REWARD MANAGEMENT STRATEGIES AND PERFORMANCE OF
EMPLOYEES IN THE HEALTH SECTOR IN KIRINYAGA COUNTY, KENYA

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NOVEMBER, 2022
DECLARATION

Declaration by candidate

This project is my original work and has not been presented to any other university for any other award.

Signature ……………………… Date ………………………………………

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SUPERVISOR

This is to declare that this research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

This research project is dedicated to my daughter, Natalie Ahadi Mbene. To show her that she can go as far as the line where the sea touches the sky.
ACKNOWLEDGEMENT

I wish to thank God, for being the Alpha of my education journey and for committing to be the Omega to all my pursuits in education. I also wish to thank the entire faculty of Kenyatta University for their endless commitment to the provision of a conducive environment for academic excellence. Special thanks to my able supervisor Dr. David Kiiru, whose patience, guidance, counsel and expertise made this study possible. Finally to my family and friends for the invaluable guidance, prayers and support throughout the process of this study.
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<tr>
<td>APS</td>
<td>Australian Public Service</td>
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<tr>
<td>BP</td>
<td>Benefit Programs</td>
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<td>BSC</td>
<td>Balanced Score Card</td>
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<td>CIDP</td>
<td>County government integrated development plan</td>
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<td>HR</td>
<td>Human Resource</td>
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<tr>
<td>LVSWSB</td>
<td>Lake Victoria Water Service Board</td>
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<td>MOH</td>
<td>Ministry of Health</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>SMEs</td>
<td>Small and Medium Enterprises</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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OPERATIONAL DEFINE OF TERMS

Direct Financial Compensation: Direct compensation refers to remuneration given to workers directly in exchange for their services. This covers all compensation, including hourly pay, fixed salaries, bonuses, tips, and commissions.

Employee Performance: The ability of the employee to achieve the assigned tasks at the agreed time and quality.

Employee Recognition: The act of publicly praising staff members for who they are and what they accomplish. Employee recognition and appreciation help make the workplace feel more welcoming and personable.

Indirect Financial Compensation: All payments made to an employee that is not part of direct remuneration are considered indirect financial compensation. This type of payment is sometimes seen as the section of a worker's contract that addresses things like short-term leaves of absence, benefits, and retirement plans.

Incentive Plans: Using specified rewards, incentive plans are a sort of employee remuneration system that encourages team members to put in more effort and meet predetermined objectives. For the hours worked, all
employees should receive compensation that goes above and beyond a paycheck and benefits.

**Financial/extrinsic rewards:** These are tangible rewards/external to the job or task performed by the employees.

**Non-financial/intrinsic rewards:** They are intangible rewards found within the job itself such as appreciation.

**Reward:** Refers to return for a service rendered, an act performed to strengthen approved behavior and equates to achievements.

**Reward Management:** The process of formulating and implementing strategies and policies that are meant to reward people in a fair, equitable, and consistent way according to their value to the organization.

**Reward Management Strategies** A set of beliefs and guiding principles that deal with the design, implementation, and maintenance of reward systems that are used to improve both organizational and individual performance.

**Reward Policies:** Refers to the guidelines formulated for ensuring the success of the reward system and affecting the motivation and performance of individual employees.
ABSTRACT

The impact of the devolution of the health system in Kenya has posed various challenges in the counties. This is due to the different management of the human resources in the county hospitals. There are constant strikes almost every year in Kirinyaga County caused by health workers complaining about the working environment, salaries plus other benefits. The Health worker performance has been compromised as result leading to poor quality services, absenteeism and even increased death of patients admitted in the public hospitals in Kirinyaga County. The general objective of this study was to establish the influence of reward management practices on the performance of the health sector employees in Kirinyaga County, Kenya. The specific objectives were to determine the effect of direct financial compensation, indirect financial compensation, incentive plans on employee recognition and assistance programs on Kiriyaga health sector employee performance. The study was guided by Expectancy Theory, Equity Theory, Maslow Hierarchy Theory, Hertzberg Theory and Efficiency Wage Theory. A descriptive research design was used. The study target population consisted of six (6) hospitals in Kirinyanga County which will consist of Kerugonya County Referral Hospital, Kagio Hospital, Kerugoya District Hospital, Kianyaga Sub-County Hospital, Kimbimbi Sub-County Hospital and Kerugoya Medical Centre (Main Hospital). The unit of observation consisted of 737 employees working in the six targeted public hospitals. A stratified and simple random sampling was used. A sample size of 259 employees was used. A pilot study was carried out in Kagio hospital where 26 health staff participated. The data collection method was a semi-structured questionnaire. The data analysis was done through descriptive and inferential analysis. Data were presented in Tables and Figures. The result indicated that the employee’s salaries did not match their inputs, the salary was moderately sufficient to cater for their upkeep, travel allowance and house allowance were insufficient and the bonuses paid were insufficient to the employees. The results indicated that life insurance cover, health insurance coverage, and education benefits were insufficient. There was moderate benefit from annual performance-based pay and moderate individual benefits received based on the work performed. The study results indicated that the nurses fairly receive a certificate of appreciation which motivated employees to work hard. The employees appreciate the job titles which come with responsibility. The respondents pointed out that they moderately normally receive free sponsored trips and vacations from their employers. The study concluded that direct financial compensation has a positive significant effect on employee performance the study concluded that indirect financial compensation has a positive significant effect on employee performance. The study concluded that incentive plans have a positive significant effect on employee performance. The study concluded that employee recognition has no significant effect on employee performance. The organization should develop an appropriate financial compensation policy, including direct and indirect financial compensation, based on the findings of this study to increase employee work satisfaction. Accordingly, the human resources manager should put procedures in place to make sure that the company has a good wage structure and job evaluation system because this would encourage people to work hard. The study recommended that the civil service commission should employ qualified human resource personnel that will oversee the affairs of employee compensation as this will remove the bottleneck surrounding the non-implementation of employee compensation.
CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Employee performance has become an increasingly important aspect of the overall success of any organization. Thus, it is a key factor to put into consideration when developing organizational strategies. This is because human resources are core to the organization and their satisfaction is paramount (Armstrong & Murlis, 2017). Studies have proved that employees who are well-motivated end up being the most committed to organizations. The rewards strategies in an organization have a very strong correlation to employee performance. Globally there is a growing number of expectations from business organizations operating on an international level that are expected to deliver greater value. According to Glenn (2016), the idea is to make a genuine push for benefits to provide value and advance the employee engagement discussion. Expensive benefits that don't even generate the fundamentals of employee goodwill annoy employers. Instead, workers are looking to their companies to offer comprehensive benefits that genuinely improve their work-life balance.

Laakso (2017) opined that American firms are ruthless at rapidly rewarding and promoting good employees and retraining or firing bad employees. This long has been attained due to America’s tougher levels of competition. It is worth noting that large and open U.S. markets generate the type of rapid management evolution that allows only the best-managed firms to survive. America traditionally gets far more of its population into college than other nations. Conversely, being in a world-class environment like the U.S. does not guarantee success. Even in America, more than 15% of healthcare firms are so badly
managed that they are worse than the average Chinese or Indian firm (Nicholas, 2019). Other nations are comparable to or superior to the United States in several other healthcare and reward-related sectors. By utilizing the most recent technologies, nations like Germany have increased their emphasis on thorough monitoring, lean production, and reasonable goals. Such advantages are the foundation of the German industrial system, which has allowed it to weather the recent crisis so well. Additionally, despite Chinese management methods falling far short of American standards, they have made the most progress in recent years (George & Zakkariya, 2018).

O’Donnell and O’Brien (2016) opined that the Australian Public Service (APS) found that employees were concerned about the subjective nature of the appraisal process when their supervisors measured their (employees) performance. Employees complained that the appraisal process was often ambiguous and left too much discretion to supervisors to make judgments about employee performance. The issue of subjectivity in the evaluation of employees’ performance brings to the fore lack of trust and opposition to performance-based reward schemes by employees (Malen, 2017). The impartiality of the performance evaluation criteria used to determine awards is frequently questioned by employees (Milkovich & Newman, 2016). When compared to other employees performing the same task, employees may feel that their inputs are not compensated fairly, which can lead to a lack of trust in the performance evaluation criterion.

In Africa, competition alongside immense pressure to achieve results in the private and public sector organizations has forced these firms to think strategically (Wilson, 2018). Paying employees for productivity has been the cornerstone of industrial and business development for centuries. Both public and private sector organizations in South Africa
continue to tackle concerns about the aging population and the burden of reward and pension obligations to their workers in the future (Torrington et al., 2017). Remuneration and reward is the only aspect that keeps employees motivated to work in the entire organizational aspect.

In Kenya, the performance-reward relationship is not desirable only at the organizational level, but also at the individual level. The health sector in Kenya does not have a good history of proper remuneration for the health caregivers in the country. This can be witnessed from the numerous strikes witnessed in the last decade. In Kenya's health sector, there were six statewide strikes and several regional strikes, according to Waithaka et al. (2020). The main contributing factors were the ineffective management of the human resources department and the government's refusal to ratify the collective bargaining agreements. In Kiriyaga county, 350 nurses went on strike in 2019, citing terrible working conditions and a lack of county assistance (Munene, 2021). Despite being called back to work, 138 people chose not to return. The county governor denied the public service commission's request to reinstate them in 2021 and instead called them to reapply and wait for openings. This shows loopholes in the human resource management strategies of the county and this case the country. The study will be conducted in the health sector in Kiriyanga County for it has faced a lot of wrangles and struggles between the county government of Kirinyaga and Health workers.

1.1.1 Reward Management Strategies

According to Mogwambo (2019), reward management strategies are a set of beliefs and guiding principles that deal with the design, implementation, and maintenance of reward systems that are used to improve both organizational and individual performance. Reward
management strategies are developed and put into practice to reward employees fairly, consistently, and in accordance with their performance and value to the company (Gungor, 2015). Reward management strategies entail; direct financial compensation, indirect financial compensation, incentive plans, and employee recognition (Agustiningsih et al., 2016).

All organizations thus have to develop reward management strategies that are aimed at promoting their overall success. Reward policies define the elements of the total reward available to the staff in an organization (Markova & Ford, 2018). The policy defines the orientation towards the labor market by stating how the organization prefers to be placed in the market and how it will compare to the comparators. This is done by conducting a market survey on the total rewards. Conducting a total reward analysis is an important element for establishing a competitive salary structure within an organization (Mutua, 2017).

The comparator's salary reward data is analyzed to establish the pay range in the market and market positions to guide the positioning of the organization in the labor market (Markova & Ford, 2018). The analysis is conducted using the market philosophy approach which considers the different total packages across all levels and provides a point of placement within the market, which starts with a minimum and provides progression towards the upper limit, which represents the maximum salary scales for the market (Cardona, 2016). The steps taken to develop the reward policies should focus on ensuring that the recommended structures are sustainable and competitive. The policies should thus provide guidelines on how to manage the rewards and ensure the process is efficient (Mutua, 2017). The reward management most used proxies (Vogiredy &
Burhanudin, 2021) are financial compensation, indirect financial compensation, incentive plans, and employee recognition which will be employed in the current study as proxies of reward management strategies.

