

INFLUENCE OF COMPENSATION STRATEGIES ON EMPLOYEES PERFORMANCE IN THE PUBLIC HEALTH SECTOR IN NAIROBI CITY COUNTY, KENYA

Mary Ijaya Mmbusa

Masters of Business Administration (Human Resource Management), Kenyatta University, Kenya

Dr. David Kiiru (PhD)

Department of Business Administration, Kenyatta University, Kenya

©2019

International Academic Journal of Human Resource and Business Administration (IAJHRBA) | ISSN 2518-2374

Received: 14th December 2018

Accepted: 16th January 2019

Full Length Research

Available Online at:

http://www.iajournals.org/articles/iajhrba_v3_i5_20_39.pdf

Citation: Mmbusa, M. I. & Kiiru, D. (2019). Influence of compensation strategies on employees performance in the public health sector in Nairobi City County, Kenya. *International Academic Journal of Human Resource and Business Administration*, 3(5), 20-39

ABSTRACT

Compensation plays an important role in determining employees' job satisfaction and thus performance. The perception of being paid what one is worth predicts job satisfaction. Health Workers in Kenya have always downed their tools lamenting about their compensation which raises concern about their job satisfaction. However it is not clear the influence compensation has on employees performance to cause the many stand offs. This study therefore sought to establish the effects of compensation on employees' performance in the Public Health Sector in Nairobi City County Kenya. The objectives of the study were to determine the effects of both financial and nonfinancial compensation on employees' performance. The study employed a descriptive research design. Stratified random sampling was used to select a sample size of 110 employees drawn from the target population of 1100. Responses were collected through administration of questionnaire. The validity and reliability of the questionnaire was enhanced through a pilot study carried out in selected Hospitals in Nairobi City County. To ensure the validity of the instruments, both face and content validity was used. Data collected was categorized coded and then tabulated using SPSS. The qualitative data was analyzed using descriptive statistics, means frequency tables and percentage. The study

established that competitive salaries, incentives, indirect compensation and rewards had a positive and significant influence on employees' performance. The study concludes that a competitive salary package can improve employee motivation, reduce employee turnover and increase productivity, incentive plans motivate workers for higher efficiency and productivity. It can improve the work-flow and work methods, indirect compensation is a non-monetary benefits offered and provided to employees in lieu of the services provided by them to the organization and that that employees become more engaged when their performance is properly recognized by their employer. The study recommends that paying a competitive salary is crucial for companies wishing to recruit and retain top talent, the organization should review existing reward programs and determining their effectiveness in meeting the organization's objectives, employees should be provided with the adequate allowances and facilities during their overtime, if they happened to do so, such as transport facilities, overtime pay, etc. allowances to get their regular check-ups and that the organization should align employee reward strategies with business strategy.

Key Words: *compensation strategies, employees performance, public health sector, Nairobi City County, Kenya*

INTRODUCTION

To guarantee the accomplishment of firm objectives, the organizations make an environment of responsibility and participation for its workers through arrangements that encourage employees remuneration. Pay of human asset discovers close connects to exceptionally energetic employees. Propelled employees at that point create unwaveringness or responsibility to the firm coming about to more noteworthy profitability and lower turnover rates (Edralin, 2010).

Compensation is characterized as the aggregate sum of the money related and non-fiscal pay gave to an employee by a business as an end-result of work executed as required (Horton & Chilton, 2010). Improving the quality of health services is a continuing challenge to managers in the health system (Lin & Ho 2012). As a matter of fact, the job satisfaction of health care employees is a very important factor that has a pro-found impact on productivity as well as on the quality of patient care (Dudkiewicz, 2014).

In Denmark, a few organizations frequently direct their very own activity fulfillment reviews and employee fulfillment record has been figured for various European nations. The European Union has called the consideration of member states to the quality parts of work and featured the significance of enhancing work quality through pay plans to advance business and social incorporation (European Commission, 2002).

The subject of worker remuneration is especially important to general wellbeing professionals because of the way that hierarchical and employees' wellbeing and prosperity rest a lot on work fulfillment which is extraordinarily contributed by pay (Kabango, 2013). The proof from inquires about focuses to particular determinants and relationships of employment fulfillment and efficiency. Disappointment with one's activity because of absence of pay may result in higher employee turnover, non-attendance, gradualness and complaints. Enhanced employment fulfillment, then again, results in expanded efficiency (Khadka, 2012).

Like most other African nations, Kenya is confronted with a human asset emergency in the general health sector: a large number of its experts in the health sector, for example, specialists and medical caretakers, are relocating to the developed nations to look for better work prospects. Within the nation itself, they are leaving country zones to work in urban zones for a similar reason

The emergency started in the basic change programs that the legislature marked with the World Bank and IMF in the 1990s, which requested a stop on enlistment for the general health sector and compulsory staff conservations (Kelsey, 2015). Despite the fact that the governments's Economic Survey of 2007 shows incredibly expanded spending on general health sector, the segment remains seriously under-financed and movement to urban regions in Kenya and abroad proceeds unabated (Mwaniki, 2008).

