

## **ABSTRACT**

An employee's compensation has become a major area of attention in today's business arena, especially with the dynamic economic environment. The main aim of this study was to examine the effect of financial and non-financial compensation on organizational commitment of employees in commercial banks in Kenya. The study expounded on the different types of compensation schemes and the effect they have on employees' commitment in the commercial banks. Employees are viewed as the most potent resources of an organization. Their employers strive to provide a comfortable working environment for the employees who in turn lead to job satisfaction and enable employees to stay committed in the work environment. This study identified five variables that affect the level of commitment of the employees. The variables under study were salaries, working conditions, promotions, recognitions and benefits. The target population was 1000 employees from the Equity bank. A sample of 150 employees from the bank was used for data collection. Data was collected by use of the questionnaire method. The response rate was 96% which was a total of 144 respondents. Descriptive data analysis was also used where tabulations was used to analyze data collected. Data findings were represented by use of tables. The study used salaries, promotions, work environment, recognitions and benefits as factors of compensation to analyze the relationship of these factors with the level of employees' commitment in commercial banks. Conclusion was made that salaries, promotions, work environment, recognitions and benefits have a direct effect on the commitment of employees in commercial banks. When all the factors are available to employees, their commitment to their work increases. Recommendation was made that more study should be done in the other organizations so that one can compare the banking sector and other organization