1.1.2 Employee Performance

Employee performance is the output of the employees when fulfilling their duties and how they behave in the workplace. According to Bartoli and Blatrix (2015), good performance can be achieved through evaluation, piloting, efficiency, effectiveness, and quality. Employee performance can be gauged by the quality of the work output as well as the efficiency of the delivery methods. Through performance evaluation, which examines the achievement of the established key performance indicators, overall performance is assessed. Performance management refers to a collection of procedures and tools used by an organization to help workers perform to the best of their abilities and meet predetermined goals. Competency models and value drivers are used in best practice performance evaluations to describe the knowledge, skills, and other qualities that are thought to be most important for producing successful organizational results (Aguinis, 2013).

For many organizations, the measure of performance is determined by the financial profitability attributed to a specific individual. Wuryanti and Setiawan's (2017) demonstrated that financial aspects should be integrated into the HR systems to reflect each employee's contribution to the financial pillar on the scorecards. This perception may however not work in service industries such as the health sector where employee performance is measured more on the quality of service delivered to the patients and thus this is subjective to the client experience. Fadlallh et al (2015) employee performance
aspects such as efficiency, achieving the target, and quality of work are key to organizational performance. This calls for the development of performance that is done by objective setting, monitoring, and appraisal.

The overall performance of the employee is critical to the business and thus measures should be put in place to manage it and understand it as well. The employee performance indicators will be aligned to the principles of the balanced scorecard using the main four perspectives of the tool namely; Financial, Internal Process, Customer, Learning, and growth. A balanced scorecard (BSC) is a strategy performance management tool, supported by design methods and automation tools that can be used by management to keep track of the execution of activities by the staff within their control and to monitor the consequences arising from these actions. It is a strategic planning and management tool that is used extensively in business and industry, government, and non-profit organizations worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals (Wuryanti & Setiawan's, 2017).

The BSC is tied to the overall perspectives and demonstrates their interrelation. The Learning and growth perspective improves internal capacity which drives the Internal process perspective. This internal efficiency drives improved customer and stakeholder satisfaction and thus the result is financial results (Wuryanti & Setiawan's, 2017). The health workers in Kiriyanga's key performance indicators will be based on learning and worth, both at the individual and organizational level, this will be checked by their attendance to training or advanced studies. The other indicator will be Internal process efficiency and effectiveness. The measure will be based on how they handle various
procedures and the full-time equivalent for the key roles. The third measure will be on the client experience. This will focus on the Kiriyaga health sector review to gauge how the public rate the services. The four will be to measure the financial growth in the county as a direct contribution from the sector.

1.1.3 Health Sector in Kiriyaga County

Kirinyaga County is one of the 47 counties in Kenya, which borders three counties namely Nyeri, Murang’a, and Embu). It is divided into five districts namely: Kirinyaga East, Kirinyaga West, Mwea East, Mwea West, and Kirinyaga Central. These districts are subdivided further into 12 divisions, 30 locations, and 81 sub-locations. The population of the county stood at 528,054 persons with an annual growth rate of 1.5 percent. The population is projected to be 651,449 in 2023 as per the Kenya Population and Housing Census 2009 report.

According to the County government integrated development plan of Kiriyaga (2018 - 2022), there are 202 health facilities in the county with a total bed capacity of 764 comprising 109 public health institutions, 39 mission/NGO institutions the largest one being Mwea Mission hospital and 54 private clinics. There are 3 level four facilities located in Kirinyaga Central, Gichugu, and Mwea Constituencies in addition there is one private hospital namely Mt. Kenya hospital located in Kerugoya town. In addition to these, there are 10 level three facilities, 45 level two facilities, and 51 level one facilities which are spread all over Kiriyaga County (CIDP, 2018).

The doctor-population ratio is 1:36,339 and the average distance to the nearest health facility is 5 Km. the most prevalent diseases in the county are; Flu at 38 percent and
respiratory diseases at 36.9 percent others are Malaria/fever at 21.6 percent, diarrhea at 6 percent, and stomachache at 2 percent. Malaria is however on an upward trend mostly due to stagnant water in the rice fields at the Mwea irrigation scheme (CIDP, 2018). There were constant strikes almost every year in Kirinyaga County caused by health workers complaining about the working environment, salaries plus other benefits. The Health worker performance has been compromised as result leading to poor quality services, absenteeism, and even increased death of patients admitted in the public hospitals in Kirinyaga County (Wangechi, 2021).

1.2 Statement of the problem

In the recent past, barely a year passes without a threat of industrial action by employees in one of the public sectors in Kenya. The Health sector is among the most affected in this category Industrial disputes in the public sector generally arise due to misunderstanding between labour or the representatives of the employees and the Kenya government and gives rise to more issues. Kiriyaga county has not been spared from the industrial crisis (Waithaka, Kagwanja, &Nzinga, 2020) The health workers crisis in Kirinyaga is happening amidst the Governor’s declaration of her commitment to transforming the health sector through the building of new medical facilities, upgrading the existing ones, and addressing the welfare of workers. According to Munene (2021), Kiriyaga Governor ruled out the possibility of reinstating the 188 nurses who were sacked in 2019 over alleged misconduct. The misconduct cited is the absence of work without leave. This is when they join the 549 health workers who had gone on strike, citing poor working conditions and lack of job satisfaction. Only 190 resumed their duties after they were recalled to office. According to
Wangechi (2021), the county is advising the health workers to await new opportunities instead of hoping to be given their jobs back.

Kiriyaga County has expressed its commitment to offering efficient and high-quality health care that is accessible, equitable, and affordable in its vision declaration. According to the Kiriyaga County CIDP (2018 - 2022), the county allocated approximately 1 billion in the year 2015/16 towards the health sector. This improved the Human resource resources establishment as they recorded 305 new workers, 109 ESP staff, 2 Medical consultants, 14 medical officers, and 3 pharmacists. However, the milestones have not prevented the uprising and dissatisfaction of the employees. Reward management is one of the key ways to manage and promote employee performance. This is demonstrated in Victor Vroom’s expectancy theory of motivation. This is due to the relevance of reward management to their expectations and behavioral tendencies toward their duties. In Kenyan counties, the devolved government has stipulated clear guidelines on human resources policies according to the Human Resources for Health Strategy, (2014 - 2018).

An empirical study by Burhanudin (2021) examined the effect of direct financial compensation on job satisfaction in Indonesia. The inferential analysis showed that direct financial compensation had a positive and significant effect on job satisfaction. The study was done in Indonesia presenting a contextual gap. Kimani, Ngui, and Arasa (2017) studied the effect of compensation strategies on employee performance: a case study of Mombasa Cement Limited. The study found that the basic pay provided by the company motivated employees. The study was a case study presenting a methodological gap. Odongye (2018) examined the effect of non-monetary incentives on employees’ performance in Niyya foods Kaduna, Nigeria. The research result shows that Niyya Food incentive scheme does
not enhance workers' performance because it does not take into cognizance its remuneration and does not even evaluate or appraise workers' performance. The focus was on food incentive schemes prompting the need to study public hospitals in Kenya. Atambo et al., (2017) studied the role of employee incentives on performance: a survey of public hospitals in Kenya. The findings revealed that employee incentives played a key role in enhancing performance at both individual and organizational levels. The concept was basically employee incentives in Hospitals.

The empirical studies indicate that, whereas many studies have been carried out on the relationship between reward management and employee performance in other sectors, Counties, and countries, no similar study has been carried out specifically for Kiriyaga County despite the turmoil in health workers' performance since 2019. The study sought to answer the following research question; how do reward management practices influence employee performance in Kiriyaga County?

1.3 Objectives of the Study

This section presents the general and specific objectives of the study.

1.3.1 General Objective

To establish the influence of reward management practices on employee performance in the Health sector in Kiriyaga County, Kenya.

1.3.2 Specific Objectives

The following are the specific objectives that the study sought to pursue amongst the Health workers in Kiriyaga County.
i. To determine the effect of direct financial compensation on employees' performance in the health sector in Kirinyaga County, Kenya.

ii. To determine the effect of indirect financial compensation on employees' performance in the health sector in Kirinyaga County, Kenya.

iii. To determine the effect of incentive plans on employees' performance in the health sector in Kirinyaga County, Kenya.

iv. To determine the effect of employee recognition on employees' performance in the health sector in Kirinyaga County, Kenya.

1.4 Research Questions

The study was guided by the following questions

i. What is the effect of direct financial compensation on Kiriyaga health sector employees’ performance?

ii. What is the effect of indirect financial compensation on Kiriyaga health sector employees’ performance?

iii. What is the effect of incentive plans on Kiriyaga health sector employees’ performance?

iv. What is the effect of employee recognition on Kiriyaga health sector employee performance?

1.5 Significance of the study

This research explores the impact of reward management strategies on employee performance in the health sector in Kiriyaga County. As such, it will be helpful to the office of the Governor as the county develops plans to expand the sector. It will be specifically
important to the Human Resource managers in the health sector as they will understand employee performance drivers and thus make informed decisions as they develop policies related to reward management.

The study will also be of great help to the Human resource academic field and practitioners as it will give new empirical evidence and further theoretical elaborations. This will in turn expand the depth of available knowledge on reward management and its effect on employee performance. This will also shape the human resource practice across various firms in regard to aligning reward management to the need to optimize employee performance.

Finally, the study will be of importance to future scholars as it will form the foundation for their future studies in the related field. This will be from the empirical literature availed for review by the research report, which will be in the library. The study will also give suggestions for further studies, which will guide future scholars in selecting their topics for research.

**1.6 Scope of the Study**

The scope of this study was limited to reward management strategies as it relates to employee performance in the health sector in Kiriyaga County. The study covered all health workers from specialized medics to general support and casual laborers. The study covered four constructs characterizing reward management practices, namely; direct financial compensation, indirect financial compensation, incentive plans, and employee recognition.
1.7 Limitations of the Study

The limitations of the study may include but were not limited to, the reluctance of the participant to comment on the issue since it is still an active court case. The mitigation to be offered is that this was strictly confidential and that all the responses were solely for academic purposes. Another anticipated challenge was the delay in responding to the questionnaires and the mitigation was to conduct telephone interviews and guide them through the process.

1.8 Organization of the Study

The project has five chapters. Chapter one presents the introduction details relating to global, regional, and local health workers' performance. The chapter also presents a statement of the problem, objectives, significance of the study, and limitations in various sections. Chapter two presents the literature review on theories and empirical studies relating to reward management and employee performance. Chapter three outlines the research design, target population, sampling, data collection techniques, data collection procedures, reliability and validity, data analysis, and presentations. Chapter four presents the research findings and discussions, and chapter five presented conclusions and recommendations.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter presents the reviewed literature related to the theoretical and empirical review. The theoretical literature review focused on theories supporting the study variables' interrelationships. The Empirical literature consisted of related scientific studies related to the study variables. The chapter culminated by presenting the interrelationship among variables in a conceptual framework.

2.2 Theoretical Literature Review

The study variables were supported by expectancy theory, equity theory, Maslow's hierarchy of needs, Hertzberg two factor theory, and efficiency wage theory.

