TOTAL REWARD SYSTEMS AND PERFORMANCE OF EMPLOYEES IN PUBLIC HOSPITALS IN NYERI COUNTY, KENYA.

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NOVEMBER, 2021
DECLARATION

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D53/PT/37912/2017

This research project has been submitted for the course examination with my approval as the university supervisor.

Signed: ___________________________  ______________________

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DEDICATION

Dedicated to my family for remaining ever supportive to my course. To my colleagues and friends for motivating me to work towards completing this task.
ACKNOWLEDGEMENTS

I acknowledge Dr. David Kiiru, my supervisor and research methods lecturer. This task would not have been completed in time without his support, knowledgeable guidance and encouragement.
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## ABBREVIATIONS AND ACRONYMS

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<thead>
<tr>
<th>Term</th>
<th>Description</th>
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<tbody>
<tr>
<td>AMA</td>
<td>Australian Medical Association</td>
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<tr>
<td>ANOVA</td>
<td>Analysis of Variance</td>
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<tr>
<td>INGO</td>
<td>International Non-Governmental Organizations</td>
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<tr>
<td>KU</td>
<td>Kenyatta University</td>
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<tr>
<td>NACOSTI</td>
<td>National Commission for Science and Technology</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organizations</td>
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<td>SPSS</td>
<td>Statistical Package for Social Scientists</td>
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## OPERATIONAL DEFINITION OF TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Career Advancement</td>
<td>Entails activities that drive progression in professional careers such as coaching, counselling, planning and mentoring.</td>
</tr>
<tr>
<td>Employee Recognition</td>
<td>This is positive acknowledgement of employees’ special performance or positive actions in their line of engagements.</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>This is the extent to which the employees meet the expectations of their employers and other stakeholders in the firm indicated by their productivity, creativity, commitment and engagement.</td>
</tr>
<tr>
<td>Incentives</td>
<td>These are financial and non-financial benefits, payments or concessions accorded to employees to entice them to work harder in their engagements.</td>
</tr>
<tr>
<td>Public Hospital</td>
<td>A medical facility owned by the government of Kenya.</td>
</tr>
<tr>
<td>Salary</td>
<td>These include the monetary compensation given to employees for their services which include basic pay, overtime pay and allowances.</td>
</tr>
<tr>
<td>Total Rewards</td>
<td>Comprises of both tangible and intangible rewards accorded to employees.</td>
</tr>
<tr>
<td>Total Reward System</td>
<td>An integrated reward structure that incorporates three key elements; compensation, benefits and work experience.</td>
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ABSTRACT

Public hospitals have been grappling with challenges of low employee productivity and general performance. Reports have indicated that the reward system implemented by some county health facilities falls short of the principles of equity and fairness. There have been concerns on disparities in salaries and remuneration among staff working at public health facilities which could explain the poor condition of employee performance and constant labour conflicts. While theoretical perspectives have outlined that the structure of employee reward systems (hygiene and motivator factors) have different ramifications on employees’ individual and collective performance, empirical literature is full of controversial findings. The current study therefore sought to determine the effect of total reward system on employee performance. Specifically, the study sought to establish the effect of salary, incentives, career advancement, and employee recognition on employee performance. The study was anchored on Herzberg’s Two Factor, Equity, Vroom’s Expectancy and Hierarchy of Needs Theories. A descriptive survey research design was applied on a target population of 1005 staff working in the 5 public health facilities in the county as gathered county government of Nyeri (2019). Proportionate stratified random sampling techniques were applied for sample selection. The research relied on primary data which was collected through questionnaires. The sample was made up of 151 respondents and comprised of different classes of workforce including top management, middle management, supervisors and regular staff working in the five public facilities. The drop and pick method was used in administering the questionnaire. The study evaluated validity of the instrument through expert opinion and pre-testing. Reliability was tested through Cronbach’s alpha reliability analysis. Descriptive statistics including means and standard deviation together with inferential statistics of regression analysis, correlation analysis and analysis of variance were included in the analysis. With R squared of 64.80% it means that this proportion of variation in employee performance is explained by variation in total reward system in terms of salary, incentives, career advancement and employee recognition. To that end, only 35.20% of variation in the employee performance was explained by other predictors not included in the model. The regression analysis results provided evidence that total reward system components; salary, incentives, career advancement, employee recognition have a positive and statistically significant effect on employee performance. The coefficient for salary ($\beta=0.345$, $p=0.001$) shows that salary has a statistically significant effect on employee performance. The coefficient for incentives ($\beta=0.563$, $p=0.013$) indicated that incentives has a statistically significant effect on employee performance. The coefficient for career advancement ($\beta=1.088$, $p=0.030$) indicates that career advancement has a statistically significant effect on employee performance. The coefficient for employee recognition ($\beta=0.767$, $p=0.022$) shows that employee recognition has a statistically significant effect on employee performance. The results of Pearson correlation analysis indicated that salary ($r=0.596$, $p=0.018$), incentives ($r=0.615$, $p=0.031$), career advancement ($r=0.864$, $p=0.001$) and employee recognition ($r=0.794$, $p=0.011$) have a strong positive and statistically significant relationship with employee performance. The study recommends further review of the remuneration schemes to ensure they are viewed as fair and equitable by employees. The hospitals should also work towards ensuring timely and efficient remittance of staff remunerations which was poorly implemented. Measures such as team building exercises are encouraged to promote team work in the workforce.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Poor employee performance has been a challenge facing the global, regional and local health sector. A global outlook unveils that employees posted dismal levels of achievement on responsibilities and highly left their jobs for other green pastures. The Australian Medical Association’s (AMA), in their Public Hospital Report Card (2017) observes that Australia’s public hospitals were failing to perform against key employee measures. Taner & Antony (2006) compared employee performance for private and public hospitals in Turkey and gathered that employees in public facilities performed dismally. The same condition is unveiled in other economies such as New Zealand (Goodyear-Smith & Ashton, 2019).

In the continent, Adesanya (2012) reports that the employees at private hospitals in Nigeria were more responsive and proactive in their duties compared to public counterparts. Khamisa, Oldenburg, Peltzer and Illic (2015) further observes poor employee performance in South African public health facilities which are attributed to stressful lifestyle among employees at their places of work, level of satisfaction with their jobs and the health of workers. Coming closer to the East African region, Kwesigabo (2012) asserts that the public health sector faced huge employee performance concerns which continue to hurt service delivery.

Locally, public hospitals in Kenya continue to be regular candidates of employee unrests and unsatisfactory performance. Mbindyo, Gilson, Blaauw and English (2009) reports
dismal performance of public health sector employees and identifies in commensurate remuneration and incentives as among key factors within the working context that greatly influences employees’ level of motivation among district hospitals. The poor condition of public health facilities is further highlighted by Irimu et al., (2018), in a review of the general health system in Kenya. From the foregoing, it is clear that employee performance for public health facilities remains an issue of great concern globally, regionally and locally. Total reward system is outlined in theory as key in influencing the direction of employee performance. Nevertheless, while studies have dwelt on this subject, a lot of unresolved issues and gaps still stand.

1.1.1 Total Reward System

According to Noe, Hollenbeck, Gerhart, and Wright (2017), reward management entails the process of coming up with and operationalization of game plans meant to deliver an organization to the desired future state. It also incorporates policies developed in connection to ensuring fair remuneration of staff in line with organizational values. It incorporates such functions as design, implementation and operationalization of reward policies geared towards improving overall organizational output. The reward system consists of both tangible and intangible rewards accorded to employees. According to Calvin (2017), a wholesome rewards system is one that has been well integrated to incorporate: compensation, benefits and work experience. A positively implemented wholesome rewards system is important if an organization wished to build a powerful benefits structure for its workforce.
A total reward system is composed of both financial and non-financial rewards (Cascio, 2015). Financial rewards are classified into direct and indirect financial rewards. The former is composed of salary, incentives and bonuses while the latter consists of indirect benefits such as insurance, holidays, medical cover, and child care as well as employee assistance. Non-financial rewards are also classified into two; that is benefits related to the job and those related to the work environment. Job related rewards would include recognition, responsibility, interesting work and advancement. With regard to the work environment, the rewards would be competent supervision, good policies and practices, safety and health at work as well as fair treatment (Bratton & Gold, 2017).

An effective reward management system should observe several characteristics namely; simplicity, fairness and equitability, perceived fairness and equitability and participatory attribute (David et al., 2015). A viable reward management system is one that can be easily understood by all stakeholders in a firm. Regarding fairness and equitability of the system, all system component need to be justifiable and consistently applied. Perceived fairness and equitability regards a reward system being understood as being fair and equitable to stakeholders. Finally, a good reward system should be participatory implying that it should be negotiated and agreed between management and employees (Bratton & Gold, 2017).

According to Brewster, Chung and Sparrow (2016), salaries are described as monetary compensation offered to staff in exchange of the services they have offered over a given period of time. Salaries represent a fixed payment made on a regular basis which could range from weekly, monthly, or any other definite timing and quite often expressed in annual sums made to an employee by their employer. The components of salaries include basic pay, overtime pay, benefits and allowances.
Incentives represent benefits or payments or concessions accorded to employees to entice them to work harder in their engagements. They include financial incentives, non-financial incentives, team enticements and retirement benefits. Employee incentives represent a structure of appreciating and recompensing the exemplary performance and unique contributions of the workforce (Noe et al., 2017).

Employee recognition involves positive acknowledgement of employees’ special performance or positive actions in their line of engagements (David et al., 2015). Recognition may take the form of service awards such as the employee of the year awards, verbal praise or financial bonuses such as spot, quarterly, annual bonuses for exemplary performance. Employee recognition aims at reinforcing certain behaviors and activities to entice employees to enhance their performance.

Career advancement entails activities that drive progression in professional careers such as coaching, counselling, planning and mentoring. Career advancement represents the upward progression of an employee’s career. Employee advance in career when they move from an entry-level jobs to a management positions within the same field (Bratton & Gold, 2017).

1.1.2 Employee Performance

Employee performance has been measured in many different ways as suggested by various scholars (Bailey et al., 2018, Aguinis, 2013; Ali & Opatha, 2013). On their part, Ali and Opatha (2013) identified measures of employee performance as including: their level of responsiveness, willingness to perform their duties without coercion, The quality of their output together with quantity and general morale (Ali & Opatha, 2013). High levels of
employee’s performance create greater opportunities for employees in those organizations than in those recording low performance. Performance outcomes among employees relate to that which they were hired by their respective organizations to undertake. It checks how well a given staff has delivered on their key performance indicators (Banfield et al., 2018).

An organization depends highly on the individual and collective performance outcomes achieved by its staff. It is through individual performance that overall organizational performance is achieved (Bailey et al., 2018). This is in line with Aguinis (2013) assertion that in order for an organization to effectively deliver on set goals, it needs to monitor on a close basis the performance outcomes of its employees. Only when this is done effectively that timely feedback will be availed to inform timely decision making on how negative performance needs to be reversed. This is key in consistently achieving predetermined performance targets in an organization.

