EMPLOYEE REMUNERATION AND PERFORMANCE OF CIVIL SERVANTS IN
THE HEALTH MINISTRY IN MOMBASA COUNTY, KENYA

BY
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D53/OL/MSA/25114/2012

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN
PARTIAL FULFILMENT FOR THE AWARD OF DEGREE OF MASTER OF
BUSINESS ADMINISTRATION (HUMAN RESOURCE MANAGEMENT), KENYATTA
UNIVERSITY

OCTOBER, 2016
DECLARATION

This Research Project is my original work and has not been presented for a degree in any University.

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This Research Project has been submitted for examination with my approval as the University Supervisor.

.......................... ..............................

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DEDICATION

This research project is dedicated to my children, Andrew and Grace, for they have been my source of continuous encouragement and inspiration during my studies.
ACKNOWLEDGEMENT

I thank God for the gift of life and health throughout this research project development period. Special gratitude goes to my supervisor Mr. Rugami Maina for his great guidance, commitment, encouragement and support to the completion of this project. My sincere gratitude also goes to my children Andrew and Grace for their inspiration throughout my studies. I also wish to thank my research assistants who were very instrumental in my data collection enabling me to get all the information I required for this study.

Special thanks also goes to my house help, Caroline, who took care of my children thus giving me ample time to study. I also will not forget the researchers whose finding formed my basis for study. I as well thank my parents who have been my biggest cheer leader in all aspects of my life.

To all those who made this study possible, including those I have not mentioned here, I say thank you.
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ABBREVIATIONS AND ACRONYMS

CEO : Chief Executive Officers
KIPPRA : Kenya Institute for Public Policy Research and Analysis
NWC : National Water Conservation
PC : Pipeline Corporation
SPSS : Statistical Package for Social Sciences
U.S. : United States of America
WHO : World Health Organization
ABSTRACT

This study examined the extent to which remuneration can be used as a tool of improving organizational performance among the civil servants working in the Ministry of health, County of Mombasa. The study was guided by the following objectives: to establish how satisfaction with remuneration affects workers’ performance in the health ministry; to determine the effect of employee’s perception of compensation equity on their performance in the health ministry; to evaluate the effect of remuneration management on workers’ performance in the health ministry and to establish the relationship between compensation components and workers’ performance in the health ministry. Descriptive survey design was used in this study. The target population were 8 public health centres and 41 dispensaries within Mombasa County. Stratified sampling design was used to select 40 respondents from health centres and 104 respondents from dispensaries. Purposive sampling was used to select 100 recipients of service delivery in the health centres and dispensaries under study from the health centres under investigation. Primary data was collected using questionnaires for administrators and health providers and interview schedules for patients. A pilot study was done among 10 randomly selected patients and 10 health providers in the health facilities in Mombasa County. The data collected was cleaned, coded and entered in to a computer database in readiness for analysis. Statistical package for social sciences (SPSS) version 20.0 was used for analysis. Quantitative data was analysed through descriptive statistics while qualitative data was analysed through content analysis. Multivariate regression model was used to help indicate if remuneration has a significant relationship with employee performance and to indicate the relative strength of different independent variables’ effects on employee performance. The analysed data was presented in tables, bar graphs, and pie charts. The study showed a positive relationship between the four independent variables and health workers’ performance. Health workers reported dissatisfaction with the salary amounts paid, long periods before salaries were reviewed, inequity between salaries and effort put, low salaries compared to people with similar qualifications but in the private sector, salary reviews and salary scales. The employees perceived inequity in their compensation shown by their perception that salary was not equal to effort put, inadequacy of compensation and benefits, unfairness in compensation which also affected their relations with their colleagues. There were remuneration management issues affecting health workers’ performance like dissatisfying salary structure, few salary reviews in line with economic changes and delayed salaries. The compensation components issues affecting employees’ performance were indicated by the dissatisfaction with the compensation components they got. The performance of health workers was mainly poor as indicated by patients’ dissatisfaction with health workers’ skills and competency, efficiency in nursing care, unfriendliness and lack of courtesy among health workers, negative attitude, and failure to act in the best interest of the patients. Based on the findings of the study, it was recommended that salaries should be reviewed more often to cater for the changing economic needs; the county government should pay the health workers on time and salary structures should be reviewed; the county government should review the compensation components they gave to their health workers and the county government should look into health workers performance and get ways of boosting it because they work in a crucial sector. The issues investigated: satisfaction with remuneration, employee perception of compensation equity, remuneration management and compensation components explained 69.7% of health workers’ performance. It was suggested that a further study should be carried out to identify the other issues affecting health workers’ performance in order to get better ways of improving it.
CHAPTER ONE
INTRODUCTION

1.0 Background of the problem
According to the Woods (2012), business organizations are facing significant challenges on internal and external work environment. For this reason, organizations cannot maintain institutional performance without providing incentives to their employees based on their efficient and effective work. Linking pay to performance is something employers increasingly seek to achieve. It is believed that remuneration strategy accounts for one of the greatest investments an organization makes.

Woods (2012) goes on to explain that although a fair wage is the cornerstone of the contractual and implied agreements between employees and employers, the underlying assumption is that money can directly influence behaviour. Many employees and managers believe that simply increasing what people are paid will make them more motivated, productive and loyal. The influence of remuneration strategy is an important ingredient in every organization and employee performance is a critical issue for many businesses, because of the need to attract, motivate and retain the right talent pool for a business to succeed.

According to Miner (2005) effective remuneration and compensation have been found to be one the most important tools the organization can use to increase their employees performance and thereby improving the organizations returns. Additionally, with the recent global political and economic events, most hirers of human capital have come to the realisation that in order for their organizations and institutions to achieve competitive advantage, the results of their workers go a long way in gauging the overall success of the organization.

Woods (2012) on a study in U.S. revealed that people are often motivated by money. The salary a worker is paid by his employer can have a great influence on his performance in the administration. A worker does not simply view his salary as a dollar amount; he sees it as the value his employer places on him as a worker. The level of appreciation he feels can have a direct impact on his overall performance
This was echoed by Idrees, Xinping, Shafi, Hua and Nazeer (2015) on a study in Pakistan who investigated whether a high level of salary, motivation and job related training was associated with job performance of employees. Result obtained from regression analysis indicated that there is a positive and significant relationship between the job performance and salary, motivation and training. This finding implies that salary, motivation and training are the means through which top management can obtain high level of job performance. It is useful for top managers to be aware that higher job performance can lead to higher level of job satisfaction which will enhance profitability and productivity.

In China, Guangjian (2003) discovered a link between employees’ remuneration and job performance. He observed that when employees perceive themselves as under or over compensated, they may experience anger or guilt. This may affect their performance, and they may try to regain equity by altering inputs or outputs by using a different comparison, or by using psychological justifications. Equity considerations are clearly important to organizations because of their behavioural consequences.

Guangjian (2003) goes on to argue that because employees have the ability to change inputs, inequity may lead to changes in effort and therefore, performance. Through numerous experiments, researchers have proved that external, internal and individual underpayment will be negatively related to changes in performance. Even though overpayment may lead to positive changes in performance, after having analysed the cost and benefit, organizations more often use equity-based compensation to attract, motivate and reward employees. Provided with additional incentives, employees would perform better to promote organization growth, development and financial success. The benefits accrue to the employers as well as the employees.

In Africa, there appears to be plentiful evidence in the research literature that poor pay has a negative effect on the performance of public servants, and is a core factor in worker demotivation (Fernandez, 2008). This is especially the case when salaries are not adequate for obtaining the basic necessities of daily life. The opportunity to earn higher salaries is one of
several major push factors for the migration of workers. However, a narrow focus on financial incentives may not be adequate for improving performance and motivation.

Kipkorir (2013) conducted a study in Kenya that showed the negative impact of monetary rewards on intrinsic motivation and performance. A group of employees were asked to work on a certain project. Some were paid and some were not paid for the work. The workers that were not paid worked longer on the project and found it more interesting than the employees being paid. The paid employees felt that their behaviour was being controlled in a dehumanizing and alienating manner by the rewards. It was discovered that rewards would seriously decrease an employee's motivation and performance to ever perform the task being rewarded, or one similar to it, any time in the future.

WHO (2013) established a useful link between well managed and compensated health care system and efficiency in health service delivery. However, there has been a crisis in the public health sector in Mombasa County (Kanyi, 2015). Doctors and nurses have had go slows and strikes over non-payment of their salaries and remuneration. This has caused many deaths and escalation of illnesses which could have been avoided if they had been paid well and on time. Most researchers have indicated that employees expect a reward every time a task is completed and they expect it in time as per employment agreement. Nevertheless, while some studies indicate that taking away rewards serve as negative reinforcement hence poor performance, others indicate the opposite. This means that there are contradictory research findings linking remuneration and job performance and this study aims to reconcile such.

Kanyi (2015), Mombasa County is one of the most important counties in Kenya for its strategic role of being a port city, forming a gate way to all imports and exports not only for Kenya but the East African region. The county also handles the largest percentage of tourism related roles as the location is the main tourist destination in the country. This therefore indicates the critical role served by the county and the dire need to have highly motivated employees to handle the role appropriately.
1.1. Variables of the Study

1.1.1 Remuneration

According to Woods (2012), a fair wage is the cornerstone of the contractual and implied agreements between employees and employers. He went on to say that money can directly influence behaviour. Remuneration is described as the rewards both money and in kind that a person receives after performing a task. It is the main reason why people go to work. Effective remuneration and compensation have been found to be one of the most important tools that organizations can use to increase their employees’ performance therefore increasing the organization’s returns, Miner (2005).

Human capital especially in the health sector has been indicated as an important aspect in ensuring effective service delivery (Health Sector Review, 2010). However in Kenya the problem of low remuneration has led to high labour turnover especially in public hospitals. This has meant that most of the public hospitals are understaffed and therefore cannot be able to handle the large number of patients especially from poor background in dire need of services from these hospitals.

1.1.2 Performance

Guangjian (2003) argues that because employees have the ability to change inputs, inequity may lead to changes in effort and therefore, performance. Through numerous experiments, researchers have proved that external, internal and individual underpayment will be negatively related to changes in performance.

Idrees et al (2015) shared that workers have been known world over to work as hard as they are paid. The effort they give to the job is normally commensurate to the compensation they receive from their employer. Therefore, if they feel underpaid, they will most likely underperform. Even though overpayment may lead to positive changes in performance, after having analysed the cost and benefit, organizations more often use equity-based compensation to attract, motivate and reward employees. Provided with additional incentives, employees would perform better to promote organization growth, development and financial success. The benefits accrue to the employers as well as the employees.
In Africa, there appears to be plentiful evidence in the research literature that poor pay has a negative effect on the performance of public servants, and is a core factor in worker de-motivation (Fernandez, 2008). This is especially the case when salaries are not adequate for obtaining the basic necessities of daily life. The opportunity to earn higher salaries is one of several major push factors for the migration of workers. However, a narrow focus on financial incentives may not be adequate for improving performance and motivation.

### 1.1.3 Mombasa County

Kanyi (2015), Mombasa County is the gateway that links Kenya with the rest of the world. Being the second largest and the port city, Mombasa plays a very crucial role in Kenya’s economy. Therefore, it is important for all the system to be working properly for the country to reap optimal benefits.