2.2.1 Expectancy Theory

Expectancy theory propounded by Victor Vroom (1964) is a process theory that explains the mental process of an employee in interpretation and perception of an organization's compensation leading to behaviors of commitment, motivation, and effort increase. Vroom suggests that employees' work behavior is related to the belief that their effort will result in the achievement of outcomes that are of value to them. This theory is based on three expectancies; effort-performance expectancy (E-P), Performance-outcome expectancy (P-O), and valence (V). The interaction of the three expectations influences how the organization interprets the fulfillment or non-fulfillment of expectations. E-P stands for the employee's belief that effort and performance are positively and significantly correlated, with higher effort leading to improved performance. the likelihood that good work will
bring about a desirable reward, that the reward will fulfill a crucial need, and that the effort will be valuable given how strongly one desires to do so. P-O is the assumption that excellent performance will lead to benefits such as incentives or remuneration.

The employee's view of the working environment and the likelihood that improved performance would result in organizational rewards, such as a raise in pay or benefits, will impact how much effort is expended. V stands for the value that an employee expects from their incentives. This implies that the employee will put out consistent effort in situations where reward outcomes are related to effort and performance and are seen as valuable. When the rewards are anticipated with a higher degree of continuity and are assumed to be valuable to the employee, employee behavior will be positively influenced. These incentives ought to encourage behavior both internally and externally.

When the three expectations are realized by the organization's incentive management policy, commitment to the organization and work will increase. Thus, this theory explains the delicate balance relationship between reward administration and worker performance as shown where each depends on the other such that both reward and performance are dependent on each other. The degree to which an employee perceives fairness in compensation or rewards for his contributions greatly affects his behavior. This theory is relevant to this study because it forms the basis on which direct and indirect financial compensation operates in using rewards to optimally influence employee performance. Therefore the study supports direct and indirect financial compensation variables.
2.2.2 Equity Theory

Equity theory developed by John Stacey Adams (1963) was established on the principle that all people have the desire to be treated reasonably. Considering an individual's inputs and outputs helps determine whether they are receiving just or unfair treatment. The information and abilities an individual contributes to their place of employment are known as inputs, whilst the rewards they obtain as a result of their inputs are known as outputs. An employee assesses the relationship between input and outcome proportion. If an employee notices an imbalance, they will work to remedy the unfairness (Al-Zawahreh & Al-Madi, 2012). Pay systems are made to entice, keep, and inspire workers.

The most important objective of any payment system is fairness or equity. Internal equity, external equity, and individual equity are the minimum number of dimensions on which equity can be evaluated. This theory is concerned with the fairness of the methods employed to decide how to distribute the results (Duening 2006). Equity can be evaluated internally based on individuals who conduct comparable or dissimilar jobs, those who work in the same department, or those who work in other departments. Equity can also be defined externally in terms of employees who work in the same or other industries, unions or professions, same or different geographic areas, and organizations of comparable or different sizes. When a company uses to pay for performance to compensate employees in similar positions based on their performance variances, this is referred to as individual equity. In this instance, excellent performers would be paid more than average ones (Henderson, 2003).
This approach provides vital insights into employee incentive programs. It asserts that workers evaluate their compensation in light of their contribution to a particular workplace setting. They also evaluate other employees' input-output ratios that are pertinent to the kind and level of their jobs. Therefore, it becomes crucial to comprehend how employees perceive their input-output ratios when considering potential methods of employee motivation or reward (Robbins, 2013). Employees are more likely to leave if they perceive they are being underpaid. As it explains how employees try to preserve an equitable ratio between the inputs and the outcomes they gain from it, equity theory is thus connected to reward management. A variety of actions, such as unhappiness with rewards, decreased job morale, and inclination to quit, will be displayed by an employee if they perceive unfairness or injustice. This theory is pertinent to this study because it explains why an employee's level of commitment is often high when they believe that their efforts are being appropriately rewarded by their employer. To avoid quitting, employees must believe that the compensation provided by the company is equal to their contribution. In return, they'll show commitment and have fewer turnover intentions. Employee commitment is influenced by rewards and procedural justice because workers interpret fairness from the workplace where injustices are recognized (Pare, 2007). This theory thus supports the variables of employee recognition and incentive plans as it addresses the issue of an equitable ratio between inputs and outputs at the workplace to enhance employee commitment.

2.2.3 Maslow Hierarchy of Needs Theory

Maslow's Hierarchy of Needs Theory was developed by Abraham Maslow in 1943. According to Maslow's theory, two types of needs emerge as a hierarchy. Lower-level and
higher-level needs. Lower-level needs can be satisfied externally (extrinsically) and higher levels can be satisfied internally (intrinsically). Lower-level wants are those that are necessary for survival, such as food, shelter, sex, and clothing, whereas upper-level needs are those that a person aspires to follow the satisfying lower-level needs, including self-esteem and self-actualization. When a hierarchy's lower-level demands are met, an individual aspires to the next level (Zeb et al., 2010). Intangible incentives like praise, adulation, and acknowledgment are examples of intrinsic rewards, according to Walker, Churchill, and Ford (2009). Extrinsic incentives, on the other hand, represent lower-order human needs like food, shelter, sex, and clothing and are external and physical. Incentives, rewards, and recognition, according to Broad (2007), are the fundamental elements driving high levels of employee performance.

Employee motivation is increased by rewards and recognition, which can create a connection between work performance and employee motivation. Employee performance is improved by both extrinsic and intrinsic rewards, which will increase job satisfaction. Employees are extrinsically motivated at the organizational level by receiving promotions and higher compensation. It would help the workers' self-esteem to be strengthened if you acknowledge their contributions. The Maslow Theory is pertinent to this study because it brought attention to concerns relating to human fulfillment, recognition, and incentives, as well as the idea that a person can be fulfilled by a variety of things, depending on their level of contentment, rather than just one thing. When employees are advocating for recognition and reward, it means the basic wants are already fulfilled hence the need for higher-level needs until such a time a person attains self-actualization.
2.2.4 Hertzberg Two-Factor Theory

Hertzberg (1959) explored work motives by offering the Two-Factor Theory, he divided the factors motivating employee performance into two categories such as satisfiers or (motivators) and dissatisfies or (hygiene). The theory states that satisfies or motivators are internal, personal variables that are intrinsically motivated and tied to the job itself, such as responsibility, development, and acknowledgment. Extrinsic elements, such as pay, working conditions, and relationships with coworkers, take away unhappiness or hygienic factors. The Herzberg theory provides the same basis for the claim that employee job satisfaction is influenced by acknowledgment (Zeb et al., 2010).

Armstrong and Brown (2006) assert that satisfiers or motivators are in charge of inspiring people to give their best effort. Robbins (1993) goes on to say that some elements connected to the intrinsic drive, such as achievement, acknowledgment, responsibility, and advancement, are constantly necessary for job happiness. Unsatisfied workers. They blame external elements including business policy, pay, working conditions, administration, and supervision for their unhappiness at work. According to LaMotta (1995), businesses cannot encourage staff members unless complaints are addressed. He goes on to say that when hygienic elements like income, supervision and working environment are met, people are not motivated to behave in a particular way. According to Net et al., (2001), unhappy employees cannot be motivated and until they receive praise and rewards. The Hertzberg Theory is relevant to this study because it places a strong emphasis on incentive programs and employee rewards, both of which are essential for enhancing employee performance.
The issue at public hospitals is a lack of motivation, which can be remedied by employing what Hertzberg refers to as "satisfiers" in employee recognition and reward programs.

2.2.5 Efficiency Wage Theory

John Hicks proposed the Efficiency Wage Theory (1963). The efficiency wage theory also referred to as the higher wage hypothesis, postulates a positive relationship between productivity levels and compensation. In other words, if you offer someone more, he will work harder and produce more than if you only pay him the supply side salary. Wamalwa (2008) claims that the theory contributes to the explanation of why some businesses choose to pay employees more than is necessary to fill positions. One of the most expensive components of running a business is paying wages or salaries to management and employees (Maina, 2009).

Maxwell (2008) asserts that in a labor market that is competitive, the supply and demand for workers determine employee compensation. The pay rate established by labor market forces is the average wage. People with more abilities and efficiency will look for a job elsewhere if employers pay their employees less. As a result, the company’s workforce would have fewer skills, making it less effective as a whole (Gavrea, Lieş, & Stegerean, 2011). According to the notion of wages, hiring workers at higher rates than the equilibrium wage may sometimes be profitable for businesses (Lamba, & Choudhary, 2013).

To draw in a bigger pool of applicants, a corporation may decide to provide a high salary. When someone in a certain field sees employment adverts for a variety of positions in his industry, he is more likely to start looking for the ones with the highest compensation. A company that pays generously is therefore better able to attract and keep exceptional
employees (Lanyon & Abdalla, 2018). Efficiency salaries are another option that businesses have when trying to increase employee loyalty. Employees making an average or below-average income might think they might find a better job for the same pay, which would make them less appreciative of their work and laxer. When an individual believes that he won’t be able to make as much money at other companies if he performs the same job, he may work harder to avoid being fired. Employees that are more devoted and productive can lower the expense of recruiting and training new hires.

Employers who choose to hire unionized workers may decide to pay their staff more to preserve their relationship with the company (Grant, 2017). If union workers are unhappy, they might strike or attempt to impose significant changes to their pay, benefits, or working conditions, which could hurt business profitability (Hassan, 2013). According to the higher wage theory, businesses may benefit if they pay employees a wage that is higher than their marginal revenue product. According to Abdullah (2014), paying workers more may lead to increased output. If a worker receives a higher salary, he or she might feel more committed to the company. If someone makes more money, he can be afraid of losing his job and work harder to do so. As a result, even if the company pays more, its employees are more productive (Stone, 2015). This theory, therefore, supports the dependent variables of employee performance and recognition variables in the study.

2.3 Empirical Literature
This section presents the empirical literature related to both the independent and dependent variables. The independent variables will be; direct financial compensation, indirect financial compensation, incentive plans, and employee recognition. The dependent variables will be employee performance.
2.3.1 Direct Financial Compensation and Employees Performance

Burhanuddin (2021) examined the effect of direct financial compensation on job satisfaction and examined the effect of indirect financial compensation on job satisfaction. This type of research was quantitative research. 100 PT employees participated in this survey as respondents. Indonesian company Asahan Aluminum (Persero). A questionnaire was employed for data collecting, and multiple linear regression analysis was performed for data analysis. The purpose of this study is to investigate the relationship between job satisfaction and direct and indirect financial compensation. The organization should develop an appropriate financial compensation policy, including direct and indirect financial compensation, based on the findings of this study to increase employee work satisfaction. Direct financial compensation has a favorable and significant impact on job satisfaction, according to the inferential study.

