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Effect of Incentives on Organizational Commitment in Insurance Companies in Uasin Gishu County, Kenya

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Abstract

Purpose: To assess the effect of incentives on organizational commitment in insurance companies in Uasin Gishu County, Kenya.

Methodology: Quantitative techniques were used for both data collection and analysis. The target population was 754 respondents who were drawn from the insurance companies in Uasin Gishu County. the sample size was 260 determined using Krejcie and Morgan table 1970 Appendix V. After the sample size of 260 respondents. Simple random sampling was used to select the respondents to participate in the research study, but after it had been determined how many from each of the insurance companies that participated. Data was analyzed using descriptive (mean, standard deviation, frequencies, skewness, and kurtosis) and Inferential Statistical Techniques. Under Inferential Statistics, regression analysis was used to determine the effect of a set of independent variables (high involvement work systems) on a dependent variable (organizational commitment), Co-efficient of Correlation using the Statistical Package for Social Sciences (SPSS) version 25.0 package.

Results: There is a significant effect of incentives on Organizational Commitment in insurance companies in Uasin Gishu County, Kenya. This implies that the organizational commitment of employees is pegged on the use of incentives by insurance companies amongst their employees.

Conclusion and Recommendations: Based on a positive social exchange pay raises, commissions regular promotions build engagement among employees to encourage teamwork, boost morale and motivation for organizational commitment. The insurance company should effectively Communicate the incentive program that they have in place to the employees and execute it as communicated. The incentive program should be engaging, user-friendly where employees can participate in development and reap the benefits for sustained organizational commitment. The incentive programs should be as diverse as possible to help in attracting and retaining talent.

Keywords: *Incentives, organizational commitment, regular promotions*

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1.0 Introduction

An incentive is an inducement or supplemental reward that serves as a motivational device for a desired action or behavior (FU, Okereke, & Nwaonu, 2022). Incentive is an act or promise for greater action. It is also called as a stimulus to greater action. Incentives are something that

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is given in addition to wagers. Incentives are considered one of the most important factors that encourage workers to put forth great efforts and work more efficiently (Idigo, 2023). It is because incentives and reward systems direct workers' capabilities to more efficiency in their work in an attempt to achieve the institution's goals. Therefore, hope for a reward is a powerful incentive to motivate employees. Besides monetary incentives, there are some other stimuli that can drive a person to better. This includes job satisfaction, job security, job promotion, and pride for accomplishment. Therefore, incentives really can sometimes work to accomplish the goals of a concern. There are two types of incentives which include monetary and non-monetary incentives. Some researchers have divided incentives into two types, namely concrete and moral incentives. Moral incentives refer to indirect compensation through certification, for example appraising someone (Prasad, Siddhardha, & Lakshmi, 2019). Concrete incentives refer to a direct way of compensating one's effort by giving a bonus. In this research, the concrete incentives that are being given to workers are discussed.

Incentives that satisfy the subordinates by providing them rewards in terms of money are called monetary incentives (Idigo, 2023). Money has been recognized as a chief source of satisfying the needs of people. Money is also helpful to satisfy social needs by possessing various material items. Besides the monetary incentives, there are certain non-financial incentives that can satisfy the ego and self-actualization needs of employees. The incentives which cannot be measured in terms of money are under the category of non-monetary incentives. Whenever a manager has to satisfy the psychological needs of the subordinates, he makes use of non-financial incentives. Nonfinancial incentives can be of the following types; Security of service, Praise or recognition, Suggestion scheme, Job enrichment, and promotion opportunities (Mwila & Kulwa, 2022).

In Kenya there has been low organization commitment and turnover of the workforce has been high because of low entry and exit barriers in the industry (IRA., 2013). Graham (2008) cited in (Kinyanjui, 2015) studied the internal operational procedures in the Kenyan insurance industry as compared to the Greek insurance industry which included Human resource procedures concluded that there is wide spread dissatisfaction both internally and externally stemming from the failure of the insurance to satisfy customers and employees alike. Thus, the growth of insurance industry in Kenya is lower than the country's average economic growth (Lang'at, 2018). In this regard, organizations in Kenya insurance companies in Kenya without exception of Uasin Gishu County, Kenya have to constantly manage its human resources optimally to engender their commitment to high organizational returns. However, the mechanics of how to forge the right level of employee commitment to the organization is still not straightforward, more specifically among insurance firms in Kenya (Dome, Kemboi & Kogei Kapkiai, 2017).