The public health care sector in Mombasa has been in crisis, Kanyi (2015). The doctors and nurses have been on go slows and strike over non-payment of their salaries and poor remuneration. This has caused deaths and escalation of illnesses which could have been avoided if they had been paid well and on time.

### 1.2 Statement of the Problem

In the recent past, a series of industrial strikes has been witnessed in the public sector. The hardly hit sectors have been health and education. Public institutions are often faced with the challenge of poor or inadequate remuneration which results in lowly motivated employees and hence poor performance at work. The challenge of fair and adequate remuneration package exists in nearly all institutions but the public institutions are worst affected by the problem Kenya Institute for Public Policy Research and Analysis [KIPPRA], 2013).

Human capital especially in the health sector has been indicated as an important aspect in ensuring effective service delivery (Health Sector Review, 2010). However in Kenya the problem of low remuneration has led to high labour turnover especially in public hospitals. This has meant that most of the public hospitals are understaffed and therefore cannot be able to
handle the large number of patients especially from poor background in dire need of services from these hospitals. Apart from low pay, low level of health staff motivation is also one of the main causes for high turnover.

According to Health Sector Review (2010), health practitioners just like other workers are responsive to push factors. These are such as remuneration and working conditions. Therefore any slight alteration in the wage and salary plays a significant role in determining whether they will be committed in their work stations. Lack of effective remuneration structures in public hospitals has led to most health workers leaving to greener pastures such South Africa and Botswana.

Despite this, most local studies on employee performance have either concentrated on motivation or job satisfaction and they are hardly in the public health sector (Sokoro, 2012; Gichuru, 2015; Tumwet, 2013; Nyabuti, 2011; Kiruja and Elegwa, 2013). The study was conducted to address the gap in knowledge by carrying out an assessment of the current remuneration for health workers in Mombasa county and how this affects the performance of the workers.

1.3 Objectives of the study
1.3.1 General objective
The main objective was to establish the effects of remuneration on the performance of civil servants in the Health Sector in Mombasa County, Kenya.

1.3.2 Specific objectives
The study was guided by the following specific objectives:

i. To examine the effect of remuneration satisfaction on the performance of workers in the health ministry

ii. To determine the effect of employee’s perception of compensation equity on the performance of workers in the health ministry

iii. To evaluate the effect of remuneration management on the performance of workers in the health ministry

iv. To establish the effect of compensation components on the performance of workers in the health ministry
1.3.3 Research Questions

i. What is the effect of satisfaction with remuneration on the performance of workers in the health ministry?

ii. How does employee perception of compensation equity affect the performance of workers in the health ministry?

iii. What is the effect of remuneration management on the performance of workers in the health ministry?

iv. How do compensation components affect the performance of workers in the health ministry?

1.4 Significance of the study

The study might inform the government on the gaps that need to be addressed regarding health workers’ remuneration. This would go a long way in helping the government to come up with ways of bridging the gaps hence averting the industrial strikes that have been witnessed over the years. Through motivated workers, the government might achieve good health care system for its citizenry.

The government has partnered with various stakeholders towards realizing good health care system. These include the private sector, donors, among others. This study might inform the various stakeholders on the gaps in the health sector remuneration structure. With this information, the stakeholders can identify areas in which they can chip in to help the government to better address the remuneration issues in order to improve the quality of service provided by health workers.

This study might also inform management on the role played by remuneration in employee’s performance. Through this, they can come up with better remuneration structures and policies which would in turn improve performance.

This study might inform the policy makers to come up with policies that would address the current dissatisfaction suffered by health workers as a result of poor remuneration structure in order to improve performance. This study might as well lay foundation for further research on
the area of employee remuneration. Scholars can use findings of this study to conduct other studies to address identified gaps hence further contributing to key issues pertaining worker’s remuneration structures.

1.5 Scope of the study
The study covers the effects of remuneration on civil servants performance in the health ministry in Mombasa County. The study was done in all the public health facilities in Mombasa County. The target population were the administrators and employees working in those public health facilities as well as patients who are the recipients of the services offered in these health facilities.

1.6 Limitations of the study
One of the major limitations was that the information regarding remuneration was held with a lot of confidentiality by the institutions as well as the employees. This made the process of obtaining accurate data quite difficult. However, the researcher explained to the respondents that the data collected was for research purposes only and that the results would be confidential and this positively changed the respondents’ attitude. Secondly, public health facilities are very busy institutions and therefore a time constraint existed for most respondents. The researcher however collected data at the respondents’ convenience which included during night shifts. This increased the response rate.

1.7 Organization of the Study
This study is organized into five chapters. The first chapter covers introductions. The second chapter comprises of the literature review. The third chapter contains the research methodology and the forth chapter is data analysis and interpretation. The fifth and last chapter contains the summary, conclusion and recommendations of the study.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction
This chapter comprises a review of previous works as well as looking at theories of remuneration in relationship to the study. In addition, it will cover the theoretical review, conceptual framework and a summary of the chapter and research gaps.

2.2 Theoretical review
The following theories will form foundation for this study: reinforcement theory, expectancy theory, equity theory and agency theory.

2.2.1 Reinforcement Theory
The theory states that an individual’s behaviour is a function of its consequences (Management Study Guide, 2013). Behaviourism evolved out of frustration with the introspective techniques of humanism and psychoanalysis, as some researchers were dissatisfied with the lack of directly observable phenomena that could be measured and experimented with. In their opinion, it would make the discipline of Psychology more "scientific" and on par with the core sciences.

These researchers turned to exploring only the behaviours that could be observed and measured, and away from the mysterious workings of the mind (Funder, 2010). The science of psychology that is often associated with the current era may be considered inadmissible to those that follow Skinner’s beliefs. Psychology has frequently been associated with the human mind and the evolution of cognitive awareness, causing Skinner to move in a different direction. By applying his thoughts on adjusting motivation through various stimuli, industries such as business, government, education, prisons, and mental institutions can gain a broader understanding of human behaviour.

In understanding why any organism behaves the way it does, Skinner saw no place for dwelling on a person’s intentions or goals (Banaji, 2011). For him, it was outward behaviour and its environment that mattered. His most important contribution to psychological science was the concept of reinforcement, formalized in his principles of operant conditioning. This was in
contrast to Ivan Pavlov’s principles of classical conditioning, which along with J.B. Watson’s extreme environmentalism strongly influenced his own thinking.

Reinforcement theory has been used in many areas of study to include animal training, raising children, and motivating employees in the workplace (Griffin & Moorehead, 2010). Reinforcement theories focus on observable behaviour rather than needs theories that focus on personal states. Reinforcement theory is a form of operant conditioning and focuses on the environmental factors that contribute to shaping behaviour. Simply put, reinforcement theory claims that stimuli are used to shape behaviours.

Griffin & Moorehead (2010), there are four primary approaches to reinforcement theory: positive reinforcement, negative reinforcement, positive punishment, and negative punishment. By analysing the various components of the law of effect and the primary approaches, people can achieve desired results, otherwise known as consequences, through its application within the workplace. Reinforcement theory is applicable in this study as environmental consequences are powerful tools that managers can use to shape behaviour. Rewarding desired behaviour helps employees develop positive habits and is less likely to foster resentment than a more punitive approach.

2.2.2 Expectancy theory

The expectancy theory of motivation was suggested by Victor H. Vroom, an international expert on leadership and decision making (Redmond, 2014). Vroom defines motivation as a process governing choices among alternative forms of voluntary activities, a process controlled by the individual. The individual makes choices based on estimates of how well the expected results of a given behaviour are going to match up with or eventually lead to the desired results.

Motivation is a product of the individual’s expectancy that a certain effort will lead to the intended performance, the instrumentality of this performance to achieving a certain result, and the desirability of this result for the individual, known as valence. Pay systems differ most in their impact on instrumentality-the perceived link between behaviour and pay. Valance of pay outcomes remains the same under different pay systems. Expectancy perceptions often have more to do with job design and training than pay system (Montana & Charnov, 2008)
Vroom's expectancy theory addresses motivation and management. The theory suggests that an individual's perceived view of an outcome will determine the level of motivation (Miner, 2005). It assumes that the choices being made are to maximize pleasure and minimize pain, as also seen in the Law of Effect, "one of the principles of reinforcement theory which states that people engage in behaviours that have pleasant outcomes and avoid behaviours that have unpleasant outcomes.

He suggests that prior belief of the relationship between people's work and their goal as a simple correlation is incorrect. Individual factors including skills, knowledge, experience, personality, and abilities can all have an impact on an employee's performance. According to Droar (2006) Vroom theorized that the source of motivation in expectancy theory is a multiplicative function of valence, instrumentality and expectancy. He suggested that people consciously chose a particular course of action, based upon perceptions, attitudes, and beliefs as a consequence of their desires to enhance pleasure and avoid pain.

Expectancy theory is applicable in this study as people change their level of effort according to the value they place on the remuneration they receive from the process and on their perception of the strength of the links between effort and outcome.

2.2.3 Equity Theory
Equity theory was introduced by John Stacey Adams in 1963 (Guerrero, Andersen &Afifi, 2014).Equity theory suggests that individuals engage in social comparison by comparing their efforts and rewards with those of relevant others. The perception of individuals about the fairness of their rewards relative to others influences their level of motivation. Equity exists when individuals perceive that the ratio of efforts to rewards is the same for them as it is for others to whom they compare themselves. Inequity exists when individuals perceive that the ratio of efforts to rewards is different (usually negatively so) for them than it is for others to whom they compare themselves.

There are two types of inequity—“under-reward” and “over-reward” (Gill &Stone, 2010). Under-reward occurs when a person believes that he/she is either puts in more efforts than another, yet
receives the same reward, or puts in the same effort as another for a lesser reward. For instance, if an employee works longer hours than her co-worker, yet they receive the same salary, the employee would perceive inequity in the form of under-reward.

Conversely, with over-reward, a person will feel that his efforts to rewards ratio is higher than another person's, such that he is getting more for putting in the same effort, or getting the same reward even with less effort. While research suggests that under-reward motivates individuals to resolve the inequity, research also indicates that the same is not true for over-reward. Individuals who are over-rewarded often engage in cognitive dissonance, convincing themselves that their efforts and rewards are equal to another's (Gill & Stone, 2010).

According to the equity theory, individuals are motivated to reduce perceived inequity (Spector, 2008). Individuals may attempt to reduce inequity in various ways. A person may change his or her level of effort; an employee who feels under-rewarded is likely to work less hard. A person may also try to change his or her rewards, such as by asking for a raise. Another option is to change the behaviour of the reference person, perhaps by encouraging that person to put forth more effort.

Payment however, is the main concern and therefore the cause of equity or inequity in most cases (Walster, Walster & Bershcheid, 1978). In any position, an employee wants to feel that their contributions and work performance are being rewarded with their pay. According to equity theory, if an employee feels underpaid then it will result in the employee feeling hostile towards the organization and perhaps their co-workers, which may result the employee not performing well at work anymore. It's the subtle variables that also play an important role for the feeling of equity. Just the idea of recognition for the job performance and the mere act of thanking the employee will cause a feeling of satisfaction and therefore help the employee feel worthwhile and have more outcomes.

Equity theory is relevant to this study. Employees receive remuneration as a result of their work in the organizations. Underpayment of health workers may make such workers put less effort
curtailing their performance. This has a negative effect in the overall performance of the public health sector.