Niar and Andayani (2019) studied the influence of direct compensation and indirect compensation on employee performance. All of the participants in this study were PT Trisun Abadi Mandiri employees, and a sample size of 50 people was selected using a non-probability sampling technique using saturated sampling. By distributing the questionnaires, data was gathered, and multiple linear regression analytic techniques were used to test it. The findings of this study show that direct compensation has a positive influence on employee performance but is not significantly correlated with it, indirect compensation has a positive influence on employee performance but is significantly correlated with it, and direct and indirect compensation both have a positive and significant correlation with employee performance.
Kimani, Ngui, and Arasa (2017) studied the effect of compensation strategies on employee performance: a case study of Mombasa Cement Limited. Three research aims were used in the study. The first was to ascertain the relationship between salary and performance of employees, followed by the relationship between benefits and performance of employees, and finally, the relationship between recognition and performance of employees. The study made use of survey research. All 153 Mombasa Cement Limited employees based at the corporate office in Athi River made up the study's population. The method of choosing respondents was stratified sampling. Questionnaires were the main research tool utilized in this study to get information from the chosen respondents. According to the study, employees were motivated by the company's base salary. The study found that employment perks like compensation, and incentives. The study finally concluded that employees in the company consider recognition as means of appreciation and believe that the provision of certification awards generally motivates them to perform better. According to the report, the human resources manager should put procedures in place to make sure that the company has a good wage structure and job evaluation system because this would encourage people to work hard.

Okwudili and Ogwu (2017) examined the effect of compensation on employee performance in the Rivers State Board of Internal Revenue. It adopted a cross-sectional research survey. Employees of the Rivers State Board of Internal Revenue make up the target population. The age of the study's accessible population is 45. Using the sample size calculation table from Krejcie and Morgan (1970), the sample size was 40. 32 surveys were filled out and returned. The approach of convenience sampling was used. The Statistical Package for Social Sciences (SPSS) version 20.0 was used to calculate the Spearman Rank Order
Correlation Coefficient. The results of this study showed a positive relationship between direct compensation and employee performance. Second, it was discovered that indirect compensation had a strong correlation with worker performance. The study concludes that the civil service should view pay as a tool to improve employee performance. The study recommended that the civil service commission should employ qualified human resource personnel that will oversee the affairs of employee compensation as this will remove the bottleneck surrounding the non-implementation of employee compensation. Secondly, allowances due to workers should be promptly paid to them to avoid ineffectiveness in the civil service.

2.3.2 Indirect Financial Compensation and Employee Performance

Rahmad, Effendi, and Etty (2021) assessed the effect of compensation and motivation on employee performance with job satisfaction as an intervening variable at Hotel XYZ Jakarta. The sample size for this study was 120 persons, and it was quantitative with an associative research design. It used primary data from a questionnaire and the simple random probability sampling method. As part of the questionnaire-based data collection process, hypothesis testing is done utilizing path analysis, MSI transformation, and single tests for direct and indirect effects, path coefficient, and determination coefficient (R2). The findings demonstrated that indirect remuneration and incentive had a favorable and significant impact on worker performance and job satisfaction. As seen by the regression coefficient with the largest (dominant) influence of 0.448, the analysis’ findings demonstrate that the direct path of motivation has the greatest impact on employee performance.
Ifeanyi, Tessy, and Fidelia (2020) studied the effect of compensation management and employee performance: manufacturing industry in focus. Due to the descriptive and inferential statistics employed in the data processing, a descriptive survey study design was chosen as the most appropriate. Using Census statistical software on minor elements, the study's sample size of 73 respondents was established. For the closed-ended questions in the study, responses were gathered from the respondents using a 5-point Likert scale. Three categories of data are presented and examined in this study. The data presentation comes in two parts: first, the descriptive statistics of the data obtained from the questionnaire utilizing minimum, maximum, mean, and standard deviations for interpretations, followed by the descriptive statistics of the data obtained from the questionnaire. The basis for testing hypotheses was likewise the Pearson correlation analysis. According to the results, all independent variables—including salary (SLY) and benefit programs (BP)—have a big impact on how well employees perform in the manufacturing sector. The study advised that the business keep offering security benefits to every employee, regardless of status, as doing so will boost employee productivity and improve overall performance in the manufacturing industry.

Vogireddy (2020) studied the impact of Compensation on Employee Performance. Indirect Compensation focuses on the personal motivations of each person to work. Although pay is crucial, employees are most productive in positions where they are in line with the goals and values of the organization. These perks may include things like cost-free training sessions for workers, subsidized child care, the chance for advancement or transfer within the organization, notoriety, the power to influence change at work, and volunteer work. According to the study, the efficacy of the organization's compensation and performance
management systems determines how indirect compensation and benefits affect employee performance. Generally speaking, most workers react favorably and more productively to wage and benefit increases. Sometimes, employees only notice the rewards of a salary increase the day the increase is communicated to them, and the day they receive the first paycheck that includes the salary increase.

Suri (2017) studied the impact of compensation on employee performance and productivity leading to organizational effectiveness. According to the study, there is a connection between pay and employee motivation, performance, and satisfaction. It was discovered that indirect pay significantly affects the efficiency of organizations. The study's findings imply that firms build and execute reward systems to draw employees' attention to particular actions that are consistent with their strategic goals to implement their strategies. In addition to giving the company a competitive edge, a paid strategy that meets the needs of the employees is a key factor in determining their satisfaction and future performance. The study makes several compelling inferences, including the following: compensation has a significant impact on employee satisfaction, motivation, and performance; an organization's pay and reward system has a positive effect on employee performance, and it helps the organization perform better and be more profitable.

2.3.3 Incentive Plans and Employee Performance

Shuja, Tian, Shamim, and Jan (2019) studied the impacts of performance-based pay on employee productivity; mediated by employee training. Employee productivity plays a vital role in the success of SMEs. Employee productivity is impacted by a variety of variables, including performance-based pay and training initiatives. The goal of this study was to determine whether employee productivity and performance-based pay have a direct
causal link. The study also looked at the indirect benefits of performance-based remuneration on staff productivity through training programs. Selected SME personnel who would answer the structured questionnaire totaled 230. The study's conclusions showed a strong correlation between employee productivity, training, and performance-based remuneration. In the current study, the relationship between performance-based compensation and employee productivity was also studied, as well as the potential positive mediation of employee training. For SMEs, the current study has significant practical ramifications.

Odongye (2018) The study examines the effect of non-monetary incentives on employees’ performance in Niyya foods Kaduna, Nigeria. The research question that guided the study was: Is Niyya Food remuneration based on an incentive scheme? Is Niyya Food's compensation based on an incentive scheme? was the key research question that directed the investigation. What kind of financial incentives does Niyya Food provide for its employees' work, and how does that impact which employees? What kinds of non-cash rewards does Niyya Food employ to increase employee output? What obstacles stand in the way of Niyya Food incentive programs, and how may they be removed? For this investigation, a survey method was employed. The entire Niyya Food Kaduna staff made up the population. Using the stratified random sampling technique, a sample size of 70 people was chosen from the entire population of 158 people. For the study, a questionnaire that the researcher created based on a 5-point Likert scale was employed. The research result shows that Niyya Food incentive scheme does not enhance workers' performance because it does not take into cognizance its remuneration and does not even evaluate or appraise workers' performance.
Atambo et al., (2017) studied the role of employee incentives on performance: a survey of public hospitals in Kenya. The goal of the article is to investigate how staff incentives affect performance in Kenya's public hospitals. Professionals working in Kenya's state hospitals have recently taken part in strikes to demand an upgrade to their overall salary structure. The current public outcry over the dubious nature and quality of healthcare services provided at public health facilities has further compounded this. Employee incentives were taken into consideration as an independent variable and performance were considered as a dependent variable, respectively, in the study's descriptive methodology based on a correlation design with emphasis on a cross-sectional survey. The results showed that employee incentives were crucial for improving performance at both the individual and organizational levels. They also presented a chance for initiatives that are thought to be crucial for fusing theory and practice in human resource development and management in the public health sector.

2.3.4 Employee Recognition and Employee Performance

Kariuki and Kiiru (2021) assessed employee recognition on employee performance at public hospitals in Nyeri County, Kenya. The county administration of Nyeri used a descriptive survey research approach on a target group of 1005 employees working in the county's five public health facilities. The sample was chosen using proportionate stratified random sampling techniques. Employee recognition (=0.767, p=0.022) has a favorable and statistically significant impact on employee performance, according to the regression analysis results. Additionally, the results of the Pearson correlation study showed a substantial positive association between employee recognition and performance (r=0.794, p=0.011). Although staff rewards were mostly based on recognition, hospitals had only
somewhat developed a system of improved financial awards to recognize exceptional performance. As a result, the study advises pursuing bonuses including spot, quarterly, and annual bonuses as a strategy to encourage workers to improve their performance.

Ondhowe, Kadima, and Juma (2021) studied the influence of recognition practice on employee performance at Lake Victoria South Water Services Board in Kisumu, Kenya. In particular, the study aimed to investigate how employee performance in LVSWSB is influenced by recognition. The research design used in the study was descriptive. Census was used as the sampling approach because the population was controllable. The questionnaire served as the data-gathering tool. Utilizing computer tools, descriptive and inferential analysis statistics were produced (SPSS version 24). Statistics from the Chi-square test showed that Recognition has an impact on employee performance. In conclusion, employee performance is directly impacted by recognition. The study included recommendations for additional research on the factors utilizing alternative approaches and various organizations.

Amoatemaa and Kyeremeh (2017) assessed making employee recognition a tool for achieving improved performance: implication for Ghanaian Universities. Employee recognition is becoming a more popular tool used by many organizations to inspire staff members to provide high levels of performance and productivity. Research has demonstrated that organizations with strong supportive cultures, an understanding of the psychology of recognizing employees for their hard work, and the application of employee recognition principles experience effective recognition. This essay looked at employee appreciation, its advantages, and the different kinds of employee appreciation programs. It also attempted to make the case that employee appreciation, when considered from formal,
informal, and daily perspectives, might inspire workers to assure good performance in Ghanaian universities.

Bradler, Dur, Neckermann and None (2017) empirically examined employee recognition and performance through a field experiment. To determine the impact of unexpected public acknowledgment on employee performance, the study used a controlled field experiment. More than 300 workers were hired by the researchers to complete a three-hour data entry activity. After two hours of labor, workers in a random sample of work groups received surprise praise. Results showed that rewarding employees led to better performance in the future. When rewards were given just to the top performers, the performance improvement was greater. It's interesting to note that employees' performance improved most in the future when they didn't receive an acknowledgment. The study identifies methodological shortcomings regarding the requirement to use novel research designs aside from experiments and measure performance over a sizable period.
2.4 Summary of Literature Reviewed and Research Gaps

This section presents a summarized literature review presenting the findings, gaps identified and the current study focus.