1.1 Problem Statement

The Insurance Industry in Kenya continues to face performance challenges with low penetration at 3% according to IRA, report 2017 as compared to other industries as well as reduced profit margins (Azinga, Kamaara, & Ombui, 2020). Okiko (2014), and Kinyanjui (2015) opines that the insurance industry in Kenya faces a high rate of staff turnover. High employee turnover due to low organizational commitment has been argued to be the key blockage to the companies' ability to steer their penetration and performance. Thus, there is need for the insurance companies to orientate its employees to high organizational commitment through offering incentives to ameliorate their performance. McClean and Collins, (2011) argue that commitment rooted human resource practices bring about a situation where the organization is committed to the employee who then reciprocates by behaving in a way that benefits the same organization. Yang, 2012) though little is still known on the positive role of incentives on organizational commitment in insurance companies in Kenya. Hence there is a need to verify whether the same applies to the Kenyan context. To assess the effect of incentives on organizational commitment in insurance companies in Uasin Gishu County, Kenya.

2.0 Literature Review

2.1 Theoretical Review

Social Exchange Theory was proposed by Blau (1964) and provides an explanation for social exchange relationships in the workplace (Blau, 2017). *Social exchange theory* proposes that social behavior is the result of an exchange process (Surma, 2016). Social exchange theory says that if the costs of the relationship are higher than the rewards, such as a lot of effort or money put into a relationship and not reciprocated then recipients may be demotivated (Gould-Williams & Davies, 2005). Social Exchange Theory posits that human relationships are formed by the use of subjective cost-benefit analysis and the comparison of alternatives (Çelik & Rasoolimanesh, 2021). Social Exchange Theory thus remains an instrumental model for interpreting society as a series of interactions between people that are based on estimates of rewards and punishments (Crossman, 2017). It can therefore be, argued that our interactions are determined by the rewards or punishments that we expect to receive from others, which we evaluate using a cost-benefit analysis model (whether consciously or subconsciously).

Reciprocity is ingrained in the SET as a cultural mandate, in which those who do not comply are punished. In fine those who receive the rewards must reciprocate in particular behavior. Individuals with a strong exchange orientation are more likely to return a good deed than those with a low exchange orientation (Amir, et al., 2016). Eisenberger et al. (2004) cited in Laura, Janaki, and Michele, (2015) argue that reciprocity represents quid pro quo propensities whether positive or negative. A negative reciprocity orientation involves the tendency to return negative treatment for negative treatment; a positive reciprocity orientation involves the tendency to return positive treatment for positive treatment. Social Exchange Theory puts forward those employees feel pleased to perform more than their duties by showing organizational commitment when they feel that their organization takes care of them (Sabrina, 2016). In fine, high-involvement work systems is capable of making employees reciprocate through heightened organizational commitment. This gives credence to the use of this theory in understanding high-involvement work systems and organizational commitment.

The relevance of this theory is that it assumes that high-involvement work systems are key for organizational commitment. This theory informs the current study as it examines the high-involvement work systems instigating and perpetuating reciprocity in terms of organizational commitment. Employees continue to establish social relations based on their expectations that such high-involvement work systems would be mutually advantageous. These altogether denote the capacity of high-involvement work systems to modify employee behavior which is reciprocated through organizational commitment.

However social factors can infuse a sense of ownership in the employees which motivates them to put consistent efforts to get the work done hence increasing organizational commitment. In consequence, Social Exchange Theory examines the processes instigating and perpetuating reciprocity in social relations, or the mutual gratifications between individuals. The assumption of Social Exchange Theory is rationalized by the fact that individuals establish and promote social relations based on their expectations that such relations would be mutually advantageous. Many critique this theory for presuming that people always make rational decisions, and point

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out that this theoretical model fails to capture the power that emotions play in our daily lives and our interactions with others. This theory also undercuts the power of social structures and forces, which unconsciously shape our perception of the world and our experiences within it, and play a strong role in shaping our interactions with others (Crossman, 2017). Besides, there is strong evidence supporting the existence of cultural and individual differences in endorsement of reciprocity (Leung & Cohen, 2011).

