

**EFFECTS OF EMPLOYEE WELFARE PROGRAMMES ON
ORGANISATIONAL PERFORMANCE MAKUENI COUNTY, KENYA**

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**A RESEARCH REPORT SUBMITTED TO THE SCHOOL OF HUMANITIES
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UNIVERSITY**

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DECLARATION

I hereby declare that this research project is my original work and has not been presented to any other institution of higher learning for the award of any degree.

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This project report is submitted for examination with my approval as the University Supervisor.

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DEDICATION

I dedicate this proposal to my mother and two daughters.

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Am grateful to God Almighty for His grace and wisdom He granted me in the entire period of study. I am indebted to my mother Joyce Kivande for her encouragement and support throughout the study period. Your words of wisdom and prayers are forever appreciated. I am thankful to my daughters Alina and Hannah for understanding why I had to stay late while I worked on this project. Your smiles when I finally showed up gave me enough reason to see this project come to a successful completion. I am grateful to Kenyatta University for giving me an opportunity to pursue my post graduate studies in the institution. My sincere appreciation to my supervisor Dr. Weldon Ngeno for his invaluable input in the study. Your wisdom and guidance have seen the successful completion of the research. I acknowledge my fellow course mates for their inputs and critique to my work. The constant encouragement saw me through.

ABSTRACT

Employees form the human capital factor in all organizations and symbolizes all human abilities irrespective of the inherent or learnt qualities, whose worth could be improved by suitable development investments. Organizations therefore need to ensure that they offer compensation and welfare packages that increase employee motivation. The motivation of employees increases when their needs are met and this leads to increased productivity and efficiency in service delivery. Achieving optimal performance in public service remain a challenge. There is limited literature of employee welfare programmes and organizational performance hence the reason for conducting the study. The objective of the study was to determine the effect of employee welfare programs on organizational performance in Makueni County Public Service. The specific objectives are: To evaluate the effect of retirement benefits on organization performance Makueni County Public Service; to determine the effect of medical cover on organizational performance in Makueni county public service; and to assess the effect of employee allowances on organization performance Makueni County Public Service. The study used the social exchange theory by George Homans as the anchor theory since it explains all the study variables both independent and dependent. The other theories that were used include the achievement motivation theory by David McClelland 1980 which explained employee performance. The expectancy theory by Victor Vroom 1960 explained the employee welfare component. Maslow's hierarchy needs theory of motivation was also used. The study sample size was 376. The study used proportionate stratified random sampling. Data collection was done using a semi-structured questionnaire. The data collection used of google forms. A pilot study was conducted to determine the validity and reliability of the data collection tool. The data analysis was done by use of SPSS. Descriptive analysis was use to achieve the study objectives. Data was presented and visualized using charts and tables. The Pearson correlation analysis showed that the independent variables have a strong positive correlation with the dependent variable. The regression analysis showed that 45.3% of the organizational performance is explained by availability of retirement benefits, medical insurance and staff allowances. Availability of staff allowances explain 35.9% of the organizational performance, retirement benefits explain 45.6% of organizational performance and availability of medical cover explain 71.2% of the organizational performance. The study concludes that staff benefits have a positive significance correlation with organizational performance. The availability of these benefits boosts employees' satisfaction and consequently influence their performance and that of the organization. The study recommends that county government of Makueni ensures that there is equitable availability of medical cover; train staff on retirement benefits; provide staff allowances equitably and in good time to allow staff to execute their duties effectively. The study recommends that the human resource directorate conducts sessions with employees to identify the gaps in the staff welfare packages and action on the recommendations.

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ACRONYMS AND ABBREVIATIONS

ANOVA	-	Analysis of Variance
CPSB	-	County Public Service Board
DSA	-	Daily Subsistence allowance
GDP	-	Gross Domestic Product
G.O.K	-	Government of Kenya
HRM	-	Human Resource Management
ICT	-	Information Communication Technology
SRC	-	Salaries and Remuneration Commission
NACOSTI	-	National Commission for Science Technology and Innovation

OPERATIONAL DEFINITION OF TERMS

Conflict	is a state of opposition between ideas, interests, disagreement or controversy
Employee allowance	benefits that an employee enjoys apart from the normal remuneration
Employee leave	period off time of work that employee is entitled to
Leadership	refers to the skill of improving the capacity to create confidence and direction to the members of staff so as they perform their duties without difficulties.
Motivation	refers to the ability of the employees to perform out of will because of good leadership.
Performance	the ability of the employee to achieve the set targets within the specified time, the least cost and within the stipulated parameters
Productivity	level of an employee output compared to the expected output.
Retirement benefits	benefits accrued to an employee upon attainment of mandatory or voluntary retirement at the end of the employment period.
Staff Allowances	monies paid to staff that is not part of their wages or salaries to facilitate official assignments.
Welfare	refers to health, happiness, and fortunes of a person or group

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CHAPTER ONE: INTRODUCTION

1.1. Background to the Study

Performance and higher productivity among organization are the main target and dreams of organizations. The extent to which employees are able to expend their efforts towards the accomplishment of organizational goals is depended upon how they are treated and taken care of by organization stakeholders (Bernardin, 2010). Performance came into existence in the 19th century and was used to define the results of sports contest. It evolved in the 20th century and developed as a series of definitions which encompassed in a wide range what is perceived through performance.

Human resource outcomes are related to change in the behavior of employees such as the employee turnover, employee satisfaction and absenteeism. The organizational outcome include the customer satisfaction, productivity of labor and the quality of products and services offered. Capital market outcomes include market indicators which evaluate organizational performance such as price of stocks, the growth rate of stock prices and the market returns. The financial accounting outcomes include measures such as profitability, returns on equity and returns on assets (Dyer, 2006). In the recent decades, the concept of performance has increasingly gained attention in almost all spheres of humanity. In reality, performance is majorly a concept of perception and it explains the multitude of important reflections on the concept and the instruments of measuring it. The global economy has been swept by financial crisis which has necessitated the need

for improvement in the performance of entities. This has led to multitude of studies at international level in the area of performance of organizations (Demirbag, 2014)

Currently in the workplace in order for the employer to attract and retain skilled personnel, they are compelled to provide competitive compensation and welfare packages. According to Hanim (2017), competing firms lure personnel by offering them better terms. Organizations therefore need to ensure that they offer compensation and welfare packages that increase employee motivation. The motivation of employees increases when their needs are met and this leads to increased productivity and efficiency in service delivery (Bernardin, 2010).

According to Stone (2012), welfare is defined as the financial or non-financial assistance given to an employee or their families by the employer. This assistance could either be services, facilities or benefits. These benefits or facilities include; medical cover, staff annual leave, paternity and maternity leaves, compassionate leave, study leave, house allowance, daily sustenance allowances, transport allowances, retirement benefits, educational programmes, child care among others. The absence of an effective welfare system demoralizes the employees and this negatively affects the employee productivity which further leads to poor performance of the organization.

Safety, health and welfare of staff is very necessary for improving the work environment and the living standards of the employees. In the current 21st century, economic development of workers plays a key role in the output of the employees. In the recent past, organizations have been suppressing workers by paying them low salaries and giving them pressure in a poor working environment. This resulted to conflicts between

the employees and employers. Welfare facilities enable workers to give better results and be productive. Measures of welfare are meant to minimize absenteeism, increase productivity and efficiency in modern world. The welfare programmes for labor force have adopted a broad scope to include all workers' welfare and development aspects (Nthambi, 2011). Welfare measures are intended to generate a health, efficient, productive and satisfied work force for the organization (Mensah, 2019).

Over 60% of the public sector organizations in developed countries like the USA, UK and Canada have developed and maintained their performance through adoption and implementation of employee welfare programmes (Agusioma, 2019). Over fifty percent of civil service in china, Korea and Japan have HRM practices that lead to positive influence on the service delivery effectiveness and efficiency. This influences the economic development of the countries. In the developing countries there is limited literature on HRM, the generalization of the finding from the developed economies is not encouraged (Demirbag, 2014).