Nankervis, Baird, Coffey and Shields (2016) noted that in situations where employee’s outstanding performance is acknowledged and recognized in a timely manner, such recognition reinforces the behavior for continued future positive performance. Aguinis (2013) supported this notion by arguing that organizations need to identify and apply several performance measures for accurate and objective appraisal without prejudicing the employee. There should be no standard measure of performance among all staff because the intensity and concentration required by each task is different. A good example is concentrating on individual staff’s performance at the expense of the overall organization performance. A situation could arise when individually; employees have performed well yet overall organization performance stands below average. It is therefore required that a
holistic approach is adopted in measuring performance at the individual employees’ level and overall organizational performance (Kew & Stredwick, 2016).

Developed by Kaplan and Norton (1992), the balance score card is a performance evaluation tool that focuses on four key dimensions of measurement; financial, customer, internal process, and learning perspectives. The BSC framework serves as an important tool in operationalization of any formulated strategy within an organizational setting. It helps in continuous monitoring and evaluation of how the strategy implementation is proceeding. The internal business process dimension appraises the processes that are considered most critical in delivering satisfaction to both customers and shareholders. Key metrics under this category would include productivity, reduced wastage, and quality (defect free) products (Park et al., 2017).

The financial perspective focuses on the manner in which shareholders perceive that their investment is growing (Lueg & Vu, 2015). Key objectives in the financial stage may include growth, profitability and cost leadership. From an individual employees’ viewpoint, the financial perspective would measure dimensions such as cost efficiency, sales growth and productivity. The customer perspective is concerned with the manner in which the business is viewed by its customers and how customer service is implemented. The main dimensions of interest to customers include time, quality, performance, and cost. For assessment of employees’ performance under this category, aspects of service quality, customer feedback, time efficiency can serve as key metrics (Park, Lee, & Chae, 2017).
Lastly, the learning and growth perspective is focused on how the business must learn, improve, and innovate in order to meet the desired objectives (Sartor, 2019). As such, most of the contents of this dimension are employee-centered. Some common learning and growth measures include increase in sales of new products, percentage of sales gained from new products and services, creativity, product innovation, reduced development time (Cooper & Ezzamel, 2016). The current study used the four dimensions of BSC to reflect employee performance. Under the internal business process, the study reflected on waste reduction and quality (defect free) products while the financial perspective focused on cost efficiency, sales growth and productivity. The customer perspective reflected on service quality, customer feedback, and time efficiency while learning and growth perspective reflected on creativity, product innovation, and reduced development time as key performance indicators.

1.1.3 Public Hospitals in Nyeri County

According to the county Government of Nyeri (2018) there are a total of five public hospitals in Nyeri County. The public hospitals include; Nyeri County Referral (PGH Nyeri) Hospital which is a referral facility situated in Nyeri Town Sub County, Mt. Kenya Sub County Hospital which is a Sub county facility situated in Nyeri Town Sub County, Mukurwe-ini Sub County Hospital which also a Sub county facility located in Mukurwe-ini Sub County, Othaya Sub County Hospital which is a Sub county facility located Othaya Sub County and finally Karatina Sub County Hospital which is again a Sub county facility situated in Mathira Sub County.

The Public hospitals are government owned are under the management of the county government since health is a devolved function. The hospitals have several departments
which include pediatrics, surgery, obstetrics and gynecology, internal medicine, mother to child care, comprehensive care clinics (HIV), in-patient and out-patient, pharmacy, intensive care unit in the hospitals which deliver different services. According to the Directorate of Health Services under the county government of Nyeri, there are a total of 1005 employees working at the five (5) county public hospitals in the county. Mt. Kenya hospital has 39 employees, Nyeri county referral hospital 423 employees while Karatina hospital has 227 employees. In addition, Mukurweini hospital and Othaya hospital have 201 and 115 employees respectively.

1.2 Statement of the Problem

According to Mbindyo, Gilson, Blaauw and English (2009), public hospitals in Kenya continue to be regular candidates of constant employee unrests and unsatisfactory performance. Concerns over poor remuneration and incentives are singled out as among key contextual influences to health worker motivation for public hospitals in Kenya. There has been constant employee unrests at public hospitals in Nyeri County with disagreements revolving around the reward systems in place amidst declining employee performance concerns (County Government of Nyeri, 2018). Theoretical perspectives have outlined that the structure of employee reward systems has a ramification on their individual and collective performance (Dartey-Baah & Amoako, 2011). Nevertheless, while studies have been done on the influence of total reward system on employee performance, a lot of issues remain unresolved. A review of past empirical literature brings forth a number of gaps which are largely contextual, empirical, methodological and conceptual in nature.

Munene and Kibusu (2014) analyzed reward systems and employees’ achievement of targets among government agencies at a sub-county level. Results indicated that basic
salary, allowances offered to facilitate house acquisition and the benefits advanced towards health costs present a strong influence on their individual performance at the workplace. Contextual gaps emerge on need to have an updated study for more valid results. Methodological gaps emerge especially in the operationalization of performance outcomes of employees.

Okoth (2014) examined how rewards management affect performance outcomes among employees in the hospitality industry focusing on hotels in Coastal towns of Kenya. Using a descriptive design on a population of 27 resorts and a structured questionnaires to gather primary data. Descriptive statistics and inferential statistics (correlation) demonstrated a high and positive correlation between reward management and employee performance. Empirical gaps are clear on need to focus on an expanded framework of total reward system variables. Thus, in order to expand the basket of knowledge of the study subjects and address open knowledge gaps, the current study focused on the total reward system and employee performance at public hospitals in Nyeri County, Kenya.

1.3 Objectives of the Study
The study pursued the following objectives which were classified into the general and specific objectives.

1.3.1 General Objective
To determine the effect of total reward system on employee performance at public hospitals in Nyeri County, Kenya.
1.3.2 Specific objectives

The study was guided by the following specific objectives.

i) To determine the effect of salaries on employee performance at public hospitals in Nyeri County, Kenya.

ii) To assess the effect of incentives on employee performance at public hospitals in Nyeri County, Kenya.

iii) To determine the effect of employee recognition on employee performance at public hospitals in Nyeri County, Kenya.

iv) To assess the effect of career advancement on employee performance at public hospitals in Nyeri County, Kenya.

1.4 Research Questions

The study sought to answer the following research questions:

i) Does a salary have an effect on employee performance at public hospitals in Nyeri County, Kenya?

ii) How do incentives affect employee performance at public hospitals in Nyeri County, Kenya?

iii) What is the effect of employee recognition on employee performance at public hospitals in Nyeri County, Kenya?

iv) Does career advancement have an effect on employee performance at public hospitals in Nyeri County, Kenya?
1.5 Significance of the study

The findings are likely to benefit various stakeholders in the public sector. The county governments which manage the health function will get insights on matters employees development and productivity based on empirical evidence. The management of the counties will be in a position to understand the value of various employee reward management schemes recommended by the human resource departments. The scholarly class including academicians and researchers will benefit from results of the study as they will find empirical evidence upon against which to compare and contrast future findings. The study will also identify gaps that could be filled in future studies.

1.6 Scope of the study

On context scope, the study targeted employees working at public hospitals in Nyeri County, Kenya. The target population comprised of 1005 employees working in the five health facilities in the county. On content scope, the study analyzed the subject; total reward system and employee performance at public hospitals in Nyeri County, Kenya. The specific objectives pursued included determination of the effect of salary, incentives, career advancement and employee recognition on employee performance. On time scope, the study considered a 5 year period for analysis that is 2013 to 2018. The choice of Nyeri County is informed by constant health employee complaints over poor remuneration and deprived working conditions in the facilities.

1.7 Limitation of the study

The kind of information sought in the current study was very sensitive. For that reason, participants felt insecure to divulge information regarding their performance. The
researcher ensured that the targeted respondents understood why the research was being undertaken by taking them through academic processes to win their trust and make them feel free to provide information required. Research permits and authorizations were also obtained from NACOSTI and Kenyatta University. Respondents were further assured of confidentiality. Challenges were faced regarding the administration of questionnaires to various respondents. This is because the study targeted all cadres of employees in the county government including management staff who have very demanding commitments. The employees also worked on strict schedules and getting time with them to fill the questionnaire was potentially difficult. To solve this problem, the researcher dropped the questionnaires with the respondents after which a few days were allowed for them to fill in. Reminder phone calls were made to ensure that the respondents did not forget. The filled questionnaires were then picked up once the respondents indicated that they had completed them.

1.8 Organization of the study

The study project is organized into five chapters. Chapter one captures the background. The background covers an introduction and provides the context of the study. The objectives of the study, statement of the problem, research objectives and hypothesis are also provided. Chapter two covers the literature review which provides the theoretical and empirical review. Chapter three contains the research methodology in terms of the tools and procedures for accomplishing study objectives. Chapter four presents the results of the data analysis. Chapter five, which is the last chapter summarizes the results, makes conclusions and key policy recommendations.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction
This chapter covers an appraisal of available literature on the subject of total reward system and employee performance. The evaluation of literature captures the theoretical as well as empirical content and context. The review aids in identification of research gaps. Establishment of knowledge gaps then becomes a key tool in defining the conceptual approach of the current study as reflected in the conceptual framework.

2.2 Theoretical Review
This section presents theoretical orientations that were key in guiding the study at hand. The review of theories was key in comparing the findings and offering a worthy critique for reliable conclusions. The main guiding theories were the Herzberg’s two factor theory. Other theories relevant to the study are discussed below.

2.21 Herzberg’s Two Factor Theory
The theory was modelled by Herzberg (1966) and underpins extrinsic and intrinsic factors of motivation. The factors are also known as hygiene and motivator factors respectively. Extrinsic factors (hygiene factors) comprises of all tangible outcomes and things in relation to an employee’s physical well-being. The factors represent the relationship of employees with their job environment. The factors include salaries together with the benefits, existing policies in an organization, supervision quality, level of security of tenure, safety of the work environment, administrative practices, and general work environment condition (Johnson et al., 2018).
These factors may not result in motivation though their absence there could be some dissatisfaction among employees. On the other hand, intrinsic commonly referred to as motivator factors are made up of all intangible outcomes like achievements, need to give recognition of outstanding performance, ability to assume responsibility, growth, and interest in the job an employee is employed to do (Sanjeev & Surya, 2016). The theory holds that only intrinsic factors motivate. The motivator factors relate to the desire possessed by employees to see growth in his or her job. This in turn affects the employee’s level of motivation in their job. This school of thought prescribes a two-step process in which organizations can adopt to motivate their employees. The first step is to eliminate dissatisfaction among them by developing sound non primitive company policies, having competent and qualified technical supervisors with ability to ensure employees do not work under too much pressure but in an ease environment. This also involves ensuring that salaries and other wages are competitive, fair and adequate, ensure the working environment for staff is comfortable, and employees work for reasonable hours (Johnson et al., 2018).

The second step entails motivating the employees by allowing them to deliver on difficult targets with minimal interference, appreciating and rewarding good performance among staff, offering credits where necessary besides giving them authority to handle their responsibilities (Alshemri, Shahwan-Akl, & Maude, 2017). The process of motivating employees further involves provision of a clear career path especially those performing their duties excellently. It also involves proper designing of jobs in an organization such that they are interesting and involving at the same time. The jobs also need to be more educative in nature such that they grow the knowledge and skills competency among staff.
Educational opportunities can also be provided to help staff grow their skills set for future career development. The theory was useful in the assessment of the effect of the integral components of total rewards system; salary, incentives, career advancement and employee recognition on employee performance.