2.2 Conceptual framework

A conceptual framework is a theoretical structure of assumptions, principles, and rules that holds together the ideas comprising a broad concept (Mitra, Akhtar, & Gupta, 2018). The current study conceptualizes a relationship between incentives and Organizational Commitment.

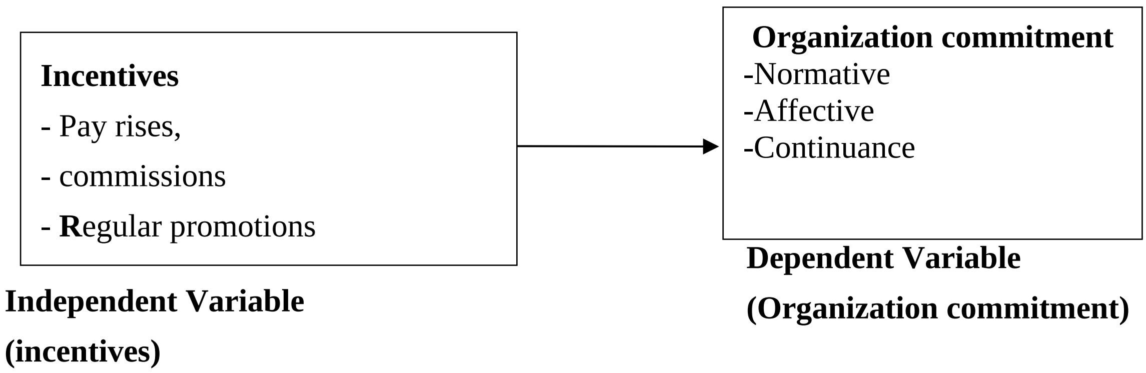

Figure 1: Conceptual framework

Source (Author, 2024)

2.3 Empirical Review

Incentives are received by an employee for completing a specific action (Szrek, Gyster, Darnowsky, & Farias, 2019). They frequently have a period associated with them, as in the employee must achieve an action or goal by the end of the third quarter of the year to be eligible for the incentive. Incentives are goal-oriented and are usually combined with a reward (Juraev, 2022). According to Chelangat and Gachunga, (2016) incentives are considered as one of the tools for enhancing organizational commitment. Zimmerman (2011) points that reward consists of all organizational components, processes, rules and decision-making activities in terms of allocation to provide compensation and benefits to employees in return for contributions that have been made to the organization. Giving compensation is a strategic function of human resources that has a significant impact on other human resource functions (Fanggidae, Nursiani, & Bengngu, 2019). The compensation provided by the company must be felt fairly by employees. Rewards are considered one of the tools for enhancing organizational commitment Chelangat and Gachunga, (2016). Saqib, Abrar, Sabir, Bashir, and Baig, (2015) divide rewards into the Relational Rewards, similar to intrinsic rewards, which are rewards that employees receive for themselves that are non-financial and intangible. Transactional Rewards, which is another term for extrinsic rewards, include all forms of appreciation that are tangible and are usually given in a financial form or the form of benefits for the employee concerned. Armstrong, (2012) states that reward systems consist of interrelated processes and practices which ensure that reward management is carried out effectively to the benefit of the organization and the employees who perform the tasks.

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Liu and Liu (2022) explored the impact of incentives on job performance and health of workers in public and private sector hospitals in Shandong, Eastern China. Data were collected in the form of questionnaires that consisted of close-ended questions. The results showed that there is a relation between incentives on job performance. According to Abdullah and Wan (2013), different incentives have different effects on performance and job satisfaction. Aktar, Sachu, and Ali (2012) examined the impact of intrinsic rewards and extrinsic rewards on employee performance in twelve commercial banks in Bangladesh. The study found that each factor within both extrinsic and intrinsic rewards were highly significant factors which affected employee's performance. In contrast, the study conducted by Yasmeen, Farooq and Asghar (2013) on the impact of rewards on organizational performance in Pakistan revealed that there were insignificant and weak relationship between salary, bonus and organizational performance. The findings observed that there existed moderate strong relationship between promotion and organizational performance. However, the studies didn't focus on organizational commitment as the dependent variable and the service industry providing gaps for the current study.