2.2.4. Agency Theory
Agency theory focuses on the divergent interests and goals of the organization’s stakeholders and the way that employee remuneration can be used to align these interests and goals (Rutherford & Springer & Yavas, 2005). This theory talks about two important stakeholder i.e. employer and employee. Employer plays a role of principal whereas employee plays a role of agent. Remuneration paid to employee (agent) is called agency cost. Agent wants high agency cost whereas principals want to minimize it.

Agency theory says that principal must choose a contracting schemes that helps align the interest of agent with the principal’s own interest. If the organization does not align its interest with those of the employee, the results will be low productivity. This is because as the organization advances its interests, those of the worker (in form of remuneration) are left unattended hence de-motivation of the employees leading to poor performance (Eisenhardt, 1989).

If an organization prioritizes the interests of the workers, the obvious results will be motivation hence high performance. Remuneration is a key contributor of employee performance. Workers who view themselves as poorly paid are less likely to contribute fully towards the goal of the organization and vice versa (Laffont & Martimort, 2002). This means that agency theory is applicable to this study with the health workers being agents and the county government being the principal. When the county government cuts the agents cost through failure to pay health workers, the performance of such workers goes down.

2.3 Empirical Review
The empirical review will cover the independent variables: satisfaction with remuneration, employee’s perception of compensation equity, remuneration management and compensation components and the dependent variable; employee performance.
2.3.1 Remuneration Satisfaction and Performance

A study was conducted by Syengo (2013) on relationship between pay, job satisfaction and organizational commitment in Kenya state corporations. Data was collected by use of a questionnaires administered by “Drop and Pick later” approach from a sample of 40 State Corporations that was drawn by use of stratified sampling method from a population of 142 corporations. The data collected was analyzed using SPPS and Eviews Statistical package, where descriptive statistics such as mean, standard deviations, frequencies and percentages were generated.

From the data analysis it was found that the salary paid to the employees was not attractive vis-à-vis what was on offer in the market. As well the pay on offer in the majority of the organizations was not commensurate with qualifications, skills and experience. No significant relationship was found to exist between pay type and job satisfaction and also between pay type and organizational commitment, Syengo (2013).

It can also be concluded that even though in the bulk of the State Corporations the employees were satisfied with their jobs and were committed to their organizations, the only limiting factor was pay levels, which the majority of the employees were not satisfied with. Although remuneration was a variable in this study, the study mainly concentrated on organizational commitment, Syengo (2013).

A study by Mwakio (2013) on the influence of compensation strategies on project team performance in local government projects in Karatina Open Air Market Project was done. The research project was undertaken to determine the influence of compensation strategies on project team performance in local government projects in Kenya. This study was triggered by the fact that most local government projects in Kenya have received negative criticism, therefore this study aimed at addressing issues on employee compensation to determine whether such issues influenced performance of projects and thus the consequent criticism. The base of the research was Karatina Open Air market project.

The researcher adopted a descriptive research design and aimed at a target population of 170 employees working for the Karatina Open Air Market project, from which a sample of 85 was
selected through a proportional stratified random sampling design. Data was collected through self-administered questionnaires that were dropped and picked at a later date. The data collected was analysed using SPSS (Statistical Package for Social Sciences) software. Content analysis was used to analyse the qualitative data collected.

The major findings of the study revealed that the Salary package, Benefit payments and Management style as compensation strategies were all unsatisfactory and they were found to significantly influence project team performance in local government projects. However, even though this study was done in the local government, it concentrated on the performance of projects and not whole organizations, Mwakio (2013).

Ohando (2014) did a study on determinants of employee morale and satisfaction among public servants in Kenya. The study was based on primary data collected that gave each respondent an equal chance of selection from the population that represented staff at Public Service Commission. Data was analysed using descriptive and inferential statistics that provided information on estimations, association description, relationship of data and prediction. The descriptive survey method targeted the population of 209 respondents where a sample of 63 was drawn and self-administered questionnaire was used to gather data. A 5 point Likerts scale was used to measure respondents' morale and satisfaction. Responses were grouped into categorical variables for analysis purposes using descriptive and inferential statistics. The researcher then used inferential statistics to estimate numerical characteristics of data, described association within data using regression analysis to communicate research findings.

Ohando (2014), the study found out that the factors that affected morale and satisfaction included leadership, management, salary structure, policies on reward, training and work environment. It concluded that when structures like organization and salary are undertaken ownership from both parties need to be agreed upon as strategy for building of high morale and satisfaction in the organization. The study was on morale and satisfaction and pay was just one of the variables studied.
2.3.2 Employee perception of compensation equity and performance

Motshegwa (2014) did a study on a comparative analysis of teachers’ perception of equity, pay satisfaction, affective commitment and turnover in Botswana. A total of 232 usable responses were received. The results of the study indicated that even though the studied teachers were at different levels of schools, there were no major differences in the way the perceived the variables studied. The relationship between equity and pay satisfaction was strong and significant for both junior and senior secondary school teacher. The relationship between equity and affective commitment, pay satisfaction and intention to turnover, and affective commitment and intention were all significant at p < .001.

Another study by Kelil (2015) examined the perception of employees regarding the compensation and benefit policy in government higher education institutions found in Addis Ababa. One hundred and fifty employees from three institutes participated in this study and 96 questionnaires were returned that gave a response rate of 64%. Data was collected using a set of questionnaires. Data analysis was done using descriptive statistics. Findings showed that employees perceived the current compensation and benefits inadequate and unsatisfactory, employees did not participate in compensation and benefits decision, it was not periodically updated and communicated to employees. Moreover, it was perceived that the effectiveness of compensation and benefits was not evaluated and the policy was no revised. Nonetheless, the study was done in the education sector.

Mutinda (2011) conducted a study of factors influencing employee perception of equity in compensation among medium sized commercial banks in Nairobi. The population of this study consisted of all the employees in the 13 commercial medium sized banks in Nairobi. This was a cross sectional descriptive survey design since data was collected and provided insight into the research problem by describing the variables of interest among the units of study.

The study found out that perception of fairness in compensation affects the relationship with colleagues as well as perception of fairness in compensation influence employees’ motivation to work, external equity influence on wages over internal equity influence. However, this study was done in the private sector (commercial banks). The results may therefore not be generalised to the public sector like government hospitals.
2.3.3 Remuneration management and performance

Lorsch and Khurana (2016) did a study on executive compensation in America. They concentrated on the compensation of Chief Executive Officers (CEOs) and other top executives of American public companies. They found out that there are flawed compensation arrangements for the top management of major financial institutions. They declared that for almost 20 years, a growing chorus of voices including some shareholders, the business media, policymakers, and academics have been criticizing the way top managers were paid.

A research conducted by (Kenya Institute for Public Policy Research and Analysis [KIPPRA], 2013) and commissioned by Salaries and Remuneration Commission (SRC) to determine the differences between public and private wages revealed that the public sector pays higher salaries than the private sector when looking at the basic pay only. This research further found out that the problem is the thinking and perception that there are even greater and wider disparities within the public sector itself, with those in the top ranks earning extremely higher salaries.

Also, within certain ranks in the public institutions, level of education and the experience of workers do not seem, as they should be, to justify for differences in the wages and salaries. There is a clear and a direct relationship between workers performance and remuneration. While variable pay is used in rewarding workers performance, base pay adjustments reflect market conditions. This study showed a link between the way remuneration is managed and employee performance. However, it was done in the public sector in general, [KIPPRA], 2013).

Kassim (2013) sought to investigate the relationship between remuneration and performance of non-teaching staff in the six Public Secondary Schools in Mandera East District. The research design was descriptive. The target population was 50 non-teaching staffs who were the employees of the six Public Secondary Schools in Mandera East District. Due to the small size of the population, a census investigation was undertaken.

Tools for data collection were mainly questionnaire which was self-administered. The data was analysed by use of descriptive statistics such as percentage and mode. The result of the study was
presented by means of pie charts, bar graphs and frequency distribution tables. The study found that there was urgent need to develop the salary structure of the non-teaching staff to guide the management of the Public Secondary Schools in Mandera East District because it affected employees’ performance. They should design a comprehensive remuneration system that is attractive to the staff for better performance.

The remuneration should include both financial and non-financial rewards. Regular pay review should be implemented to motivate the non-teaching staff and to adjust to the economic changes. Although the study dealt with issues regarding remuneration management like salary structure remuneration system and pay review, it was done in the education sector and not in the health sector.

2.3.4 Compensation components and performance

Nthambi (2014) investigated the effects of rewards on employee performance among operational staff at Kenya bureau of standards. The study discussed various aspects of rewards such as employee services, salary reviews, health benefits and training programs and how they impact on employee performance. The study employed descriptive research design. The researcher targeted 224 employees from the six departments at the headquarters. Stratified random sampling procedure was used to select the sample that represented the whole population. Data was analysed through descriptive statistics. Study found a link between compensation components like salary reviews and health benefits and employee performance, Kassim (2013).

Assava (2012) studied the effects of reward system on employee performance in National Water Conservation and Pipeline Corporation (NWC & PC) in Nairobi. In order to collect data necessary for the realization of the research objectives, a descriptive study design was adopted. The target population consisted of 206 employees. However, due to some limitations especially associated with time and cost, a sample size of 103 elements representing 50 per cent of the sample frame was used.

Assava (2012), data collection was done using a standard self-administered questionnaire which was distributed to the respondents. The data was analysed using the Statistical Program for
Social Scientists (SPSS) to obtain descriptive statistics in terms of the mean, mode, median and frequencies. Data presentation was in form of frequency tables, mean, charts, and graphs. The study findings on the existence of a reward system in form of salary and wages, annual performance bonuses as well as monthly target based incentive schemes.

Assava (2012), the findings on the relationship between reward system and the organization performance showed that indeed there existed a relationship between the two as confirmed by a majority of respondents, who shared similar opinion. It was further revealed that the majority of the respondents were of the opinion that the reward system impacts on the overall performance of the organization. In light of these findings, the study concluded that Employees at NWC&PC valued monetary rewards, such as salary and wages, annual company performance bonuses and monthly target based incentive schemes as important for good performance.

Though they were dissatisfied with the non-monetary rewards such as informal praise from superior (thank you); formal praise from superior (certificate); symbolic gifts (caps, t-shirts); mention in monthly magazine, they regarded the them as valuable non-monetary rewards for good performance hence they should be part of the compensation plan, Assava (2012).

Another study was conducted by Wanjoji (2013) on the effects of reward system on employee's performance in private manufacturing companies in Nyeri County. The researcher used target population of 517 permanent employees and a sample size of 150 permanent employees in private manufacturing companies in Nyeri County. The stratified simple random sampling method was used to arrive at the sample. Data was collected using self-administered questionnaires targeting the employees from all the departments.

Data was analysed using descriptive analysis, qualitative and quantities techniques and presented using tables, graphs and pie charts. The study revealed that the rewards that have most effect on the employee's performance were individual/group incentive 83%, annual salary increment 80%, promotion 79% and monetary rewards 74%. These rewards have the highest influence because they have an impact on the disposable income thus raising the living standards of the employees, Wanjoji (2013).
Wanjohi (2013), the study further revealed that the rewards that had no relevant impact on employee’s performance included certificate of long service 22%, product awards 14%, recognition programmes and career growth at 9%. These low percentages were because these rewards did not give direct benefit to the employees. Stock option had the highest of 38% of neutral response and this was realized because most employees did not have awareness on investment portfolios. The most preferred rewards in the company were the financial based rewards with the non-financial rewards not very attractive to most employees. The study concluded there was correlation between the rewards system and performance in private manufacturing in Nyeri County. However, this study was done in the manufacturing industry which has different characteristics compared to the health sector.