In India, the welfare programs have evolved through religious leaders, philanthropists, voluntary organizations and social workers. Since the inception of industrial revolution, large scale industries were set up in the cities which lead to rural urban migration. The main motivation for the labor migration was the high wages, recreational facilities and comfort. However, these workers were exposed to poor conditions of working environment, long working hours, low wages and exposure to health hazards due to absence of safety measures. The government of India, selected a committee to evaluate the industrial labor in 1907 which resulted to the Indian factories act of 1910 for all

seasonal factories. This revised the working hours and resulted to voluntary efforts in showing interest of employees. This led to introduction of insurance schemes, night schools, funeral allowance and educational stipend. After the first world war, new developments occurred and the number of factories and employees increased. The establishment of the International labour organization in 1919 was a big step in the history of labour movement. It created unity and conciseness among the workers. In 1920 all Indian Trade Union Congress was established. The Indian Factories Amendment Act of 1922 was passed. The government on basis of the Rege committee recommendations, enacted the factories act of 1948 and the state policy of the constitution of India states that the government will promote and secure the peoples welfare with justice and this will inform all the institutions in the nation. The plans which are five years long aimed at protecting the welfare of the employees. In 1960-69 the National Commission on Labor was introduced to deal with labor problems in a comprehensive way (Demirbag, 2014).

In Kenya, public sector reforms of 2007 were initiated to improve and promote the efficiency of the public service sector. The economic report by the G.O.K (2012) indicated that there was a decrease in the contributions made by the employment sector in the GDP of the country despite wealth creation by the sector. The main cause of drop in the economic growth and development is poor labor productivity. There are several welfare facilities which include: intra-mural welfare facilities which are provided within the organizations boundaries and they include provision for safety measures, first aid services and good working conditions. The second category is extra-mural facilities which are provided outside the organization boundaries and they are voluntary. These include recreation facilities, housing and educational facilities. The third category is the

statutory facilities which are passed by law and cannot be ignored and their mishandling is punishable by law. The fourth category is the mutual facilities which are outside statutory requirements and are voluntarily undertaken by staff for their own interests. The final one is voluntary facilities which are provided by employers voluntarily and increase productivity of staff (Dyer, 2006).

The County Government of Makueni, the human resource unit and the County Public Service Board (CPBS) has developed and adopted the county human resource manual which elaborates the county staff welfare. The manual provides for staff medical cover which covers the staff and the immediate family members for both inpatient and outpatient as per the SRC circular (2014); extraneous allowance paid to an officer who is required to work for long time in continuous basis. Overtime allowance which is paid to staff who work over 40 hours in a week. Transport allowance is payable to commuting staff on condition that they are not provided with means of transport. County Government of Makueni offers employee leave which include the following categories; annual leave, maternity leave, paternity leave, sick leave, compassionate leave, unpaid leave, terminal leave and special leave for sportsmen. Officers are entitled to daily subsistence allowance for duties which require them to spend outside their work station. The county has a pension scheme which employees and the employer contribute monthly. The staff on contract basis are entitled to a gratuity after the end of their contract period (Makueni County Public Service Human Resource Manual, 2017).

1.2. Statement of the Problem

A human resource plan plays an important role to ensure that organization achieves its set goals and targets. The employee welfare packages are put in place to enhance organizational productivity and promote the working conditions for the employees within the organization (Ndinya, 2017). The employee motivation increases when their needs are met consequently increasing productivity which leads efficient and effective delivery of services, a precursor to improved organizational performance. There is a challenge in the efforts to achieve optimal performance in public sector service despite many studies being done to determine how welfare programmes influence the performance of employee.

There have been several studies done locally on welfare programs and performance of employees. Including Karori (2006) on the perception of employee welfare programs in the large manufacturing firms in Nairobi; establishing that majority of the firms provide welfare programs for their employees and Wainaina (2011) studied how welfare programs and employee satisfaction were related at Capital Group Limited which concluded that the welfare programs boosted employee levels of satisfaction. Masinde (2011) conducted a research on the effect of employee social welfare benefits on the motivation of employees in the Pan African Paper mills and Mumias Sugar Company and found out that welfare benefits lead to greater level of motivation which consequently help firms retain employee and boosts their productivity. Kuria (2012) in his study at the flower industry in Kenya found that the welfare programs influence employee satisfaction. The reviewed studies indicate that there are limited studies on the effect of

employee welfare programs on organizational performance. This constitutes gap in knowledge and this current study seeks to address that gap.

Dismal performance of the County Public Service came to light when the County Government adopted performance contracting effective FYs 2017/18. An employee satisfaction survey was conducted in the 2018/19 financial year and the findings indicated that the employees were dissatisfied with the work environment and the welfare programs. This study therefore seeks to determine how employee welfare programs at the County Government of Makueni affects the performance of the county Government.

1.3. Objectives of the study

1. To evaluate the effect of retirement benefits on organizational performance County Government of Makueni.
2. To determine the effect of medical cover on organizational performance in County Government of Makueni.
3. To assess the effect of employee allowances on organization performance County Government of Makueni.

1.4. Research Questions

1. What effect does retirement benefits have on organization performance in County Government of Makueni?
2. What is the effect of medical insurance on organization performance in County Government of Makueni?

3. What is the effect of allowances on organization performance County Government of Makueni?

1.5. Justification and Significance of the study

County Government of Makueni has been implementing performance management which measures the performance of county departments, boards and agencies. The annual performance reports have highlighted that work environment is a key determinant of performance. The study variables were chosen because they form the welfare categories offered to the employees of the County Government of Makueni. The study can be used by organizations to help improve on their leadership. Managers and supervisors will be able to identify welfare problems in time and to have them resolved before any adverse effects can be felt. This study can form a basis for a nationwide study on the effects of welfare programme on employee performance in the entire public service.

The findings will help management come up with corrective measures and formulate policies geared towards incorporating welfare programmes to enhance productivity. The study findings will assist the Government in developing of policies, which will enhance performance in the public sector. The findings will contribute towards improved service delivery to all stake holders. This is by offering strategies that will assist in incorporating welfare programmes. The findings and recommendations of this study will form a basis for other studies carried out on employee welfare programmes and organizational performance.

1.6. Scope of the study

The study will be done in the Makueni County Public Service. Staff from Departments in the county government will be involved.

CHAPTER TWO: LITERATURE REVIEW

2.1. Introduction

Chapter two contains the review of empirical literature related to the study problem. The focus will be on the variables as indicated in the study objectives. The chapter will provide a clear picture of the area of study drawing insights from previous studies. This chapter seeks to examine theories explaining staff welfare and review literature from past studies. The review of guiding theories, review of the empirical literature, the conceptualization of the relationship between the study variables and the gaps to be filled by the study are provided in this chapter.

2.2. Theoretical Review

As defined by (Blumberg, 2011) theory is a group of interrelated thoughts, meanings, that are used to elucidate or forecast a situation. According to (Kerlinger, 2000). The main reason for a theory is to deliver an enlightenment to both pragmatic incidences and a tentative inevitability. This study will employ the social exchange theory as the anchor theory and expectancy theory which explains the four variables explaining employee welfare.

2.2.1 Social Exchange Theory

This theory was developed by a sociology theorist known as George Homans (1958). It is among the most influence concepts of understanding workplace dynamics. The social exchange theory thrives on the assumption that activities taken by the organization to encourage its employees leads to employee commitment to the organization (Aldhuwaihi,

2013). Based on the assumption of the theory, employees when they join the organization expect that the organization will provide good working conditions and good culture. The employee will then apply their knowledge and abilities to achieve the goal of the organization.

The favorable exchange between the organization and its employees leads to an increased commitment to the organization. According to the social exchange theory, a casual model is articulated which explains the relationship between organizational culture, strategic orientation, organizational culture and organizational commitment which then affects the organizational performance. The social exchange theory is based on three principles which include; reciprocity, rationality and specificity which explains the relationship between employer and employee (Enoksen, 2012). The rationality principle explains that employees will have an association with the organization which will result to rewards and satisfaction of the needs and wants of the employees. The reciprocity principle reasons that social relationship is always reciprocated between the employer and the employee. The specificity principle theorizes that the reciprocity type is able to endure an exchange relationship between the organization and the employee (Enoksen, 2012).