Fanggidae, Nursiani, and Bengngu (2019) studied the effect of Rewards on Organizational Commitment with Workplace Spirituality as a Moderating Variable. The study was conducted on employees of the Kupang Tanaoba Lais Manekat (TLM) Credit Bank, with a total of 30 employees. The data was analysed by use of inferential statistics. The results of the regression equation show that reward has a positive influence on organizational commitment. The MRA test results show that the regression coefficient of a moderate workplace spirituality variable has a negative effect, meaning that the workplace spirituality variable cannot be a moderating variable between appreciation and organizational commitment. However, the study was conducted in a Kenyan context providing a gap for the current study.

Nazir, Shafi, Qun, Nazir, and Tran (2016) explored the relationship between extrinsic, intrinsic, and social rewards and two components of organizational commitment, and finally Chinese workers' turnover intention in public and private sectors. A questionnaire was utilized as the method for data collection. Structural equation modeling was utilized to examine survey data obtained from 202 employees in the southern part of China. The findings exhibit that extrinsic, social, and intrinsic rewards were significantly related to affective and normative commitment. Findings suggest that satisfaction with extrinsic benefits, supervisor support, coworker support, autonomy, training, and participation in decision-making have a substantial impact on employees' affective and normative commitment. However, affective and normative commitment was negatively related to employee turnover intention. The study was conducted in a Chinese context thus limiting the generalization of the findings of the study.

Khan and Afzal (2016) studied the effect of reward systems, organizational commitment, and experience in terms of service length on employee performance and job satisfaction, impact of job satisfaction on employee performance, and the mediating role of job satisfaction with respect to reward system, organizational commitment, and experience in terms of service length on employee performance of the cellular sector of Pakistan. Data was collected through an adapted questionnaire by a sample of 325 managerial-level employees of five major cellular operators in Pakistan. SPSS was used for data analysis which confirmed a positive relationship among independent, mediating, and dependent variables. Organizational reward system, organizational commitment, and experience, in terms of service length, have a positive impact on job satisfaction, and then job satisfaction also has a positive and significant relationship with the perception of employee performance. However, in this study, both reward system and

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organizational commitment were used as predictors of job performance which is a dispatch of the current study. Besides the study was conducted in a non-Kenyan context.

Agbaeze and Ebirim (2020) investigated reward systems and organizational performance in the five selected manufacturing firms in South-South Nigeria. A survey research design was adopted and primary data was collected by administering a set of questionnaires to 257 management staff of selected manufacturing companies from Rivers, Delta, and Bayelsa States respectively. The findings of the study revealed that reward systems had a significant effect on organizational performance. The hypotheses formulated were tested using simple linear regression, Pearson product-moment correlation coefficient, and the chi-square method. It was concluded that reward system should be a match with the organizational performance so that employees would perform their roles with high spirit in the manufacturing industry. However, the study was conducted in the manufacturing industry in a noon Kenyan context limiting its generalization to the Kenyan insurance industry.

Koskey and Sakataka (2015) sought to find out empirically the possible effects of reward on employee engagement and commitment, at Rift Valley Bottlers Company in Uasin Gishu County The objectives of the study were: to find out the effects of pay programmes on engagement and commitment of employees at Rift Valley Bottlers; to investigate the effects of employee benefits on engagement and commitment of employees at Rift Valley Bottlers; to determine whether non-financial rewards affect employee engagement and commitment at Rift Valley Bottlers. The study adopted a descriptive survey design to investigate the effect of rewards on employ engagement in Rift Valley Bottlers Company. The target population of the study consisted of the staff from key departments. Data was collected by questionnaires which were analysed both descriptive and inferential statistics. From the findings Promotion opportunities, health benefits, job relevant training and interaction with colleague workers freely have the strongest contribution to engagement and commitment at Rift Valley Bottlers Company. Since career development is crucial for retaining staff, the company should invest in staff training. Based on the findings of the survey, the company should review the remuneration of employees with the view of to raising workers' engagement and commitment levels. The study recommended the need for replicating a similar study in other industries.