The nature of health frameworks depends significantly on the execution of specialists who are happy with their occupations, and along these lines remain at their stations, work and improve higher efficiency in the health offices. Kenya is looked with an incredible test in this regard, with low health specialist to populace proportions, weakness pointers, and a disturbing mind deplete (Health Sector Review, 2010). Low occupation fulfillment and low inspiration don't just decrease execution of the health frameworks yet additionally comprise a genuine push factor for movement of health laborers, both from provincial zones to the urban areas, and to different Counties (Onyango & Wanyoike, 2014).

The point of Management is to meet individual and organizational objectives. This requires fortifying health specialists' self-viability by offering proper remuneration and guaranteeing training and supervision, guaranteeing the accessibility of basic means, materials and supplies and in addition hardware and the arrangement of satisfactory working conditions. Poor risky working conditions, low compensation and poor improvement techniques do not just diminish execution of the health frameworks yet additionally comprise a genuine push factor for relocation of health laborers, both from country zones to the urban areas, and to different Counties (Mathaeur, 2011).

It is in this manner an imperative objective of HR administration in the health segment to reinforce the inspiration of health laborers, from heads of health offices to assistant staff. Exceptionally energetic staff will not just perform better yet additionally give a higher nature of health administrations. Medical specialists or nurses who are persuaded in their present place of employment may likewise be as less slanted to leave their activity or even their nation behind looking for choices, for example, higher pay and additionally better working conditions.

Notwithstanding enthusiasm for the issues of human asset for health laborers in developing nations has so far not gotten as much consideration as the subject benefits (Ministry of Health Information Guide, 2009). Compensation is especially basic for open medicinal services organizational prosperity. This is because of numerous reasons. To start with, general health workers fill open needs and persuaded employees are basic to satisfy the legislatures' obligations to their natives and networks. Second, people look for fulfillment from legislative administrations and to the degree that legislature can react to their requirements auspicious and successfully, their certainty on government development. Government's capacity to react opportune and adequately - to some degree relies upon how much open employees will apply exertion in their occupations. Third, government faces expanding open requests and monetary limitations to meet those requests (Coovadia & McIntyre, 2009). Workers' pay is a focal piece of the work relationship. From the workers' perspective, to do with wages, pay rates and different profit majorly affecting their general salary and their way of life. Employees join extraordinary significance to pay choices when they assess their organization with others. In this manner, pay choice must be deliberately overseen and imparted (Kristal, 2013). This at last impact their work

STATEMENT OF THE PROBLEM

The healthcare sector is an area that has been threatened by brain drain with most of its trained staff seeking greener pastures overseas. Others prefer self-employment or operate private clinics to generate more income (Torres, 2010). Studies done (Lipinge et al 2006) confirm remuneration package as the cause of retention and exit of health professionals. Also the mushrooming of private hospitals since the 1990s has led to growth in product competition (Mwangi, 2001). Organizations are therefore more constrained than ever in making compensation decisions and as result are faced with an incredible tension between needing to compete for the best labour and working within the constraints of the ability to pay. Studies have been done outside Kenya, to determine the effect of remuneration on workers' performance; Kingma & Mireile (2003) Switzerland, Ajila & Abiola (2004) Nigeria and Lipinge Scholastika, Kathe, Lucille and Monika (2006) Namibia among others. They found a relationship between employees' performance and compensation. Existing studies have illustrated how HR practices played an important role in the performance of organizations, particularly across industries. Effect of human resource management practices such as compensation on firm performance has received considerable importance in last 25 years showing effective connection between HR practices and firm performance (Qureshi, et al., 2010). Thus, there is a need to show how HR practice of employees' compensation is interlinked with employees' performance in the public sector. From the various studies undertaken globally on HRD practices in different platforms, there is very little, if any, evidence relating to the Public health sector in County Governments in Kenya (Sheila & Kwasira, 2015). Looking at the studies that have been conducted on the concept of compensation both locally and globally, the level of contribution to employees performance by this practice has not been analyzed, hence the main objective of this research. Empirical evidence in Kenya from studies which have been conducted in the same including a study by Njoki (2000), Sakwa (2004) and Muthigani (2005) is not fully researched and related studies are not well documented. This is the gap this study seeks to fill. This study seeks to explore the effect that compensation has on performance of employees in the public health in Nairobi City County. Despite public hospitals determining and administering compensation schemes, it is not clear how these schemes affect the performance of employees within the sector in Kenya.

GENERAL OBJECTIVE

The general objective of the study was to establish the effects of compensation on employee's performance in the public health sector in Nairobi City County.

SPECIFIC OBJECTIVES

1. To investigate the effects of Competitive salaries on employees performance in the Health sector in Nairobi City County.

2. To determine the effects of Incentives on employees performance in the Health sector in Nairobi City County.
3. To assess the effects of rewards on employees performance in the Health Sector in Nairobi City county.
4. To examine the effects of indirect compensation on employees performance in the Health sector in Nairobi City County.