2.2.2 Equity Theory
Adams and Freedman (1976) proposed the equity theory which centers on establishing the extent to which resources are distributed fairly to both relational parties. From an organizational perspective, this school of thought proposes that staff always compare their benefits from an organization as a result of their employment relationship for their services and their inputs. They compare their input-output ratio to that of their peers which in the end leads to satisfaction or dissatisfaction (Griffin & Moorhead, 2011). Relevant others are essentially staff holding similar positions or job category in an organization and bearing the same qualification or professional training. There may also be implemented necessary systems on remuneration with details of how it is executed for optimal employee satisfaction. As such, in situations where an employee perceived their ratio as equitable compared to their peers in other organizations, they will be encouraged and motivated to deliver best results to the organization (Johnson et al., 2018).

According to Kanfer et al. (2017), if there is perceived inequity in an organization, the school of thought assumes that employees are likely to distort outcomes or carry themselves around in a way to influence others change their inputs and outcomes to align to theirs. The employee might also choose a different metric of doing comparison between persons or simply terminate their services to an organization. This school of thought helps explain how absolute and relative rewards influence employees’ decision to continue
working hard to attain organizational objectives or terminate their service offering. Every moment that employees sensor any degree of inequity, they will act in any way possible to correct the situation (Griffin & Moorhead, 2011). The theoretical foundation was useful in the assessment of total reward system and employee retention among staff at the workplace. In particular, the theory was useful in guiding the analysis of salaries, incentives, career advancement, and employee recognition on employee performance.

2.2.3 Vroom’s Expectancy Theory
Developed by Vroom (1964), the framework explains motivation to work in terms of anticipated rewards. This framework makes an assumption that people make rational decisions based on economic realities. In essence, an employees’ behavior is premised on subjective perception as opposed to objective reality. The foundation argument of the theorists is that employees always try to analyze the relationship between three key factors; effort, performance and reward. The theory identifies factors that would stimulate an employee to increase their effort expectancy, instrumentality and valence (Miner, 2015).

According to Miner (2015), expectancy is essentially the extent to which the individual perceives that by acting or carrying themselves in a particular manner will result in a certain desired outcome. The degree to which an individual perceives effective performance leads to the desired reward is defined as instrumentality. Valence on the other hand concerns the strength that offering attractive rewards will boost productivity among staff besides motivating them. In other words, valence represents the strength of an employee’s preference for a given outcome or reward (Barron & Hulleman, 2015).
As viewed by Flake et al. (2015), rewards may fall into two broad classes; intrinsic and extrinsic rewards. Intrinsic rewards are acquired from meeting high level needs of an individual employees like self esteem and growth from a personal perspective. For the study at hand, the intrinsic rewards would include career advancement and employee recognition. On the other hand, extrinsic rewards are provided by organization and are not within the control of the individual (Miner, 2015). For the current study, the extrinsic rewards under evaluation include salary and incentives. The theory was key in assessment of reward systems and their influence on employees output especially for the argument that intrinsic factors are more associated with job satisfaction than extrinsic rewards.

2.2.4 Maslow Hierarchy of Needs Theory

Founded by Maslow (1943), the theory provides critical insights to explain human motivation in an organizational setting. The foundational argument of the theory is that people are motivated to gratify specific classes of needs and wants. The different classes of needs as espoused in this theory ranging from physiological needs at the bottom of the triangle followed by safety and security needs and social needs. At the apex of the triangle, there is self-esteem and self-actualization needs. In an organizational setting, employees tend to satisfy the needs as presented in Maslow’s theory hierarchically. This implies that, up and until a given class of needs is met, their behavior will always be defined by that class’s behavior (Hopper, 2020).

The physiological needs are the basic survival needs which include food and shelter. The safety and security needs comprise of need for a stable environment free of threats. The social needs include needs for company that includes family and friends (Hopper, 2020). In this category of needs, people are motivated by need for recognition and appreciation.
by other people. Esteem needs comprise of need to be held with dignity, self-respect, self-esteem and the esteem of others. Finally, at the apex of the classes of needs is need for self-actualization which represents need to achieve the highest degree of self-fulfillment and gratification (Fallatah & Syed, 2018). The theory was helpful in guiding the assessment of how different classes of needs; salaries, incentives, career advancement, and employee recognition would impact on performance of employees.

2.3 Empirical Literature Review

The empirical review makes a presentation of past studies on employee retention. The review takes note of the methodologies, approaches, concepts, theoretical foundations, findings and recommendations of past studies. The empirical review plays identifies works of other scholars with the aim of highlighting the methodologies adopted, findings and conclusion and how they can inform the direction of this study.

2.3.1 Salary and Employee Performance

Munene and Kibisu (2014) analyzed how a system developed in an organization to deal with reward affect delivery on set targets among employees among government agencies in Kenya. The variables assessed included basic salary, presence of training opportunities, non monetary benefits in the form of health benefits and house allowance and their impact on achievement of targets by employees. The target population comprised of employees in different cadres within the targeted agencies. The sampling procedure led to sample size of 43 employees. Descriptive and inferential statistics indicated that the reward systems developed within the studied organization had strong influence on performance outcomes among staff. Contextual gaps emerge on need to have an updated study for more valid
results. Methodological gaps emerge on need to address other indicators of employee performance.

Calvin (2017) studied the extent that remuneration packages influenced employees' performance using data for firms drawn from Nigeria’s education sector. As per the analysis, remuneration considered salary/wages as well as bonus/incentives. The study collected primary data which helped draw conclusions and recommendations. Results established `that remuneration contributed immensely to the performance results posted by individual staff. Empirical gaps emerge as theoretical orientations such as Herzberg (1959) indicate that salaries and wages are not at all motivators to performance among staff. Contextual gaps are also outlined which help validate the undertaking of this study.

Awino (2015) studied the effects of remuneration on employees’ performance at SISDO Microfinance, Kenya Ltd. A descriptive survey research approach was applied to study the cause effect relationship between remuneration on employee performance. Remuneration packages act as a motivation especially if they are well structured to capture the experience and skills set possessed by employees. Results demonstrated that remuneration (wages and salaries) have an influence on employee performance.

2.3.2 Incentives and Employee Performance

Okoth (2014) examined the effects of the way rewards program within an organization is managed and performance of employees within the wider hospitality industry in Kenya. Through a descriptive design on 27 tourism firms, the study collected primary data which aided in analysis. Structured questionnaires were used to gather primary data. Results demonstrated a high and positive correlation between incentives as a component of reward
system and employee performance. Contextual gaps are clear on the need to focus as well other key sectors where employee concerns are high such as the public sector.

Calvin (2017) studied how remuneration affected performance outcomes among employees in firms within the education sector in Nigeria. Salary/wages as well as bonus/incentives as components of remuneration were considered. The collected data was analyzed and used to draw inferences. Results established that bonus/incentives accounted for better performance outcomes among employees. Empirical gaps emerge as theoretical orientations such as Herzberg (1959) indicate that salaries and wages are not at all motivators to employee performance. Contextual gaps are also outlined which give justifications for replicating the study within Kenya.

Tumwet et al. (2015) studied employee incentives and how they affect performance outcomes among employees at Kabarak University, Kenya. Using all employees in the University, the study noted that incentives played a key role in motivating staff for better performance. All incentives whether monetary or non-monetary motivated staff to go an extra mile to achieve set targets. Results showed that monetary and non-monetary incentives have a significant influence on employee motivation and performance. Methodological gaps emerge on need to use more analysis tools.

2.3.3 Career Advancement and Employee Performance

Napitupulu, Haryono, Laksmi Riani, Sawitri, and Harsono (2017) focused on career advancement and performance outcomes recorded by employees in the Indonesian public sector. With a targeted population of 15 regional branches of Indonesia finance ministry, it was established that career development bore no direct influence on employee
performance. The study reveals empirical gaps in that theorists such as Herzberg (1959) classified career advancement as among the motivator factors that would influence employee performance. The prospects of brighter career in the future motivate employees to put in more efforts for better performance. They know that through registration of better performance, nice goodies will be on their way.

Diriye (2016) studied how perceived career advancement affected the level of commitment and engagement among employees using the case of County Government of Nairobi. Through descriptive design on a target population of 443 employees, primary data was collected and analyzed. Results indicated that career has an impact on the level of commitment and engagement among staff. Methodological gaps emerge on need to consider an expanded range of indicators of employee performance.

Wane (2016) studied the career advancement programs affect general level of retention among employees in NGOs with international spread but operating in Kenya. With a population of 92 International NGOs in Nairobi Kenya registered with the NGOs Coordination Board. The study used a census method and established that career advancement (career planning and career counseling) were fundamental human resource policy in INGOs and strongly influenced employee retention. The study presents conceptual gaps on career advancement in the analysis such as career coaching and mentoring.

Dialoke and Nkechi (2017) analyzed how career growth affected performance among staff in higher learning institution in Nigeria. Through a descriptive design won a population of 2630 employees appropriate data was gathered and analyzed. Results showed that career
advancement contributed immensely to performance outcomes among staff. This presents contextual gaps on need to replicate the study locally.

2.3.4 Recognition and Employee Performance

Kaufman, Chapman and Allen (2013) studied the effect of recognition on the level of engagement and innovation among staff and their effect on organizational performance. Results signposted that recognition of efforts made by staff in executing their duties gives them greater desire and determination to work harder. They will also be more willing to build better working relationships build better personal character and stronger connections and attachment to their organization. Additionally, strongly recognized staffs stand a higher chance of being innovative and efficient. It was demonstrated that recognition enhanced performance of employees more than salary and bonuses did. Contextual gaps have been exposed which make it necessary to undertake another study with a focus on the Kenyan context.

Ndungu (2017) studied the extent that rewards and recognition affect performance outcomes among employees at Kenyatta University (KU), Kenya. The study targeted staff working at KU. The study used a descriptive design. Sampling was done using stratified random sampling and purposive sampling techniques. Results indicated that employee recognition influences employee performance. Empirical gaps exist on need to address other dimensions of total reward system besides recognition.

Bradler, Dur, Neckermann and None (2016) empirically examined how recognition of efforts made by staff in their chores affected their performance. Results indicated that recognition improved subsequent employee performance. Performance improvement was
more when recognition was exclusively provided to the best performers. Interestingly, workers who failed to receive recognition recorded highest improvement in subsequent performance. Methodological gaps have been identified hence the need to adopt new research designs other than experimental design and analyze performance over a sizeable period of time.

### 2.4 Summary of Literature Review and Research Gaps

The empirical analysis of past studies presents a wide range of knowledge gaps. The gaps include contextual, empirical, methodological and conceptual gaps. Contextual gaps regard the time period on need to have a current empirical analysis (Munene & Kibisu, 2014; Okoth, 2014). Other contextual gaps regard the need to replicate studies locally (Kaufman, Chapman & Allen, 2013). Empirical gaps emerge as some findings are in direct conflict with foundations of theory and past observations. For instance, some findings conflicts theorists such as Herzberg (1959) who opined that career advancement, for instance, is among the motivator factors that would influence employee motivation and performance (Calvin, 2017; Napitupulu, Haryono, Laksmi Riani, Sawitri, & Harsono, 2017). Other empirical gaps emerge on need to address other dimensions of total reward system besides recognition (Ndungu, 2017).