2.4 Summary of literature and Research Gaps
On satisfaction with remuneration and employee performance, all the studies reviewed showed that employees were dissatisfied with their remuneration. However, Syengo’s (2013) study was in Kenya state corporations and focused on organizational commitment; Mwakio’s (2013) study concentrated on the performance of projects and not whole organizations while Ohando’s (2014) was on morale and satisfaction and pay was just one of the variables studied.

Past studies showed a link between employee’s perception of compensation equity and employee performance. However, even though Motshegwa’s (2014) study found a link between equity and pay satisfaction, it was done among teachers; Kelil’s (2015) study was also done in the education sector and Mutinda’s (2011) study was done in the private sector (commercial banks). The results may therefore not be generalised to the public sector like government hospitals.

On remuneration management and employee performance, Lorsch and Khurana (2016) found a link between compensation management and employee performance, but the study was done in America; KIPPRA’s (2013) study was done in the public sector in general while Kassim’s (2013) study was done in the education sector and not in the health sector.
Regarding compensation components and employee performance, Nthambi (2014) found a link between compensation components like salary reviews and health benefits and employee performance; Assava’s (2012) study also linked the two variables but the study was done in Nairobi while Wanjoji’s (2013) study was done in the manufacturing industry which has different characteristics compared to the health sector.

On employee performance, Serah’s (2013) study was on employee performance but it was done in the private sector. Chebet’s (2015) study focused on other factors affecting employee performance and the only factor related to remuneration was compensation package and Mwanza’s (2012) study was conducted in the education sector.

While a lot of research linking the independent variables and the dependent variable have been conducted, some of these studies have been done out of Kenya and the ones which have been done locally have been performed in other sectors like education, manufacturing and hotel industry. Given that the health sector has different characteristics from the other sectors, these findings may not be generalized to the health sector. This leaves a knowledge gap and creates the necessity to carry out a study of this nature.
2.5 Conceptual framework

The study can be conceptualized as shown in Figure 2.1

<table>
<thead>
<tr>
<th>Independent variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration Satisfaction</td>
</tr>
<tr>
<td>- Employee contentment with their pay package</td>
</tr>
<tr>
<td>Employee’s perception of compensation Equity</td>
</tr>
<tr>
<td>- Employees satisfied with equity in pay packages</td>
</tr>
<tr>
<td>Remuneration Management</td>
</tr>
<tr>
<td>- Satisfaction with the management of remuneration package</td>
</tr>
<tr>
<td>Compensation Components</td>
</tr>
<tr>
<td>- Employee’s happy with their compensation package.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dependent variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
</tr>
<tr>
<td>- Patients satisfied with the services offered at the health facilities</td>
</tr>
<tr>
<td>- Return visits to the facility by patients</td>
</tr>
</tbody>
</table>

Source, (Researcher 2016)

Figure 2.1 Conceptual framework

The dependent variable is performance and the independent variables are remuneration satisfaction, perception of compensation equity, remuneration management and compensation components. These affect employee performance either directly or indirectly. For example, if employees are satisfied with the remuneration they are getting, they are likely to perform better than if they were not satisfied. On the other hand, the way employees view compensation equity can affect the way they work hence their performance. If there is inequity of work compared to pay, they may decrease their effort hence decrease their performance at work.
Regarding remuneration management, it can also affect the way staffs work in that unfairness in the pay system and delay of pay can cause de-motivation and lower employee performance. Finally, the compensation package may affect the way employees perform. Packages which meet most of the needs of the employees are likely to improve performance while those which do not meet employees’ needs are likely to cause poor performance among workers.
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction
This chapter looked at the procedures that were followed in conducting the research. It comprises the research design, target population, sampling design, data collection instruments, data validity and reliability, data analysis and presentation and ethical considerations.

3.2 Research Design
Descriptive survey design was used in this study. Descriptive survey design is that branch of social scientific investigation which studies large and small population or universe; by selecting and studying samples chosen from the population to discover relative incidences, distributions and interrelations (Ray, 2012). According to Orodho (2004), descriptive survey design is used in preliminary and exploratory studies to allow researchers to gather information, summarize, present and interpret data for the purpose of clarification.

The design can be used to collect information about people’s attitudes, opinions, habits, views, perceptions, beliefs or any of the variety of educational or social issues. (Ray, 2012) adds that descriptive survey does not only find out facts but that the design often results in formulation of important principles of knowledge and solutions to significant problems. Mugenda and Mugenda (2003) give the purpose of descriptive survey as determining and reporting the way things are without manipulating the variables.

3.3 Target population
The study targeted the public health workers in Mombasa County specifically those working in the public health centres. Mombasa County is situated in the South Eastern part of the former Coast Province. It borders Kilifi County to the North, Kwale County to the South West and the Indian Ocean to the East. It is the smallest county in size covering an area of 212.5 km². The county lies between latitudes 3°56’ and 4°10’ south of the equator and longitudes 39°34’ and 39°46’ east. It has a population of 939,370 (Republic of Kenya, 2010) with a population density of 4,292 people per Km² as per 2009 census. Although the average distance to health facilities is currently 0.55 Km, the doctor patient ratio of 1:11,875 and the nurse/population ratio of 1:18,678
are still high than the World Health Organization’s recommended doctor patient ratio of 1:60 (Republic of Kenya, 2014). There are 8 public health centres 41 dispensaries within Mombasa County derived from the county employee data base.

<table>
<thead>
<tr>
<th>Table 3.1 Target population</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category</strong></td>
</tr>
<tr>
<td>Health centres</td>
</tr>
<tr>
<td>Dispensaries</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Source (Researcher, 2016)</td>
</tr>
</tbody>
</table>

3.4 Sampling design

Kothari, (2004) defines a sample design as a definite plan for obtaining a sample from the sampling frame. Mulusa, (1990) sample design refers to the technique or the procedures the researcher will adopt in selecting a sampling unit from which inferences about the population will be drawn.

Stratified sampling was applied to reach all levels of the operational structure of the health care facilities. The strata in this case were the administrators and health providers (a doctor/clinical officer, a nurse and a lab technician).

<table>
<thead>
<tr>
<th>Table 3.2 Sample size for health centres</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Category</strong></td>
</tr>
<tr>
<td>Administrators</td>
</tr>
<tr>
<td>Health providers</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Source (Researcher, 2016)</td>
</tr>
</tbody>
</table>

Out of the 64 health workers in the health centres in Mombasa County, 32 participated in the study. Mugenda and Mugenda, (2003) and Orodho, (2004), suggest that a 10% of the accessible
population is enough for a study sample. However, Kathuri (2004) argues that a larger sample represents a population better. This is why a 50% sample was preferred.

Table 3.3 Sample size for dispensaries

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Percentage</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrators</td>
<td>41</td>
<td>50%</td>
<td>20</td>
</tr>
<tr>
<td>Health providers</td>
<td>123</td>
<td>50%</td>
<td>62</td>
</tr>
<tr>
<td>Total</td>
<td>164</td>
<td>50%</td>
<td>82</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)

Out of the 164 health workers in the dispensaries in Mombasa County, 82 took part in the study. The study used a 50% sample and adopted Kathuri (2004) suggestion that a larger sample represents a population better. The total number of respondents for this study was 114 out of the 228 drawn from both health centres and dispensaries. This represented 50% of the total population for more accurate results as stipulated by Kathuri (2004).

In addition, purposive sampling was used to select the recipients of service delivery in the health centres under study. This is a non-probability sampling technique which relies on the judgement of the researcher when it comes to selecting the units (e.g. people, cases/organisations, events, pieces of data) that are to be studied. In this case, 100 patients (4 from each of the 25 sampled health centres and dispensaries) were purposively selected. It is necessary to include patients because their satisfaction with health centre services is an indication of health worker’ performance.

3.5 Data Collection Method

Primary data was collected using questionnaires for administrators, health providers and patients. The researcher used one questionnaire to each respondent. Questionnaires were used since they are straightforward and less time consuming for the respondents. The research instrument was developed on the basis of research objectives. Questionnaires were used to obtain information from various employees working in the public health facilities in Mombasa County. Due to the demographic characteristics differences among patients, questionnaires are preferable.
3.6 Validity and Reliability

Once the instruments of data collection were made, a pilot study was carried out among 10 randomly patients and 10 health providers in the health facilities in Mombasa County. These did not take part in the main study. Content validity is a measure of the degree to which data collected using a particular instrument represents a specific domain of indicators or content of a particular concept (Ray, 2012). The validity of the instrument was established by using research experts like the supervisor. The instruments were also made following the objectives of the study to ensure that the study measures what it intends to measure.

Reliability is a measure of degree to which researcher instruments yield consistent result or data after repeated trials (Mugenda & Mugenda, 2003). The researcher used test retest method to ensure reliability of the data. This involves administering the same instruments twice to the same group of subjects. Ten patients and ten health providers were randomly selected to participate in the pilot study. There was a time lapse of about two weeks between the first test and the second test. The researcher administered the questions to the pre-test sample and analysed the pre-test data using Pearson’s correlation formula. A correlation coefficient of 0.8 was obtained which was an indication that the instrument was reliable (Cronbach, 1990).

Data collection started by getting authority to collect data through an introduction letter from Kenyatta University. A research permit and letter of authority were then obtained from the National Commission of Science, Technology and Innovation. The researcher then visited the health centres and dispensaries to participate in the study in order to create rapport with the respondents. The researcher then trained the research assistants and guided them on how the data would be collected. The researcher distributed questionnaires and picked them 1 week later. Among the patients, questionnaires were administered randomly especially among the ones in queues as the patients leave the facilities after receiving services.

3.7 Data analysis and presentation

The data collected was cleaned, coded and entered into a computer database in readiness for analysis. Statistical package for social sciences (SPSS) version 20.0 was used for analysis. Descriptive statistics such frequencies were used to analyse quantitative data. The analysed data
was presented in tables, graphs, and pie charts. Qualitative data was analysed through content analysis and presented through prose form.

Pearson product-moment correlation analysis was conducted to establish the relationship between satisfaction with remuneration, employee perception of compensation equity, and remuneration management and compensation components with the performance of health workers in public hospitals. A multivariate regression model was applied to determine the relative importance of each of the four variables with respect to performance of health workers in public hospitals. Regression analysis was conducted with the help of SPSS. The regression model for the study was as shown below:

\[ Y = C + \beta_1 SR + \beta_2 EP + \beta_3 RM + \beta_4 CC \]

Where:
- \( Y \) = Employee performance
- \( C \) = Constant
- \( \beta_1 - \beta_4 \) = Co-efficient
- \( SR \) = Satisfaction with remuneration
- \( EP \) = Employee’s perception of compensation equity
- \( RM \) = Remuneration management
- \( CC \) = Compensation components

Presentation of the findings was done through tables and graphs. Tables present the simplest way of summarizing data for individual variables so that specific values can be read (Saunders et al., 2009).