Strategic orientation and organizational culture are a main areas organization should focus on to improve employee commitment to the organization. In exchange of this, employees will increase their loyalty to the organization and this will significantly affect the outputs of the organization which include performance (Pinho, 2012). The link between organizational commitment, organizational culture, strategic orientation and organizational performance are intertwined and exhibits the resource exchange

relationship (Enoksen, 2012). The reciprocity of all these components are likely to bring satisfaction to both the employee and the employer. This theory will be the anchor theory since explains all the variables under study.

2.2.2 Expectancy Theory

This theory was advanced by Victor Vroom (1964) which has direct application to settings of the work place and was revised by Porter and Lawler in 1968. This theory focuses on the cognitive antecedents that influence motivation and how they are interrelated. The theory is anchored on the assumption that there exists a correlation between the efforts put to work, the achieved results from and the rewards they get from their efforts and productivity. People get their motivation from the belief that their efforts will lead to good performance and consequently the desirable rewards.

This theory is anchored on four assumptions. One is that employees join an organization expecting that their needs will be met and that they will be motivated. This has a great influence the reaction of the employees towards the organization. The second assumption is that people have free will to choose behaviors which are influenced by their calculation of their expectations. The third assumption is that employees have different expectations from their employer. Lastly, employees will choose the option that gives them the optimal outcome (Vroom, 1964). The theory is based on three key elements namely; instrumentality, expectancy and valance.

Expectancy is explained as the estimate by an individual of the probability of all efforts related to the job will result to an expected level of performance. Instrumentality is estimate of the likelihood that a given level of performance of a given task will result to expected outcomes. Valence is defined as the employees' strength of choice for a certain reward. Peer acceptance, salary increase, promotions, recognition or any other reward have different values to different employees. This theory is relevant to this study since it will explain the welfare component and how it motivates employees.

2.2.3 Achievement Motivation Theory

This theory was advanced by David McClelland an American psychologist in year 1980s. The theory explains how the human motivation and action of people are affected by the need for achievement, power and affiliation which are describes as the three social motives as explained below. The first motive is need for Achievement which is described as the desire to accomplish difficult concept, master tasks that are complex and achieve high success standards and outdo others. The second motive is the need for power. This is described as the unconscious concern to influence others and seek position of authority. The third motive is the need for affiliation. McClelland states that these motives are learned and despite the age, culture and other factors everyone has these motivating motives and one of them is dominant. This theory suits this study since it explains employee performance which constitutes organizational performance.

2.2.4. Maslow's Hierarchy Needs Theory

This theory was advanced by Abraham Maslow in 1943. The theory is anchored on the belief that there are hierarchy of five needs in each person and there is variance in the

level of urgency of these needs. Maslow stated that the unsatisfied needs act as a motivation for individuals. Once one need is met, it leads to the desire to have the other need met. The psychological and safety needs are identified as the lowest needs and are mainly are met from external source. The social, esteem, and self-actualization needs constituted the highest needs and are met from within. During the boom period the lower needs of employees are satisfied.



Figure 2.2.1: Maslow's needs Hierarchy model

2.3. Empirical review

This section seeks to review the existing literature on the specific objectives of the study. It will explore the gaps identified and explain how this study seeks to close those gaps.

2.3.1. Organizational Performance

Organizational performance is confounded with notions and ideas such as productivity, effectiveness, earning capacity, competitiveness, economy, and profitability among many others. There is no concrete definition of organizational performance. In the current century, performance is tied to objectives and achieving these objectives translates to achieving performance. Since organizational objectives cannot be defined in a precise

manner since they are ever increasing, performance is therefore hard to define just as it is to measure performance (Bernardin, 2010). There are several measures of organizational performance including organizational outcomes, human resource outcomes, capital market outcomes and financial accounting outcomes.

Studies done by Ali (2016) concluded that the quality of service positively influences organizational performance. These quality of services which include direct evidence, reliability, responsiveness, empathy and the attitude of employees lead to better organizational performance. The state of existing employees, work equipment, work environment and the work related work facilities lead to improved organizational performance.

Mastrangelo *et al.* (2014) stated that the organizational performance effectiveness depends on leadership competencies. Ssekakubo *et al.* (2014) in their study on effect of leadership competencies performance of organization concluded that employee performance is improved through competent leadership which translates to improved organizational performance. Individual employee performance can be managed by manipulating factors which influence the performance. Competent leadership is a key factor in the performance of an organization. The study findings indicated that competent leaders tend to influence their employees. The leadership competency determines organizational performance.

Organizational performance is influenced by employee performance. The employee performance is dependent on employee satisfactions. Employee satisfaction sparks employee performance which translates to overall organizational performance (Judge *et*

al., 2017). Several empirical studies have concluded that employee satisfaction influence their performance and ultimately the organizational performance. Chandrasekar (2011) concluded that dissatisfaction of employees is influenced by the working environment contribute to reduction in employee productivity and consequently worsening in the organizational performance.

2.3.2 Retirement benefits and Organizational performance

According to Jaekwon Ko (2013), organizations provide traditional benefits such as retirement benefits in order to improve the attitude of employees. These benefits include pension schemes, security plans and severance pay which are aimed at giving employees financial security to employees after they exit workforce. A study conducted by Bernardin (2010) Chinese companies' emphasis on social security which is aimed at achieving sustainable development. Descriptive study design was used in the and it concluded that the implementation of labor friendly policies help companies perform better than similar firms in term of both operating result and returns on long run stock market.

A study by Zirra (2019) on benefits' influence on employee performance at the NASCO group, Jos plateau state, using stratified sampling on 189 employees concluded that retirement benefits significantly influence employee productivity. Pensions highly determine the behavior of workers and encourages retention of young employees in the organization and the older worker are encouraged to retire timely since their financial security is guaranteed. The study recommended that the management to review the current retirement package since this will enable the organization attract and retain

competent employees. The study however failed to explore how these benefits impact the performance of public service. This is the gap the current study seeks to answer.

Haan (2014) sought to estimate the structural lifecycle model of employment, retirement and consumption decisions made by individual employees in Germany. The findings indicated that a 3.76 increase in years in the pension age and that there was a reduction of 26.8% in the annual value of public pension benefit which would cause a balance in the fiscal consequences that are related to increase in the life expectancy anticipated to occur in the next forty years. The study concluded that employees can voluntarily forfeit 8.51% of their baseline consumption in order to avoid the cut in the pension value per year. The findings indicated that once the pension age is increased it increases the wellbeing of eighty-seven percent of employees and encourages retention of employees and job satisfaction. This study however did not look at how retirement benefits impact the performance of organizations which prompted the researcher to determine the effect of retirement benefits on organizational performance

A study by Robles (2018) found out that despite retirement policies being a push factor for unemployment of old aged workers, they are also a pull factor. The pension benefits pull old aged workers out of employment way before the retirement period. The availability of retirement benefits contributes to the pull factor of retirement. Employee benefits should include pension schemes for employees as they offer financial security after retirement. These retirement benefits tend to attract and retain the highly qualified employees.

2.3.3. Medical cover Organizational performance

Demirbag (2014) conducted a study on how health insurance influences productivity of employee in an organization in Kwara state, Nigeria using questionnaires and sampling 104 respondents. The study used correlation coefficient in data analysis. The study found that the productivity of an employee was significantly related to the insurance for health. The study concluded that employees who are given medical cover tend to increase their productivity since the uncertainties related to medical emergencies are taken care of. This boosts the motivation of the employees and increases their loyalty to the organization, increases productivity and output which consequently enhances organizational performance. The study was conducted in Nigeria. The current study seeks to find if the findings can be replicated in Kenya.

A study by Jaekwon Ko (2013) showed that companies are concerned with the wellbeing of employees and hence they create health security for their workforce and thriving benefits programs. Companies allow their workers sick offs without losing their pay. Employers' encourage employees to pile up unused sick off in a year and use them when they get sick. The findings of the study indicate that some companies pay workers the unused sick off days. The health issues of employees are diverse and some are unavoidable and they all in a way influence organizational operation and individual employee productivity.