Table 2.1: Summary of Literature Reviewed and Research Gaps

<table>
<thead>
<tr>
<th>Authors</th>
<th>Title</th>
<th>Key Results</th>
<th>Gap Identified</th>
<th>Focus on the Current Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burhanuddin (2021)</td>
<td>effect of direct financial compensation on job satisfaction and to examine the effect of indirect financial compensation on job satisfaction</td>
<td>the company should make an appropriate financial compensation policy, both direct and indirect financial compensation to build employee job satisfaction</td>
<td>The study was based on firms in Indonesia</td>
<td>The study will be based on Public Health care in Kenya</td>
</tr>
<tr>
<td>Rahmad, Effendi, and Etty (2021)</td>
<td>Assessed the effect of compensation and motivation on employee performance at Hotel XYZ Jakarta</td>
<td>The results showed that motivation and indirect compensation had a positive and significant effect on job satisfaction and employee performance.</td>
<td>The study was done in JaKarta and the findings were based on Hotels</td>
<td>The current study will be done in Kenya</td>
</tr>
<tr>
<td>Kariuki and Kiiru (2021)</td>
<td>Assessed employee recognition on employee performance at public hospitals in Nyeri County, Kenya.</td>
<td>The regression analysis results provided evidence that employee recognition ($\beta=0.767$, $p=0.022$), has a positive and statistically significant effect on employee performance.</td>
<td>The study primarily focused on primary data</td>
<td>Both primary and secondary data will be key</td>
</tr>
<tr>
<td>Authors</td>
<td>Research Focus</td>
<td>Methodology</td>
<td>Findings</td>
<td>Focus Area</td>
</tr>
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<td>-------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td>Ondhowe, Kadima, and Juma (2021)</td>
<td>the influence of recognition practice on employee performance at Lake Victoria South Water Services Board</td>
<td>Chi-square test statistics revealed that Recognition influences employee performance.</td>
<td>The study focus was on manufacturing firms</td>
<td>The focus will be manufacturing industry in focus.</td>
</tr>
<tr>
<td>Ifeanyi, Tessy, and Fidelia (2020)</td>
<td>Studied the effect of compensation management and employee performance: manufacturing industry in focus.</td>
<td>The findings revealed that all the independent variables (Salary (SLY) and Benefits Programmes (BP), have a significant relationship with Employees Performance in the Manufacturing Industry.</td>
<td>The study focus was on manufacturing firms</td>
<td>The focus will be manufacturing firms</td>
</tr>
<tr>
<td>Vogireddy (2020)</td>
<td>The impact of Compensation on Employee Performance. Indirect Compensation focuses on the personal motivations of each person to work</td>
<td>The study found that the impact of indirect compensation and benefits on employee performance and organizational effectiveness depends on the existing compensation and performance management programs in the organization.</td>
<td>The study focus was on manufacturing firms</td>
<td>The focus will be manufacturing firms</td>
</tr>
<tr>
<td>Niar and Andayani (2019)</td>
<td>studied the influence of direct compensation and indirect compensation on</td>
<td>The results of this research indicate that indirect compensation has a positive influence and significant</td>
<td>The study was based on firms in Indonesia</td>
<td>The study will be based on Public Health care in Kenya</td>
</tr>
<tr>
<td>Authors</td>
<td>Title</td>
<td>Study Focus</td>
<td>Findings/Implications</td>
<td></td>
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<tr>
<td>Shuja, Tian, Shamim and Jan (2019)</td>
<td>Studied the impacts of performance-based pay on employee productivity; mediated by employee training</td>
<td>The findings of the study revealed a positive relationship between performance-based pay, training, and employee productivity.</td>
<td>The study has substantial practical implications for SMEs.</td>
<td></td>
</tr>
<tr>
<td>Odongye (2018)</td>
<td>The study examines the effect of non-monetary incentives on employees’ performance in Niyya foods Kaduna, Nigeria.</td>
<td>The research result shows that Niyya Food incentive scheme does not enhance workers' performance because it does not take into cognizance its remuneration and does not even evaluate or appraise workers' performance.</td>
<td>The research will focus on both qualitative and quantitative data</td>
<td></td>
</tr>
<tr>
<td>Kimani, Ngui, and Arasa (2017)</td>
<td>Studied the effect of compensation strategies on employee performance: a case study of Mombasa Cement Limited.</td>
<td>The study concluded that employment benefits such as allowances, incentives, and bonuses have a positive effect on employee performance at MCL</td>
<td>The current study findings will be based on employees' performance in public hospitals</td>
<td></td>
</tr>
<tr>
<td>Suri (2017)</td>
<td>The impact of compensation on employee performance and</td>
<td>The findings of the study suggest that to implement their strategies,</td>
<td>The study will be on employee performance</td>
<td></td>
</tr>
<tr>
<td>Authors</td>
<td>Methodology</td>
<td>Key Findings</td>
<td>Implications</td>
<td></td>
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<tr>
<td>---------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Amoatemaa and Kyeremeh (2017)</td>
<td>Assessed the making employee recognition a tool for achieving improved performance: implication for Ghanaian Universities.</td>
<td>Management of Ghanaian universities should commit credible resources to the design and implementation of employee recognition programs to yield the needed outcome.</td>
<td>Focused on Ghanaian universities Will consider the health sector in Kenya</td>
<td></td>
</tr>
<tr>
<td>Bradler, Dur, Neckermann and None (2017)</td>
<td>Empirically examined employee recognition and performance through a field experiment.</td>
<td>Performance improvement was more when recognition was exclusively provided to the best performers.</td>
<td>The study adopted a controlled field experiment to establish the effect of unannounced. The study presents methodological gaps in the need to adopt new research designs other than experimental design.</td>
<td></td>
</tr>
</tbody>
</table>

Source: Researcher, (2022)
2.5 Conceptual Framework

The conceptual framework presents the interrelationship among the study variables. The variables proxies are highlighted in the individual boxes provided in figure 2.1 below.

**Direct Financial Compensation**
- Time payment of Salaries
- Availability of Salaries
- Effectiveness in bonuses payment

**Indirect Financial Compensation**
- Effective Health & Life Insurance Covers
- Availability of Retirement Benefits
- Effectiveness of Education Benefits

**Incentive Plans**
- Effective Performance Based Pay
- Availability of Collective Incentives
- Effectiveness of Individual Incentives

**Employee Recognition**
- Issuance of appreciation awards
- Improved job titles
- Frequent sponsored trips/vacation

**Employee Performance**
- Employee Creativity and Innovation
- Individual employee annual Score

Figure 2.1 Conceptual Framework
Source: Researcher (2022)
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section describes the research design, target population, sampling techniques, data collection instruments, their validity and reliability and the plan of data collection procedure and analysis.

3.2 Research Design

A research design is a structure of the research that holds all the elements in a research project together (Kothari, 2013). A descriptive research design was employed. A descriptive study was undertaken to ascertain and be able to describe the characteristics of variables in a situation and obtain pertinent and precise information concerning the current status of phenomena (Kothari 2013). Further, it establishes an association between variables by quantifying the relationship between the variables using techniques such as regression analysis (Kothari 2010). A descriptive research design was key in explaining the phenomenon under study. It helped in describing the reward management strategies; direct and indirect rewards, incentive plans, and employee recognition and how they relate to employee performance in the Health sector in Kirinyaga County.

3.3 Target Population

Mugenda and Mugenda (2013) define a population as any people or objects or groups of institutions with similar features. The population of the study was public hospitals in Kirinyaga County, Kenya, and the county government of Kirinyaga. The Target population was Kerugonya County Referral Hospital, Kagio Hospital, Kerugoya District Hospital, Kianyaga Sub-County Hospital, Kimbimbi Sub-County Hospital, and Kerugoya Medical
Centre(Main Hospital). The unit of observation was the 737 Nurses working in the six (6) hospitals in Kirinyaga County, Kenya.

**Table 3.1: Target Population**

<table>
<thead>
<tr>
<th>Categories</th>
<th>Number of Nurses</th>
<th>Percentages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerugoya County Referral Hospital</td>
<td>201</td>
<td>27%</td>
</tr>
<tr>
<td>Kagio Hospital</td>
<td>98</td>
<td>13%</td>
</tr>
<tr>
<td>Kerugoya District Hospital</td>
<td>211</td>
<td>29%</td>
</tr>
<tr>
<td>Kianyaga Sub-County Hospital</td>
<td>31</td>
<td>4%</td>
</tr>
<tr>
<td>Kimbimbi Sub-County Hospital</td>
<td>17</td>
<td>2%</td>
</tr>
<tr>
<td>Kerugoya Medical Centre(Main Hospital)</td>
<td>179</td>
<td>25%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>737</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Source: Kirinyaga County (2021)**

### 3.4 Sampling Design

Mugenda and Mugenda, (2010), define sampling as a means of selecting a given several objects from a defined population as a representative of that population. The purpose of the sampling was to secure a representative group which enabled the researcher to gain information about the population (Mugenda and Mugenda, 2010). The study adopted purposive, stratified as well as simple random sampling techniques. The researcher first divided the population into six strata; employees from the Kerugonya County Referral Hospital, Kagio Hospital, Kerugoya District Hospital, Kianyaga Sub-County Hospital, Kimbimbi Sub-County Hospital and Kerugoya Medical Centre(Main Hospital) and then the desired sample was selected randomly from each
category. Simple random sampling gave each sample combination an equal chance of being included in the sample (Kothari, 2010).

A sample size is a set of observations drawn from a population by a defined procedure (Creswell, 2003). According to Kerlinger (1964), 10-30% of the total population forms a representative sample. The study used a formula advanced by Stattrek (2015) that reduces the known population to sample size with a known level of confidence. The formula sampled the target population of 737 respondents to 259 sample size as follows.

\[ n = \frac{N}{1 + N \cdot e^2} \]

The formula is explained as follows;

N= Represent the total population of 737

e- Is the level of precision which is 95% confidence level

n= Sample size

Using the same formula, the sample size is determined as follows;

\[ n = \frac{737}{1 + 737 \cdot (0.05)^2} = \frac{737}{2.8425} \]

=259 respondents.

Therefore, 259 respondents took part in the study.
Table 3.2 Sample Size

<table>
<thead>
<tr>
<th>Categories</th>
<th>Number of Nurses</th>
<th>Sample (N h=(N h/N=2.8425)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerugoya County Referral Hospital</td>
<td>201</td>
<td>71</td>
</tr>
<tr>
<td>Kagio Hospital</td>
<td>98</td>
<td>35</td>
</tr>
<tr>
<td>Kerugoya District Hospital</td>
<td>211</td>
<td>73</td>
</tr>
<tr>
<td>Kianyaga Sub-County Hospital</td>
<td>31</td>
<td>11</td>
</tr>
<tr>
<td>Kimbimbi Sub-County Hospital</td>
<td>17</td>
<td>6</td>
</tr>
<tr>
<td>Kerugoya Medical Centre(Main Hospital)</td>
<td>179</td>
<td>63</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>737</strong></td>
<td><strong>259</strong></td>
</tr>
</tbody>
</table>

**Source:** Researcher, (2022)

3.5 Data Collection Instruments

Data collection refers to the gathering of relevant information from the field to analyze and come up with a conclusion and generalization on a particular phenomenon. The study used questionnaires as the primary data collection instrument. Kothari (2013) describes the questionnaire as a printed self-report form designed to elicit information that is obtained through the written response of the subject. Questionnaires were used to obtain primary data from the sampled population. The questionnaires were standardized with open-ended and closed-ended questions. The advantage of this method is that it is constituent in the manner of presenting questions and allowing the researcher to control and focus responses to the research objective. Thus, enhancing the relevance of the
data collected. The questionnaire was divided into two parts covering demographic variables and study variables and adopted the Linkert type scale as the primary rating scale.