3.8 Ethical Considerations

These are described as an accumulation of values and principles that address questions of what is good or bad in research (Ray, 2012). Ethics searches for reasons for acting or refraining from acting; for approving or not approving conduct; for believing or denying something about virtuous or vicious conduct or good or evil rules. The research hence has to ensure that they act ethically as they conduct the research. The data collected has to be authentic and no falsification should occur.
Ethical lapses in research can significantly harm human and animal subjects, students and the public. For example, a researcher who fabricates data in a clinical trial may harm or even kill patients and a researcher who fails to abide by regulations and guidelines relating to radiation or biological safety may jeopardize his health and safety or the health and safety of staff and students. The researcher ensured respect of the respondents and none was forced to give information. The researcher assured confidentiality of information volunteered by respondents and all data disseminated was authentic.
CHAPTER FOUR
DATA ANALYSIS AND INTERPRETATION

4.1 Introduction
This chapter covers data analysis, interpretation and discussions. It was based on the objectives of the study. The results were presented in tables, figures and charts.

4.2 Response Rate
Out of the 114 administrators and health providers who had been sampled for the study, 112 of them returned fully filled questionnaires. The response rate was therefore 98.2%.

4.3 Demographic Information of health workers
4.3.1 Age of respondents

Table 4.1 Age of respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 – 24</td>
<td>9</td>
<td>8.0</td>
</tr>
<tr>
<td>25 – 31</td>
<td>17</td>
<td>15.2</td>
</tr>
<tr>
<td>32 – 37</td>
<td>32</td>
<td>28.6</td>
</tr>
<tr>
<td>38 – 45</td>
<td>33</td>
<td>29.5</td>
</tr>
<tr>
<td>46 and above</td>
<td>21</td>
<td>18.8</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*Source (Researcher, 2016)*

As shown in Table 4.1, 8% of the respondents were aged between 18 and 24 years, 15.2% were aged between 25 and 31 years while 28.6% were aged between 32 and 37 years. Another 29.5% were between 38 and 45 years old while 18.8% were 46 years and above. Majority of the respondents were between 32 and 45 years. These were likely to have been employed for more than 5 years hence understood the issue under investigation.

4.3.2 Designation
According to Figure 4.1, 26.0% of the participants were administrators, while 74.0% were health providers. The study considered the administrators and health providers because they are the ones who deliver services to the patients.

### 4.3.3 Gender

**Table 4.2 Gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>57</td>
<td>50.9</td>
</tr>
<tr>
<td>Female</td>
<td>55</td>
<td>49.1</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Out of the participants of the study, 50.9% were male while 49.1% were female. However, both genders were well represented.

Source (Researcher, 2016)
4.3.4 Highest educational level

Table 4.3 Highest educational level

<table>
<thead>
<tr>
<th>Educational level</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary level</td>
<td>2</td>
<td>1.8</td>
</tr>
<tr>
<td>Tertiary level</td>
<td>110</td>
<td>98.2</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)

 Majority of the study respondents (98.2%) had attained tertiary level of education, and 1.8% had achieved secondary level of education. The high number of tertiary level respondents could be because of the specialized trained required to work as health providers.

4.4 Demographic information of patients

4.4.1 Patients’ gender

![Patients' gender](image)

Source (Researcher, 2016)

Figure 4.2 Patients’ gender

Of the patients who participated in the study, 49% were male and 51% were female. This showed that both genders were well represented.
4.4.2 Patients’ age

Table 4.4 Patients’ age

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 25 years</td>
<td>8</td>
<td>9.3</td>
</tr>
<tr>
<td>26-35 years</td>
<td>19</td>
<td>22.1</td>
</tr>
<tr>
<td>36-45 years</td>
<td>16</td>
<td>18.6</td>
</tr>
<tr>
<td>46-55 years</td>
<td>9</td>
<td>10.5</td>
</tr>
<tr>
<td>56-65 years</td>
<td>20</td>
<td>23.3</td>
</tr>
<tr>
<td>Above 65 years</td>
<td>14</td>
<td>16.3</td>
</tr>
<tr>
<td>Total</td>
<td>86</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)

The patients’ age was well distributed with 9.3% being below 25 years, 22.1% were between 25 and 36 years old; 18.6% were aged between 36 and 45 years; while 10.5% were aged between 56 and 65 years and 16.3% were above 65 years.
4.4.3 Patients’ responses on public hospitals

**Table 4.5 Patients’ responses on public hospitals**

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have you attended the public hospital for the services i.e. emergency</td>
<td>89.5%</td>
<td>10.5%</td>
</tr>
<tr>
<td>services, out-patient services or in-patient services?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is there a wide difference in performance between the available hospitals</td>
<td>15.1%</td>
<td>84.9%</td>
</tr>
<tr>
<td>in this area?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do you have a favourite hospital?</td>
<td>44.2%</td>
<td>55.8%</td>
</tr>
<tr>
<td>Do you generally receive care from the same hospital?</td>
<td>82.6%</td>
<td>17.4%</td>
</tr>
<tr>
<td>Do you think the services provided in public hospital are sufficient?</td>
<td>98.8%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)

As shown in Table 4.5, 89.5% of the patients said that they had attended the public hospital for the services i.e. emergency services, out-patient services or in-patient services. When asked whether there was a wide difference in performance between the available hospitals in this area, 15.1% said yes while majority (84.9%) said no. 44.2% of the patients reported that they had a favourite hospital while 55.8% said that they did not. Majority (82.6%) said that they generally received care from the same hospital while 17.4% said they did not. Majority of the patients (98.8%) reported that the services provided in public hospital were insufficient while only 1.2% said that they were sufficient. This showed poor quality of services in public hospitals.

4.5 Satisfaction with remuneration

The first objective was to examine the effect of satisfaction with remuneration on the performance of workers in the health ministry.
4.5.1 Amount of salary earned

According to Figure 4.3, 18.8% of the respondents were earning below Kshs. 25,000, 24.1% had salaries ranging between 26,000 and Kshs 50,000, 25.0% were earning between Kshs. 51,000 and 75,000 while 24.1% were earning between Kshs. 75,000 and Kshs. 100,000. The rest (8.0%) were earning beyond Kshs. 100,000. Poor pay among employees can affect their performance at work negatively. This was in line with Woods (2012) findings which explained that although a fair wage is the cornerstone of the contractual and implied agreements between employees and employers, the underlying assumption is that money can directly influence behaviour. Fernandez (2008) also supported this by observing that poor pay has a negative effect on the performance of public servants, and is a core factor in worker de-motivation.

Figure 4.3 Amount of salary earned

Source (Researcher, 2016)
4.5.2 Time taken for salary reviews

![Bar chart showing time taken for salary reviews](chart)

Figure 4.4 Time taken for salary reviews  
Source (Researcher, 2016)

Figure 4.4 shows that 1.8% of the participants reported that salaries in their organizations were reviewed after 1 year, 20.5% said that the reviews were done after 2 years, 68.8% said that reviews were done after 3 years while 8.9% reported that such reviews were done after 5 years. Failure to review salaries can demotivate employees and affect their performance negatively. This was in line with Kassim (2013) findings that regular pay review should be implemented to motivate the staff and to adjust to the economic changes.
### 4.5.3 Statements on satisfaction with remuneration

**Table 4.6 Level of agreement to statements on satisfaction with remuneration**

<table>
<thead>
<tr>
<th>Question</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Strongly Agree)</td>
<td>6.3</td>
<td>6.3</td>
<td>8.9</td>
<td>33.0</td>
<td>45.5</td>
</tr>
<tr>
<td>My salary is equivalent to my qualifications, skills and experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>My salary is fair compared to people of my education level but in the private sector</td>
<td>3.6</td>
<td>7.1</td>
<td>4.5</td>
<td>35.7</td>
<td>49.1</td>
</tr>
<tr>
<td>The policies on rewards are fair</td>
<td>17.0</td>
<td>29.5</td>
<td>2.7</td>
<td>39.3</td>
<td>11.6</td>
</tr>
<tr>
<td>I am satisfied with the salary I get</td>
<td>0</td>
<td>8.0</td>
<td>0</td>
<td>25.9</td>
<td>66.1</td>
</tr>
<tr>
<td>My salary affects the way I perform in the organization</td>
<td>11.6</td>
<td>65.2</td>
<td>8.9</td>
<td>9.8</td>
<td>4.5</td>
</tr>
</tbody>
</table>

**Source (Researcher, 2016)**

On the statement that my salary is equivalent to my qualifications, skills and experience, 12.6% of the respondents agreed, 8.9% were neutral while the other 78.5% disagreed ($m=4.05$). Only 10.7% of the respondents agreed that their salary was fair compared to people of their education level but in the private sector, 4.5% were neutral while the other 84.8% disagreed ($m=4.20$). 46.5% agreed that the policies on rewards were fair, 2.7% were neutral while 51.9% disagreed ($m=2.99$). Only 8.0% of the respondents agreed that they were satisfied with the salaries they got while the majority (92.0%) disagreed ($m=4.50$). Majority (76.8%) ($m=2.30$) of the participants agreed that their salary affected the way they performed in the organization, 8.9% were neutral while 14.3% said that it did not.
Table 4.7 Satisfaction with remuneration

<table>
<thead>
<tr>
<th>Question</th>
<th>Mean</th>
<th>Std dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>My salary is equivalent to my qualifications, skills and experience</td>
<td>4.05</td>
<td>1.169</td>
</tr>
<tr>
<td>My salary is fair compared to people of my education level but in the private sector</td>
<td>4.20</td>
<td>1.056</td>
</tr>
<tr>
<td>The policies on rewards are fair</td>
<td>2.99</td>
<td>1.359</td>
</tr>
<tr>
<td>I am satisfied with the salary I get</td>
<td>4.50</td>
<td>0.859</td>
</tr>
<tr>
<td>My salary affects the way I perform in the organization</td>
<td>2.30</td>
<td>0.957</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)

These findings showed a high rate of dissatisfaction with the salaries they received and the fairness of salary reviews and these could affect their performance negatively. These findings were in line Syengo (2013) findings who found out that the salary paid to the employees was not attractive vis-à-vis what was on offer in the market and this affected employees’ performance. They were as well supported by Miner (2005) who observed that effective remuneration and compensation have been found to be one the most important tools the organization can use to increase their employees performance and thereby improving the organizations returns.

4.5.4 Salary review and salary scales

Table 4.8 Salary review and salary scales

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do you feel about the salary review at your organization?</td>
<td>1.8%</td>
<td>2.7%</td>
<td>8.0%</td>
<td>30.4%</td>
<td>57.1%</td>
</tr>
<tr>
<td>How do you feel about the salary scales in your organization?</td>
<td>2.7%</td>
<td>4.5%</td>
<td>11.6%</td>
<td>47.3%</td>
<td>33.9%</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)
As shown on Table 4.8, only 4.5% were satisfied with the salary reviews, 8.0% were indifferent while 87.5% were dissatisfied. Regarding salary scales, only 7.2% were satisfied while 81.2% were dissatisfied and 11.6% were indifferent. These findings showed that majority of the respondents were dissatisfied with the salary reviews and salary scales offered in their organizations. These findings were supported by Ohando (2014) who found out that the factors that affected morale and satisfaction included salary structure among others and Idrees, Xinping, Shafi, Hua and Nazeer (2015) who linked a high level of salary to job performance of employees.

