. The questions sort respondents’ perceptions on own remuneration, local colleagues and expatriates working in the same organization.

Part 4 on job satisfaction had three questions e.g. “what is your overall level of satisfaction with regard to your remuneration package” with answers ranging from not satisfied, satisfied, slightly satisfied, completely satisfied.

Data Analysis and Results
Since a quantitative research design was used, data was collected in the form of numbers. Data collected were edited for accuracy, uniformity and completeness. First, the data was interpreted by means of descriptive statistics, intended to summarize as well as organize the
data. Use of descriptive statistics allowed for the data to be analyzed in the form of a frequency tables as to allow for the means (average), median and frequencies. Second, correlation was used to check on the strength of relationships between independent variables (perceived internal equity on learning and development, work environment, salary and benefits) and dependent variable (job satisfaction). Assumption of the regression model was that job satisfaction is dependent on the level of perception of internal equity of rewards i.e. work environment, remuneration package (salary, benefits) and learning environment.

**Presentation, Discussion and Interpretation of Findings**

To identify the components of rewards provided to locals (HCWs and expatriates (PWCs and TCWs), the researcher relied on the total rewards approach developed by Duncan Brown (2014). This approach is holistic in that it takes into account every way in which employers reward employees to obtain satisfaction in their work. It embraces everything that employees value in their employment relationship. The two categories of rewards are:

Transactional rewards: tangible rewards arising from transactions between employer and employees concerning pay (Basic pay and bonuses) and benefits (pensions, life/medical insurances, holidays, perks)

Relational rewards: intangible rewards concerned with learning and development (workplace learning and development, training, performance management and career development) and work environment (core values of the organization, leadership, employee voice, recognition, achievement, job design and role development, work-life balance)

Moderating factors of gender and age range were analyzed to explain varying perception of internal equity of rewards (remuneration package i.e. basic pay and benefits), learning and development and work environment.

**Response Rate**

Of the 341 questionnaires distributed, 216 were returned duly filled i.e. a response rate of 63%. 59% of respondents were female and 37% of respondents fell in the age range of 41-45

<table>
<thead>
<tr>
<th>Response Rate</th>
<th>26-30</th>
<th>31-35</th>
<th>36-40</th>
<th>41-45</th>
<th>46-50</th>
<th>51-55</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>8</td>
<td>40</td>
<td>24</td>
<td>56</td>
<td>8</td>
<td>8</td>
<td>128</td>
</tr>
<tr>
<td>Male</td>
<td>8</td>
<td>40</td>
<td>24</td>
<td>8</td>
<td>8</td>
<td>8</td>
<td>88</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>16</strong></td>
<td><strong>40</strong></td>
<td><strong>64</strong></td>
<td><strong>80</strong></td>
<td><strong>8</strong></td>
<td><strong>8</strong></td>
<td><strong>216</strong></td>
</tr>
</tbody>
</table>

Table 1: Response Rate

The remaining respondents sighted lack of time and need for anonymity as the reason for not responding.

**Rewards**

The first research question aimed at establishing components of reward packages offered to HCW and the expatriates working for INGOs in Nairobi. Responses were ordered according
to respondents’ job levels. Table 2 captures the response of the respondents. HWCs working in INGOs receive fewer components of rewards compared to expatriates working in the same organizations. A typical reward package offered to local staff include a salary, life insurance, medical insurance, training, work place learning, performance management, Career development and progression i.e.7 components. respondents listed components of reward packages offered to expatriates as a salary, bonuses, life insurance, medical insurance, paid holidays, children and spouse education, domestic employee assistance, training, work place learning, performance management, career development and progression, employee voice, work-life balance, work/job design. This is a total of 14 components. This research therefore confirms the assertion by NGO Boards of Kenya that the reward packages offered to host country workers (locals) contain fewer components of rewards compared to expatriates working in the same organizations.

The research however highlighted that components offered to PCWs varied according to job level. 66% of respondents from junior job level received transactional rewards with only one component from learning and development. Interesting observation was that respondents from senior job level received the same number of components as expatriates working in the same organization. 34% of respondents from junior job level have the same components of rewards as middle job level staff. Interesting observation was that respondents from senior job level received the same number of components as expatriates working in the same organization. As highlighted by Mukasa (1999) pay openness in not a common practice among INGO sector; thus this research could not confirm if similar components were based on the same pay grades. Further, these observations validate the findings by Blunt (2016) that there are no harmonized pay structures for INGOs working in Kenya.