The Occupational Safety and Health Act, No. 15 (2007) and amended in 2010 provides for employee safety, welfare and health within their work environment. The act states that, where employees faces exposure to harmful and injurious substances or slippery and

wet floors, necessary, effective and adequate protective gears should be provided (Kamau, 2013). The Work Injury Benefits Act No. 15 (2007), spells out compensation for employee illness and damages contracted or incurred while on duty.

2.3.4 Employee Allowances and Organizational Performance

According to Mensah (2019) employee allowances includes allowances related to employee housing, travelling and any other provided by the employer at regular intervals. The allowances are provided as a strategy to maintain and retain employee competencies and talents within the organization. Special allowances such as meal allowances, overtime allowances, daily sustenance allowances and mobile subscriptions are related to employee productivity (Gelard, 2016)

According to the County Government of Kisumu (2013), allowance are payments given to employees on top of their salaries as a form of benefit and for extra responsibilities assignments in defined conditions. These are paid for expenses incurred during the accomplishment of the assigned responsibilities beyond the employee's job description, either directly or otherwise. The allowance payable includes per diem, overtime, entertainment, hardship as well as special duty allowances.

The study by Pan (2015) involving 474 employees in a hotel in Taiwan on the effects of allowances on the satisfaction of employees, concluded that the employees who are motivated through additional allowances had the greatest revenue per employee. The study found that, the provision of house and educational allowances to the employees, increased their satisfaction level. Additionally, the study found that, some other allowances, including overtime, did not increase the satisfaction level of the employees.

This study hence seeks to determine the influence of allowances on the performance of organization.

A study conducted by Jung (2015) on the satisfaction level of 314 employees of deluxe hotels in South Korea had the findings indicate that employee allowances had significant influence on turnover intentions, employee satisfaction and job engagement. The study which was done through component analysis also concluded that allowances led to retention of employees in the hotels. The study concluded that since allowances led to increased employee satisfaction this translated to the firm's competitiveness, productivity and potential growth. This research is aimed at determining if the same results will be replicated in public service in Kenya.

The study by Millan (2013) on the impact of employee satisfaction on performance, concluded that the efforts aimed at increasing satisfaction of employees through provision of allowances should be based on demographic characteristics such as age and gender. The findings indicate that satisfied employees perform better and that employee satisfaction and organizational performance are directly and indirectly related. The study concluded that low satisfaction leads to absenteeism, resignations and job separation. Employers have found allowances are highly desired by employees. This current study seeks to establish the effect of employee welfare programs on organizational performance.

According to Jaekwon Ko (2013), organizations who provide employees with allowances tend to experience reduced rate of employee turnover and the related costs of recruiting, hiring and training new employees. The organizations can channel these funds to

retaining the existing experienced employees through provision of employee allowances. The study findings indicated that organizations can increase employee productivity through provision of house allowances, loans and executive perquisites. These allowances will show the employees that the employer recognizes their value and aspiration which increases the satisfaction of employees leading to increased productivity.

A study conducted in Nigeria by Adewale (2014) concluded that vehicle loans, meal and house allowances significantly influenced employee satisfaction and the employee retention rate. The findings indicated that employee allowances are practical since they are less costly to the organization compared with unrest and diminishing productivity. Organizations offer housing or house allowance to enable employees' access decent housing while executing their official duties. Travel allowances and other extrinsic awards given to employees in form of allowances are essential components in enhancing employee satisfaction and productivity.

2.4. Research Gaps

Author (s)	Study Variables	Main Findings	Key Gaps	How the Gap is being filled
Hanaan Prowse (2014)	Retirement benefits Structural life cycle Consumption decisions	Retirement benefits have a great influence on employee motivation.	The study focused on effects of retirement benefits on employee motivation	This current study seeks to see if the results can be replicated.
Adomula (2016)	Medical cover Employee productivity	medical cover motivates employees to stay in an organization and boosts their productivity.	The study was carried out outside the country	This proposal seeks to see if the results can be replicated
Pan (2015)	Staff allowance Employee satisfaction	Provision of allowances enhances the satisfaction of employees	The study was conducted in Taiwan	This proposal seeks to see if the results can be replicated in Kenya
Jaekwon	Retirement	Retirement	The study was	This study

Author (s)	Study Variables	Main Findings	Key Gaps	How the Gap is being filled
Ko (2013)	benefits Pension schemes Security plans Severance pay	benefits improve the attitude of employees and improves their performance	conducted in Chinese companies	seeks to see if the findings will be replicated in Kenya and in a public sector
Zirra (2019)	Retirement benefits	Retirement benefits significantly influence employee productivity. to continue	Study did not look at the influence of these benefits on performance of public service	This study seeks to establish the effect of retirement benefits in public service
Haan (2014)	Retirement benefits Consumption decisions	increase in pension age makes 87.7% of individuals better off and encourages	This study however did not look at how retirement benefits impact the performance	This study seeks to determine the effect of retirement benefits on

Author (s)	Study Variables	Main Findings	Key Gaps	How the Gap is being filled
		retention of employees and job satisfaction	of organization	organizational performance
Demirbag (2014)	Medical cover Health insurance Employee productivity	There is a significant relationship between health insurance and employee productivity	The study was conducted outside Kenya	The Current study seeks to find if the findings can be replicated in Kenya.
Jung, (2015)	Employee allowances Employee satisfaction Turnover engagement job engagement	Allowances led to increased employee satisfaction this translated to the firm's competitiveness, productivity and potential growth.	The study was conducted outside Kenya	This research proposal is aimed at determining if the same results will be replicated in public service in Kenya

Author (s)	Study Variables	Main Findings	Key Gaps	How the Gap is being filled
Jaekwon Ko (2013)	Employee allowances Loans Executive perquisites	organizations who provide employees with allowances tend to experience reduced rate of employee turnover and the related costs of recruiting, hiring and training new employees	The study focused on the effect of employee allowances on employee rate of turnover	This current study seeks to establish the effect of employee allowances on organizational performance

2.5. Conceptual Framework

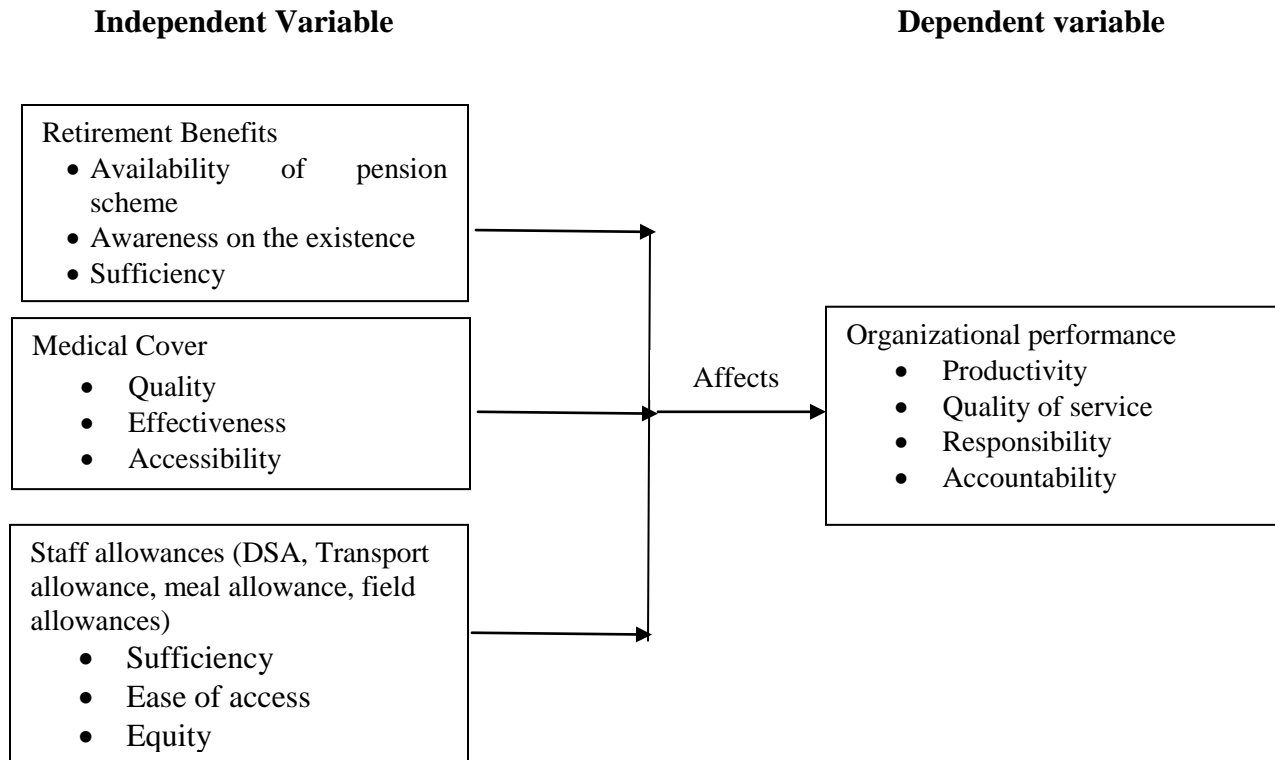


Figure 2.5.1: Conceptual Framework

Source: Researcher (2022)