THEORETICAL REVIEW

Ability, Motivation, Opportunity Theory (AMO Postulate)

The AMO theory was formulated by Olander and Thogersen, 1995. According to the theory organizational interests are best served by a system that attends to the employees ability, motivation, and opportunity. AMO theory of motivation clarifies the connection among inspiration and execution. The hypothesis suggests that execution at singular level relies upon high inspiration, ownership of the essential aptitudes and capacities and a proper job and comprehension of that job (Savaneviciene & Stankeviciute, 2010). It is a short advance to indicate the HRM rehearses that support high aptitudes and capacities, for instance cautious choice and high interest in preparing; high inspiration, for instance representative contribution and execution related pay; and a fitting job structure and job discernment, for instance work plan and broad correspondence and criticism. Diverse HR rehearses/approaches affect capacity, inspiration, and somewhat, capacity prerequisites/opportunity (Katou, 2008). Enlistment and choice, preparing and advancement strategies are relied upon to have their essential impact on capacity (and related hope inspiration discernments).

Job design and job analysis basically decide capacity prerequisites/opportunity and somewhat, (characteristic) rewards advertised. Pay has its essential impact on remunerations offered and instrumentality observations (inspiration). The AMO hypothesis claims, there will be upgraded execution if the workplace gives the vital help (for instance through working innovation) (Musah, 2008). Ahmid, (2012) contended that the organization may embrace a high-responsibility technique, including work rehearses, examination, intensity, reasonable pay, and extensive preparing and improvement with the goal for representatives to have high duty and inspiration. This hypothesis suggests that an organization's HRD practices should accelerate advancement for those staffs with high capacity and inspiration at whatever point an open door emerges. This implies those with high capacity and inspiration ought to be given need over those with bring down capacity and inspiration as to remuneration. This theory is important in this study thusly in light of the fact that it encourages basic leadership concerning employees remuneration.

Expectancy Theory

Expectancy theory was formulated by Victor H. Vroom, 1964 at the Yale School of Management. The hypothesis suggests that an individual will act unquestionably in light of the fact that they are roused to choose a particular conduct over different practices because of what they expect the aftereffect of that chose conduct will be. An investigation by Seligman, (2014) on positive brain research, inspiration is probably going to be when there is an apparent and usable connection between and result, with the result being viewed as a methods for fulfilling needs. As it were, there must be a connection between a specific reward and what must be done to accomplish it.

This theory is imperative with regards to this study as it is instrumental particularly when planning performance based worker welfare programs. In the Kenyan setting, people in general area specifically the Public Health depends altogether on government employees to give administrations to the general population. Adjusting aggressive rewards and enhanced worker execution must be of key noteworthiness to the National Government. The last need to outline execution based worker welfare programs in order to guarantee government employees keep on performing outstandingly. This hypothesis contends that there must be clear technique for improvement. It is this methodology that representatives will contrast against their capabilities with check whether they can create in an association or not. This hypothesis clarifies why an organization's staff would feel certain that they can develop in a similar association, subsequently stay there, or look for advancement somewhere else by going there prompting way out of staff (Sheila & Kwasira, 2015).

Resource Based View Theory

RBV theory was formulated by Penrose (1949). This theory believes that organizations should search inside to discover the wellsprings of upper hand as opposed to taking a gander at the aggressive condition for it. Inside the asset based view (RBV) of the firm, which advocates that an association can increase upper hand by drawing in and holding best HR, universalistic and possibility HRM-execution linkage models have been either hypothetically or experimentally created (Wood, 1999). The universalistic model proposes that a predefined set of HRD hones (the alleged accepted procedures) will dependably deliver unrivaled business results whatever the going with conditions. The possibility display contends that an association's arrangement of HRM approaches and practices will be viable on the off chance that it is steady with other authoritative procedures.

There is no agreement among scientists with respect to which a model is the transcendent one (Wood, 1999). With regard to the HRD-execution linkage display building writing, in spite of the fact that Wimbiscus (1995) bolsters the view that HRD does not have a bringing together model that might be utilized to comprehend HRD issues, most current HRD models are following the universalistic as opposed to the possibility point of view (Kuchinke, 2003). Preparing (Holton

and Naquin, 2005) and employability (Garavan & O'Donnell, 2004) are thought to be the fundamental segments for individuals to secure capabilities that thusly will essentially enhance hierarchical execution.

There is few researchers most eminently Lepak (2013) who advocate that interest in HR might be dependent upon the particular attributes and commitment of gatherings of representatives to the association. In dissecting the effect of HRD on authoritative execution every one of the HRM execution linkage models created supplements the others by including builds, factors or connections (Alcazar & Gardey, 2005).

EMPIRICAL REVIEW

Salaries and Employees Performance

It has been discovered that there is a critical connection between pay in type of pay rates and worker and hierarchical execution. (Shin-Rong & Chin-Wei, 2012). For instance, Mayson and Barret (2006) found that a company's capacity to pull in, persuade and hold workers by offering focused compensations and proper prizes is connected to firm execution and development. Then again, Inés and Pedro (2011) found that the remuneration framework utilized for the business people affects singular sales representative execution and deals association viability. Hence, in an ever aggressive business condition, numerous organizations today are endeavoring to recognize imaginative pay procedures that are straightforwardly connected to enhancing performance in organizations (Denis & Michel, 2011).