3.6 Reliability and Validity of Data Collection Instrument

The study ensured that the data-gathering instrument that was used measured what they were supposed to measure consistently.

3.6.1 Reliability of Research Instruments

Reliability is the extent to which a research instrument consistently yields the same results on repeated trials under a similar methodology which the researcher uses to be able to determine through a pilot test to determine the reliability of the research instruments (Mugenda & Mugenda, 2010). A Pilot study was conducted in Kagio Hospital to determine the limitations and weaknesses of the data collection instrument to make the necessary revisions before the implementation of the survey. Neumann (2006) recommended that 10% of the sample should constitute the pilot test. A pilot study undertook 26 nurses of a sample size to test the reliability and validity of the questionnaire. The findings of the pilot study were included in the actual study (Mugenda & Mugenda, 2010). The reliability of the research instruments was evaluated using the Cronbach Alpha score. The cutoff value was 0.7. Reliability was defined as a number above 0.7 and vice versa.

Table 3.3 Reliability Tests Results

<table>
<thead>
<tr>
<th>Constructs</th>
<th>No. of Items</th>
<th>Alpha score</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Financial Compensation</td>
<td>6</td>
<td>0.811</td>
<td>Reliable</td>
</tr>
<tr>
<td>Indirect Financial Compensation</td>
<td>6</td>
<td>0.791</td>
<td>Reliable</td>
</tr>
<tr>
<td>Incentive Plans</td>
<td>6</td>
<td>0.823</td>
<td>Reliable</td>
</tr>
<tr>
<td>Employee Recognition</td>
<td>6</td>
<td>0.796</td>
<td>Reliable</td>
</tr>
<tr>
<td>Employee Performances</td>
<td>8</td>
<td>0.798</td>
<td>Reliable</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---</td>
<td>-------</td>
<td>----------</td>
</tr>
<tr>
<td>Aggregate Score</td>
<td></td>
<td>0.803</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

**Source: Researcher (2022)**

The data collection tool for the study was deemed to be reliable. The results of the Alpha test, which included scores of 0.811 for direct financial compensation, 0.791 for indirect financial compensation, 0.823 for incentive plans, 0.796 for employee recognition, and 0.798 for employee performance, all supported this.

### 3.6.2 Validity of Researcher Instruments

Validity refers to the degree to which the results to be obtained from the analysis of the data represent the phenomena under study (Mugenda and Mugenda, 2010). To improve the validity of the data collection tools, the questionnaire was constructed on the principle of precision, clarity, and simple language to enable the acquisition of valid and reliable data. Further, the research adopted content validity which refers to the extent to which a measuring instrument provides adequate coverage of the topic under study. The content validity was achieved by subjecting the data collection instruments to an evaluation group of experts who provides their comments and the relevance of each item of the instruments. Based on the opinion and views of the experts, the research instrument was adjusted accordingly.

### 3.7 Data Collection Procedure

The researcher obtained the necessary authorization from Kenyatta University Graduate and NACOSTI offices before embarking on the data collection process. Further, the researcher obtained the necessary authorization from the county government of Kirinyaga. The questionnaire was then disbursed to various respondents in the County Referral
Hospital and Department of Health. The researcher used to drop and pick letter method. The questionnaires were picked after 12 working days.

3.8 Data Analysis and Presentation

According to Kothari (2004), data analysis means categorizing, ordering, manipulating, and summarizing data to obtain answers to research questions. The purpose of the analysis is to obtain meaning from collected data. Data were analyzed both qualitatively and quantitatively. Qualitative data were analyzed through the use of content analysis. On the other hand, the quantitative analysis used both descriptive and inferential statistical techniques. The descriptive statistics technique was used to analyze the quantitative data including frequencies and percentages. Inferential statistics used regression to measure the relationship between variables and is presented in the form of tables. To enable the researcher meaningfully describe a distribution of scores or measurements, data analysis was done using Microsoft Excel and the statistical package for social sciences (SPSS) program version 26.

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

Where,

- \( Y \) = Employee Performances
- \( X_1 \) = Direct Financial Compensation
- \( X_2 \) = Indirect Financial Compensation
- \( X_3 \) = Incentive Plans
- \( X_4 \) = Employee Recognition
- \( \varepsilon \) = Error Term
3.9 Ethical Considerations

Permission to carry out the study was sought from the relevant authority that: both the central and county government and from the respondents who participated in the study. The nature and the purpose of the research were explained to the respondents by the researcher. All participants in the study signed an informed consent form that assured them anonymity and confidentiality. The study respected the individuals’ rights to safeguard their integrity. During the data collection, the respondents were assured of anonymity and confidentiality. No names or personal identification numbers were reflected on the questionnaires except the numbering for questionnaires, which was for the identification of data during data editing. Furthermore, the study considered beneficence; this means the right of protecting the subject from any discomfort and harm to this extent. The study also strived to ensure justice; for this research, fairness was upheld in the selection of respondents without discrimination based on rank or any other individual characteristics. Most important, the results of the study were disseminated to the relevant authority and to those participants who were interested in knowing the results.
CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter presents data relating to reward management practices and employee performance in the Health sector in Kiriyaga County, Kenya. The study sections presented herein include the response rate, reliability tests, descriptive statistics, and inferential statistics.

4.2 Response Rate

259 respondents were the study's primary focus, and they were all nurses in the health sector in Kirinyaga County, Kenya. Out of the 259 respondents, 201 returned the questionnaires in full. According to Kothari (2010), this resulted in a 78% response rate, which was a very good response rate that allowed for analysis of the data, interpretation, and inference-making among the sampled respondents.

Figure 4.1 Response Rate

Source: Researcher (2022)
4.3 Demographic Characteristics

Gender, highest educational attainment, and years of service were the demographic factors examined.

4.3.1 Gender of Respondents

The study intended to identify the gender of the nurses working in various health centres in Kirinyaga County, Kenya. Table 4.2 provides a summary of the findings.

Table 4.2 Gender of the Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>67</td>
<td>33.3</td>
</tr>
<tr>
<td>Female</td>
<td>134</td>
<td>66.7</td>
</tr>
<tr>
<td>Total</td>
<td>201</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Researcher (2022)

According to the statistics, men made up 33.3% of the nurses while women made up 66.7% of the respondents. Although both sexes were fairly represented, women made up the majority of the nurses. This implied that the majority of women do nursing courses compared to men.

4.3.2 Highest Educational Attainment

Table 4.3 Highest Educational Attainment

<table>
<thead>
<tr>
<th>Level</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Masters</td>
<td>12</td>
<td>06</td>
</tr>
<tr>
<td>Undergraduate</td>
<td>78</td>
<td>39</td>
</tr>
<tr>
<td>Diploma</td>
<td>111</td>
<td>55</td>
</tr>
<tr>
<td>Total</td>
<td>201</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Research Data (2022)

According to the results, 39% of respondents had at least a bachelor's degree, 55% had a diploma, and 6% had a master’s degree. This shows that the majority have the capacity
and awareness of the overall reward management practices in public health and how it affects their performance. This implied that diploma courses were vital for one to be employed as a nurse and work in the health sector in Kenya.

### 4.3.3 Years of Service

**Table 4.4: Years of Service**

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 3 years</td>
<td>5.0</td>
</tr>
<tr>
<td>4 to 6 years</td>
<td>10.0</td>
</tr>
<tr>
<td>7 to 10 years</td>
<td>5.0</td>
</tr>
<tr>
<td>over 10 years</td>
<td>80.1</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Source: Researcher (2022)**

The results indicate that majority of the respondents had worked in health centres for more than 10 years. 5 percent of the respondents had worked in the health centres for 1 to 3 years, 10% had worked for 4 to 6 years, and 5% had worked for 7 to 10 years. This indicates that the majority of the respondents had enough skills and knowledge on matters of health in the public hospital. This implied that the majority had worked in the health sector for a long time and helped the research achieve the study objectives.

### 4.4 Descriptive Analysis

The summary measures of the sample that was selected for data collection were described by the researcher using the mean and standard deviation. The data acquired from the study's variables served as the basis for the descriptive statistics analysis. In this study, the quantitative data analysis was based on the essential characteristic of the entire sample.
4.4.1 Direct Financial Compensation

The first objective was to determine the effect of direct financial compensation on employee performance in the health sector in Kirinyaga County, Kenya. The results were presented in Table 4.5

Table 4.5 Descriptive Statistics on Direct Financial Compensation

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees’ salaries match their inputs</td>
<td>2.7955</td>
<td>.55320</td>
</tr>
<tr>
<td>The salary is sufficient to cater for the upkeep</td>
<td>3.4010</td>
<td>.45011</td>
</tr>
<tr>
<td>The travel allowance is sufficient</td>
<td>3.1136</td>
<td>.34714</td>
</tr>
<tr>
<td>The house allowance is sufficient</td>
<td>2.8644</td>
<td>.54733</td>
</tr>
<tr>
<td>We are paid sufficient Bonuses</td>
<td>2.8945</td>
<td>.66244</td>
</tr>
<tr>
<td><strong>Aggregate Score</strong></td>
<td><strong>3.0138</strong></td>
<td><strong>.51204</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2022)

The descriptive analysis determined that the overall mean score for direct financial compensation was 3.0138, which on the survey's five-point Likert scale equated to "moderately agree." Additionally, the combined standard deviation score was 0.51204, indicating low levels of variability and indicating that individual question responses were near the sample mean. On a scale of one to five, individual responses varied from 2.7955 to 3.4010. This indicated that the employees’ salaries did not match their inputs, the salary was moderately sufficient to cater for their upkeep, travel allowance and house allowance were insufficient and the bonuses paid were insufficient. The employees opined that to improve direct financial compensation, there was a need to enhance hourly compensation, offer strong perks & benefits, and introduce a bonus structure with lots of incentives.
The study concurs with Burhanuddin (2021) that to improve employee job satisfaction, businesses should create an adequate financial compensation policy that covers both direct and indirect financial compensation. Furthermore, Niar and Andayani's (2019) research results show that direct remuneration positively impacts employee performance. Additionally, Kimani, Ngui, and Arasa (2017) demonstrated that workers were motivated by their basic pay from the firm. The study supports Okwudili and Ogbu's (2017) finding that there is a link between direct remuneration and worker performance.

4.4.2 Indirect Financial Compensation on Employee's Performance

The second objective aimed to determine the effect of indirect financial compensation on employees' performance in the health sector in Kirinyaga County, Kenya. The results were summarised in Table 4.6.

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life insurance coverage is sufficient</td>
<td>2.1818</td>
<td>.62030</td>
</tr>
<tr>
<td>The health insurance coverage is sufficient</td>
<td>2.5682</td>
<td>.50106</td>
</tr>
<tr>
<td>We receive retirement contributions from our employer</td>
<td>4.3444</td>
<td>.48999</td>
</tr>
<tr>
<td>The retirement benefits have been helpful to many employees</td>
<td>4.1222</td>
<td>.49333</td>
</tr>
<tr>
<td>We receive education benefits from our employer</td>
<td>3.3342</td>
<td>.55561</td>
</tr>
<tr>
<td><strong>Aggregate Score</strong></td>
<td><strong>3.3102</strong></td>
<td><strong>.53206</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2022)

The aggregate score matches the 'moderately agree' response on a Likert scale, or an overall mean score of 3.3102, which was assigned to the indirect financial compensation. Additionally, the average standard deviation was 0.53206, showing that many employees' responses converge around the mean, as seen by the low level of variability. These indicated that life insurance coverage, health insurance cover, and education benefits were
insufficient. However, the majority of the employees argued that they receive retirement contributions from their employer and that retirement benefits have been helpful to many employees as reflected by a high mean of 4.3 and 4.1 respectively.