Methodological gaps regard the need to embrace an expanded framework of indicators of employee performance (Munene & Kibisu, 2014; Diriye, 2016). Other dimensions of methodological gaps arise from need to use more analysis tools (Tumwet, Chepkilot & Kibet, 2015). Other methodological gaps regard the need to adopt new research designs away from experimental research design and analysis of performance over a sizeable
period of time (Bradler, Dur, Neckermann & None, 2016). More studies to be done addressing the analysis such as expanding the concept of career advancement to cover career coaching and mentoring in addition to career planning and career counseling (Wane, 2016).
Table 2.1: Summary of Literature Review and Research Gaps

<table>
<thead>
<tr>
<th>Author(s) and Context</th>
<th>Key Findings</th>
<th>Research Gaps: (Conceptual, Contextual, Methodological or Empirical Gaps)</th>
<th>How the current study will fill the gaps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Napitupulu, Haryono, Laksmi Riani, Sawitri, and Harsono (2017)</td>
<td>Results demonstrated that career development has no direct influence on employee performance.</td>
<td>The study reveals empirical gaps in that theorists such as Herzberg (1959) classified career advancement as among the motivator factors that would influence employee performance.</td>
<td>Gaps resolved by the current thorough comparison with past empirical and theoretical orientations.</td>
</tr>
<tr>
<td>Diriye (2016)</td>
<td>Perceived relationship between career advancement and employee commitment and engagement at Nairobi City County Government.</td>
<td>Results indicated that career advancement has an impact on employee commitment and engagement.</td>
<td>Methodological gaps emerge on need to consider an expanded range of indicators of employee performance.</td>
</tr>
<tr>
<td>Wane (2016)</td>
<td>Effect of career advancement programs on employee retention in International Non-Governmental Organizations in Kenya.</td>
<td>Career advancement (career planning and career counseling) were fundamental human resource policy in INGOs and strongly influenced employee retention</td>
<td>The study presents conceptual gaps on the need to consider more dimensions of career advancement in the analysis such as career coaching and mentoring.</td>
</tr>
<tr>
<td>Author(s) and Context</td>
<td>Key Findings</td>
<td>Research Gaps: (Conceptual, Contextual, Methodological or Empirical Gaps)</td>
<td>How the current study will fill the gaps</td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------</td>
<td>------------------------------------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>Dialoke and Nkechi (2017)</td>
<td>Effects of career growth on employees’ performance.</td>
<td>Results indicated a positive and significant relationship between career advancement and employee performance.</td>
<td>The study presents contextual gaps on need to replicate the study locally.</td>
</tr>
<tr>
<td>Munene and Kibisu (2014)</td>
<td>Reward systems and employees’ achievement of targets among semi-autonomous government agencies in Migori Sub-County.</td>
<td>Results indicated that basic salary, house allowance and health benefits have very strong influence on employee performance.</td>
<td>Contextual gaps emerge on need to have an updated study for more valid results. Methodological gaps emerge on need to address other indicators of employee performance.</td>
</tr>
<tr>
<td>Okoth (2014)</td>
<td>Effects of reward management on performance of employees in the hospitality industry focusing on hotels in North Coast, Kenya.</td>
<td>Results demonstrated a high and positive correlation between incentives as a component of reward system and employee performance.</td>
<td>Contextual gaps are clear on the need to focus as well other key sectors where employee concerns are high such as the public sector.</td>
</tr>
<tr>
<td>Author(s) and Context</td>
<td>Key Findings</td>
<td>Research Gaps: (Conceptual, Contextual, Methodological or Empirical Gaps)</td>
<td>How the current study will fill the gaps</td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------</td>
<td>-----------------------------------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>Calvin (2017)</td>
<td>Results established existence of a strong and positive relationship between remuneration and employees' performance and that salary/wage and bonus/incentives also serve as a form of motivation to the employees.</td>
<td>Empirical gaps emerge as theoretical orientations such as Herzberg (1959) indicate that salaries and wages are not at all motivators to employee performance. Contextual gaps are also outlined on need to replicate the study locally.</td>
<td>Gaps addressed by through comparison of the current results against the foundation of theory and past studies and replicating the study locally.</td>
</tr>
<tr>
<td>Tumwet, Chepkilot and Kibet (2015)</td>
<td>Results showed that incentives have a significant influence on performance.</td>
<td>Methodological gaps on need for more analysis tools such as correlation analysis and regression analysis.</td>
<td>More analytical tools applied to resolve the gaps.</td>
</tr>
<tr>
<td>Ndungu (2017)</td>
<td>Results indicated that employee recognition influences employee performance.</td>
<td>Empirical gaps exist on need to address other dimensions of total reward system besides recognition.</td>
<td>Gaps addressed by embracing more total reward system variables such as career advancement for analysis.</td>
</tr>
<tr>
<td>Author(s) and Context</td>
<td>Key Findings</td>
<td>Research Gaps: (Conceptual, Contextual, Methodological or Empirical Gaps)</td>
<td>How the current study will fill the gaps</td>
</tr>
<tr>
<td>-----------------------</td>
<td>--------------</td>
<td>------------------------------------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>Bradler, Dur, Neckermann and None (2016)</td>
<td>Employee recognition and performance through a field experiment.</td>
<td>Results indicated that recognition improved subsequent employee performance.</td>
<td>The study presents methodological gaps on need to adopt new research designs other than experimental design and analyze performance over a sizeable period of time.</td>
</tr>
</tbody>
</table>

Source: *Author (2018)*
2.5 Conceptual Framework

The conceptual framework consists of four independent variables as well as the dependent variable. The independent variables are the facets of total reward system used by the hospitals. These are salary, incentives, career advancement, and employee recognition. The dependent variable is employee performance.

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**Figure 2.1 Conceptual Framework**

*Source: Researcher (2021)*
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This part covers the methodology used undertaking the actual field study. It is premised on need to address and fulfil the research objectives and effectively aid testing of the hypothesis. Covered in this section is the research design, target population and sampling design. The section covers as methods of collecting necessary data and procedure to be adhered to as It also outlines ways of analyzing data to ensure that it makes sense.

3.2 Research Design

The study adopted a descriptive survey research to effectively assess how total reward system affects performance outcomes among staff. Mugenda and Mugenda (2012) highlights that a descriptive survey research design uncovers existing associations among factors under analysis. The research approach does not however try to alter anything in that arrangement. The design is concerned with explaining more details about research phenomenon (Bulmberg, Cooper & Schindler, 2011). The descriptive survey design fits the current analysis as it sought to explain existing conditions on total reward system and employee performance at public hospitals in Nyeri County, Kenya.

3.3 Target Population

In a study, Kothari (2011) noted that population is refers to the complete set of individuals which bear characteristics which are of interest to a researcher. Target population consisted all 1005 staff working at the five (5) county public hospitals in the county. The focus on the five public hospitals was justified by the fact that the problem of poor employee
performance has been more pronounced in public than private hospitals. There are only five public hospitals in Nyeri county, with all others being either dispensaries or health centers. According to the Directorate of Health Services under the county government of Nyeri Mt. Kenya hospital has 39 employees, Nyeri county referral hospital 423 employees while Karatina hospital has 227 employees. In addition, Mukurweini hospital and Othaya hospital have 201 and 115 employees respectively. The target respondents were the 1,005 staff working in the 5 public hospitals.

Table 3.1: Target Population

<table>
<thead>
<tr>
<th>S/NO.</th>
<th>Health Facility</th>
<th>No. of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Nyeri County Referral (PGH Nyeri) Hospital</td>
<td>423</td>
</tr>
<tr>
<td>2.</td>
<td>Mt. Kenya Sub County Hospital</td>
<td>39</td>
</tr>
<tr>
<td>3.</td>
<td>Mukurwe-ini Sub County Hospital</td>
<td>201</td>
</tr>
<tr>
<td>4.</td>
<td>Othaya Sub County Hospital</td>
<td>115</td>
</tr>
<tr>
<td>5.</td>
<td>Karatina Sub County Hospital</td>
<td>227</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>1,005</strong></td>
</tr>
</tbody>
</table>

Source: *County Government of Nyeri (2021)*

3.4 Sample Procedure and Technique

Sampling refers to the process of selecting a portion of the population to form part of the subjects that the study would like to focus on (Kothari, 2011). Proportionate sampling method applied to reach a sample of 151 respondents representing 15% of population. According to Mugenda (2013), for a population of below 10,000, a sample of between 10 to 30% is a good and hence the selection of 15%.

The sample comprised of different classes of workforce including top management, middle management, supervisors and regular staff working in the five public facilities. This sampling technique was used to ensure a balance of the sample throughout the population.
The choice of this method was justified as it ensures that all classes of the population are fairly represented in the sample. According to Lynn (2018), each stratum needs to be proportionate to the stratum size. The sample size of each stratum is determined by the formula: \( n_h = \left( \frac{N_h}{N} \right) \times n \) where \( n_h \) is the sample size for stratum \( h \), \( N_h \) is the population size for stratum \( h \), \( N \) is total population size, and \( n \) is total sample size (Ott & Longnecker, 2015).

Table 2.2 Sampling and Sample Size

<table>
<thead>
<tr>
<th>Strata/ Category</th>
<th>Employees</th>
<th>Sample; ( n_h = \left( \frac{N_h}{N} \right) \times n )</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nyeri County Referral (PGH Nyeri)</td>
<td>423</td>
<td>((423/1005)\times151 = 63.56)</td>
<td>64</td>
</tr>
<tr>
<td>Mt. Kenya Sub County Hospital</td>
<td>39</td>
<td>((39/1005)\times151 = 5.86)</td>
<td>6</td>
</tr>
<tr>
<td>Mukurwe-ini Sub County Hospital</td>
<td>201</td>
<td>((201/1005)\times151 = 30.2)</td>
<td>30</td>
</tr>
<tr>
<td>Othaya Sub County Hospital</td>
<td>115</td>
<td>((115/1005)\times151 = 17.29)</td>
<td>17</td>
</tr>
<tr>
<td>Karatina Sub County Hospital</td>
<td>227</td>
<td>((227/1005)\times151 = 34.11)</td>
<td>34</td>
</tr>
<tr>
<td>Total</td>
<td>1,005</td>
<td></td>
<td>151</td>
</tr>
</tbody>
</table>

**Sample size**

Source: Researcher (2021)

3.5 Data Collection Instruments

The study designed questionnaires in line with objectives which helped in primary data collection. The study used semi structured questionnaires to collect primary data. Tests of
validity and reliability as discussed below in line with the recommendations of (Mugenda, 2013).

3.5.1 Validity of Research Instruments

Validity refers to the degree to which results obtained from analysis of the data actually represent the phenomenon under study (Heale & Twycross, 2015). The researcher used the supervisor who provided an opinion on formatting of the questionnaire, framing of questions and the complexity of language used in developing questions to test the validity of the instrument. Any areas noted to have some deficiency was edited accordingly following the advise given by the supervisor. Expert Opinion is one of the operative methods suggested by Kumar (2019) for testing validity of research instruments.