Retirement benefits, medical cover and staff allowances are employee welfare components which directly or indirectly affect performance of organizations. Their presence or absence affects the level of employee motivation, satisfaction, retention and employee performance which in turn affects the overall performance of the organization.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

This chapter gives in details the process by which the study was carried out. It outlines the design approach which was employed by the study, a description of the study variables, the study locale, the population targeted by the study and the sampling approach that the study used to identify the specific respondents of the study. The chapter also provides the data collection instruments that the study used, how pilot study was conducted to test the reliability and the validity of the instruments, the primary data collection procedures, how the collected data was analyzed and presented and finally the ethical standards that the study observed.

3.2. Research design

The research used descriptive research design. This is a non-experimental study design that helps the researcher to identify the relationship between two or more variables. This study design is appropriate for this research because it helped identify characteristics', frequencies, trends and categories. The design was fundamental in addressing the study question on how the welfare programs affects the performance of Makueni County.

3.3. Description of Variables

In research variables are described as characteristics that can take any value. These can be manipulated, observed or controlled by the researcher (Adum, 2018). The effect of one variable on another is often studied. There are different types of variables which include; independent, dependent, and extraneous and control variables. This study used

independent and dependent variables. Independent variable is defined as the variable that is stable and is not affected by variation in other variables (Kivunja, 2018). In this study, the independent variables were three and they include; retirement benefits, medical cover and employee allowances. Dependent variable is defined as the outcome variable that is totally or partially caused by the independent variable. This variable change when another variable in the study changes. (Adum, 2018). In the study, the dependent variable is organizational performance. The variables were operationalized as shown in the table below

Table 3.3.1: Operationalization of variables

Variable	Type of variable	Indicators	Measurement's scale	Tools of analysis
retirement benefits	Independent	<ul style="list-style-type: none"> • Availability of pension scheme • Awareness on the existence 	Likert scale	Description, Correlation and Regression analysis
medical insurance	Independent	<ul style="list-style-type: none"> • Quality • Effectiveness • Accessibility 	Likert scale	Description, Correlation and Regression analysis
allowances	Independent	<ul style="list-style-type: none"> • Sufficiency • Ease of access • equity 	Likert scale	Description, Correlation and Regression analysis
organizational performance	Dependent	<ul style="list-style-type: none"> • Employee satisfaction • Customers satisfaction 	Likert Scale	Description, Correlation and Regression analysis

3.4. Location of the study

The study was conducted in County Government of Makueni Headquarter offices located in Wote Town. The county is located in the former Eastern Province. The county has 987,653 people according to the 2019 census by KNBS. The county neighbours Kitui County to the East, Kajiado County to the West, Machakos County to the North and Taita

Taveta County to the South. The county lies between Latitude 1o 35´ and 32 00´ South and Longitude 37°10´ and 38° 30´ East. There are six sub counties and 30 wards in the county.

3.5. Target Population

The study targeted all the 3679 employees of the County Government of Makueni Public Service deployed in different departments. The distribution of the target population per departments tabulated in the table below.

Table 3.5.1: Target Population

Department	Frequency	Percentage
Finance & Socio Economic Planning	227	6%
Health Services	1557	42%
Devolution County Administration Participatory Development & Public Service	209	6%
Agriculture Irrigation Livestock Fisheries Development	230	6%
Education Youth Sports & ICT	1116	30%
Youth Sports Gender Culture & Socio Services	27	1%
Lands, Mining, Housing Physical Planning & Urban Development	24	1%
Roads Transport Energy & Public Works	83	2%
Trade Industry Marketing Tourism & Cooperatives	28	1%
Water Sanitation Environment & Climate Change	92	3%
Office of the Governor (Office of CS, SDU, County Attorney)	86	2%
Totals	3,679	100%

Source: County Government of Makueni (2022)

3.6. Sampling and Sampling Techniques

3.6.1 Sampling Techniques

This study adopted a proportionate stratified sampling technique. This is considered as the suitable method for the study since employees in County Government of Makueni are classified into departments and seniority levels. The seniority levels are senior management, middle management, technical staff and support staff. The departmental classification will allow for homogeneity in the sample selected. The stratified sampling technique reduces bias and skewness in sampling since departments with more employees will have more respondents. The study used purposive sampling to identify specific respondents from each department. Simple random sampling was used to identify the specific respondents of the study from each identified department of the County Government of Makueni.

Table 3.6.1: Sample size

Department	Frequency	Ratio	Sample Size
Finance & Socio Economic Planning	227	10%	28
Health Services	1557	10%	155
Devolution County Administration Participatory Development & Public Service	209	10%	21
Agriculture Irrigation Livestock Fisheries Development	230	10%	23
Education Youth Sports & ICT	1116	10%	112
Youth Sports Gender Culture & Socio Services	27	10%	3
Lands, Mining, Housing Physical Planning & Urban Development	24	10%	3
Roads Transport Energy & Public Works	83	10%	9
Trade Industry Marketing Tourism & Cooperatives	28	10%	3
Water Sanitation Environment & Climate Change	92	10%	10
Office of the Governor (Office of CS, SDU, County Attorney)	86	10%	9
Totals			376

Source: Researcher (2022)

3.6.2 Sample size

Mugenda and Mugenda (2003) stated that a 10% sample size can be sufficient. The study adopted a 10% sample size from each stratum. The sample size was 376. This was sufficient and gave a good representation of the population on basis of two reasons. The first reason was minimizing cost and time spend collecting data and the second reason was to support homogeneity within a given department.

3.7. Data Collection

3.7.1 Data Collection Instrument

The attributes of the study subjects, the study problem, the topic under study, hypotheses, design and the expected data and results (Christensen, 2017). The study used questionnaire for data collection. According to Blumberg *et.al.* (2011), questionnaire is defined as an instrument for research which has a series of questions used to acquire information from the respondents. The questionnaire had closed questions and a 5-point Likert scale. The questionnaire was divided into six sections. Section one gave the respondents demographic data, the other four sections explored the independent variables under study and how they influence the dependent variable and the last section was on the dependent variable which is organizational performance. The tool was pretested in the same context and improved before conducting the main study.

3.7.2 Data Collection Procedure

The data collection was done after authorization from Kenyatta university and an approval letter from NACOSTI. The researcher wrote a letter to the County Secretary,

county government of Makueni requesting for authority to collect data from the county staff. Upon a formal approval the link to the questionnaire was shared to specific departmental heads for further dissemination to staff.

3.8. Pretesting

The instrument was piloted in Machakos County targeting 10% of the sample size giving 37 respondents. Kothari (2013) indicated that a 10% sample size is sufficient for pretesting.

3.8.1 Validity

Validity test is used to measure the extent to which the test measures what it is supposed to measure. If validity is high then it is interpreted that the study gives results which are in line with the real variation, characteristics and properties in reality (Adum, 2018). Validity is measured by comparing the results to other relevant theory or data. The validity in this study was estimated through; the construct validity measured the extent of adherence to existing theory and knowledge of the concept being measured expert opinion (Christensen, 2017).