Chelangat and Gachunga (2016) investigated the effect of reward management practices on organizational commitment in KEFRI. In this regard, the study was guided by two specific objectives: to establish the effect of benefits administration and to find out what employees perceived as the base for rewards. This study adopted a case study research design using stratified sampling. The population was divided into sets or strata and which were mutually exclusive. The unit of analysis was the entire population of KEFRI employees, 1012 in number from which a sample of 100 was derived at from top management, middle and lower lower-level staff. The study used questionnaires and interviews as the data collection instruments. The research carried out a pilot study to pretest and validate the instruments. Quantitative data collected were analyzed using SPSS (Version 22). Content analysis was used to test data that was qualitative in nature or aspect of the data collected from the open-ended questions. The information was presented using tables, charts, and in prose form. From the findings rewards hard have a significant effect on organizational commitment. However, the study was conducted in a public organization whose findings may not be generalized to the private sector.

3.0 Methodology

Quantitative techniques were used for both data collection and analysis. In this study, a structured questionnaire was used to collect data from a large representative sample, so that the result can be applied to the entire population. Also, data was analyzed using quantitative methods to confirm or disprove the hypotheses. The results were then used to draw inferences from the entire population. there are 32 insurance companies licensed by insurance regulatory authority. In this study, the target population consisted of employees of insurance companies in Uasin Gishu County, Kenya. The target population was 754 respondents who were drawn from the insurance companies in Uasin Gishu County. the sample size was 260 determined using Krejcie and Morgan table 1970 Appendix V. After the sample size of 260 respondents. Simple random sampling was used to select the respondents to participate in the research study, but after it had been determined how many from each of the insurance companies participated. Data was analyzed using descriptive (mean, standard deviation, frequencies, skewness, and kurtosis) and Inferential Statistical Techniques. Under Inferential Statistics, Multiple Regressions was used to determine the effect of a set of independent variables (high involvement work systems) on dependent variable (organizational commitment), Co-efficient of Correlation using the Statistical Package for Social Sciences (SPSS) version 25.0 package

4.0 Results and Discussion

4.1 Descriptive Statistics

4.1.1 Descriptive Statistics of Incentives

According to Chelangat and Gachunga, (2016), incentives are considered as one of the tools for enhancing organizational commitment. Results presented in Table 4.51 reveal that a total of 58.3% of respondents both agree and strongly agree that they are satisfied with the amount of pay rise they receive for the job they do (M=3.61 SD=1.298), 28.6% strongly disagreed and disagreed while 13.1% were undecided. Besides, a 59.3% of the employees both agreed and strongly agreed that they are satisfied with the fringe benefits package offered by their organization (M=3.75 SD=1.183) while 19.1% disagreed and strongly disagreed while 21.6% were undecided. 58.8% of respondents agreed and strongly agreed that they are recognized for good performance in terms of commissions (M=3.78 SD=1.173), 19.6% disagreed 21.6% were undecided. 55.3 % agreed and strongly agreed that the management gives fair and just treatment to employees (M=3.79 SD=1.182), and 15.6 % strongly disagreed and disagreed. 29.1 % were undecided. Lastly, 66.3% of the respondents tend to agree that the organization has effective promotional programs (M=3.98 SD=1.144) while 16.1 % strongly disagreed and disagreed 17.6 % were undecided. The weighted mean summed up to 3.82 with a SD of .744 which implies that the employees were all in agreement with statements on incentives. This implies the organizational should strengthen on their rewards system so as to realize maximal organizational commitment.