**4.6 Employee perception of compensation equity**

The second objective was to determine the effect of employee’s perception of compensation equity on the performance of workers in the health ministry.

**4.6.1 Level of agreement to statements**

<table>
<thead>
<tr>
<th>Statement</th>
<th>1 (Strongly Agree)</th>
<th>2 (Agree)</th>
<th>3 (Neutral)</th>
<th>4 (Disagree)</th>
<th>5 (strongly Disagree)</th>
</tr>
</thead>
<tbody>
<tr>
<td>My salary is equivalent to the effort I put at work</td>
<td>0</td>
<td>7.1%</td>
<td>3.6%</td>
<td>33.9%</td>
<td>55.4%</td>
</tr>
<tr>
<td>I intend to leave this job because I feel underpaid compared to the time and effort I put into it</td>
<td>12.5%</td>
<td>24.1%</td>
<td>2.7%</td>
<td>31.3%</td>
<td>32.1%</td>
</tr>
<tr>
<td>My current compensation and benefits are adequate and satisfactory</td>
<td>0</td>
<td>7.1%</td>
<td>1.8%</td>
<td>25.0%</td>
<td>66.1%</td>
</tr>
<tr>
<td>Fairness in compensation affects the way I perform at work</td>
<td>25.0%</td>
<td>50.9%</td>
<td>20.5%</td>
<td>3.6%</td>
<td>0</td>
</tr>
</tbody>
</table>

*Source (Researcher, 2016)*
Table 4.10 Employee perception of compensation equity

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>My salary is equivalent to the effort I put at work</td>
<td>4.38</td>
<td>0.861</td>
</tr>
<tr>
<td>I intend to leave this job because I feel underpaid compared to the time and effort I put into it</td>
<td>3.39</td>
<td>1.445</td>
</tr>
<tr>
<td>My current compensation and benefits are adequate and satisfactory</td>
<td>4.50</td>
<td>0.849</td>
</tr>
<tr>
<td>Fairness in compensation affects the way I perform at work</td>
<td>2.03</td>
<td>0.776</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)

As shown in Table 4.9 and 10, majority of the respondents (89.3%) reported that their salary was not equivalent to the effort they put at work (m=4.38), 3.6% were neutral while 10.7% said it was equivalent. Although this was the case, most of them (63.4%) had no intention of leaving their jobs because of feeling underpaid (m=3.39) while 2.7% were neutral and 36.6% said they would leave. Regarding the adequacy of their current compensation and benefits, 91.1% reported that these were not adequate (m=4.50) while 1.8% were neutral and 8.9% said they were adequate. Most of the respondents (75.9%) agreed that fairness in compensation affected the way they performed at work (m=2.03).

These findings showed that there were remuneration issues that were affecting the performance of the health providers like its inadequacy, inequity to effort put and fairness. This contributed to some respondents contemplating leaving their jobs which is a sign of job dissatisfaction. This was as Motshegwa (2014) had found out that the relationship between equity and pay satisfaction was strong for employees and Guangjian (2003) who discovered a link between employees’ remuneration and job performance and argued that because employees have the ability to change inputs, inequity may lead to changes in effort and therefore, performance.
4.6.2 Participation of employees in compensation and benefits decision

According to Figure 4.5 8.9% reported that in their organization there was participation of employees in compensation and benefits decisions while 91.1% reported that there was no such a thing in their organizations. Failure to involve employees in such decisions can demoralize them and affect their performance negatively. This was as Kelil (2015) had found out that employees did not participate in compensation and benefits decision and it was not periodically updated and communicated to employees and these had a negative effect on employees’ performance at work.

4.6.3 Fairness in compensation

Table 4.11 Fairness in compensation

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>91</td>
<td>81.3</td>
</tr>
<tr>
<td>No</td>
<td>21</td>
<td>18.8</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)
Majority of the respondents (81.3%) were of the opinion that fairness in compensation affected the relationship with colleagues while 18.8% reported that it had no effect. Perception of unfairness among some employees can not only affect the relationships with colleagues but also performance at work. This was in line with Mutinda (2011) findings that perception of fairness in compensation affects the relationship with colleagues as well as perception of fairness in compensation influence employees’ motivation to work, external equity influence on wages over internal equity influence.

4.7 Remuneration management

The third objective was to evaluate the effect of remuneration management on the performance of workers in the health ministry.

4.7.1 Level of agreement to statements

Table 4.12 Level of agreement to statements on remuneration management

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Strongly Agree)</td>
<td>(Agree)</td>
<td>Neutral</td>
<td>(Disagree)</td>
<td>(Strongly Disagree)</td>
</tr>
<tr>
<td>Those in higher ranks earn extremely high salaries</td>
<td>62.5%</td>
<td>37.5%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>The salary structure is satisfactory</td>
<td>0</td>
<td>9.8%</td>
<td>0</td>
<td>47.3%</td>
<td>42.9%</td>
</tr>
<tr>
<td>There are regular pay reviews in line with economic changes</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>21.4%</td>
<td>78.6%</td>
</tr>
<tr>
<td>Remuneration management does affect employee performance?</td>
<td>29.5%</td>
<td>54.5%</td>
<td>6.3%</td>
<td>9.8%</td>
<td>0</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)
Table 4.13 Remuneration management

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Those in higher ranks earn extremely high salaries</td>
<td>1.38</td>
<td>0.486</td>
</tr>
<tr>
<td>The salary structure is satisfactory</td>
<td>4.23</td>
<td>0.880</td>
</tr>
<tr>
<td>There are regular pay reviews in line with economic changes</td>
<td>4.70</td>
<td>1.96</td>
</tr>
<tr>
<td>Remuneration management does affect employee performance?</td>
<td>0.412</td>
<td>0.869</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)

As shown in Tables 4.12 and 4.13, all the participants agreed that those in higher ranks earned extremely high salaries (m=1.38), 90.2% disagreed that the salary structure was satisfactory (m=4.23), 100% disagreed that there were regular pay reviews in line with economic changes (m=4.70) and 84.0% agreed that remuneration management did affect employee performance (m=0.412) while 6.3% were neutral and 9.8% disagreed. These findings were in line with Lorsch and Khurana (2016) who found out that there were flawed compensation arrangements for the top management of major institutions. This was demoralising for the common employee who had to do all the work. KIPPPRA (2013) also supported this by observing that there was a clear and a direct relationship between workers performance and remuneration and within certain ranks in the public institutions, level of education and the experience of workers did not seem, as they should be, to justify for differences in the wages and salaries and this affected job performance.
4.7.2 Timely salaries

When asked whether they get salaries on time, the participants responded as shown in Figure 4.6.

**Figure 4.6 Timely salaries**

As shown in Figure 4.6, only 25.0% of the respondents reported to get their salaries on time while the other 75.0% reported that they did not get their salaries on time. Delayed salaries can result to high stress levels among workers hence low performance.
4.6.3 Effect of delays in salaries on employee performance

Figure 4.7 Effect of delays in salaries on performance
Most respondents (89.3%) were of the opinion that delayed salaried affected the way they performed at work. This was an indication that delaying employees’ pay can have a detrimental effect on an organization. This was in line with WHO (2013) which established a useful link between well managed and compensated health care system and efficiency in health service delivery.

4.8 Compensation components
The fourth objective was to establish the effect of compensation components on the performance of workers in the health ministry.

Table 4.14 Compensation components

<table>
<thead>
<tr>
<th>Components</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic pay</td>
<td>26</td>
<td>23.2</td>
</tr>
<tr>
<td>Basic pay and allowances</td>
<td>63</td>
<td>56.3</td>
</tr>
<tr>
<td>Basic pay, allowances and health benefits</td>
<td>23</td>
<td>20.5</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)
According to Table 4.14, 23.2% of the respondents reported that they received basic pay only, 56.3% said that they received basic pay and allowances while 20.5% said that they received basic pay, health benefits and other allowances. These findings showed different compensation components for different health workers. This can affect the way such workers perform at work. This was in line with Kassim (2013) who found that there was urgent need to develop the salary structure of the staff because it affected employees’ performance. They should design a comprehensive remuneration system that is attractive to the staff for better performance.

4.8.2 Preference between monetary and non-monetary rewards

When asked about which they preferred more between monetary and non-monetary rewards, the participants responded as shown in Figure 4.8

![Preference between monetary and non-monetary rewards](image)

**Source (Researcher, 2016)**

**Figure 4.8 Preference between monetary and non-monetary rewards**

While 18.8% of the participants reported that they preferred monetary rewards, 6.3% said they preferred non-monetary rewards but the majority (75%) preferred both monetary and non-monetary rewards. This was as Kassim (2013) had found out that the remuneration should include both financial and non-financial rewards. The findings on the participants who preferred nonmonetary rewards were in line with Assava (2012) findings who observed that although employees were dissatisfied with the non-monetary rewards such as informal praise from superior (thank you); formal praise from superior (certificate); symbolic gifts (caps, t-shirts);
mention in monthly magazine, they regarded them as valuable non-monetary rewards for good performance hence they should be part of the compensation plan. Findings on preference for monetary rewards were in line with Wanjohi (2013) who observed that the most preferred rewards in the company were the financial based rewards with the non-financial rewards not very attractive to most employees. These rewards have the highest influence because they had an impact on the disposable income thus raising the living standards of the employees.
4.8.3 Compensation components affect work performance

Table 4.15 Compensation components affect work performance

<table>
<thead>
<tr>
<th>Agreement level</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>16</td>
<td>14.3</td>
</tr>
<tr>
<td>Agree</td>
<td>74</td>
<td>66.1</td>
</tr>
<tr>
<td>Neutral</td>
<td>4</td>
<td>3.6</td>
</tr>
<tr>
<td>Disagree</td>
<td>12</td>
<td>10.7</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>6</td>
<td>5.4</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)

Table 4.16 Compensation components’ effect on employee’s performance

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation components affect the way I perform at work</td>
<td>2.27</td>
<td>1.013</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)

Tables 4.15 and 4.16 show that 80.4% of the respondents agreed that compensation components affected the way they worked (m=2.27) while 19.6% disagreed to the same. This was an indication that the compensation components could either affect the employees’ performance either positively or negatively. This was in line with Nthambi (2014) study which found a link between compensation components like salary reviews and health benefits and employee performance.
4.7.4 Level of satisfaction with the compensation components

According to Figure 4.9, 19.6% of the participants were satisfied with the compensation components they got while the majority (68.8%) were dissatisfied and 11.6% were indifferent. These findings implied that compensation components contributed to poor work performance among the employees in the health centres. These were in line with Assava (2012) findings on the relationship between reward system and the organization performance which showed that indeed there exists a relationship between the two as confirmed by a majority of respondents, who shared similar opinion.