3.8.2 Reliability

Reliability is defined as the internal consistency in the use of measurement methods. The measurement is reliable if same results can be consistently achieved through applying under the same circumstances, the same methods (Gibbs, *et.al*, 2015). In this research, reliability was considered throughout the process of data collection. The researcher ensured that results are precise, stable and reproducible. The conditions for the research

were standardized and the method for data collection were consistently applied. Cronbach's alpha was used to test reliability. This measure gave the strength of the internal consistency of at least 0.7 for the instrument to be considered consistent.

3.9. Data Analysis and Presentation

The responses from the google forms, were downloaded into a excel spreadsheet and checked for completeness and consistency. The quantitative data was analyzed through descriptive statistics, and presented through charts, tables and explained in prose. This was done through means, percentages, frequency distributions and standard deviations. The qualitative data was coded into the specific objectives and analysis done through content analysis. The analysis was done with the help of the Statistical Package for Social Sciences (SPSS) software which helped in the generation of descriptive statistics and frequencies as well as the inferential statistics including chi-square, t-test and Fisher's test. The inferential statistics aided in establishing the relationship between the study variables as well as developing the regression model and the correlational analysis. The Pearson correlation analysis was done to determine the influence that the independent variables have on the dependent variable.

The multiple linear regression model was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where;

Y is organization performance

β_0 is constant

$\beta_1, \beta_2, \beta_3$, - Coefficients or regressors

X_1 is Retirement benefits

X_2 is Medical Cover

X_3 is Staff Allowance

ε is the error term

3.10. Ethical Considerations

The study ensured all ethical consideration are taken care of. These include the right to privacy, where the respondent was not coerced to provide information they are not willing to disclose. Right to anonymity, the respondent was not required to disclose their identity and the researcher was careful to ensure the questionnaire does not capture the name or identity of the respondent. Right to confidentiality was respected and the information given was not disclosed to a third party under any circumstance. Right to informed consent, the respondent was informed on the purposes of the study and allowed to make a decision if to participate or not. Right to voluntary participation, no respondent was coerced to take part in the study. The study sought approval to collect data from NACOSTI.

CHAPTER FOUR: DATA ANALYSIS AND DISCUSSION

4.1. Introduction

This chapter gives the empirical report of the variables to determine the influence of staff welfare on organizational performance in Makueni County. This is done through data analysis, interpretation and discussion of the findings. The study employed inferential and descriptive techniques. Frequencies, means and percentages were generated. Multiple linear regression was used to show the relationship between variable.

4.2. Response rate

Table 4.2.1 Response Rate

Rate Response	Frequency	Percentage
Returned	284	75%
Not returned	92	25%
Total Distributed	376	100%

Source: Research Data (2022)

The table above gives the response rate for the distributed google forms. The google forms were shared to 376 respondents and 284 (75%) responded while 92 (25%) did not respond. The reason for the 25% non-response is that the respondents did not feel secure to give their responses online despite the assurance that it is anonymous and that the information will be used for the purposes of the study alone. The 75% response rate was okay for the analysis since Gordon (2002) stated that for social sciences, 60% response rate is acceptable but 70% is more desirable. The response rate of 75% was above the desirable rate.

4.3. Reliability Analysis

Table 4.3.1: Reliability study using Cronbach Alpha test

Item	Cronbach's Alpha	Comment
Retirement benefits	0.795	Accepted
Medical Insurance	0.867	Accepted
Staff Allowances	0.87	Accepted
Organizational performance	0.96	Accepted

Source: Research Data (2022)

Reliability measures the extent to which results produced by the tools of measurement are consistent. The Cronbach Alpha test was used to test the consistency and reliability of the constructs. Mugenda and Mugenda (2003) indicated that a Cronbach alpha coefficient of 0.70 or more indicates a high reliability of the data. The table 5 below indicates that the data was reliable.

4.4. Demographic information

The demographic characterizes in reference to gender, duty station, and length of stay in the county, terms of engagement, marital status, level of education, age and level of seniority

4.4.1 Sex

The study sought to find out the distribution of the employees according to their sex composition.

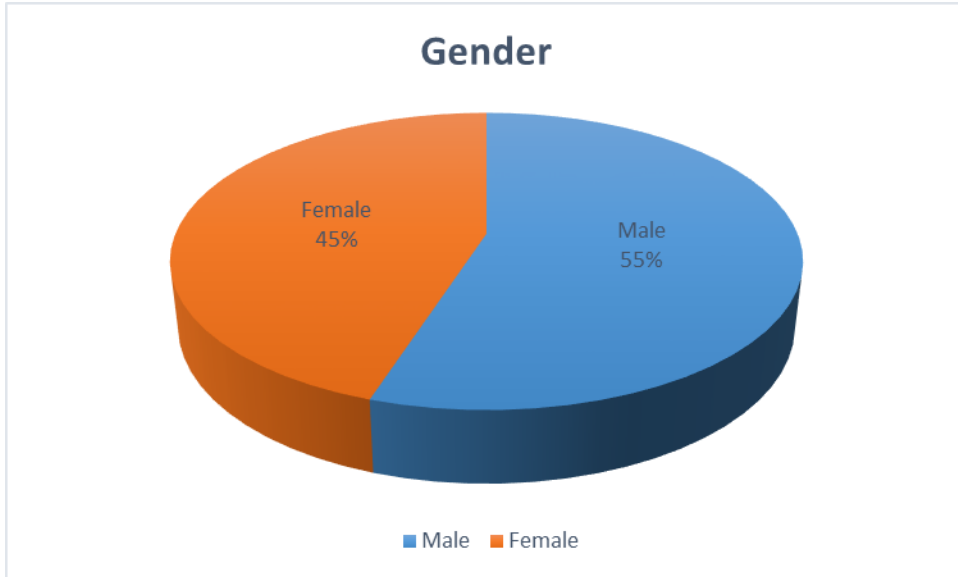


Figure 4.4.1: Sex Composition

Source: Research Data (2022)

The study found out that out of the 284 respondents, 55% of the respondents were male while 45% were female. This shows that the county government of Makueni has employed more male than female employees. This shows gender parity in employment in the public service. This is a confirmation of the findings of the research done Suda (2002) on the gender disparities in the Kenyan labour markets. The study indicated that women form less than 30% of the formal employments in the country.

4.4.2 Duty Station

The study sought to establish the proportion of employees at the county headquarters and those in the field stations in the county.

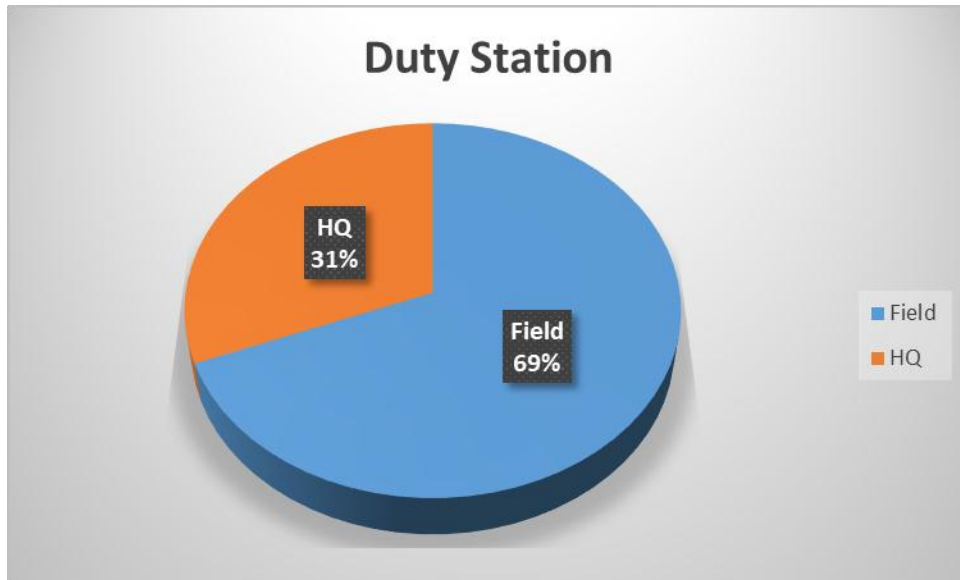


Figure 4.4.2: Duty Station

Source: Research Data (2022)

The findings established that out of the 284 respondents, 69% of the respondents are stationed in the field offices while 31% are stationed at HQ. With majority of the devolved functions involving offering services to the citizens, the county government of Makueni has done well in devolving staff to the devolved units. Majority of these staff are in agriculture, water, devolution and health departments which deal directly with the citizens. Revenue collectors are also devolved to all market areas to collect the own source revenue for the county government. This is in line with a study by the World Bank on making devolution work for service delivery in Kenya (World Bank, 2020). The study

found out that the counties which had devolved their services and staff were having exemplary performance in their service delivery.