This study confirmed the findings of a rewards study conducted by Project FAIR in April 2017. Their study surveyed a cross-section of 1300 national and international workers across six countries (Malawi, Uganda, India, China, Solomon Island and Papua New Guinea). They found that within the international aid sector most organizations remunerate their national and international employees on different scales. The differences between local and international pay and benefits within this so-called “dual salary” system can be large, reflecting challenges of attracting skilled international workers to difficult contexts, whilst remunerating national employees appropriately within their local economy.

**Perceived Internal Equity of rewards**
This section was meant to gather perceptions of respondents on their rewards i.e. remuneration package, learning and development and work environment, as compared to their local colleagues and expatriates working for the same organization. Level of perceived internal was calculated to be the average of the three Independent variables.

37% of respondents perceived that their remuneration is commensurate to the worth of their jobs. Women constituted 22% of this respondent. 22% of these respondents were in the 41-45 age range. 48% of respondents perceived that their remuneration is commensurate to the worth of jobs performed by their local colleagues. Of this, 54% were women and 46% were in the age range of 41-45. 22% of respondents perceived that their remuneration was commensurate to worth of jobs performed by expatriates holding the same jobs in the same organizations. 67% of these were women respondents.

59% of respondents perceived that they were provided with an opportunity for learning and development as required by their job tasks. 50% of these respondents were women. 44% of these respondents were in the 41-45 age range. 59% of respondents perceived that they were
provided with an equal opportunity for learning and development as their local colleagues. 56% of these respondents were women. 37% of these respondents were in the 41-45 age range. 41% of respondents perceived that they were provided with an equal opportunity for learning and development as expatriates working for the same organizations and performing similar jobs. 55% of these respondents were women. 36% of these respondents were in the 41-45 age range.

74% of respondents perceived that their work environment was supportive of their job tasks. 55% of these respondents were women. 40% of these respondents were in the 41-45 age range. 63% of respondents perceived that the work environment is supportive of job tasks performed by local colleagues. 53% of these respondents were women. 35% of these respondents were in the 41-45 age range. 81% of respondents perceived that the work environment is supportive of job tasks performed by expatriates. 59% of these respondents were women. 36% of these respondents were in the 41-45 age range.

The above findings illustrate that HCWs perceive that their reward package is not fair compared to the reward package offered to their counterparts working as expatriate. This therefore agrees with the study by Chen, Kraemer and Gathii (2011) which found that compensation disparity versus expatriates negatively affects locals’ perceived compensation fairness. This perception of internal inequity can be construed to mean a breach of the psychological contract on the part of the employers. A study by Ballou (2013) confirmed that employees who perceived a breach of their psychological contract experienced lower job satisfaction, a lower intention to remain with their current organization, and were less likely to perceive that their organization supported them.

**Job Satisfaction**

88% of respondents were satisfied with their remuneration package. 55% of these respondents were women. 55% of these respondents were in the 41-45 age range. 56% of respondents were satisfied with their learning and development opportunities offered. 60% of these respondents were women. 47% of these respondents were in the 41-45 age range. 30% of respondents were satisfied with their work environment. 67% of these respondents were women. 53% of these respondents were in the 41-45 age range.

Through descriptive analysis of collected data, the level of perceived internal equity on rewards of HCW working in Nairobi Offices of INGOs stands an average of 54%. The Level of Job satisfaction of HCWs working in Nairobi Offices of INGOs stands at an average of 58%. This study has shown that an inverse relationship exists between the level of perceived internal equity of reward of HCWs working in Nairobi. The study confirms the concept of psychological contract which states that a breach of one’s psychological contract had a significant effect on one’s job satisfaction, intention to remain, and perceived organizational support.

**The effect of Perceived Internal Equity of rewards on job satisfaction**

For this section, multiple regression analysis was used to test the strength of the relationship between Perceived Internal Equity of rewards and corresponding level of Job Satisfaction using the three parameters i.e. remuneration package, learning and development and work environment.
Table 2: Perceived Internal Equity and Job Satisfaction with regard to Remuneration package

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>3.038</td>
<td>.223</td>
<td></td>
<td>13.608</td>
</tr>
<tr>
<td>My remuneration package is commensurate to the worth of my job</td>
<td>-.210</td>
<td>.057</td>
<td>-.244</td>
<td>-3.670</td>
</tr>
<tr>
<td>My remuneration package against local colleagues holding same position</td>
<td>.231</td>
<td>.050</td>
<td>.308</td>
<td>4.632</td>
</tr>
<tr>
<td>My remuneration against international staff holding same position</td>
<td>.029</td>
<td>.074</td>
<td>.026</td>
<td>.397</td>
</tr>
</tbody>
</table>

The internal equity of remuneration package against the worth of the HCWs own job resulted in a negative standard coefficient (-.244) meaning there is a perfect inverse correlation with job satisfaction. The rest of the variables resulted in a positive perfect direct correlation.