3.5.2 Reliability of Research Instrument

Reliability checks on ability of an instrument to consistently correct same information regardless of the number of times a study is repeated provided the conditions are kept constant (Mugenda and Mugenda, 2012). It is normally tested using Cronbach's Alpha Reliability Test which has a threshold of 70 percent. A coefficient of above 0.7 would imply that the reliability condition is observed.

Table 3.3: Cronbach's Alpha Reliability Analysis

<table>
<thead>
<tr>
<th>Cronbach's Alpha</th>
<th>Cronbach's Alpha Based on Standardized Items</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.780</td>
<td>.777</td>
<td>34</td>
</tr>
</tbody>
</table>

Source: Survey data (2021)

From the results, the Cronbach’s Alpha Coefficient stands at 0.34 for 34 items. This represents a high extent of internal consistency of the research instrument. Gliem and
Gliem (2003) considers a Cronbach alpha coefficient of greater or equal to 0.70 as acceptable in social science situations.

3.6 Data Collection Procedure
Methods of data collection vary depending on the study design. Data was gathered from different classes of workforce including top management, middle management, supervisors and regular staff working in the five public facilities. The instruments were administrated by being dropped at the respondents place of work. They were allowed two weeks within which polite reminders were sent to them before picking up the filled in questionnaires owing to the busy nature of employees and the need to enhance the response rate by allowing them to fill the questionnaire at their convenience (Mugenda, 2013). The respondents were given two weeks to respond to the questionnaires which was considered adequate time to maximise successful responses.

3.7 Data Analysis and Presentation
The data collected was cleaned and checked for completeness, accuracy and consistency. The data was coded and captured in a software for analysis. Frequencies and percentages were applied for general information while descriptive statistics were applied in closed ended questions. A regression model was developed as follows:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \]

Where; \( Y = \text{Employee Performance} \)

\( X_1 = \text{Salary}, \ X_2 = \text{Incentives}, \ X_3 = \text{Employee Recognition} \) and \( X_4 = \text{Career Advancement} \). \( \beta_0 \) is the regression intercept while betas represented the slope or gradients of the regression line) \& \( \epsilon \) is the error term.
3.8 Ethical Considerations

Research ethics concerns controls taken to align the research in a manner that appreciates the privacy, confidentiality and rights of others (Kothari, 2011). The study respected the right of participants to willingly participate without unnecessary coercion. Originality commitments were observed and material from other sources acknowledged. Confidentiality was also guaranteed with results serving only academic goals. A research permit was obtained from the National Commission for Science and Technology (NACOSTI). The researcher also sought authorisations from Kenyatta University and administrative departments.
CHAPTER FOUR
DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

Chapter four presents findings and results. These include background information regarding the respondents and the public hospitals in Nyeri County, Kenya. The response rate is also captured in the results. In addition, the chapter also highlights descriptive and inferential analysis results. These results are essential in answering the research questions and meeting study objectives.

4.2 Response Rate

The share of responses obtained through the study are presented in Table 4.2. This analysis is important to determine if the statistical threshold for analysis is attained.

Table 4:1 Response Rate

<table>
<thead>
<tr>
<th>Targeted respondents</th>
<th>Responses received</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>151</td>
<td>126</td>
<td>83.44%</td>
</tr>
</tbody>
</table>

Source: Survey data (2021)

A total of 151 questionnaires were given out to respondents spread across the five public hospitals in Nyeri County, Kenya. Out of these, a total of 126 questionnaires were presented a response rate of 83.44 percent. As opined by Kothari (2004), a response rate of above 50 percent would be considered acceptable and within the adequate threshold for statistical analysis. In comparison, a response rate of 0.60 percent is good while above 70 percent is excellent. Therefore, the responses obtained were far above the adequacy threshold and hence useful for statistical analysis.
4.3 General Information

Figure 4.1 shows responses of gender. Majority (61.11%) were male. Only 38.89 percent of respondents were female. This demonstrates male dominance in employment for the public hospitals in Nyeri County, Kenya. Nonetheless, the two thirds gender rule is observed in employment in the public hospitals.

![Gender of Respondents](image)

**Figure 4.2: Gender of Respondents**

*Source: Survey data (2021)*
The respondents were required to indicate their respective departments in the public hospitals. Table 4.2 shows the results to this respect.

Table 4.2: Respondent’s Departments

<table>
<thead>
<tr>
<th>Department</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dental</td>
<td>8</td>
<td>6.3</td>
<td>6.3</td>
<td>6.3</td>
</tr>
<tr>
<td>X-ray</td>
<td>9</td>
<td>7.1</td>
<td>7.1</td>
<td>13.5</td>
</tr>
<tr>
<td>Laboratory</td>
<td>12</td>
<td>9.5</td>
<td>9.5</td>
<td>23.0</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>15</td>
<td>11.9</td>
<td>11.9</td>
<td>34.9</td>
</tr>
<tr>
<td>Casualty</td>
<td>12</td>
<td>9.5</td>
<td>9.5</td>
<td>44.4</td>
</tr>
<tr>
<td>Public Health</td>
<td>5</td>
<td>4.0</td>
<td>4.0</td>
<td>48.4</td>
</tr>
<tr>
<td>Surgical Wards</td>
<td>9</td>
<td>7.1</td>
<td>7.1</td>
<td>55.6</td>
</tr>
<tr>
<td>Medical wards</td>
<td>5</td>
<td>4.0</td>
<td>4.0</td>
<td>59.5</td>
</tr>
<tr>
<td>Administration</td>
<td>15</td>
<td>11.9</td>
<td>11.9</td>
<td>71.4</td>
</tr>
<tr>
<td>Operation theatres</td>
<td>9</td>
<td>7.1</td>
<td>7.1</td>
<td>78.6</td>
</tr>
<tr>
<td>Pediatric</td>
<td>6</td>
<td>4.8</td>
<td>4.8</td>
<td>83.3</td>
</tr>
<tr>
<td>Maternity</td>
<td>6</td>
<td>4.8</td>
<td>4.8</td>
<td>88.1</td>
</tr>
<tr>
<td>New born unit</td>
<td>15</td>
<td>11.9</td>
<td>11.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>126</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey data (2021)

Most of the responses were recorded from the new born unit, administration and pharmaceutical departments representing 9.5 percent of responses in each case. Other departments registering high responses included laboratory (9.5 percent) and casualty (9.5 percent). The least number of responses were obtained from medical wards, public health, paediatric and maternity departments.
Table 4.3 shows data collected in relation to education status attained by the respondents.

**Table 4.3: Highest Level of Education**

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary</td>
<td>4</td>
<td>3.2</td>
</tr>
<tr>
<td>Certificate</td>
<td>20</td>
<td>15.9</td>
</tr>
<tr>
<td>Diploma</td>
<td>48</td>
<td>38.1</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>54</td>
<td>42.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>126</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

*Source: Survey data (2021)*

The results indicated that more than three quarters (81 percent) of participants had either diploma or undergraduate degree qualifications. An additional 15.9 percent had college certificate level qualifications. Only a small proportion of 3.2 percent had only secondary certificate as their highest education qualifications. Hence, the respondents had the prerequisite academic capacity to effectively participate in the study.

### 4.4 Descriptive statistics

This part covers statistics on total reward system and employee performance at public hospitals in Nyeri County, Kenya. The specific variables considered include salaries, incentives, and employee recognition, career advancement and employee performance.

#### 4.4.1 Salary

This section covers descriptive statistics on Salaries as a dimension of total reward system for public hospitals. Table 4.4 provides statistics on various dimensions of salary as a dimension of total reward system.
### Table 4.4: Salary as a Dimension of Total Reward System

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The remuneration scheme implemented by the management is in accordance with principles of equity and fairness.</td>
<td>126</td>
<td>3.0572</td>
<td>.46432</td>
</tr>
<tr>
<td>The hospital has a well-defined and equitable guideline on basic pay for the workforce.</td>
<td>126</td>
<td>3.7502</td>
<td>.85673</td>
</tr>
<tr>
<td>The hospital provides overtime pay to its employees for work done beyond normal schedule.</td>
<td>126</td>
<td>3.5003</td>
<td>.45324</td>
</tr>
<tr>
<td>The hospital has a well-defined policy on payment of benefits to employees in various cadres.</td>
<td>126</td>
<td>3.7063</td>
<td>.63427</td>
</tr>
<tr>
<td>The hospital provides allowances to facilitate staff perform their duties efficiently and effectively.</td>
<td>126</td>
<td>3.6963</td>
<td>.84364</td>
</tr>
<tr>
<td>The Salary Scheme implemented by the hospital is just and equitable.</td>
<td>126</td>
<td>4.2312</td>
<td>.62437</td>
</tr>
<tr>
<td>The hospital pays staff remunerations in time and efficiently.</td>
<td>126</td>
<td>2.0642</td>
<td>.64425</td>
</tr>
<tr>
<td>The remuneration accorded by the hospital is free from unnecessary deductions.</td>
<td>126</td>
<td>3.6743</td>
<td>.75732</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>126</strong></td>
<td><strong>3.4600</strong></td>
<td><strong>.65986</strong></td>
</tr>
</tbody>
</table>

*Source: Survey data (2021)*

As indicated by the mean of means (3.46), the public hospitals in Nyeri County had established a prudent salary framework to motivate employees in their engagements. This condition is further affirmed by the low average standard deviation (0.65) which shows that observations were held close to the mean. Respondents largely agreed on presence of a well-defined and equitable guideline on basic pay for the workforce. The hospitals also largely provided overtime pay to its employees for work done beyond normal schedule. They had also largely established a well-defined policy on payment of benefits to employees in various cadres. The hospital provides allowances to facilitate staff perform their duties efficiently and effectively. Further, results indicated a high level of agreement that the remuneration accorded by the hospital is free from unnecessary deductions. Nonetheless, it was largely opined that the remuneration scheme implemented by the
management only moderately conformed to principles of equity and fairness. In addition, the respondents agreed only to a little extent that the hospital paid staff remunerations in time and efficiently.

4.4.2 Incentives

This part covers statistics on Incentives as a dimension of total reward system in the public hospitals. Table 4.5 presents statistics on implementation of various elements of incentives.

**Table 4.5: Incentives as a Total Reward System Element**

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The hospital has a developed incentives schemes that is perceived to be fair and equitable by all.</td>
<td>126</td>
<td>3.5327</td>
<td>.56374</td>
</tr>
<tr>
<td>The hospital offers financial incentives to employees as a tool for performance improvement.</td>
<td>126</td>
<td>3.6264</td>
<td>.65547</td>
</tr>
<tr>
<td>The hospital management offers non-financial incentives to employees in various cadres to boost their performance.</td>
<td>126</td>
<td>3.9242</td>
<td>.52344</td>
</tr>
<tr>
<td>The hospital has an established structure to provide team enticements to workforce to promote teamwork.</td>
<td>126</td>
<td>3.0532</td>
<td>.43462</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>126</td>
<td>3.5341</td>
<td>.54431</td>
</tr>
</tbody>
</table>

*Source: Survey data (2021)*

The mean of means (3.53) shows that incentives were largely implemented as component of total reward system in the public hospitals in Nyeri County, Kenya. Standard deviation (0.544) demonstrates that the observations were tightly held about the mean, further validating that condition. Respondents highly opined that the hospitals had a developed incentives schemes that is perceived to be fair and equitable by all. The hospitals also largely offered financial incentives to employees as a tool for performance improvement. It was also largely held that the hospitals’ management largely offered non-financial
incentives to employees in various cadres to boost their performance. Nonetheless, the hospitals had only a moderately established structure to provide team enticements to workforce to promote teamwork.