4.4.3 Length of stay in the county public service

The study sought to establish the length of stay of the employees in the Makueni County Government.

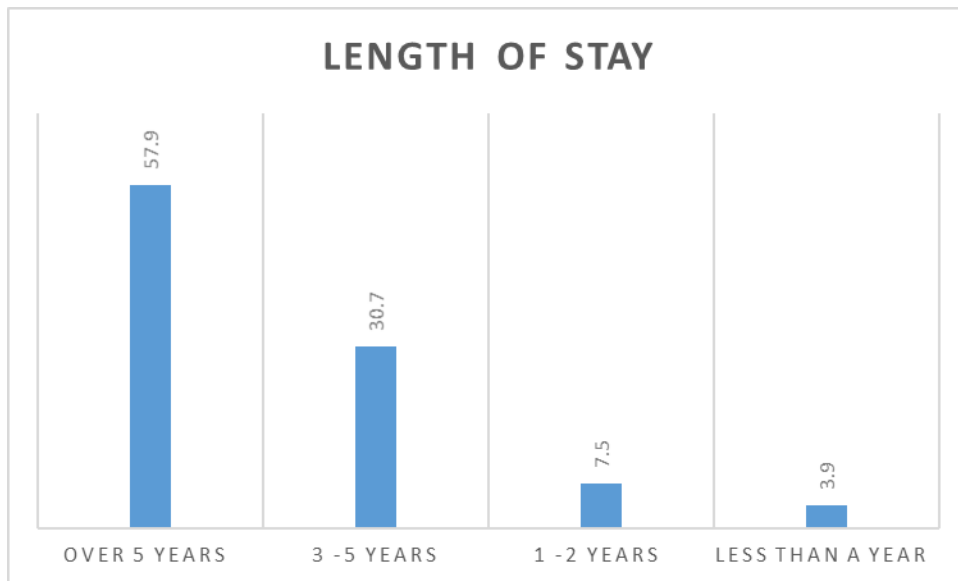


Figure 4.4.3: Length of Stay

Source: Research Data (2022)

Out of the 284 respondents, 57.9% of the respondents have stayed in the county public service for over 5 years, 30.7% have stayed between 3 to 5 years, 7.5% have stayed between 1 and 2 years while 3.9% have stayed for less than one year. The highest number of county employees were absorbed from the defunct county council and the devolved national government staff. The county government has over time replaced the staff who

have exited service in various forms. This explains the new recruits who have stayed for less than 2 years in the government.

4.4.4 Terms of Engagement

The researcher asked the respondents about the terms of their engagement with the Makueni County. The results are as presented in the bar chart below

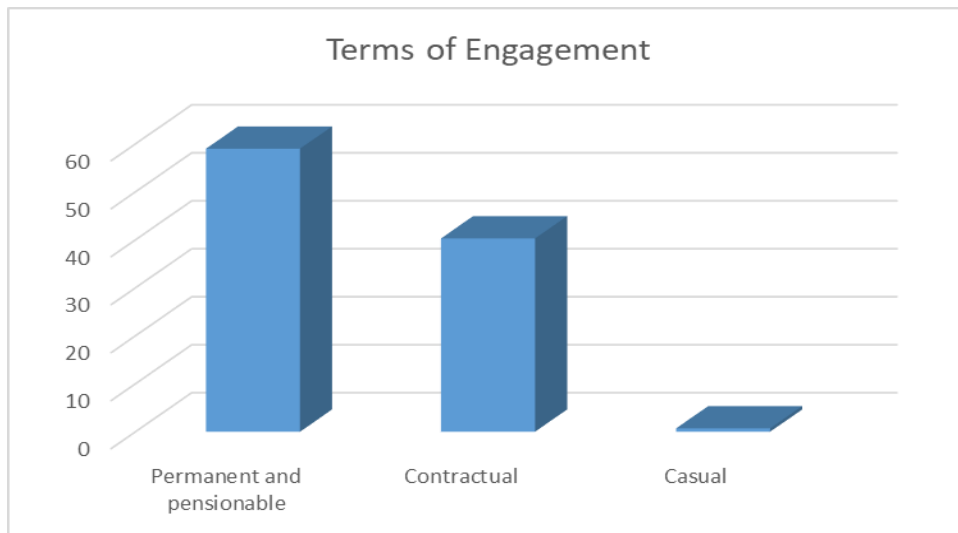


Figure 4.4.4: Terms of engagement

Source: Research Data (2022)

The study established that out of the 284 respondents, 59% of the respondents are on permanent and pensionable terms, 40.3% of the staff are on contractual terms while 0.7% are on casual terms of engagement. The great percentage of staff on contract terms acts as demoralizing factor to employees which subsequently affects service delivery and therefore organizational performance. This is in agreement with a study carried out by Ofosuhene and Sammo (2020) to determine if contract employment affect the behavior of

employees. The study established that employees on contract terms are less motivated and this leads to dismal performance compared to those on permanent terms.

4.4.5 Marital Status

The study sought to establish the marital status of the employees in the county government.

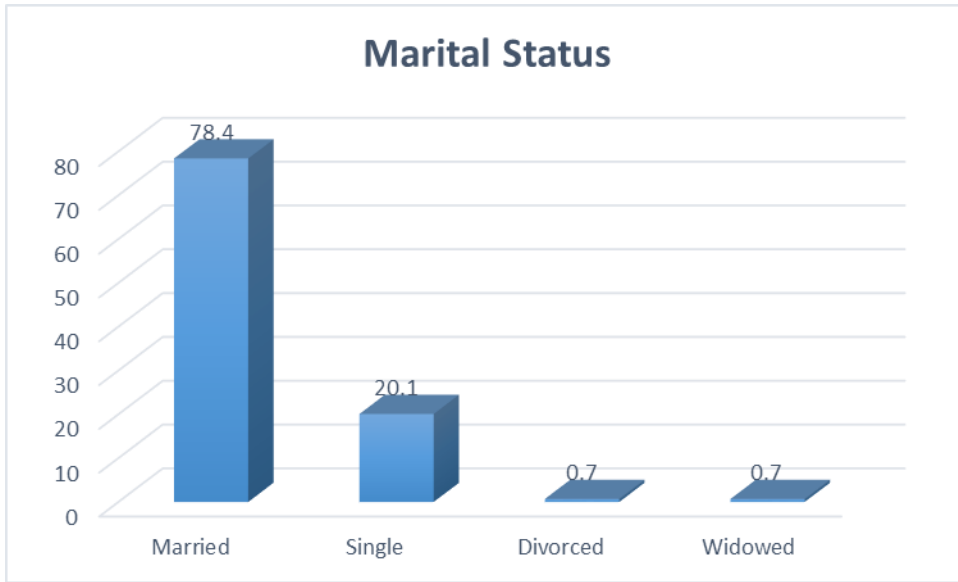


Figure 4.4.5: Marital Status

Source: Research Data (2022)

Out of the 284 respondents, 78.4% of the respondents are married, 20.1% are single and 0.7% are divorced and 0.7% are widowed. The findings indicated that the majority of the employees are married which makes them more responsible and work hard to achieve their targets for job security purposes. The provision of medical cover is a highly appreciated benefit by the married employees since their family health is covered. This gives them ample time for service delivery and increased their productivity according to Adewale (2014).

4.4.6 Level of Education

The research sought to establish the level of education of the respondents.