Table 18: Perceived Internal Equity and Job Satisfaction with regard to learning and development

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>4.315</td>
<td>.221</td>
<td></td>
<td>19.520</td>
</tr>
<tr>
<td>Provided learning and development a required by my job</td>
<td>-.102</td>
<td>.060</td>
<td>-.108</td>
<td>-1.710</td>
</tr>
<tr>
<td>Get equal learning and development as local colleague in same position</td>
<td>.247</td>
<td>.064</td>
<td>.254</td>
<td>3.879</td>
</tr>
<tr>
<td>Get equal learning and development as international colleague same position</td>
<td>-.797</td>
<td>.064</td>
<td>-.704</td>
<td>-12.416</td>
</tr>
</tbody>
</table>

The internal equity of learning and development against the worth of the HCWs own job (-.108) and against international colleagues (-.704) resulted in a negative standard coefficient meaning there is a perfect inverse correlation with job satisfaction. The internal equity of
learning and development against local colleagues resulted in (.254) i.e. a positive perfect direct correlation.

Table 3: Perceived internal equity and job satisfaction with regard to work environment

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>4.608</td>
<td>.123</td>
<td>37.355</td>
<td>.000</td>
</tr>
<tr>
<td>My organization work environment is supportive to my job tasks</td>
<td>-.014</td>
<td>.068</td>
<td>-.014</td>
<td>-.203</td>
</tr>
<tr>
<td>My organization work environment is supportive to local colleagues</td>
<td>-.214</td>
<td>.064</td>
<td>-.228</td>
<td>-.352</td>
</tr>
<tr>
<td>My organization work environment is supportive to international staff</td>
<td>-.562</td>
<td>.040</td>
<td>-.670</td>
<td>-14.084</td>
</tr>
</tbody>
</table>

The Internal Equity of Work Environment against the worth of the HCWs own job (-.014), local colleagues (-.228) and International Staff (-.670) resulted in a negative standard coefficient meaning there is a perfect inverse correlation with job satisfaction.

Correlation coefficient takes on values between -1 and 1. When the coefficient takes the value of -1, it then means that there is perfect inverse correlation between the variables. The value of 0 implies that there is completely no relationship between the variables. When the value is 1 then there is a perfect direct correlation. From the above data, the study observed a majority of the variables resulted in the correlation coefficients were between 0 and -1. That therefore implies that there is a negative correlation between perceived internal equity of rewards and job satisfaction.

This validates our assumption that Job satisfaction is dependent on the level of perception of internal equity of rewards i.e. work environment, remuneration package (salary, benefits) and learning environment. But it invalidates the positive relationship among the INGO sector in Kenya. Previous researchers McIntyre, Bartle, Landis and Dansby (2002); Rifai (2005); Paik, Parboteeah, and Shim (2007); Lambert, Hogan and Griffin (2007); Deconinck and Bachmann, 2007; Aziri, 2011) had confirmed a positive correlation but in the education and health sectors in Asia and America.

This means that even though the HCWs perceive that their rewards are inherently unfair this did not affect their level of Job Satisfaction. This contradicts the study by Ballou, (2013)on bleach of the psychological contract. It also points to existence of other variables in determining the level of Job Satisfaction. This interesting finding formed the basis of a recommendation for future intensive study on determinants of job satisfaction among INGO sector in Kenya.
However, comparison of remuneration package and learning and development opportunities against other local staff resulted in weak but positive correlation coefficient (0.308) and (0.254) respectively. Chen, Kraemer and Gathii (2011) found that improving the perception of compensation advantage of local staff vis-à-vis other reference group (local staff) had the ability to improve the perception of fairness vis-à-vis expatriates. So this observation shows that the perception of internal equity of rewards has been mediated by the perception of compensation advantage as compared to other local colleagues working for the same organizations. This means that there is room for improvement in the areas of policies and procedures around the administration of various components of reward packages.