### 4.4.3 Career Advancement

This part covers descriptive statistics on career advancement as an element of total reward system implemented by the public hospitals. Table 4.6 provides statistics on the extent to which respondents agreed with presence or otherwise of dimensions of career advancement.

**Table 4.6: Career Advancement as a Total Reward System Element**

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The hospital has a wide range of career coaches and mentors who indulge employees in case of job challenges.</td>
<td>126</td>
<td>3.3263</td>
<td>.54343</td>
</tr>
<tr>
<td>The hospital creates room for individual assessments of abilities, interests, career needs, and goals thereby promoting career planning.</td>
<td>126</td>
<td>3.6432</td>
<td>.32345</td>
</tr>
<tr>
<td>Career counselling is a fundamental human resource policy in the organisation.</td>
<td>126</td>
<td>3.9625</td>
<td>.54344</td>
</tr>
<tr>
<td>There is a policy on how employees of the hospital are promoted and developed to handle more responsibility.</td>
<td>126</td>
<td>3.6342</td>
<td>.43234</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>126</td>
<td>3.6415</td>
<td>.46066</td>
</tr>
</tbody>
</table>

*Source: Survey data (2021)*

The output (mean of means 3.64), represents high application of career advancement as a total rewards system component for public hospitals. A low Standard deviation (0.46) affirms this by demonstrating that observations were close to mean. The hospitals had largely created room for individual assessments of abilities, interests, career needs, and goals thereby promoting career planning. Career counselling was also largely implemented
to help protect the rights of employees in the organisations. The hospitals had also largely 
established policies regarding the promotion and development of employees to handle 
more responsibility. Nonetheless, the hospitals had only moderately provided career 
coaches and mentors to indulge employees in case of job challenges.

4.4.4 Employee Recognition

This part captures descriptive statistics on employee recognition as a dimension of total 
reward system of the public hospitals in Nyeri County, Kenya. Table 4.7 provides statistics 
on employee recognition as an element of total reward system.

| Table 4.7: Employee Recognition as a Component of Total Reward System |
|---------------------------------|---|---|---|
| The hospital has a well-developed performance recognition tool kit for employees. | 126 | 4.5634 | .56236 |
| The hospital has a well-established system of service awards e.g. employee of the year. | 126 | 3.3453 | .42345 |
| Verbal praise is highly used as a tool of acknowledging exemplary performance in the hospital. | 126 | 3.8454 | .43214 |
| The hospital has an enhanced system of financial bonuses for appreciating superb performance. E.g. spot, quarterly, annual bonuses. | 126 | 3.2342 | .40234 |
| Average | 126 | 3.7470 | .45507 |

Source: Survey data (2021)

The mean of the means (3.74) shows that employee recognition was largely used as a 
component of total reward system as implemented by the public hospitals. This is affirmed 
by the low standard deviation (0.46) which represents closeness of observations about the mean. Results indicated that the public hospitals had largely established a well-developed performance recognition tool kit for employees. Results showed that verbal praise was highly used as a tool of acknowledging exemplary performance in the hospital. The hospitals had also moderately established an enhanced system of financial bonuses for
appreciating superb performance such as spot, quarterly, annual bonuses. It was also observed that the public hospitals only moderately implemented a well-established system of service awards e.g. employee of the year.

4.4.5 Employee Performance

Employee performance was evaluated using the balance score card metrics. Respondents were analyzed as shown below. Table 4.8 presents the statistics to this regard.

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The hospital employees are productive in their work engagements.</td>
<td>126</td>
<td>4.0001</td>
<td>.59632</td>
</tr>
<tr>
<td>The hospital employees are committed to duty and act with minimal supervision.</td>
<td>126</td>
<td>4.6327</td>
<td>.89602</td>
</tr>
<tr>
<td>The employees at the hospitals have a sense of engagement to their work.</td>
<td>126</td>
<td>3.5632</td>
<td>.75753</td>
</tr>
<tr>
<td>The employees are highly creative and innovative in executing their duties.</td>
<td>126</td>
<td>3.0273</td>
<td>.80006</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>126</td>
<td>3.8058</td>
<td>.76248</td>
</tr>
</tbody>
</table>

*Source: Survey data (2021)*

As results (mean of means 3.81), there was generally good performance of employees for public hospitals in Nyeri County, Kenya. This was affirmed by the low standard deviation (0.762) which represents proximity of the observations to the mean. The hospital employees were largely productive in their work engagements. The hospital employees were also largely committed to duty and acted with minimal supervision. In addition, the employees at the hospitals showed a great sense of engagement to their work. Finally, the employees were reported to be highly creative and innovative in executing their duties.
### Table 4.9: Respondent’s rating of Employee Performance

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Efficiency and Waste Reduction</td>
<td>126</td>
<td>3.5623</td>
<td>.53527</td>
</tr>
<tr>
<td>Defect Free Service</td>
<td>126</td>
<td>3.2384</td>
<td>.60632</td>
</tr>
<tr>
<td>Cost Efficiency</td>
<td>126</td>
<td>3.1963</td>
<td>.54389</td>
</tr>
<tr>
<td>Sales Growth (Unit Sales)</td>
<td>126</td>
<td>3.7894</td>
<td>.74395</td>
</tr>
<tr>
<td>Productivity</td>
<td>126</td>
<td>3.8732</td>
<td>.86342</td>
</tr>
<tr>
<td>Service Quality</td>
<td>126</td>
<td>3.1723</td>
<td>.67434</td>
</tr>
<tr>
<td>Customer Feedback (Reduced Complaints)</td>
<td>126</td>
<td>3.7683</td>
<td>.56823</td>
</tr>
<tr>
<td>Time Efficiency</td>
<td>126</td>
<td>4.1753</td>
<td>.72644</td>
</tr>
<tr>
<td>Employee Creativity</td>
<td>126</td>
<td>4.4323</td>
<td>.84283</td>
</tr>
<tr>
<td>Product Innovation</td>
<td>126</td>
<td>2.6523</td>
<td>.75732</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>126</td>
<td>3.5860</td>
<td>.68620</td>
</tr>
</tbody>
</table>

**Source: Survey data (2021)**

The mean of the means (3.59), rating the employee performance at the public hospitals in Nyeri county was generally good. The observation shows that opinions of the respondents on the statements were close to one another hence a lower standard deviation. Nonetheless, as indicated by the mean (3.24), the employees were accorded a moderate score with regard to their performance with regard to the defect free service metric of the internal business perspective. The cost efficiency dimension of the financial perspective also showed moderate score as indicated by the mean (3.19). In addition, with regard to the customer dimension of the balance score card, service quality was only achieved moderately as indicated by the mean (3.17). The learning and growth perspective of the balance score card also demonstrated need for improvement on the product innovation dimension where employees scored poorly with a mean of 2.65. As such, although employees scored fairly...
good average scores, there was need for improvement on certain aspects of each balance score card dimension.

4.5 Inferential Analysis

The inferential analysis procedures included the Pearson correlation analysis and multiple regression analysis. The inferential statistics were essential in determining the effect of the independent variables (total reward system) on employee performance. The inferential statistics are key in allowing generalisations on the entire population.

4.5.1 Correlation Analysis

Table 4.10 presents the Pearson correlation output.

Table 4.10: Pearson Correlation Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Pearson Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>.596**</td>
<td>.018</td>
<td>126</td>
</tr>
<tr>
<td>Incentives</td>
<td>.615**</td>
<td>.031</td>
<td>126</td>
</tr>
<tr>
<td>Career Advancement</td>
<td>.864**</td>
<td>.001</td>
<td>126</td>
</tr>
<tr>
<td>Employee Recognition</td>
<td>.794**</td>
<td>.011</td>
<td>126</td>
</tr>
</tbody>
</table>

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

Source: Survey data (2021)
The output demonstrated that career advancement had the greatest relationship with employee performance, followed by employee recognition, incentives and salary in that order. The Pearson Correlation Coefficient for salary (0.596) represents a strong and positive relationship of salary and employee performance. The association is statistically significant since the P-value of 0.018 is less than 0.05 or 5% significance limit. The results agree with Munene and Kibisu (2014), Awino (2015) and Calvin (2017) who indicated that salary has a positive relationship with employee performance. The results however contrast with the theoretical perspectives of Herzberg (1959) who indicated that salaries and wages are not at all motivators to employee performance, classifying them as hygiene factors.

The Pearson Correlation Coefficient for incentives (0.615) posted a strong relationship which was also positive with performance outcomes recorded by employees. The significance threshold is met as the p-value (0.031) is below the 5% or 0.05 significance threshold. The results agree with Okoth (2014), Calvin (2017) and Tumwet et al. (2015) who indicated that incentives have a positive relationship with employee performance.

The Pearson Correlation Coefficients for career advancement (0.864) shows a very strong and positive relationship with employee performance. The relationship is statistically significant since the p-value (0.001) is within the 0.05 significance limit. The study supports earlier findings such as Diriye (2016), Wane (2016) and Dialoke and Nkechi (2017) who indicated that career advancement opportunities have a positive relationship with employee performance. The study further supports the foundations of theorists such as Herzberg (1959) who classified career advancement as among the motivator factors that would influence employee performance. Nonetheless, the results contrast with Napitupulu,
Haryono, Laksmi Riani, Sawitri, and Harsono (2017) who indicated that career development has no direct relationship with employee performance.

The Pearson Correlation Coefficients for employee recognition (0.794) shows a very strong and positive relationship with employee performance. The relationship is statistically significant since the p-value (0.011) is within the 0.05 significance level. The findings support earlier studies such as Kaufman, Chapman and Allen (2013), Ndungu (2017) and Bradler, Dur, Neckermann and None (2016) who indicated that employee recognition has a positive relationship with employee performance. The results further support Herzberg (1959) theoretical foundation that demonstrated that recognition enhanced performance of employees more than salary and bonuses did.

4.5.2 Regression Analysis

The study conducted the multiple regression analysis to assess the effect of total reward system on employee performance for public hospitals in Nyeri County, Kenya. See Table 4.11.
At the 5% level of significance, statistical evidence demonstrated that the gradient of the regression line was different from zero. This is because the p value of 0.011 was below the 5% level of significance. Therefore, at least one of the total reward management variables: salary, incentives, career advancement and employee recognition was a useful predictor of employee performance at the public hospitals in Nyeri County, Kenya.

The regression model summary, a key output of the regression analysis, was useful in explaining the usefulness of the model in predicting employee performance at public health facilities in Nyeri County, Kenya. Table 4.12 presents the regression model summary.

<table>
<thead>
<tr>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>.805a</td>
<td>.648</td>
<td>.633</td>
<td>.20081</td>
<td>2.064</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Salary, Incentives, Career Advancement, Employee Recognition
b. Dependent Variable: Employee Performance

Source: Survey data (2021)
As explained by R Square, the coefficient of determination, 64.80% of the variation in employee performance (the dependent variable) is explained by variation in total reward system variables i.e. salary, incentives, career advancement and employee recognition. To that end, only 35.20% of variation in the employee performance was explained by other predictors not included in the model. As such, a conclusion was reached that at least one variable, salary, incentives, career advancement, employee recognition was a statistically significant predictor of employee performance.