Table 1: Descriptive Statistics of Incentives

Responses	SD %	D%	UD%	A%	SA%	MEAN	SD
I am satisfied with the amount of pay rise I receive for the job I do	4.0	24.6	13.1	23.1	35.2	3.61	1.298
I am satisfied with the fringe benefits package offered by my organization	2.0	17.1	21.6	22.1	37.2	3.75	1.183
I am recognized for good performance in terms of commissions	0.5	19.1	21.6	19.6	39.2	3.78	1.173
The management gives fair and just treatment to employees	2.0	13.6	29.1	13.6	41.7	3.79	1.182
The organization has effective promotional programs	0.0	16.1	17.6	18.1	48.2	3.98	1.144
Incentives						**3.82**	**.744**

Source: Research Data, (2023)

4.1.2 Descriptive Statistics of Organizational Commitment

The dependent variable of the study was Organizational Commitment in insurance companies in Uasin Gishu County, Kenya. Results presented in Table 2, reveal that 89.9% of respondents concurred that they are concerned about leaving their organization without guaranteeing a new job (M=4.33 SD= .666) while 0.5% were in disagreement. 91.4% of the respondents were of the view that even if they wanted to leave their organization, it is very hard for them right now (M=4.41 SD= .651), 1.0% were in disagreement while 6.5% were undecided. 83% of the respondents were also in agreement that they consider the problems of the organizations as their problems (M=4.35 SD= .770), 0.5% were in disagreement while 16.6% were undecided. 79.4% of the respondents agreed that their opinion, being loyal to the organization is important (M=4.23 SD=.770) while 20.6% were undecided. 80.4% of the respondents also agreed that they would be happy to spend the rest of the rest of their professional life in their organization (M=4.29 SD= .788) while 0.5% were in disagreement and 19.1% were undecided. Based on the weighted mean of 4.36 and SD of 0.568 the respondents agreed with all the statements on OCB.

Table 2: Descriptive Statistics of Organizational Commitment

Responses	SD %	D%	UD%	A%	SA%	MEAN	SD
I'm concerned about leaving this organization without guaranteeing a new job	0.0	0.5	9.5	46.7	43.2	4.33	.666
Even if I wanted to leave this organization, it is very hard for me right now	0.0	1.0	6.5	43.2	49.2	4.41	.659
I consider the problems of the organizations as my problems	0.0	0.5	16.6	30.2	52.8	4.35	.770
In my opinion, being loyal to the organization is important	0.0	0.0	20.6	35.7	43.7	4.23	.770
I'd be happy to spend the rest of my professional life in this organization	0.0	0.5	19.1	31.2	49.2	4.29	.788
Organizational Commitment						**4.36**	**0.568**

Source: Research Data, (2023)

From the findings, 77.4% of the respondents both agreed and strongly agreed that employees can get accurate information to enhance their performance (M=4.22 SD=.828) while 1.5% and 21.1% were in disagreement and undecided respectively. Accuracy of information shared amongst the employees and by the organization enhances their performance. Shin and Zeevi, (2023) note that accurate information sharing is a driver of improved employee performance which translates to the performance of the organization. Correct and exact information therefore remains key for insurance companies. To ensure that the information shared is accurate, it should be captured as soon as possible after the event has taken place (www.delta-net.com., 2022). Besides, a majority of the employees both agreed and strongly agreed (70.4%) that they are confident that information shared is in a timely fashion to reduce the risk of missed opportunities of growth (M=3.97 SD=0.876), 5.0% disagreed while 24.6% were undecided. Thus, the respondents are confident that information shared is in a timely fashion to reduce the risk of missed opportunities for growth. This implies that the insurance companies have some aspect of timelines in their information sharing from a quality perspective in information sharing.

71.9% of the respondents were in agreement that in their opinion the information shared by their colleagues within the company is secure and reliable (M=4.13 SD=0.834), 0.5% disagreed while 27.6% were undecided. Lastly, 70.4% of respondents agreed and strongly agreed that when they are confronted with a situation during work, they can find several timely solutions (M=3.86 SD=.736), 2.5% disagreed while 27.1% were undecided. These results imply that insurance companies should ensure that information-sharing practices are in place to high organizational commitment. *Accurate and reliable information should flow across all levels of the business* regardless if it's good or bad. Such requirements are often based on information quality dimensions, such as timeliness and correctness (Li, et al., 2022).