The results support those of Rahmad, Effendi, and Etty (2021), who found that indirect compensation and incentives had a positive and substantial influence on employee performance and job satisfaction. According to Ifeanyi, Tessy, and Fidelia (2020), salaries (SLY) and benefit plans (BP) have a significant influence on how well people perform in the manufacturing industry. Vogireddy (2020) also provided support for the idea that the effectiveness of an organization's processes for managing compensation and performance impacts how indirect compensation and benefits impact employee performance.

4.4.3 Incentive Plans and Employees' Performance

The third objective aimed to determine the effect of incentive plans on employee performance in the health sector in Kirinyaga County, Kenya. Table 4.7 presents the results.

Table 4.7 Descriptive Statistics on Incentive Plans

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>We benefit from annual performance-based pay</td>
<td>3.1182</td>
<td>.51417</td>
</tr>
<tr>
<td>The performance-based pay enables us to work hard</td>
<td>3.6688</td>
<td>.48913</td>
</tr>
<tr>
<td>We at many times receive collective incentives from our employer</td>
<td>2.3444</td>
<td>.49991</td>
</tr>
<tr>
<td>Individual benefits are received based on the work performed</td>
<td>3.3100</td>
<td>.51092</td>
</tr>
<tr>
<td>Occasionally individual benefits are mostly paid annually</td>
<td>4.0055</td>
<td>.55320</td>
</tr>
<tr>
<td><strong>Aggregate Score</strong></td>
<td><strong>3.2393</strong></td>
<td><strong>.51347</strong></td>
</tr>
</tbody>
</table>

*Source: Researcher (2022)*
According to the results of the descriptive analysis, the combined mean and standard deviation scores for the indicators of incentive plans were 3.2393 and 0.51347, respectively. The sample means corresponded to "Moderately Agree" on the five-point Likert scale that was employed in the study. The standard deviation demonstrates how little fluctuation there was in the average responses. This was further supported by the moderate range of mean responses among the various responses to the incentive plans indicators which ranged from 2.3444 to 4.0055. The results indicated that rarely do employees receive collective incentives from their employer. There was moderate benefit from annual performance-based pay and moderate individual benefits received based on the work performed. However, the majority of the nurses argued individual benefits were mostly paid annually which enabled them to work hard.

The study's findings concur with those of Shuja, Tian, Shamim, and Jan (2019), who found a significant relationship between employee productivity, training, and performance-based pay. Odongye (2018) disagreed and said that an incentive program does not improve employees' performance since it does not consider their compensation and does not even review or appraise their job. Employee incentives were critical for enhancing performance at the individual and organizational levels, according to Atambo et al(2017) ’s findings.

4.4.4 Employee Recognition and Employees Performance

The fourth objective was to determine the effect of employee recognition on employee performance in the health sector in Kirinyaga County, Kenya. Results were shown in Table 4.8.
Table 4.8 Descriptive Statistics on Employee Recognition

<table>
<thead>
<tr>
<th>Description</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>We often receive a certificate of appreciation</td>
<td>3.006</td>
<td>.66541</td>
</tr>
<tr>
<td>The certificate of appreciation motivates us to work hard</td>
<td>4.377</td>
<td>.48661</td>
</tr>
<tr>
<td>I appreciate the job titles</td>
<td>3.566</td>
<td>.50578</td>
</tr>
<tr>
<td>The job titles come with increased responsibility</td>
<td>4.434</td>
<td>.55336</td>
</tr>
<tr>
<td>We normally receive free sponsored trips and vacations from our employer</td>
<td>3.334</td>
<td>.49254</td>
</tr>
</tbody>
</table>

**Aggregate Score**

Source: Researcher (2022)

The descriptive analysis revealed that the employee recognition measures had an aggregated mean of 3.3346 and an aggregate standard deviation of 0.49254. According to the sample mean, most employees moderately agreed with statements made regarding employee recognition. The low standard deviation indicates that the responses' variability was also low. The limited range of mean response and standard deviation across the several employee recognition indicators in the study served to reinforce this even more. The study results indicated that the nurses fairly receive a certificate of appreciation which motivated employees to work hard. The employees appreciate the job titles which come with responsibility. The respondents pointed out that they moderately normally receive free sponsored trips and vacations from their employers.

The study agrees with Kariuki and Kiiru (2021) that employee recognition has a favorable and statistically significant impact on employee performance. Ondhewe, Kadima, and Juma (2021) argued that recognition has an impact on employee performance. Further, Amoatemaa and Kyeremeh (2017) found that employee recognition is becoming a more popular tool used by many organizations to inspire staff members to provide high levels of performance and productivity.
4.5 Employee Performance

Table 4.9 Descriptive Statistics on Employee Performance

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees are always creative in their workplaces</td>
<td>3.4955</td>
<td>.55320</td>
</tr>
<tr>
<td>Ideas on innovation are always encouraged</td>
<td>3.4320</td>
<td>.54200</td>
</tr>
<tr>
<td>Progress reviews are conducted to compare with the predetermined standards of employees</td>
<td>3.4677</td>
<td>.44714</td>
</tr>
<tr>
<td>My work plan is reviewed to ensure efficiency</td>
<td>2.8636</td>
<td>.46474</td>
</tr>
<tr>
<td>The employees always attain their targets</td>
<td>2.8699</td>
<td>.55788</td>
</tr>
<tr>
<td>The quality of work in the health sector by employees is very impressive</td>
<td>2.4273</td>
<td>.51852</td>
</tr>
<tr>
<td><strong>Aggregate Score</strong></td>
<td><strong>3.2257</strong></td>
<td><strong>.51299</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2022)

The aggregated mean score for the six employee performance indicators in the health sector in Kirinyaga was 3.2257 on a five-point Likert scale, corresponding to 'moderately agree.' The result indicated that employees were fairly creative in their workplaces (Mean=3.4955, Std dev=0.55320), that the ideas on innovation were always encouraged (Mean=3.4320 std Dev=0.54200) and progress reviews were conducted to compare with the predetermined standards of employees (Mean=3.4677, Std Dev=0.44714). However, employees’ work plan was poorly reviewed resulting in inefficiency, employees rarely attained their targets and the quality of work in the health sector by nurses was very impressive.

4.6 Inferential Analysis

To make generalizations about the population based on the sampled respondents, correlation analysis, analysis of variance, model summary, and regression analysis were performed.
4.6.1 Correlation Analysis

Using Pearson correlation values, the correlation demonstrated the degree and nature of the relationship between the variables.

Table 4.10 Correlation Analysis

<table>
<thead>
<tr>
<th></th>
<th>Direct Financial Compensation</th>
<th>Indirect Financial Compensation</th>
<th>Incentive Plans</th>
<th>Employee Recognition</th>
<th>Employee Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Financial Compensation</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>201</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indirect Financial Compensation</td>
<td>Pearson Correlation</td>
<td>.509**</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.600</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>201</td>
<td>201</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Incentive Plans</td>
<td>Pearson Correlation</td>
<td>.210**</td>
<td>-.114</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.603</td>
<td>.108</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>201</td>
<td>201</td>
<td>201</td>
<td></td>
</tr>
<tr>
<td>Employee Recognition</td>
<td>Pearson Correlation</td>
<td>.186**</td>
<td>-.144’</td>
<td>.993**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.608</td>
<td>.641</td>
<td>.600</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>201</td>
<td>201</td>
<td>201</td>
<td>201</td>
</tr>
<tr>
<td>Employee Performance</td>
<td>Pearson Correlation</td>
<td>.548**</td>
<td>.564**</td>
<td>.628**</td>
<td>.598**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>201</td>
<td>201</td>
<td>201</td>
<td>201</td>
</tr>
</tbody>
</table>

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

Source: Researcher (2022)

The correlation analysis results indicated by Pearson Correlation values of 548, 0.564, 0.628, and 0.598, respectively, the correction table shows that the independent variables (direct financial compensation, indirect financial compensation, Incentive Plans, and employee recognition) were strongly positively correlated to employee performance. At a 99% confidence level, their correlation was significant (sig<0.01).
4.6.2 Regression Analysis

The linear relationship between the variables was shown by the regression analysis. The model summary, ANOVA, and regression coefficient were displayed.

Table 4.11 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.902&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.814</td>
<td>.810</td>
<td>1.49321</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Direct Financial Compensation, Indirect Financial Compensation, Incentive Plans, Employee Recognition

Source: Researcher (2022)

The adjusted R square and R representing coefficients of determination and correlation coefficient were shown in Table 4.11, respectively. The R Value of 0.902 shows that the variables have a strong correlation with one another. The adjusted R square value of 0.810 shows that variations in direct financial compensation, indirect financial compensation, incentive plans, and employee recognition accounted for 81% of the variance in employee performance.

Table 4.12 ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1907.470</td>
<td>4</td>
<td>476.867</td>
<td>213.872</td>
<td>.000&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
<tr>
<td>1 Residual</td>
<td>437.018</td>
<td>196</td>
<td>2.230</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2344.488</td>
<td>200</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> Dependent Variable: Employee Performance
<sup>b</sup> Predictors: (Constant), Direct Financial Compensation, Indirect Financial Compensation, Incentive Plans, Employee Recognition

Source: Researcher (2022)
The model goodness of fit at a 99% confidence interval is displayed in Table 4.12. According to the model, changes in employee performance may be predicted at a 5% level of significance using the variables direct financial compensation, indirect financial compensation, incentive plans, and employee recognition.

**Table 4.13 Regression Analysis**

<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>(Constant)</td>
<td>12.645</td>
<td>2.196</td>
<td>5.758</td>
<td>.000</td>
</tr>
<tr>
<td>Direct Financial Compensation</td>
<td>.497</td>
<td>.176</td>
<td>.107</td>
<td>2.829</td>
</tr>
<tr>
<td>Indirect Financial Compensation</td>
<td>1.311</td>
<td>.086</td>
<td>.575</td>
<td>15.192</td>
</tr>
<tr>
<td>Incentive Plans</td>
<td>1.824</td>
<td>.468</td>
<td>1.033</td>
<td>3.897</td>
</tr>
<tr>
<td>Employee Recognition</td>
<td>.634</td>
<td>.462</td>
<td>.364</td>
<td>1.373</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Performance

**Source: Researcher (2022)**

The adopted model was;

\[ Y = 12.645 + 0.497X_1 + 1.311X_2 + 1.824X_3 + \ldots + \epsilon \]

The results indicated that holding the independent variables (direct financial compensation, indirect financial compensation, incentive plans, and employee recognition) constant the units of employee performance were 12.645. The study found that direct financial compensation had a positive significant effect on employee performance (Pearson=.497, sig=0.000). A unit change in direct financial compensation resulted in 0.497 units changes in employee performance. The study concurs with Burhanudin (2021) financial compensation policy that covers both direct and indirect financial compensation's significant effect on employee performance. Niar and Andayani (2019) research results
show that direct remuneration positively impacts employee performance. The study supports Okwudili and Ogbu's (2017) finding that there is a link between direct remuneration and worker performance positive and significant.