The study survey results conducted by Mclean and Tanner (1999) revealed that 70% of CEOs (chief executive officer) and 58% of human resource managers said that the company can implement compensation programs to improve performance of employees (Wekesa & Nyaroo, 2013). Harber (2014) states that if you heard that money does not provide the motivation to do better or if the compensation in the form of money/salary was ranked low, it is the result of a disability survey. In addition, he said that it is funny if a person is not motivated to excel by money. William, (2010) stated that when employees feel their efforts are appreciated and the company introduced a system of fair compensation and satisfaction, the company will have optimized motivation and hence increased employee performance.

Brown (2003) in his study on employees' motivation and performance saw compensation in form of salaries as exchange return between the workers and themselves as a privilege for being representative of an association, or as a reward for a vocation well done. Workers pay does not depend exclusively on the occupations they hold, rather association shift the sum paid by contrasts in execution of the individual, gathering or entire association also contrasts in representatives characteristics, for example, security, instruction levels and abilities;(Gomez-Mejia, Berrone & Franco-Santos2014). Fürmeine Eltern (2011) in his study entitled

“Compensation and Performance” noted that Pay decisions have an impact on a wide variety of activities along the HR value chain as they influence activities like ;recruitment, development, and detainment of employees. Also, pay is an important element for the motivation and satisfaction of employees.

As per an study report by the Society of Human Resource Management (2012), 6 out of 10 workers demonstrated that remuneration in type of compensations was imperative to their general employment execution, putting it just three rate focuses underneath circumstances that utilization aptitudes and capacities and just a single rate point beneath professional stability in 2012. It is additionally expressed pay, alongside employer stability, has reliably stayed on the rundown of the best five activity fulfillment factors most vital to workers. As the financial atmosphere keeps on warming up and enlisting rates increment, alluring pay bundles will be one of the systems associations going after ability will use to enlist and hold the best representatives (SHRM, 2012).

Adams (2013) on his study on the impact of employee motivation on organizational performance recommends that individuals are persuaded to look for social value in the prizes they get for superior. As indicated by him the result from work incorporates; pay acknowledgment, advancement, social relationship and characteristic reward. To get these prizes different sources of info should be utilized by the workers to the activity as time, understanding, endeavors, training and steadfastness. He proposes that, individuals tend to see their results and contributions as a proportion and afterward contrast these proportions and others and swing to end up propelled if this proportion is high. Work inspiration does not decide representative's level of execution, but rather it influences his/her exertion toward playing out the assignment (Kiruja & Elegwa, 2013).

According to Nduro, (2012) on his study on people and motivation, money has huge spurring power in as much as it symbolizes impalpable objectives like security, power, distinction, and a sentiment of achievement and achievement. He likewise displays the motivational influence of cash with the procedure of occupation decision and explains that cash has the ability to pull in, hold, and inspire workers towards higher execution. For example, if a representative has another activity offer, which offers more noteworthy money related rewards and has indistinguishable occupation attributes with his present place of employment, that laborer would most likely be inspired to acknowledge the new activity offer (Nduro, 2012). Sachau (2007) distinguished essential pay as a "cleanliness factor" that could cause representative occupation disappointment if its desire are not understood. They additionally discovered that essential pay was one of the key components that altogether impact representatives' activity fulfillment. Mulveyet al. (2002) additionally discovered that poor pay meant low employment fulfillment, which was thusly identified with low degrees of work commitment.

In a comparative design, investigate on execution evaluation has uncovered that adequate data, for this situation on execution examination criteria, builds fulfillment with the execution evaluation framework. The model proposes that compensation fulfillment relies upon the level of inconsistency between person's impression of the measures of pay, that they ought to get, and what they really do get

Incentives and Rewards & Employees Performance

Zaman et al (2011) demonstrated that there is a huge and positive connection between extraneous prizes and worker inspiration and consequently execution yet the test is that businesses are not offering reasonable and satisfactory monetary prizes to their representatives. In the event that representatives feel that their exertion is valued and the organization has a decent pay structure in view of occupation assessment, the employees' inspiration and duty will enhance and consequently execution. The more noteworthy the prizes offered to the representative the more noteworthy the levels of their performance (Wekesa, 2013).

In the study conducted by Probst & Brubaker (2001), it indicated that the distinction between work fulfillment and disappointment lies in the representatives and the sum and kind of remunerations that the worker anticipates. Representatives expect that their commitment and endeavors ought to be esteemed and given significance similarly they esteem their activity and work towards achieving the errands relegated. Prasetya and Kato (2011), in their investigation uncovered that there are noteworthy impacts from both money related and non-budgetary on the worker performance.

A study by Fister (2004), revealed that employees assess different hierarchical practices and give them meaning; they property the intention and the level of earnestness of their boss. Seen authoritative help is fortified by HRD rehearses in the region of remuneration administration, preparing and improvement, formative assets expected to the advancement of wellbeing, security and well-being of workers. Seen hierarchical help has a few constructive outcomes for the business and workers; it advances authoritative responsibility, work fulfillment, hierarchical citizenship conduct, work fulfillment and lower the levels of occupation related pressure subsequently expanded performance in organization.