Table 4.13 shows the coefficients of the multiple linear regression. Employee performance was analysed as the dependent variable while total reward system variables constituted the independent variables. The specific independent variables considered were salary, incentives, career advancement, and employee recognition.

Table 4.13: Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>4.302</td>
<td>.116</td>
<td>.333</td>
<td>37.088</td>
</tr>
<tr>
<td>Salary</td>
<td>.345</td>
<td>.313</td>
<td></td>
<td>1.102</td>
</tr>
<tr>
<td>Incentives</td>
<td>.563</td>
<td>.508</td>
<td>.534</td>
<td>1.108</td>
</tr>
<tr>
<td>Career Advancement</td>
<td>1.088</td>
<td>.174</td>
<td>.979</td>
<td>6.253</td>
</tr>
<tr>
<td>Employee Recognition</td>
<td>.767</td>
<td>.115</td>
<td>.690</td>
<td>6.669</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance

*Source: Survey data (2021)*
From the multiple regression analysis output, the coefficients for all the total reward system variables are significant determinants of employee performance for public hospitals in Nyeri County, Kenya. Thus total reward system and its components; salary, incentives, career advancement, and employee recognition are all useful predictors of employee performance. The regression model is developed as:

Employee Performance = 4.302 + 0.345 (Salary) + 0.563 (Incentives) + 1.088 (Career Advancement) + 0.767 (Employee Recognition).

The coefficient for salary (0.345) has a p-value of 0.001 which is below the 5% level of significance. Thus, salary is a useful determinant of employee performance. The statistics show that a unit improvement in salary would result to a 0.901 unit improvement in employee performance. The results agree with Munene and Kibisu (2014), Awino (2015) and Calvin (2017) who indicated that salary has a positive effect on employee performance. The results however contrast with the theoretical perspectives of Herzberg (1959) who indicated that salaries and wages are not at all motivators to employee performance, classifying them as hygiene factors.

The coefficient for incentives (0.563) has an associated p-value of 0.013 which is less than 5% level of significance. As such, incentives is a useful predictor of employee performance. Therefore, a unit increase in the use of incentives as a component of total reward system would lead to a 0.563 unit increase in employee performance. The results agree with Okoth (2014), Calvin (2017) and Tumwet, Chepkilot and Kibet (2015) who indicated that incentives have a positive effect on employee performance.
The coefficient for career advancement (1.088) has an associated p-value of 0.030 which is below the 5% level of significance. This shows that career advancement is a significant determinant of employee performance. A unit increase in career advancement would result in a 1.088 unit increase in employee performance. The study results support earlier finding such as Diriye (2016), Wane (2016) and Dialoke and Nkechi (2017) who indicated that career advancement opportunities have a positive effect on employee performance. The study further supports the foundations of theorists such as Herzberg (1959) who classified career advancement as among the motivator factors that would influence employee performance. Nonetheless, the results contrast with Napitupulu, Haryono, Laksmi Riani, Sawitri, and Harsono (2017) who indicated that career development has no direct influence on employee performance.

Finally, the coefficient for employee recognition (0.767) has an associated p–value of 0.022 which is less than 5% level of significance. Therefore, employee recognition is a significant determinant of employee performance. To that end, a unit increase in employee recognition would lead to a 0.767 unit improvement in employee performance. The findings support earlier studies such as Kaufman, Chapman and Allen (2013), Ndungu (2017) and Bradler, Dur, Neckermann and None (2016) who indicated that employee recognition has a positive effect on employee performance. The results further support Herzberg (1959) theoretical foundation that demonstrated that recognition enhanced performance of employees more than salary and bonuses did.
4.6 Summary of Key Findings

As a summary, the regression analysis results provided evidence that total reward system components; salary, incentives, career advancement, employee recognition have a positive and statistically significant effect on employee performance. The coefficient for salary ($\beta=0.345$, $p=0.001$) shows that salary has a statistically significant effect on employee performance. The coefficient for incentives ($\beta=0.563$, $p=0.013$) indicated that incentives has a statistically significant effect on employee performance. The coefficient for career advancement ($\beta=1.088$, $p=0.030$) indicates that career advancement has a statistically significant effect on employee performance. The coefficient for employee recognition ($\beta=0.767$, $p=0.022$) shows that employee recognition has a statistically significant effect on employee performance. The results of Pearson correlation analysis indicated that salary ($r=0.596$, $p=0.018$), incentives ($r=0.615$, $p=0.031$), career advancement ($r=0.864$, $p=0.001$) and employee recognition ($r=0.794$, $p=0.011$) have a strong positive and statistically significant relationship with employee performance.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The fifth chapter provides a summary of the study findings and makes conclusions on the same. Key policy recommendations are also advanced regarding best total reward system practices that could significantly contribute to superior employee performance. This chapter further covers important suggestions for further research.

5.2 Summary of Findings

The study sought to determine the effect of total reward system on employee performance. Specifically, the study considered the following variables: salary, incentives, career advancement, and employee recognition. Therefore, the specific objectives were: to determine the effect of salary, incentives, career advancement, and employee recognition on employee performance for public hospitals in Nyeri County, Kenya. Employee performance was assessed through the balance score card dimensions of internal business perspective (efficiency and waste reduction and defect free service), financial perspective (cost efficiency, sales growth (unit sales) and productivity), customer perspective (service quality, customer feedback and time efficiency), and learning and growth perspective (employee creativity and product innovation). A descriptive survey research design will be applied on a target population of 1005 staff working in the 5 public health facilities in the county as gathered county government of Nyeri. Proportionate stratified random sampling technique was applied to select a sample of 151 respondents that comprised of different classes of workforce including top management, middle management, supervisors and regular staff working in the five public facilities.
5.2.1 Employee Performance

Regarding employee performance, results demonstrated a generally good condition of employee performance for public hospitals in Nyeri County, Kenya. The hospital employees were largely productive in their work engagements. They were also largely committed to duty and acted with minimal supervision and showed a great sense of engagement to their work. Finally, the employees were highly creative and innovative in executing their duties. All the dimensions of the balance score card: internal business perspective, financial perspective, customer perspective and learning and growth perspective registered fairy good scores.

On internal business perspective, the hospitals’ employees demonstrated high level of efficiency and waste reduction. Nonetheless, they were only moderately effective in providing defect free services. Regarding the financial perspective, the hospitals’ employees showed excellent results with regard to sales growth and productivity. However, the hospitals’ staff were only moderately effective in ensuring cost efficiency. On the customer perspective, the hospital staff showed good performance with regard to provision of customer feedback and time efficiency. They however scored moderately with regard to provision of quality services. Finally, on learning and growth perspective, employee were found to be highly creative but scored poorly on product innovation.

5.2.2 Total Reward System and Employee Performance

About two thirds of the variation in employee performance outcome among staff was explained by variation in total reward system in term of salary, incentives, career advancement and employee recognition. The Pearson correlation analysis output affirmed
that all the total reward system variables had a positive relationship with employee performance. The correlation output demonstrated that career advancement had the greatest relationship with employee performance, followed by employee recognition, incentives and salary in that order.

5.2.3 Salary and Employee Performance

Regression results indicated that salary is a statistically significant determinant of employee performance. The results indicated that the public hospitals in Nyeri County had established a prudent salary framework to motivate employees in their engagements. There was presence of a well-defined and equitable guideline on basic pay for the workforce. The hospitals also largely provided overtime pay to its employees for work done beyond normal schedule. Majority of the hospitals had established a well-defined policy on payment of benefits to employees in various cadres. The hospitals also provided allowances to facilitate staff perform their duties efficiently and effectively. The remuneration accorded by the hospitals were free from unnecessary deductions. Nonetheless, it was the viewed by majority staff that the remuneration scheme implemented by the management showed moderate conformity to principles of equity and fairness. The hospitals scored poorly in ensuring timely and efficient remittance of staff remunerations.

5.2.4 Incentives and Employee Performance

Multiple regression analysis results showed that incentives is a useful predictor of employee performance. Incentives as a component of total reward system was largely in the public hospitals in Nyeri County, Kenya. The hospitals had a developed incentives schemes that was perceived to be fair and equitable by all. The hospitals also largely offered
financial incentives to employees as a tool for performance improvement. Non-financial incentives were also provided to employees in various cadres to boost their performance. Nonetheless, the hospitals had a moderately established structure to provide team enticements to workforce to promote teamwork.

5.2.5 Career Advancement and Employee Performance

Multiple regression analysis results demonstrated that career advancement is a significant determinant of employee performance. There was high application of career advancement as a total rewards system component for public hospitals in Nyeri County, Kenya. The hospitals had largely created room for individual assessments of abilities, interests, career needs, and goals thereby promoting career planning. Career counselling was also largely implemented as a fundamental human resource policy in the organisations. The hospitals had well established policies regarding the promotion and development of employees to handle more responsibility. Nonetheless, the hospitals had only moderately provided career coaches and mentors to indulge employees in case of job challenges.

5.2.6 Employee Recognition and Employee Performance

Multiple regression analysis results showed that employee recognition was a significant determinant of employee performance. Employee recognition was largely used as a component of total reward system by the public hospitals. The public hospitals had largely established a well-developed performance recognition tool kit for employees. Verbal praise was also highly used as a tool of acknowledging exemplary performance in the hospital. However, the hospitals had only moderately established an enhanced system of financial bonuses for appreciating superb performance such as spot, quarterly, annual bonuses. The
public hospitals also moderately implemented a well-established system of service awards
e.g. employee of the year.

5.3 Conclusion of the Study

On total reward systems and employee performance at public hospitals in Nyeri County,
Kenya. A conclusion was reached that the condition of employee performance for public
hospitals in Nyeri County was generally good. Total reward system and the component
elements; salary, incentives, career advancement, and employee recognition all have a
positive correlation with employee performance. Likewise, all the total reward system
components; salary, incentives, career advancement and employee recognition have a
positive effect on employee performance at public hospitals in Nyeri County, Kenya.

With regard to salary, it has a positive effect on employee performance. Therefore, an
improvement in salary levels resulted in increased levels of performance outcome among
staff. On the contrary, a decline in salaries would result in employee performance
deterioration. The Pearson Correlation analysis results informed a conclusion that salary is
positively correlated with employee performance. The multiple regression analysis results
informed a conclusion that incentives have a positive effect on employee performance.
Therefore, an increase in the use of would result in an increase in performance outcome
among staff. On the contrary, a decline in incentives would result to a significant decline
in performance of employees.

An improvement in career advancement would lead to an improvement in employee
performance. On the contrary, a decline in career advancement opportunities would lead
to a decline in performance of employees. The multiple regression analysis results led to a
conclusion that employee recognition has a positive effect on employee performance. Thus, an improvement in employee recognition as a component of total reward system would result to an improvement in performance of employees. Contrariwise, deterioration in the use of employee recognition would lead to a significant decline in performance of employees. The Pearson Correlation analysis results further informed a conclusion that employee recognition has a positive relationship with employee performance.