**Conclusion**

In summary the study found that INGOs in Nairobi are implementing a “dual salary” system to reward their local (PCWs) and international employees (expatriates) on different scales. It also demonstrates that, same as in the Uganda study of Mukasa (1999) pays openness in not a common practice among INGO sector in Kenya attributed to the absence of a harmonized pay structure. The study also illustrated that perceptions of internal equity among HCWs is low but this can be mediated by the perception of compensation advantage as compared to other local colleagues working for the same organizations. This demonstrates that there is room for improvement in the areas of policies and procedures around the administration of various components of rewards. In line with the concept of psychological contract, high levels of job satisfaction are good for the INGOs in Nairobi since it has significant positive relationship with job performance, attitudinal and behavioral job outcomes, organizational commitment and strategic support.

The perception of inherent unfairness of rewards provided to HCWs should be looked at on the backdrop of the 2015 the United Nations’ Sustainable Development Goals (SDGs). The SDG agenda is ending poverty, protecting the planet and ensuring prosperity for all by 2030. Of particular relevance for the topic of reward is SDG8 which focuses on economic growth and decent work, and specifically includes work that is productive and delivers a fair income. PCWs are change agents and responsible for implementing the SDGs in their respective sectors. This research therefore is a call to action for a commitment to localizing the ‘equal pay for work of equal value’ agenda among these keys stakeholders within INGOs.

In line with the concept of Competitive Advantage of Rewards, the INGO sector in Kenya could improve the perception of internal equity of rewards through adoption of performance based pay among HCWs. This is an approach to compensation that ties rewards to predetermined and well articulated organizational goals. This concept is supported by World at Work (2015) who recommended a review of the total rewards strategy to include talent management and performance-driven rewards as a key lever for engaging and retaining top performers and infusing a culture of high-performance. This should be backed up with a culture of pay openness which allows staff to compare their rewards thus increasing pay satisfaction and enhancing the psychological contract. The inverse relationship between perception of internal equity of rewards and job satisfaction could indicate that INGOs have already moved to performance based pay structures. However, in the absence of published pay structures and guidelines this cannot be confirmed.

**Recommendations**

This research aligned to the recommendations of the Project FAIR 2017 study on key strategic considerations for INGOs in restructuring their reward systems to improve fairness.
for HCWs. It will also largely endorse the July 2016 recommendations of NGO Board of Kenya.

Developing a national policy to harmonize pay scales and benchmark benefits among the INGO sector in Kenya, would be the first step toward creating a fairer system. Built on the concept of transparency and consistency, this would greatly manage the psychological contract and improve employment relationships.

Hiring of local workers (where the skills are available locally) as well as reducing the benefits and allowances paid to international staff. According to SHRM (2014), there are merits to hiring host country workers (locals). They are more productive from the start, as they don’t have many of the cultural challenges associated with an overseas assignment. Secondly, they already know the culture and laws.

Implementing a single performance-based salary structure where all staff are paid a local package, but anyone who relocates is offered certain benefits and allowances to facilitate that relocation (often time-limited).

Limitations of the Study and suggested areas for further research
Due to busy schedules of staff in the INGO sector, Questionnaires were distributed via emails. The researcher sort the support of human resource managers to identify respondents in their organizations and this means that contact with most respondents was virtual. According to King (2002), the inability to directly access respondents during a study had significant disadvantages while studying developmental issues. The response rate of 63% was partly due to lack to time on the part of respondents,

Another problem is the fact that rewards are regarded as a confidential issue among employees. Respondents needed to be convinced that their responses would be treated with 100% confidentiality. Due to this assurance, some sampled respondents refused to fill the questionnaires

The study was designed to study the moderating effect of gender and age on the relationship between perception of internal equity and job satisfaction. With 59% of respondents being from the female gender, and 64% of respondents falling within the age ranges of 36-45, analysis of their moderating effect may be inconclusive.

This research has noted differences in perception of internal equity of rewards between males and females. Due to the inconclusive nature of responses received, this trend could not be analyzed to fruition. A recommendation for further research is that researchers should study the relationship between perception of internal equity and job satisfaction under the moderation effect of gender and age.

The inverse relationship between perception of internal equity and job satisfaction points to the possibility that INGOs in Nairobi have already adopted performance based pay structures. This interesting finding forms the basis of a recommendation for future exploratory study on adoption of performance based rewards and effects on job satisfaction among INGO sector in Nairobi.
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