The result in Table 4.13 indicated that indirect financial compensation had a positive significant effect on employee performance (Mean=1.311, sig<0.05). A unit change in indirect financial compensation resulted in 1.311 unit changes in employee performance. The results supported by Rahmad, Effendi, and Etty (2021), that indirect compensation and incentives had a positive and substantial influence on employee performance and job satisfaction. According to Ifeanyi, Tessy, and Fidelia (2020) indirect financial compensation have a significant influence on employee performance. Vogireddy (2020) supported that indirect compensation had a significant effect on employee performance.

Table 4.13 results presented that incentive plans had a positive significant effect on employee performance (Mean=1.824, sig<0.05). The results also indicate that a unit change in incentive plans resulted in 1.824 unit changes in employee performance. The study's findings concur with those of Shuja, Tian, Shamim, and Jan (2019), who found a significant relationship between incentive plans and employee performance. Odongye (2018) disagreed and said that an incentive program does not improve employees' performance. Employee incentives were critical for enhancing performance at the individual and organizational levels, according to Atambo et al., (2017).

The results in table 4.13 indicated that employee recognition had no significant effect on employee performance. The study disagrees with Kariuki and Kiiru (2021) that employee recognition has a favorable and statistically significant impact on employee performance.
Further, Ondhowe, Kadima, and Juma (2021) disagree that recognition has an impact on employee performance. Moreover, study results by Amoatemaa and Kyeremeh (2017) disagreed that employee recognition significantly and positively affects employee performance and productivity.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
The chapter presents summarized study results related to the study variables. The summarized results were guided by the study objectives.

5.2 Summary of Findings
The first objective was to determine the effect of direct financial compensation on employee performance in the health sector in Kirinyaga County, Kenya. The result indicated that the employees’ salaries did not match their inputs, the salary was moderately sufficient to cater for their upkeep, travel allowance and house allowance were insufficient and the bonuses paid were insufficient to the employees. According to the employees, there has to be an increase in hourly pay, substantial perks and benefits, and a bonus structure with lots of incentives to boost direct financial compensation.

The second objective aimed to determine the effect of indirect financial compensation on employee performance in the health sector in Kirinyaga County, Kenya. The results indicated that life insurance coverage, health insurance cover, and education benefits were insufficient. However, the majority of the employees argued that they receive retirement contributions from their employer and that retirement benefits have been helpful to many employees.

The third objective aimed to determine the effect of incentive plans on employee performance in the health sector in Kirinyaga County, Kenya. The key results indicated
that rarely do employees receive collective incentives from their employer. There was moderate benefit from annual performance-based pay and moderate individual benefits received based on the work performed. However, the majority of the nurses argued individual benefits were mostly paid annually which enabled them to work hard.

The fourth objective was to determine the effect of employee recognition on employee performance in the health sector in Kirinyaga County, Kenya. The study results indicated that the nurses fairly receive a certificate of appreciation which motivated employees to work hard. The employees appreciate the job titles which come with responsibility. The respondents pointed out that they moderately normally receive free sponsored trips and vacations from their employers. Employee recognition was found to be the more popular tool used by the health sector to inspire staff members to provide high levels of performance and productivity.

5.4 Conclusions

The study concluded that direct financial compensation has a positive significant effect on employee performance the study concluded that indirect financial compensation has a positive significant effect on employee performance. The study concluded that incentive plans have a positive significant effect on employee performance. The study concluded that employee recognition has no significant effect on employee performance.

5.5 Recommendations

The organization should develop an appropriate financial compensation policy, including direct and indirect financial compensation, based on the findings of this study in order to
increase employee work satisfaction. Accordingly, the human resources manager should put procedures in place to make sure that the company has a good wage structure and job evaluation system because this would encourage people to work hard. The study recommended that the civil service commission should employ qualified human resource personnel that will oversee the affairs of employee compensation as this will remove the bottleneck surrounding the non-implementation of employees compensation.

The study advised that the business keep offering security benefits to every employee, regardless of status, as doing so will boost employee productivity and improve overall performance in the manufacturing industry. Group medical insurance is frequently a sought-after perk. A significant incentive to join and remain with a firm is employer-sponsored health insurance, which may be the only way a worker with an ill spouse can afford health insurance. Directors of various hospitals can evaluate the company's present group insurance plan to make sure it is competitive and meets standards. Employees can feel more secure for themselves and their families by adding short- and long-term disability insurance, group life insurance, and group dental coverage to group medical.

A desirable incentive can be provided via retirement programs. An organization that provides a defined benefit plan is guaranteed to provide a retiree with a predetermined sum of retirement benefits upon retirement. A fantastic incentive may be to generously match the employee's contributions to the plan. Since most individuals don't want to work until they pass away, employees want to ensure that their employer's retirement plan is competitive with those of other sectors.
Management should deliberately monitor worker performance and search for occasions to commend exceptional work performance and behavior. It will be difficult to identify and value exceptional achievement effectively if management isn't looking for opportunities. As a result, the study recommends pursuing bonuses including spot, quarterly, and annual bonuses as a strategy to encourage workers to improve their performance.

Praise in public, and correct in private, is the golden rule that management should abide by while dealing with staff. When noticing an employee performing exceptionally, acknowledge them as soon as they can by expressing their gratitude in person. Then, within the following 24 hours, they should search for a chance to acknowledge them in front of the team so that the acknowledgment is appropriate for the time the performance or success happened.

5.6 Areas for Further Study

The adjusted R square shows that variations in direct financial compensation, indirect financial compensation, incentive plans, and employee recognition accounted for the variance in employee performance. Further research should be done to determine the other reward variables affecting changes in employee performance. The focus was the health sector particularly in Kirinyaga County. Further research was recommended to other counties in Kenya to compare the finding and make inferences.
REFERENCES


Okwudili, B. E.*, Edeh Friday Ogbu** (2017). Examined the effect of compensation on employee performance in Rivers State Board of Internal Revenue. Journal of Strategic Human Resource Management. 6 (2) 117 120


Rahmad H., Effendi., Etty N., (2021).The purpose of this study was to determine the effect of compensation and motivation on employee performance with job satisfaction as an intervening variable at Hotel XYZ Jakarta. STEIN International Tourism Jakarta, Indonesia.18,1. pp. 153–166.


Thomas K. (2009) the four intrinsic rewards that drive employee engagement. Ivey business journal


APPENDICES

APPENDIX I: INTRODUCTION LETTER

Dear Respondents,

RE: REQUEST TO FILL THE QUESTIONNAIRE

I am a student doing MBA course in Kenyatta University. As part of the requirement to graduate in masters we are supposed to carry out a research in our area of specialization. My research title is “Reward Management Strategies and Employee Performance in the Health Sector, Kirinyaga County, Kenya”.

I am kindly requesting you to fill the attached questionnaire as honestly as possible. The data provided will be used only for academic purposes.

Yours faithfully

Margaret Wairimu

0720582629
APPENDIX II: QUESTIONNAIRE

This structured questionnaire has been broken into categories depending on the study's objectives.

SECTION 1: BACKGROUND INFORMATION

Instructions:

The following particulars pertain to your background. Please complete each item by ticking where proper.

1. Gender:

   Male [ ]

   Female [ ]

2. Highest Level of Education:

   Masters [ ]

   Undergraduate [ ]

   Diploma [ ]

   Any other please indicate……………………………

3. Years of Service

   1 to 3 years [ ]

   4 to 6 years [ ]

   7 to 10 years [ ]

   over 10 years [ ]
SECTION 2: STUDY OBJECTIVES

Instructions: Please put one tick in the column that corresponds to the response that fits your opinion

O1. Direct Financial Compensation
What is your level of identity with the following assertion that relates to engagement? (Use the Scale:
   i. Strongly Disagree (SD),
   ii. Disagree (D)
   iii. Undecided (UD)
   iv. Agree (A)
   v. Strongly Agree

<table>
<thead>
<tr>
<th>No.</th>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The employee's salaries match their inputs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>The salary is sufficient to cater for the upkeep</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>The travel allowance is sufficient</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>The house allowance is sufficient</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>We are paid sufficient Bonuses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Comment on ways to improve salaries and allowances as forms of compensation

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

O2 Indirect Financial Compensation
What is your level of association with the following assertion that relates to indirect compensation? (Use the Scale:
   i. Strongly Disagree(SD),
   ii. Disagree(D)
   iii. Undecided(UD)
   iv. Agree(A)
   v. Strongly Agree(SA)
### O3. Incentive Plans

To what extent do you agree with the following statements? (Use the Scale):

- i - Strongly Disagree (SD),
- ii - Disagree (D),
- iii - Undecided (UD),
- iv - Agree (A),
- v - Strongly Agree (SA)

<table>
<thead>
<tr>
<th>No.</th>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>We benefit from annual performance-based pay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>The performance-based pay enables us to work hard</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>We at many times receive collective incentives from our employer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Individual benefits are received based on the work performed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Occasionally individual benefits are mostly paid annually</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

16. What are the challenges in drawing an effective incentive plan? ..................................
O4: Employee Recognition on Employee Performance

On a scale of 1 to 5, how would you rate this? (5 means strongly agree, 4-agree, 3-neither-agree nor disagree, 2-disagree, and 1-strongly-disagree). In terms of the following statement, express how much you agree or disagree with it. Stress reduction

<table>
<thead>
<tr>
<th>No.</th>
<th>Opinion item indicator</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>We often receive a certificate of appreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>The certificate of appreciation motivates us to work hard</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>I appreciate the job titles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>The job titles come with increased responsibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>We normally receive free sponsored trips and vacations from our employer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

21. Indicate some of the challenges faced in recognizing employees' efforts in the workplace………………………………………………………………………………………………

…………………………………………………………………………………………………………

O5: Employee performance

On a scale of 1 to 5, how would you rate this? (5-means strongly agree, 4-agree, 3-neither agree on nor disagree 2-disagree, and 1-strongly disagree). As far as the following assertion is concerned, express how much you agree or disagree with it. Employee Performance

<table>
<thead>
<tr>
<th>No.</th>
<th>Opinion item indicator</th>
<th>5</th>
<th>4</th>
<th>3</th>
<th>2</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Employees are always creative in their workplaces</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Ideas on innovation are always encouraged</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Progress reviews are conducted to compare with the predetermined standards of employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>My work plan is reviewed to ensure efficiency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>The employees always attain their targets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>The quality of work in the health sector by employees is very impressive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

26. Indicate the challenges you face in the job place that obstructs you from achieving the targets……………………………………

27. What are some of the recommendations to attain the individual set targets?................

…………………………………………………………………………………………………………

Thank You Very Much for Your Participation