Source (Researcher, 2016)
4.9 Employee performance

4.9.1 Employees rating their performance at work

Table 4.17 Employees rating their performance at work

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very good</td>
<td>12</td>
<td>10.7</td>
</tr>
<tr>
<td>Good</td>
<td>15</td>
<td>13.4</td>
</tr>
<tr>
<td>Fair</td>
<td>35</td>
<td>31.3</td>
</tr>
<tr>
<td>Poor</td>
<td>34</td>
<td>30.4</td>
</tr>
<tr>
<td>Very poor</td>
<td>16</td>
<td>14.3</td>
</tr>
<tr>
<td>Total</td>
<td>112</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)

As shown in Table 4.17, majority of the employees (55.4%) rated their performance at work as fair and above while the remaining 45.6% rated their performance at work as poor and below. When asked about which factor affected their performance most, they responded as shown in Figure 4.10

Source (Researcher, 2016)
Figure 4.10 Factor contributing most to employee’s performance

Satisfaction with remuneration was rated as the most affecting factor to employee’s performance at 65.2% followed by remuneration management (24.1%) then employee perception of compensation equity (8.0%) and finally compensation components (2.7%). This meant that all the factors under investigation affected employee’s performance but at varying degrees. These were in line with Mwanza (2012) findings that remuneration affected employee performance and recommended that organizations should put more emphasis on the competence based pay aspect of remunerations, payment by result, organization wide incentives, profit related pay and merit pay in order to foster high performance.
According to Table 4.18, most of the patients (75.5%) were dissatisfied with the skills and the competency of staffs at the health centres and dispensaries. 55.8% were dissatisfied with the efficiency of the nursing care while 74.5% were dissatisfied with the friendliness and courtesy of the staff. All these were indications of poor service delivery. When employees deliver services poorly is an indication of dissatisfaction at work.
Table 4.19 Patients’ responses on health workers’ attitude

<table>
<thead>
<tr>
<th>Question</th>
<th>Positive</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do you feel the attitude of nurses?</td>
<td>22.1%</td>
<td>77.9%</td>
</tr>
<tr>
<td>How do you feel the attitude of clerical staff (i.e. cashier, registration)?</td>
<td>31.4%</td>
<td>68.6%</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)

As shown in Table 4.19, most patients (77.9%) reported that the attitude of nurses was negative while the other 22.1% said that it was positive. In addition, 68.6% reported that the attitudes of the clerical staff were negative while 31.4% said that it was positive. These findings showed that most the health workers had a negative attitude.

Table 4.20 Patients’ responses on health workers’ conduct

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do medical professionals adhere to professional standards of conduct?</td>
<td>83.7%</td>
<td>16.3%</td>
</tr>
<tr>
<td>Do you feel like the healthcare providers act in your best interest</td>
<td>36.0%</td>
<td>64.0%</td>
</tr>
<tr>
<td>Are you satisfied with the way health workers in this hospital serve and treat you</td>
<td>16.3%</td>
<td>83.7%</td>
</tr>
<tr>
<td>Would you recommend this hospital to your friends and family?</td>
<td>14.0%</td>
<td>86.0%</td>
</tr>
</tbody>
</table>

Source (Researcher, 2016)

According to Table 4.16, 83.7% of the patients said that the medical professionals adhered to professional standards of conduct. However, 64.0% felt that the healthcare providers did not act in their best interest and another 83.7% said that they were unsatisfied with the way health workers in these hospitals served and treated them. Finally, 86.0% of the patients said they would not recommend this hospital to their friends and family. This shows a high level of dissatisfaction of the recipients of service delivery in the hospitals under study. This was a further indication of poor performance among health workers.
4.10 Relationship between remuneration and health workers’ performance

The study used Pearson product-moment correlation analysis to establish the strength of relationship between satisfaction with remuneration, employee perception of compensation equity, and remuneration management and compensation components with the performance of health workers in public hospitals.

The Pearson correlation results show that there was a strong positive and significant relationship between health workers’ performance and satisfaction with remuneration ($r=0.315$, $P=0.001$); employee perception of compensation equity ($r=0.505$; $p=0.004$); remuneration management ($r=0.541$; $p=0.000$) and compensation components ($r=0.566$; $p=0.001$).
Table 4.21 Relationship between remuneration and health workers’ performance

<table>
<thead>
<tr>
<th></th>
<th>Health workers’ performance</th>
<th>Satisfaction with remuneration</th>
<th>Employee perception of compensation equity</th>
<th>Compensation components</th>
<th>Remuneration management</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Satisfaction with remuneration</strong></td>
<td>Pearson Correlation 0.315(**) 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) 0.001 .</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Employee perception of compensation equity</strong></td>
<td>Pearson Correlation 0.505(*) 0.488 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) 0.004 0.005 .</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Compensation components</strong></td>
<td>Pearson Correlation 0.566(*) 0.367 0.221 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) 0.001 .042 0.232 .</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Remuneration management</strong></td>
<td>Pearson Correlation 0.541(**) 0.107 0.138 0.206 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed) 0.000 0.037 0.105 0.042 .</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

Source (Researcher, 2016)
This implies that a unit increase in satisfaction with remuneration, employee perception of compensation equity, remuneration management and compensation components would significantly increase the performance of health workers in public hospitals.

4.11 Regression Analysis

A multivariate regression model was applied to determine the relative importance of each of the four variables with respect to performance of health workers in public hospitals.

**Table 4.22 Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.845(a)</td>
<td>0.714</td>
<td>0.697</td>
<td>0.257</td>
</tr>
</tbody>
</table>

The R2 is called the coefficient of determination and tells how the performance of health workers varied with satisfaction with remuneration, employee perception of compensation equity, remuneration management and compensation components. The results showed that the value of adjusted R2 is 0.697. This implies that, there was a variation of 69.7% of health workers’ performance with the independent variables. This is to mean that, satisfaction with remuneration, employee perception of compensation equity, remuneration management and compensation components explained 69.7% of health workers’ performance at a confidence level of 95%.
Table 4.23 Coefficients Results

<table>
<thead>
<tr>
<th></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>0.116</td>
<td>0.186</td>
<td>0.623</td>
<td>0.535</td>
</tr>
<tr>
<td>Satisfaction with remuneration</td>
<td>0.577</td>
<td>0.068</td>
<td>0.559</td>
<td>8.478</td>
</tr>
<tr>
<td>Remuneration management</td>
<td>0.157</td>
<td>0.043</td>
<td>0.257</td>
<td>3.676</td>
</tr>
<tr>
<td>Employee perception of compensation equity</td>
<td>0.052</td>
<td>0.024</td>
<td>0.139</td>
<td>2.115</td>
</tr>
<tr>
<td>Compensation components</td>
<td>0.008</td>
<td>0.001</td>
<td>0.505</td>
<td>7.097</td>
</tr>
</tbody>
</table>

A Dependent Variable: Health workers’ Performance

Source (Researcher, 2016)

The co-efficient results showed that there is a positive relationship between health workers’ performance and all the four variables: satisfaction with remuneration, employee perception of compensation equity, remuneration management and compensation components. The established regression equation was

\[ Y = 0.116 + 0.577X_1 + 0.157X_2 + 0.052X_3 + 0.008X_4 \]

From the above regression model, satisfaction with remuneration, employee perception of compensation equity, remuneration management and compensation components held constant, health workers’ performance would be achieved at a unit of 0.116. It was also established that a
unit increase in satisfaction with remuneration would cause an increase in health workers’ performance by a factor of 0.577, a unit increase in remuneration management would cause an increase in health workers’ performance by a factor of 0.157 while a unit increase of employee perception of compensation equity and compensation components would increase health workers’ performance by 0.052 and 0.008 respectively.

The study further showed a significant relationship between health workers’ performance and the four variables: Satisfaction with remuneration (p= 0.00<0.05), remuneration management (p=0.00<0.05), employee perception of compensation equity (p = 0.038<0.05) and compensation components (p= 0.00<0.05) as shown by the p values.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction
This chapter covers the summary, conclusions, recommendations and suggestions for further studies. These were based on the objectives of the study.

5.2 Summary
This study examined the extent to which remuneration can be used as a tool of improving organizational performance among the civil servants working in the Ministry of health, County of Mombasa. The study was guided by the following objectives: to establish how remuneration satisfaction affects workers’ performance in the health ministry; to evaluate the effect of remuneration management on workers’ performance in the health ministry; to determine the effect of employee’s perception of compensation equity on their performance in the health ministry and to establish the relationship between compensation components and workers’ performance in the health ministry.

Descriptive survey design was used in this study. The target population were the 8 public health centres and 41 dispensaries within Mombasa County. Stratified sampling design was used to select 40 respondents from health centres and 104 respondents from dispensaries. Purposive sampling was used to select 100 recipients of service delivery in the health centres and dispensaries under study from the health centres under investigation. Primary data was collected using questionnaires for administrators and health providers and interview schedules for patients.

A pilot study was done among 10 randomly selected patients and 10 health providers in the health facilities in Mombasa County. The data collected was cleaned, coded and entered in to a computer database in readiness for analysis. Statistical package for social sciences (SPSS) version 20.0 was used for analysis. Quantitative data was analysed through descriptive statistics while qualitative data was analysed through content analysis. Multivariate regression model was used to help indicate if remuneration has a significant relationship with employee performance and to indicate the relative strength of different independent variables’ effects on employee performance.
performance. The analysed data was presented in tables, bar graphs, and pie charts. The results for content analysis were presented in prose form.

Findings on remuneration satisfaction showed that (42.9%) of the respondents were earning Kshs. 50,000 and below while 49.1% were earning between Kshs. 50,000 and 100,000 and only 8.0% were earning above Kshs. 100,000. Majority (68.8%) reported that salaries were reviewed after 3 years while 8.9% said that reviews were done after 5 years. Findings showed a high rate of dissatisfaction with the salaries they received and the fairness of salary reviews as 78.5% said that their salary was not equivalent to their qualifications, skills and experience, 84.8% said that their salary was not fair compared to people of their education level but in the private sector; 46.5% agreed that the policies on rewards were fair while 51.9% disagreed; 92.0% were dissatisfied with the salaries they got and majority (76.8%) of the participants agreed that their salary affected the way they performed in the organization. In addition, majority of the respondents were dissatisfied with the salary reviews (87.5%) and salary scales (81.2%) offered in their organizations.

In relation to employee perception of compensation equity, majority of the respondents (89.3%) reported that their salary was not equivalent to the effort they put at work but most of them (63.4%) had no intention of leaving their jobs because of feeling underpaid. 91.1% felt that their current compensation and benefits were inadequate, and most of the respondents (75.9%) agreed that fairness in compensation affected the way they performed at work. Majority (91.9%) said that there was no participation of employees in compensation and benefits decisions. Most respondents (81.3%) were of the opinion that fairness in compensation affected their relationship with colleagues.

On remuneration management, all the participants agreed that those in higher ranks earned extremely high salaries, 90.2% disagreed that the salary structure was satisfactory, 100% disagreed that there were regular pay reviews in line with economic changes and 84.0% agreed that remuneration management did affect employee performance. Most employees (75.0%) reported that they did not get their salaries on time and most respondents (89.3%) were of the opinion that delayed salary affected the way they performed at work.
Regarding compensation components, 23.2% of the respondents reported that they received basic pay only, 56.3% said that they received basic pay and allowances while 20.5% said that they received basic pay, health benefits and other allowances. Majority (75%) of the respondents preferred both monetary and non-monetary rewards. Furthermore, 80.4% of the respondents agreed that compensation components affected the way they worked. The majority (69.0%) were dissatisfied with the compensation components they got.

On health workers’ performance, majority of the employees (55.4%) rated their performance at work as fair and above while the remaining 45.6% rated their performance at work as poor and below. Satisfaction with remuneration was rated as the most affecting factor to employee’s performance at 65.2% followed by remuneration management (24.1%) then employee perception of compensation equity (8.0%) and finally compensation components (2.7%). However, patients’ rating of health workers’ performance showed that most patients (75.5%) were dissatisfied with the skills and the competency of staffs at the health centres and dispensaries; 55.8% were dissatisfied with the efficiency of the nursing care while 74.5% were dissatisfied with the friendliness and courtesy of the staff.