Although employee performance was found to be generally good in public hospitals within Nyeri County, Kenya, the study highlighted some aspects of employee performance that required improvement. With regard to the internal business perspective, the study recommends measures to be taken to improve the capacity and commitment of employees in providing defect free services which was found to be below satisfactory levels. Regarding the financial perspective, the study recommends measures to be undertaken to address the ability of employees to deliver cost efficiency in their work which was found to be below satisfaction. The customer perspective aspects of employee performance also called for improvement especially with regard to provision of customer feedback and time efficiency which was moderately executed. Finally, on learning and growth perspective, the study recommends improvement of employees’ product innovation capacity which was found to be poor.

Regarding salary, although the results established a prudent salary framework to motivate employees in their engagements, it was the viewed by majority staff that the remuneration scheme implemented by the management showed moderate conformity to principles of equity and fairness. Thus, the study recommends further review of the remuneration
schemes to ensure they are viewed as fair and equitable by employees. This would have the potential to win their commitment and improve the performance levels. It is also recommended that the hospitals work towards ensuring timely and efficient remittance of staff remunerations which was poorly implemented.

Regarding the use of incentives, although incentives as a component of total reward system was largely in the public hospitals in Nyeri County, Kenya, the hospitals had only moderately established a structure to provide team enticements to workforce to promote teamwork. The study therefore recommends pursuit of measures such as team building exercises to promote team work in the workforce. This would go a long way in improving the state of employee performance.

With regard to career advancement, although this component of total reward system was highly applied in public hospitals in Nyeri County, Kenya, the study recommends the indulgence of career coaches and mentors to assist employees where they encountered challenges in their work. On employee recognition, although the component was largely used as a component of total reward system, the hospitals had only moderately established an enhanced system of financial bonuses for appreciating superb performance. As such, the study recommends pursuit of bonuses such as spot, quarterly, annual bonuses as a way of motivating the employees to better their performance. In addition, the study recommends the improvement of the system of service awards by introducing honours such as employee of the year awards.
5.5 Contribution to Knowledge

The study makes significant contribution to development of human resource practice and theory and adds to existing body of knowledge on the subject matter; total reward system and employee performance. While past studies have concentrated with organizational performance, the current study focused on employee performance which is rarely considered. Specifically, the study gives insights on employee performance as assessed through the balance score card dimensions of internal business perspective (efficiency and waste reduction and defect free service), financial perspective (cost efficiency, sales growth (unit sales) and productivity), customer perspective (service quality, customer feedback and time efficiency), and learning and growth perspective (employee creativity and product innovation). The balance score card has rarely been used in past studies on total reward system which gives value to the current study. Therefore, the study delivers valuable empirical evidence to guide decision making on employee performance.

5.6 Areas for Further Study

Due to research constrictions prompted by a limitation of available research resources, the study was limited to analysis of public hospitals in Nyeri County, Kenya. A recommendation is made that future studies consider a wider scope such as public health facilities in Kenya. This would help in enhancing the generalizability of results. Specifically, therefore, a study is recommended on the effect of total reward system on employee performance for public health facilities in Kenya. The study recommends consideration of more components of the total reward system besides the ones considered in the analysis; salary, incentives, career advancement and employee recognition. The components should include both extrinsic and extrinsic factors.
REFERENCES


https://books.google.com/books?hl=en&lr=&id=-


Appendix One: Letter of Transmittal

CAROLINE WANGUI
+254 711 118 182
carolkaris.cw@gmail.com

16TH NOV, 2018.

Dear respondent,

RE: DATA COLLECTION FOR A STUDY ON TOTAL REWARD SYSTEM AND EMPLOYEE PERFORMANCE AT PUBLIC HOSPITALS IN NYERI COUNTY, KENYA

I am student of Kenyatta University pursuing Master of Business Administration, with a specialization in Human Resource Management. I am undertaking a study on total reward system and employee performance at public hospitals in Nyeri County, Kenya. This is part of the university requirement in partial fulfillment of the above stated postgraduate degree. For that matter, a questionnaire has been developed aimed at obtaining relevant data. I wish to request you to accord me some time to respond to the questionnaire as guided. The data collected is purely for academic use. Information given will be treated with utmost confidentiality.

Thanks in advance.

Yours faithfully,

CAROLINE WANGUI KARIUKI
D53/PT/37912/2017
Appendix Two: Questionnaire

This questionnaire seeks information on total reward system and performance of employees at public hospitals in Nyeri County, Kenya. The questionnaire is structured into two main sections; A and B. Section A captures the background information of the research participants and area. Section B seeks information on the specific research variables and is clustered into five subsections (Part I to V) in line with the study objectives. Kindly provide the information required in each subsection as directed. The information provided will be held with confidentiality and will be used to achieve purely academic ends.

SECTION A: GENERAL INFORMATION

1. Gender of participant. Tick where applicable. Male ( ) Female ( )

2. Respondents’ Department in the hospital. Tick appropriately.

<table>
<thead>
<tr>
<th>Department</th>
<th>Tick appropriately.</th>
<th>Other Departments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outpatient Unit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Dental Dept.</td>
<td>9 Administration</td>
<td></td>
</tr>
<tr>
<td>2 X-ray Dept.</td>
<td>10 Operation theatres</td>
<td></td>
</tr>
<tr>
<td>3 Laboratory Dept.</td>
<td>11 Pediatric Department</td>
<td></td>
</tr>
<tr>
<td>4 Pharmacy</td>
<td>12 Maternity Dept.</td>
<td></td>
</tr>
<tr>
<td>5 Casualty</td>
<td>13 New Born Unit</td>
<td></td>
</tr>
<tr>
<td>6 Public Health</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inpatient Unit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Surgical wards</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Medical wards</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. Highest level of education of the respondent: Tick where applicable.

<table>
<thead>
<tr>
<th>Education Level</th>
<th>( ) A-level ( )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>( ) Undergraduate Degree ( )</td>
</tr>
<tr>
<td>Post graduate degree</td>
<td>( ) College Certificate ( )</td>
</tr>
</tbody>
</table>
| Others, state briefly…………………………………………………………………………………………
SECTION B: TOTAL REWARD SYSTEM

PART I: SALARY

5. To what extent are the statements provided valid with regard to the state of salary in the hospital? Tick where applicable.

<table>
<thead>
<tr>
<th>STATEMENTS</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The remuneration scheme implemented by the management is in accordance with principles of equity and fairness.</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>b) The hospital has a well-defined and equitable guideline on basic pay for the workforce.</td>
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</tr>
<tr>
<td>c) The hospital provides overtime pay to its employees for work done beyond normal schedule.</td>
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</tr>
<tr>
<td>d) The hospital has a well-defined policy on payment of benefits to employees in various cadres.</td>
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<td></td>
</tr>
<tr>
<td>e) The hospital provides allowances to facilitate staff perform their duties efficiently and effectively.</td>
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<td></td>
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</tr>
<tr>
<td>f) The Salary Scheme implemented by the hospital is just and equitable.</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>g) The hospital pays staff remunerations in time and efficiently.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>h) The remuneration accorded by the hospital is free from unnecessary deductions.</td>
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</tr>
</tbody>
</table>

PART II: INCENTIVES

6. To what extent do you agree with the following statements regarding the incentives provided by the hospital? Tick appropriately.

<table>
<thead>
<tr>
<th>STATEMENTS</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The hospital has a developed incentives schemes that is perceived to be fair and equitable by all.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) The hospital offers financial incentives to employees as a tool for performance improvement.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) The hospital management offers non-financial incentives to employees in various cadres to boost their performance.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) The hospital has an established structure to provide team enticements to workforce to promote teamwork.</td>
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</tbody>
</table>
PART III: CAREER ADVANCEMENT

7. To what extent do you share with the following statements regarding career advancement as a tool of total reward system at the hospital? Tick appropriately.

<table>
<thead>
<tr>
<th>SCALE:</th>
<th>1) Not at all</th>
<th>2) Little Extent</th>
<th>3) Moderate Extent</th>
<th>4) Great Extent</th>
<th>5) Very Great Extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>The hospital has a wide range of career coaches and mentors who indulge employees in case of job challenges.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b)</td>
<td>The hospital creates room for individual assessments of abilities, interests, career needs, and goals thereby promoting career planning.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c)</td>
<td>Career counselling is a fundamental human resource policy in the organisation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d)</td>
<td>There is a policy on how employees of the hospital are promoted and developed to handle more responsibility.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PART IV: EMPLOYEE RECOGNITION

8. Indicate by ticking appropriately, the extent to which the hospital management uses recognition as a tool of employee motivation. Tick where applicable.

<table>
<thead>
<tr>
<th>SCALE:</th>
<th>1) Not at all</th>
<th>2) Little Extent</th>
<th>3) Moderate Extent</th>
<th>4) Great Extent</th>
<th>5) Very Great Extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>The hospital has a well-developed performance recognition tool kit for employees.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b)</td>
<td>The hospital has a well-established system of service awards e.g. employee of the year.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c)</td>
<td>Verbal praise is highly used as a tool of acknowledging exemplary performance in the hospital.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d)</td>
<td>The hospital has an enhanced system of financial bonuses for appreciating superb performance. E.g. spot, quarterly, annual bonuses.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PART V: EMPLOYEE PERFORMANCE

9. Kindly indicate, in your opinion the condition of employee performance at the hospital. Tick where applicable.

SCALE: 
1) Not at all       2) Little Extent       3) Moderate Extent
4) Great Extent   5) Very Great Extent

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>The hospital employees are productive in their work engagements.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b)</td>
<td>The hospital employees are committed to duty and act with minimal supervision.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c)</td>
<td>The employees at the hospitals have a sense of engagement to their work.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d)</td>
<td>The employees are highly creative and innovative in executing their duties.</td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

10. Provide the following information, regarding your performance appraisal scores as per the balance score card model.

<table>
<thead>
<tr>
<th>S/No.</th>
<th>Balance Score Card Dimension</th>
<th>Score; 1-Very Poor, 2-Poor, 3-Average, 4-Good, 5-Excellent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Internal Business Perspective</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Efficiency and Waste Reduction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Quality (Defect Free)</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td><strong>Financial Perspective</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cost Efficiency</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sales Growth (Unit Sales)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Productivity</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td><strong>Customer Perspective</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Service Quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Customer Feedback (Reduced Complaints)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Time Efficiency</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td><strong>Learning and Growth Perspective</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employee Creativity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Product Innovation</td>
<td></td>
</tr>
</tbody>
</table>

Thank you for filling this Questionnaire
Appendix Three: Research Authorisation by NACOSTI
Appendix Four: Research Authorisation by Kenyatta University

FROM: Dean, Graduate School
TO: Caroline W. Kariuki
C/o Business Administration Dept.

DATE: 29th September, 2020

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 11th September, 2020 approved your Research Project Proposal for the MBA Degree Entitled, “Total Reward Systems and Performance of Employees in Public Hospitals in Nyeri County, Kenya”.

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University’s Website under Graduate School webpage downloads.

Thank you.

JACKSON LVUSI
FOR DEAN, GRADUATE SCHOOL

cc: Chairman, Business Administration Department.

Supervisors:

1. Dr. David Kiuru
C/o Department of Business Administration
Kenyatta University

JL/mn