This incorporates both extrinsic and intrinsic rewards because of the work by the organization. A factual huge and constructive relationship was found to oversee prizes and inspiration, inferring that if rewards being offered/to representatives were to be modified, at that point there would be a comparing change in fulfillment and work inspiration while the occasional pay increases, recompense, rewards, incidental advantages and different pay on customary and particular periods keep their resolve high and makes them more persuaded (Danish and Usman 2010). Besides, Harrison and Liska (2008) in their examination situated that reward is the highlight of the business contract; after all it is the fundamental motivation behind why individuals work.

According to Sarvanidis, (2013), Consumer loyalties and performance of organization is the aftereffect of its worker's fulfillment. There has been studies demonstrating a positive connection between stock reward and worker execution. The confirmations in Taiwan propose that there exist positive relationship between the measure of stock rewards and firms' working execution. It is likewise discovered that organizations with bigger firm size or high development opportunity have a tendency to embrace stock reward. (Tetteh, 2014).

Performance based compensation is the predominant human Resource rehearse that organizations use to assess and compensate representatives' endeavors (Collins and Clark, 2003). Clearly, execution based pay has a constructive outcome upon worker and hierarchical execution. In a quantitative substance examination of the story portrayals of 50 fast development firms and a correlation gathering of 50 moderate development organizations led by Barringer et al. (2005), results showed that worker motivating forces separated the quick development from the moderate development firms. Firms that were quick development arranged gave their representatives budgetary motivating forces and investment opportunities as a major aspect of their pay bundles. In doing as such, firms figured out how to evoke elevated amounts of execution from representatives, give workers the inclination that they have a proprietorship enthusiasm for the firm, pull in and hold astounding representatives, and move a segment of a company's business hazard to the employees.

Collins and Clark (2003) studied 73 high-technology firms and demonstrated that the connections between the HR practices and firm execution (deals development and stock development) were intervened through their best chiefs' interpersonal organizations. Cho et al. (2005) recommended that motivation designs are viable in diminishing turnover rates. Broker et al. (2001) led a longitudinal investigation of the viability of motivating force designs in the lodging business and found that motivator designs were identified with higher incomes, expanded benefits, and diminished expense (Vlachos, 2008).

In a related study Katou (2012) discovered that pay and motivating forces straightforwardly influence operational execution. To be powerful, remuneration practices and approaches must be lined up with hierarchical destinations. While execution based remuneration can persuade representatives, now and then workers see it as an administration instrument to control their conduct Samnani, and Singh (2014). In such a case, representatives are less steadfast and submitted, in this way pay designs have the inverse than wanted result Valle-Cabrera (2013). Employee turnover can essentially moderate income development, especially in industries (Lanivich, 2016).

Deci and Ryan as a team with two of their associates directed an investigation to inspect the impacts of execution unexpected rewards on a representative's inherent inspiration. The examination additionally found that these sorts of remunerations are exceptionally controlling

since these prizes are specifically connected with a representative's execution of some errand (Cameron & Ryan, 2013).

Indirect Compensation and Employees Performance

Dessler (2011) refers to Indirect Compensation as the aberrant money related and non-monetary installments workers get for proceeding with their work with the organization which are a vital piece of each representative's pay. Other wording, for example, incidental advantages, representative administrations, advantageous pay and strengthening pay are utilized. As indicated by Muriithi (2015). Aberrant Compensation or Employee benefits are components of compensation given notwithstanding the different types of money pay. They likewise incorporate things that are not entirely compensation, for example, yearly holidays.

Management utilizes it apparently to encourage its enlistment exertion or impact the capability of representatives coming to work for an organization, impact their remain or make more prominent duty, raise confidence, decrease non-appearance when all is said in done and enhance the quality of the association by founding a complete program here (Noe et al., 1996). As indicated by Larbi (2014) indirect or supplementary compensation includes 'incidental advantages' offered through a few worker administrations and advantages, for example, lodging, sponsored nourishment, medicinal guide, crèche et cetera. It includes rewards given by associations to workers to their enrollment, participation or investment in the association. Due to the expanding expenses of incidental advantages, a few people likewise mark them as 'concealed finance' (Tetteh, 2014).

A study conducted by Gareth and Jeorge (2010) revealed that Some types of indirect compensation offered by today's organizations i.e Social security, medical expenses, retirement benefits, Paid holidays and other benefits such as food services, free traveling facility, have a direct correction with employees motivation and consequently improved performance.

According to (Bond & Galinsky, 2006) The way that numerous small organization do, that give a few, if not all, of the advantageous advantages to the lower-wage workers, it show that they see the speculations significant for motivations behind upgrading enrollment, execution, and maintenance. It demonstrates how essential it is for associations to give their workers with fitting incidental advantages (notwithstanding compensations and wages) and ensure that the components of their Conditions of Service are legitimately executed. This will build worker resolve and make the nature of products and enterprises better at low costs and furthermore increment benefit (Mashal, 2014).