In addition, most patients (77.9%) reported that the attitude of nurses was negative while 68.6% reported that the attitudes of the clerical staff were negative. Although 83.7% of the patients said that the medical professionals adhered to professional standards of conduct, 64.0% felt that the healthcare providers did not act in their best interest and another 83.7% said that they were not satisfied with the way health workers in these hospitals served and treated them. Finally, 86.0% of the patients said they would not recommend this hospital to their friends and family. This shows a high level of dissatisfaction of the recipients of service delivery in the hospitals under study.

5.3 Conclusion
Satisfaction with remuneration affected health workers performance. This was indicated by dissatisfaction with the amounts paid, long periods before salaries were reviewed, inequity between salaries and effort put, low salaries compared to people with similar qualifications but in the private sector, salary reviews and salary scales.
Findings showed that employee perceived inequity in their compensation. This was shown by their perception that salary was not equal to effort put, inadequacy of compensation and benefits, unfairness in compensation which also affected their relations with their colleagues.

Remuneration management affected health workers’ performance negatively. This was because the employees were dissatisfied with the salary structure, there were hardly salary reviews in line with economic changes, there were delayed salaries which the employees indicated that it affected their work performance.

Compensation components affected employees’ performance. This was because majority of the respondents showed dissatisfaction with the compensation components they got, and most of them indicated that the components they got affected the way they performed at work.

The performance of health workers was mainly poor. This was indicated by patients’ dissatisfaction with health workers’ skills and competency, efficiency in nursing care, unfriendliness and lack of courtesy among health workers, negative attitude, failure to act in the best interest of the patients, dissatisfaction with the way health workers served and treated patients and the fact that most patients would not recommend the health centres and dispensaries to their family and friends.

**5.4 Recommendations**

Based on the findings, the study recommends that salaries should be reviewed more often to cater for the changing economic needs. The county government should pay the health workers on time and salary structures should be reviewed. The county government should review the compensation components they gave to their health workers as these caused dissatisfaction and affected workers’ performance negative. Last but not the least, the county government should look into health workers performance and get ways of boosting it because they work in a crucial sector.

Ultimately, health workers’ dissatisfaction affects their performance which is detrimental to patients’ lives.
5.5 Suggestions for further research

The issues investigated: remuneration satisfaction, employee perception of compensation equity, remuneration management and compensation components explained 69.7% of health workers’ performance. A further study should be carried out to identify the other issues affecting health workers’ performance in order to get better ways of improving it. A similar study can also be carried out in other ministries of Kenya government and in the private organisations.
REFERENCES


Kipkorir (2013). Effect of monetary rewards on intrinsic motivation and performance. *Journal of Human Resource* 3(2); 54-60


*Journal of Business* 3(5): 88-90
Dear Respondent,

**REF: Master of Business Administration (MBA) Research Project**

I am a student in Kenyatta University pursuing MBA-HRM option. As partial fulfilment of my degree requirements, I am carrying out a survey to establish the effects of remuneration on employee performance among the civil servants of Mombasa County, Ministry of Health. Attached is a questionnaire aimed at gathering information, which will be vital for the research.

I kindly request you to respond to the questionnaire items as honestly as you can and to the best of your knowledge. The questionnaire is for the purpose of research only and therefore the responses shall be absolutely confidential and anonymously given. In case the study will be of interest to your organization it can be availed once the study is complete. Your participation in this survey is highly appreciated.

Yours Faithfully,

Muinde Nthenya Irene
APPENDIX II: QUESTIONNAIRE I

Administrators and Health Care Provider

Please fill in the following questionnaire by answering all the questions given as instructed. All information will be treated in high confidence and shall only be used for the purposes of research. Please do not indicate your name anywhere in the questionnaire.

Section A: Demographic information

1. What is your age in years?
   18 – 24 [ ] 25 – 31 [ ] 32 – 37 [ ]
   38 – 45 [ ] 46 and above [ ]

2. What is your gender?
   Male [ ] Female [ ]

3. What is your highest educational level?
   Primary level [ ] Secondary level [ ]
   Tertiary level [ ] Never attended school [ ]

4. What is your designation?...........................................................................................................

Section B: Satisfaction with remuneration

5. How much do you earn?
   Below 25,000 [ ] 26,000-50,000 [ ] 51,000-75,000 [ ]
   76,000-100,000 [ ] 101,000 and above [ ]

6. How long does it take for your organisation to review your salary?
   After six months [ ] After one year [ ] After two years [ ]
   After 3 years [ ] Any other (specify) .......................................................................................
### Instructions: Please put ‘X’ appropriately to indicate your answer

<table>
<thead>
<tr>
<th>Question</th>
<th>1 (Strongly agree)</th>
<th>2 (Agree)</th>
<th>3 (Neutral)</th>
<th>4 (Disagree)</th>
<th>5 (Strongly disagree)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. My salary is equivalent to my qualifications, skills and experience</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. My salary is fair compared to people of my education level but in the private sector</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. The policies on rewards are fair</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. I am satisfied with the salary I get</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. My salary affects the way I perform in the organization</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Instructions: Please put ‘X’ appropriately to indicate your answer

<table>
<thead>
<tr>
<th>Question</th>
<th>1 (Highly satisfied)</th>
<th>2 (Satisfied)</th>
<th>3 (Indifferent)</th>
<th>4 (Dissatisfied)</th>
<th>5 (Highly dissatisfied)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12. How do you feel about the salary review at your organization?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. How do you feel about the salary scales in your organization?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Section C: Employee perception of compensation equity

Instructions: Please put ‘X’ appropriately to indicate your answer

<table>
<thead>
<tr>
<th>Question</th>
<th>1 (Strongly Agree)</th>
<th>2 (Agree)</th>
<th>3 Neutral</th>
<th>4 (Disagree)</th>
<th>5 (Strongly Disagree)</th>
</tr>
</thead>
<tbody>
<tr>
<td>14. My salary is equivalent to the effort I put at work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. I intend to leave this job because I feel underpaid compared to the time and effort I put into it</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. My current compensation and benefits are adequate and satisfactory</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Fairness in compensation affects the way you perform at work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

18. Do employees in your organization participate in compensation and benefits decision?
Yes [ ] No [ ]

Explain how this makes you feel...........................................................................................................................................................................................................................................

19. Does fairness in compensation affect the relationship with colleagues?
Yes [ ] No [ ]

Give a reason for your answer...........................................................................................................................................................................................................................................

Section D: Remuneration management

Instructions: Please put ‘X’ appropriately to indicate your answer

<table>
<thead>
<tr>
<th>Question</th>
<th>1 (Disagree)</th>
<th>2 (Strongly Agree)</th>
<th>3 (Agree)</th>
<th>4 (Disagree)</th>
<th>5 (Strongly Disagree)</th>
</tr>
</thead>
<tbody>
<tr>
<td>20. Those in higher ranks earn extremely high salaries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
21. The salary structure is satisfactory

22. There are regular pay reviews in line with economic changes

23. Remuneration management does affect employee performance?

24. Do you get your salaries on time?
   Yes [   ]   No [   ]   Not sure [   ]

25. Do delays in your salaries affect the way you perform at work?
   Yes [   ]   No [   ]   Not sure [   ]
   Please explain..........................................................................................

**Section E: Compensation components**

27. Which compensation components do you get? (Tick all appropriate)
   - Basic pay [   ]
   - Annual performance bonuses [   ]
   - Health benefits [   ]
   - Allowances [   ]
   - Monthly target based incentive schemes [   ]
   - Annual salary increment [   ]
   - Certificate of long service [   ]
   Any other (specify) ................................................................................

28. between monetary and non-monetary rewards, which do you prefer more?
   Monetary rewards [   ]   Non-monetary rewards [   ]   both [   ]
   Give a reason for your answer...................................................................
Instructions: Please put ‘X’ appropriately to indicate your answer

<table>
<thead>
<tr>
<th>Question</th>
<th>1 (Disagree)</th>
<th>2 (Strongly Agree)</th>
<th>3 (Agree)</th>
<th>4 (Disagree)</th>
<th>5 (strongly Disagree)</th>
</tr>
</thead>
<tbody>
<tr>
<td>29. Compensation components affect the way I perform at work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Instructions: Please put ‘X’ appropriately to indicate your answer

<table>
<thead>
<tr>
<th>Question</th>
<th>1 (Highly satisfied)</th>
<th>2 (Satisfied)</th>
<th>3 (Indifferent)</th>
<th>4 (Dissatisfied)</th>
<th>5 (Highly dissatisfied)</th>
</tr>
</thead>
<tbody>
<tr>
<td>30. What is your level of satisfaction with the compensation components?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section F: Employee performance

31. How would you rate your performance at work?

Very good [ ]  Good [ ]  Fair [ ]  Poor [ ]  Very poor [ ]

32. Which factor contributes most to your performance at work?

Satisfaction with remuneration [ ]

Employee perception of compensation equity [ ]

Remuneration management [ ]

Compensation components [ ]

Thank you for taking part in the research
APPENDIX III: QUESTIONNAIRE II

Patients

Thank you for your participation in this interview. Please take a few minutes to tell me about the service that you have received in this health centre so far. These are for research purposes only. All responses will be kept confidential and anonymous.

1. What is your gender? Male [ ] Female [ ]

2. What is your age bracket? Below 25 years [ ] 26-35 years [ ] 36-45 years [ ] 46-55 years [ ] 56-65 years [ ] Above65 years [ ]

4. Have you attended the public hospital for the services i.e. emergency services, out-patient services or in-patient services? Yes [ ] No [ ]

5. Is there a wide difference in performance between the available hospitals in this area? Yes [ ] No [ ]

6. Do you have a favourite hospital? Yes [ ] No [ ]

7. Do you generally receive care from the same hospital? Yes [ ] No [ ]

8. Do you think the services provided in public hospital are sufficient? Yes [ ] No [ ]

Instructions: Please put an ‘X’ appropriately to indicate your answer

<table>
<thead>
<tr>
<th>Question</th>
<th>1 (indifferent)</th>
<th>2 (Dissatisfied)</th>
<th>3 (Slightly Satisfied)</th>
<th>4 (Satisfied)</th>
<th>5 (Highly Satisfied)</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. How satisfied are you with the skill and competency of the staff?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. How satisfied are you with efficiency of nursing care?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
11. How satisfied are you with the friendliness and courtesy of the staff?

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

12. Do medical professionals adhere to professional standards of conduct? Yes [ ] No [ ]

13. How do you feel the attitude of nurses? Positive [ ] Negative [ ]

14. How do you feel the attitude of clerical staff (i.e. cashier, registration)? Positive [ ] Negative [ ]

15. Do you feel like the healthcare providers act in your best interest? Yes [ ] No [ ]

16. Are you satisfied with the way health workers in this hospital serve and treat you? Yes [ ] No [ ]

17. Would you recommend this hospital to your friends and family? Yes [ ] No [ ]

18. What would you suggest to be done to improve your experience during this visit?

..........................................................................................................................
..........................................................................................................................
..........................................................................................................................
..........................................................................................................................