4.2 Correlational Analysis

The correlation coefficient shows the magnitude and direction of the relationship between the study variables. The correlation analysis output in Table 3 shows that there is a positive significant correlation between incentives and organizational commitment at p< 0.01 level of significance where r=.483 This implies that an organization that adopts high incentives is bound to attain organizational commitment. This is supported by Uribetxebarria, Gago, Legarra, and Elorza, (2020) add that HIWS directly predicts organizational commitment.

Table 3: High Involvement Work System *vs* Organizational Commitment

	Incentives	Organizational Commitment
Incentives	1	
Organizational Commitment	.483**	1

**Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Source; (Field data, 2023)

4.3 Regression Analysis

The study used multiple regression analysis to establish the relationship between independent variables and dependent variableS that is incentives *vs* Organizational Commitment of insurance companies in Uasin Gishu County as presented in Table 4.

Table 4: Effect of incentives on organizational commitment

Model		**Unstandardized Coefficients**		**Standardized Coefficients**	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.774	.200		3.872	.000
	Incentives	.208	.033	.309	6.279	.000

a. Dependent Variable: Organizational Commitment

Table 4 shows that the beta value for incentives (.208) was positive. The model can then be specified as:-

$Y = .744 + .208X_1 + \varepsilon$

Where:

X_1= incentives

ε, = Error term

H_{01}: There is no significant effect of incentives on organizational commitment in insurance companies in Uasin Gishu County, Kenya.

Results reveal a standardized regression coefficient for incentives (β=0.208), which implies that an increase of 1 standard deviation in incentives is likely to result in a 0.208 standard deviation increase in organizational commitment. T-test was used to identify whether the predictor was making a significant contribution to the model. When the t-test associated with β value is significant then the predictor is making a significant contribution to the model. The results show that incentives (t =6.279, P<.05). In this regard the null hypothesis was rejected and the study concludes that incentives significantly affect organizational commitment in insurance companies in Uasin Gishu County, Kenya. These findings are in line with the findings of Liu and Liu (2022), Fanggidae, Nursiani, and Bengngu (2019) Chelangat and Gachunga, (2016) who found that incentives are tools for enhancing organizational commitment. This implies that the organizational commitment of employees is pegged on the use of incentives by insurance companies their amongst the employees. This is ascribed to the fact that if employees are *rewarded for their work and their commitment their extent of organizational commitment is equally enhanced. These findings and arguments are based on the social exchange theory*. Employees seek a fair exchange relationship with their organization. Therefore, based on the use of incentives the employees perceive a fair *social* and economic *exchanges* on their *commitment* towards their *organizations hence organizational commitment is potentiated.* Kucuk (2020) notes that SET has been one of the main theories that provide a wide comprehension of exchange dynamics at both the interpersonal and organizational levels. Therefore, the incentive provided by the insurance companies should be perceived by the employees as socially and economically beneficial and worth engendering organizational commitment in reciprocity. Based on a positive social exchange pay raises, commissions **r**egular promotions build engagement among employees to encourage teamwork and boost morale and motivation for organizational commitment. This rationalizes the need for use of and attaching incentives to employee performance outcomes so that they can remain instrumental in maximizing organizational commitment.

5.0 Conclusion

There is a significant effect of incentives on Organizational Commitment in insurance companies in Uasin Gishu County, Kenya. This implies that the organizational commitment of employees is pegged on the use of incentives by insurance companies amongst their employees. *These findings are based on the social exchange theory*. Based on a positive social exchange pay raises, commissions **r**egular promotions build engagement among employees to encourage teamwork and boost morale and motivation for organizational commitment.

6.0 Recommendations

Based on a positive social exchange pay raises, commissions **r**egular promotions build engagement among employees to encourage teamwork and boost morale and motivation for organizational commitment. The insurance company should effectively Communicate the incentive program that they have in place to the employees and execute it as communicated. The incentive program should be engaging, and user-friendly where employees can participate in development and reap the benefits for sustained organizational commitment. The incentive programs should be as diverse as possible to help in attracting and retaining talent.

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