According to Megira, (2017), performance is a financial proportion of adequacy which abridges and shows the measure of the result delivered by an individual, association, industry or monetary framework relative to the measure of the sources of info used to create them. Associations all around the globe have distinguished the significance of execution to contend and furthermore to

make due in the market. Also, genuine execution change adopts a vital extensive strategy which depends on the representatives, it is imperative to furnish them with the fundamental beneficial advantages to urge them to play out their best (Mashal, 2014).

From the point of view of Al-Sinawi (2016) on indirect compensation and employees performance; since indirect pay assist associations with recruiting and hold fantastic workers that are viewed as key assets in accomplishing upper hand, one can expect that general allure of associations can be upgraded through advantages contributions and that representatives will then be affected to feel more noteworthy fulfillment and dedication. Accordingly, this should prompt more prominent exertion and efficiency. To put it plainly, higher backhanded remuneration may increment hierarchical profitability by drawing in and holding work of better quality. At the end of the day, aberrant remuneration might be a directing job and upgrade the beneficial outcome of work contribution on an association's yield through maintenance and enrollment of skillful representatives (Mensah, 2012).

RESEARCH METHODOLOGY

Research Design

The study employed descriptive survey research design to find out the effects of compensation on employees performance within the public health sector in Nairobi City County. According to Fink, (2012), descriptive survey is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals. This design will assist the researcher to obtain important information concerning the status of phenomena and where possible draw general conclusions from the facts discovered. Descriptive survey will enable the researcher to have a systematic collection and presentation of data in order to determine the effects of compensation on employees' performance in the public health sector in Nairobi City County. Besides, this design will minimize bias and maximizes the reliability of the data collected and analyzed. Furthermore, Descriptive research design is deemed fit for this study since it will allow the collection of data from a sizable population in a highly economical way thus the best strategy to fulfill the objectives of this study.

Target Population

A population is defined as the total collection of elements about which we wish to make some inferences. A population element is the subject such as a person, an organization, customer database, or the amount of quantitative data on which the measurement is being taken Odhiambo, (2014), Rea & Parker (2014), explained that the target population should have some observable characteristics to which the researcher intends to generalize the results of the study. The target population will be staffs of the public health facilities licensed to operate within Nairobi City County by the Ministry of Health with specific focus on the section Heads and managers of

institutions. The study focused on the Public Health institutions that have embraced appropriate compensation programs in their Human Resources management within Nairobi. Nairobi County has been chosen since it's the capital city of Kenya and the economic hub of Kenya where most of the Public Health Institutions are situated. The study area would therefore be good enough to give ground for generalization of the findings on the whole Public Health sector in Kenya.

Sample Size and Sampling Design

A sample design is a definite plan determined before any data are actually collected for obtaining a sample from a given population. A sample is a set of entities drawn from a population with the aim of estimating characteristics of the population, Howell (2012) it is a fraction of the population selected such that the selected portion represents the population adequately. Sampling is the process of selecting a biased or random subset of individual observation for the purposes of making projections based on statistical inferences. The sample was drawn from 1100 medical staffs who are currently employed in 78 public health institutions found in Nairobi City County.

According to Mugenda and Mugenda (2003) 10% is a representative of the entire population thus the researcher will collect data from the sample of 47 respondents of the total population. Besides, purposive sampling design was used because the research focused on the intensive study of a known characteristic of the population. The sample design is also convenient and economical on costs.

Data Collection and Instruments

The study collected the data from two sources the primary and the secondary. Primary data is raw data gathered by the researcher through the data collection instruments and has not been used elsewhere while secondary data was collected from previous research, print and the internet sources. Primary data was collected using questionnaires which had both open ended and closed questions. The questionnaires were divided into two parts. Part one of the questionnaire gathered bio-data of the respondents while second part obtained information on the employees' opinions and perceptions in regard to the study. The questionnaires were administered by the researcher through direct interaction with the respondents to explain the motive of the study and for purposes of creating rapport that facilitated the carrying out of interviews with these respondents. However, in case collection of data through face to face proved difficult due to tight work schedules on the side of the respondents, the researcher will use the drop and pick method. The researcher also sought help of research assistance to administer the questionnaires. On the other hand, secondary data for analysis included data from the company's annual reports to shareholders. This data was used to validate the findings from the primary data.

Data Analysis and Presentation

The data collected, was first be cleaned, sorted and coded using numerical numbers. Then, it will be entered in the Statistical Package for Social Sciences (SPSS) software for analysis to be done. Descriptive and inferential statistics in the form of pie charts, contingency tables and bar graphs and regression models was used to describe the data. Measures of association will be used to examine the relationship between the independent and dependent variables. The mean score for each attribute was calculated and the standard deviation used to interpret the respondents deviation from the mean. The results were presented on frequency distribution tables, pie charts and bar charts. Here the interest was focused on frequency of occurrence across attributes of measures. This followed inferential analysis using regression analysis and Pearson correlation to examine the relationship between variables. The objective is to compute the regression analysis of the variables. The β coefficients were calculated to measure Employees compensation. ANOVA was used to measure the effect of compensation on employees' performance. The equation for the regression model were expressed as:

$$EP = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where: EP = Employees Performance; $\beta_1 - \beta_4$ = Coefficients of the model; X_1 = Competitive salaries; X_2 = Incentives; X_3 = indirect Compensation; X_4 = Rewards; ε = Error term

RESEARCH RESULTS

The first research objective sought to investigate the effects of competitive salaries on employees' performance in the Health sector in Nairobi City County. The study established that competitive salaries had a positive and significant influence on employees' performance. There are opportunities for upward mobility and that employees are highly motivated, the pay is fair in terms of International standards, salary is fair and equitable within the internal job descriptions, the monthly pay package is attractive, and Salary is above market pay rates and that the going rate for the job is commensurate with the location.

The second research objective sought to determine the effects of incentives on employees' performance in the Health sector in Nairobi City County. The study established that incentives had a positive and significant influence on employees' performance. The team incentive plans are offered to the best teams, there is a sense of job security and that employees are rewarded for work well done and that free and subsidized meals are provided to employees, vouchers and tangible goods are given at the end of year, incentives are provided with equity and fairness and that a positive work environment is in place.

The third research objective sought to assess the effects of indirect compensation on employees' performance in the Health Sector in Nairobi City County. The study established that indirect compensation had a positive and significant influence on employees' performance. Employees

receive pension upon exit, male employees get paternity leave, there is a well communicated pay policy and that the employees have a paid annual leave.

The fourth research objective sought to examine the effects of rewards on employees' performance in the Health sector in Nairobi City County. The study established that rewards had a positive and significant influence on employees' performance. Specific behaviours are rewarded like working extra hours, employees are involved in decision making and that job enrichment is used to reward employees.

REGRESSION ANALYSIS

Multiple regression analysis was conducted so as to test relationship among variables. Statistical Package for Social Sciences (SPSS) version 17.0 was used to code, enter and compute the measurements of the multiple regressions for the study. This is shown in Table 1.

Table 1: Model Summary

Model R	R Square	Adjusted R Square	Std. Error of Estimate	Change Statistics					
				Change	R Square F Change	df1	df2	Sig. F Change	
1	.523 ^a	.773	.753	1.199	.273	11.750	4	99	.000

a. Predictors: (Constant), competitive salaries, incentives, indirect compensation, rewards

Adjusted R square is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in Table 1 the value of adjusted r squared was 0.753 (75.3%) an indication that there was variation of 75.3% on the employees' performance in the Health sector in Nairobi City County was due to changes in competitive salaries, incentives, indirect compensation, rewards at 95% confidence interval. Additionally, this therefore means that factors not studied in this research contribute 24.7% of employees' performance and a further research should be conducted fill in that gap.

Analysis of Variance (ANOVA) was used to determine the linear relationship among the variables under investigation. Using this method, the sum of squares, degrees of freedom (df), mean square, value of F(calculated) and its significance level was obtained. The results are shown in Table 2. The significance value is 0.000^a which is less than 0.05 thus the model is statistically significance in predicting how various factors affect the employees' performance in the Health sector in Nairobi City County. The F critical at 5% level of significance was 18.33. Since F calculated is greater than the F critical (value = 21.750), this shows that the overall model was significant. The relationship ($p < 0.05$) indicated a linear relationship among the variables under the study meaning there was 95% chance that the relationship among the variables was not due to chance.

Table 2: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.566	4	16.892	21.750	.000 ^a
	Residual	179.703	95	1.438		
	Total	247.269	99			

a. Predictors: (Constant), competitive salaries, incentives, indirect compensation, rewards

b. Dependent Variable: Employee Performance

Table 3: Determination of Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients		95.0% Confidence Interval for B		
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	.495	.929		.102	.000	1.743	1.932
	Competitive Salaries	.623	.187	2.293	3.334	.001	.253	.992
	Incentives	.431	.095	2.108	1.382	.002	.320	.057
	Indirect compensation	.502	.120	4.283	3.340	.001	.164	.640
	Rewards	.531	.093	3.027	2.332	.003	.153	.215

a. Dependent Variable: Employee Performance

As per the SPSS generated table above, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$) becomes: $Y = 0.495 + 0.623 X_1 + 0.431 X_2 + 0.502 X_3 + 0.531X_4$

Where: Y= Employee Performance; X₁= Competitive Salaries; X₂= Incentives; X₃= Indirect Compensation; X₄= Rewards

According to the regression equation established, taking all the independent variables into constant at zero, employees’ performance in the Health sector in Nairobi City County will be 49.5%. The data findings analyzed also showed that all the independent variables had a positive and significant effect on the employees’ performance in the Health sector in Nairobi City County as indicated by beta values. The relationships ($p < 0.05$) are all significant with competitive salaries (2.293, $p < 0.05$), incentives (2.108, $p < 0.05$), indirect compensation (4.283, $p < 0.05$) and rewards ($t=3.027$, $p < 0.05$). Competitive salary was found to be the most (62.3%) significant followed by rewards (53.1%), Indirect compensation (50.2%) and incentives (43.1%).

In a related study Katou (2012) discovered that pay and motivating forces straightforwardly influence operational execution. To be powerful, remuneration practices and approaches must be

lined up with hierarchical destinations. While execution based remuneration can persuade representatives, now and then workers see it as an administration instrument to control their conduct Samnani and Singh (2014). In such a case, representatives are less steadfast and submitted, in this way pay designs have the inverse than wanted result Valle-Cabrera (2013). Employee turnover can essentially moderate income development, especially in industries (Lanivich, 2016).

CONCLUSIONS

The study concludes that a competitive salary package can improve employee motivation, reduce employee turnover and increase productivity. Employee turnover has a significant cost to businesses, which motivation can help reduce. While salary is not the only motivating factor for employees, it can help workers feel valued by the employer.

The study concludes that incentive plans motivate workers for higher efficiency and productivity. It can improve the work-flow and work methods. When employees are dedicated, supervision costs can be reduced. The rewards usually relate to the achievement of certain goals, either personal, team or organisational, or a combination of all of these.

The study concludes that indirect compensation is a non-monetary benefits offered and provided to employees in lieu of the services provided by them to the organization. They include Leave Policy, Overtime Policy, Car policy, Hospitalization, Insurance, Leave travel Assistance Limits, Retirement Benefits, Holiday Homes.

The study concludes that employees become more engaged when their performance is properly recognized by their employer. Through rewards, the organization can ensure that the job satisfaction level of your employee increases, hence would result to better employee retention.

RECOMMENDATIONS

The study recommends that paying a competitive salary is crucial for companies wishing to recruit and retain top talent. The organization should establish salary ranges that match all of the job descriptions. To determine salary ranges, research and analyze the competitive salary ranges for all relevant jobs based on geographic location.

The study recommends that the organization should review existing reward programs and determining their effectiveness in meeting the organization's objectives. Analyse various reward strategies and the identification of suitable programs for your company. Implementation of the total rewards program and evaluate the incentive programs.

The study recommends that employees should be provided with the adequate allowances and facilities during their overtime, if they happened to do so, such as transport facilities, overtime pay, etc. allowances to get their regular check-ups. Organizations should provide for flexible timings to the employees who cannot come to work during normal shifts due to their personal problems and valid reasons.

The study recommends that the organization should align employee reward strategies with business strategy. It is essential to reward behaviors that will deliver your organization's strategic objectives, such as customer service, innovation, quality and efficiency. Focus on rewards that matter to employees.

REFERENCES

- Ahmed, S., Ahmad, F. B., & Joarder, M. H. R. (2016). HRM Practices-Engagement-Performance Relationships: A Conceptual Framework for RMG Sector in Developing Economy. *Mediterranean Journal of Social Sciences*, 7(4), 87.
- Al-Sinawi, S. H. N. (2016). *Relationship between work performance system and institutional performance in the context of strategic human resource management in Ministry of Education Oman* (Doctoral dissertation, University of Malaya).
- DeGeest, D. S., Follmer, E. H., & Lanivich, S. E. (2016). Timing Matters: When High-Performance Work Practices Enable New Venture Growth and Productivity. *Journal of Management*, 0149206316652481.
- Hussein, U. M. A. R. (2016). *Assessment of Human Resource Management Practices in the Three Polytechnics in Northern Ghana* (Doctoral dissertation).
- Katou, A. A. (2012). Investigating reverse causality between human resource management policies and organizational performance in small firms. *Management Research Review*, 35(2), 134-156.
- Larbi, T. A. (2014). Effect of Compensation Management on Employee Performance at the St. Micheal's Catholic Hospital, Pramso. *Department of Human Resource and Organizational Development*.
- Mihail, D. M., Mac Links, M., & Sarvanidis, S. (2013). High performance work systems in corporate turnaround: a German case study. *Journal of Organizational Change Management*, 26(1), 190-216.
- Milgo, A. C., Kanali, G. N. P. C., & Makokha, E. N. (2014). Reward and compensation as a determinant of employee commitment: a survey of KTDA tea factories in Kenya. *Journal of Business and Management*, 6(15), 117-125.
- Muguongo, M. M., Muguna, A. T., & Muriithi, D. K. (2015). Effects of Compensation on Job Satisfaction among Secondary School Teachers in Maara Sub-County of

TharakaNithi County, Kenya. *Journal of Human Resource Management*, 3(6), 47-59.

- Mutunga, C. N. (2009). Factors that contribute to the level of employee engagement in the telecommunication industry in Kenya: a case study of Zain Kenya. *Unpublished MBA Research Project, University of Nairobi*.
- Samnani, A. K., & Singh, P. (2014). Performance-enhancing compensation practices and employee productivity: The role of workplace bullying. *Human Resource Management Review*, 24(1), 5-16.
- Shiah-Hou, S. R., & Cheng, C. W. (2012). Outside director experience, compensation, and performance. *Managerial Finance*, 38(10), 914-938.
- Sscompetencies, M., (2011). Designing superior compensation systems. *The International Journal of Human Resource Management*, 24(3), 643-666.
- Wekesa, J. N., & Nyaroo, S. (2013). Effect of compensation on performance of public secondary school teachers in Eldoret municipality Kenya. *International Journal of Scientific and Research Publications*, 3(6), 1-4.