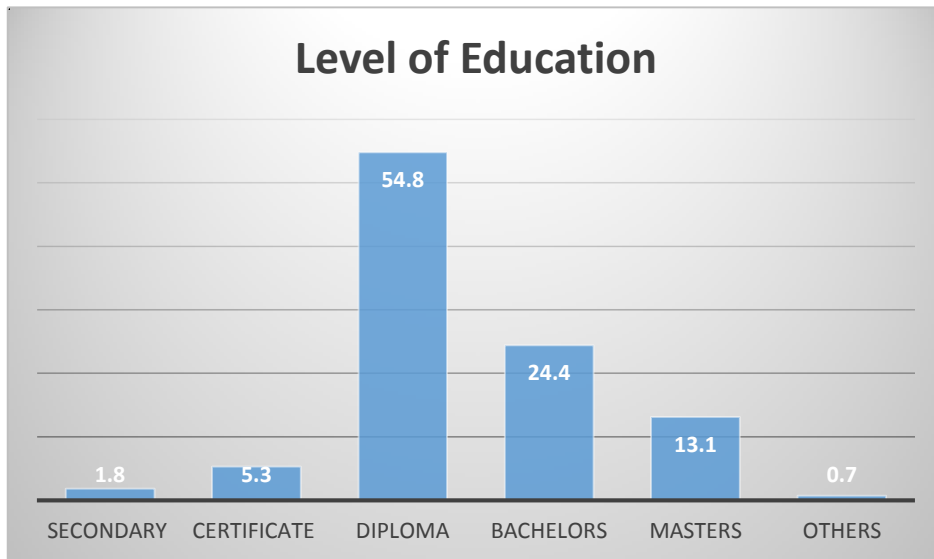


Figure 4.4.6: Level of education

Source: Research Data (2022)

Out of the 284 respondents, 54.8% hold a diploma, 24.4% a bachelor's degree, 13.1% a master's degree, 5.3% a certificate, 1.8% are secondary school leaver while 0.7 have other qualifications. The findings indicated that the work force is educated and thus able to deliver the services as required. This is in line with a study done by Titi (2016) on factors affecting service delivery in the public sector. The study concluded that education level of the workers has a strong positive correlation with the quality of services rendered.

4.4.7 Age

The study sought to establish the age distribution of the employees.

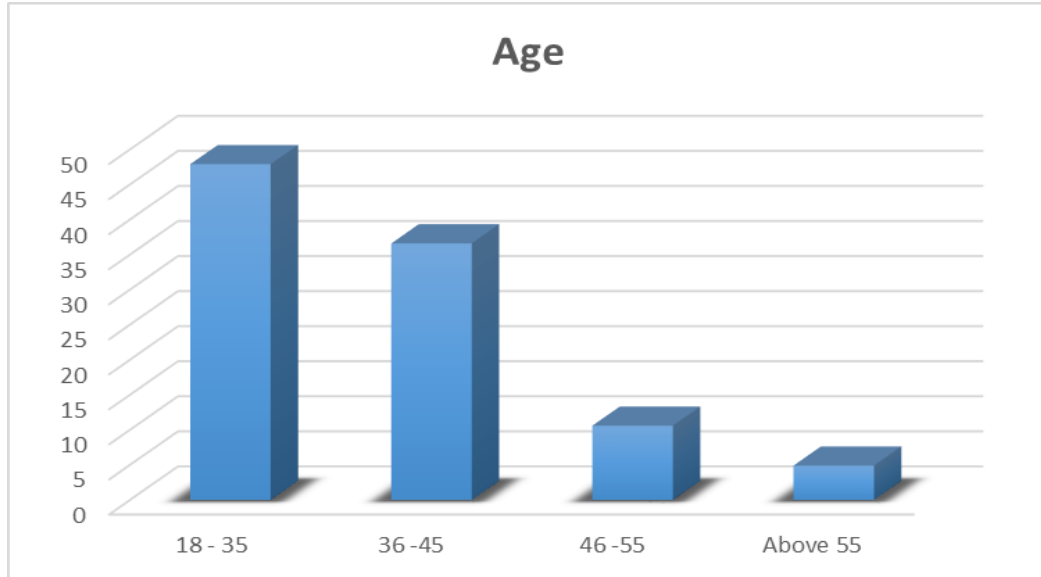


Figure 4.4.7: Age

Source: Research Data (2022)

Out of the 284 respondents, 47.9% of the respondents are aged between 18 and 35 years, 36.6% are aged between 36 and 45 years, 10.6% are aged between 46 and 55 years while 4.9% are aged above 55 years. The government of Makueni County has invested in young work force which are energetic and able to execute work in an efficient and effective way. This is in line with a study by Titi (2016) on factors affecting service delivery which found that young employees improve productivity of the organization. The young employees also get to learn tacit knowledge about the organization which is key in succession management.

4.4.8 Level of Seniority

The study sought to establish the level of seniority among the employees

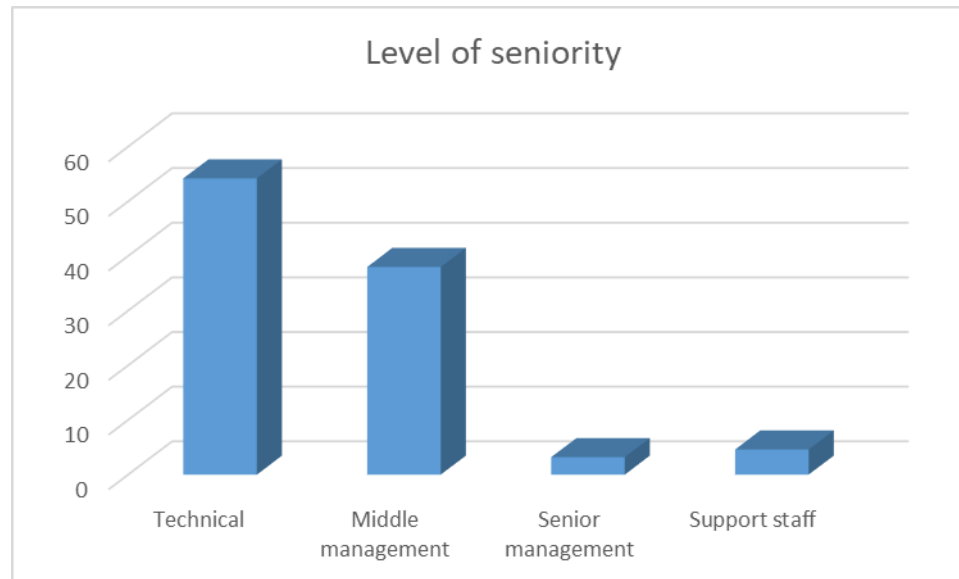


Figure 4.4.8: Level of seniority

Source: Research Data (2022)

Out of the total respondents 54.2% are technical staff, 38% are in middle management, 3.2% are in senior management while 4.6% are support staff. The findings indicated that the county has employed more technical people who help in service delivery and a lean senior management which makes the balance between work and management easier. This helps improve organizational performance since there are no power tussles.

4.5. Descriptive Statistics Analysis

This section provides descriptive analysis of the independent variables in terms of mean and percentages. The results are represented using charts and tables.

4.6.1 Retirement benefits and organizational performance

Table 4.5.1: Descriptive statistics on retirement benefits

Statement	Strongly disagree	Disagree	Neutral	Agree	Strong Agree
Pensions influence the behavior of employees. young people are encouraged to work and older people to retire	12.7%	7.4%	18.7%	15.5%	46.1%
Retirement benefits influence the rate of employee turnover	7.4%	5.6%	18.7%	18%	50.4%
Retirement benefits attracts better skilled employees	8.1%	6.3%	14.4%	16.5%	54.6%
Retirement benefits boosts employee motivation and encourages productivity	2.5%	3.2%	11.6%	13.4%	69.4%
Retirement benefits offered increase the loyalty of employees reducing shirking.	3.9%	4.9%	15.8%	19%	56.4%

Source: Research Data (2022)

From the table 9 above, 46.1% strongly agreed that pensions influence the behavior of employees. Young people are encouraged to work and older people to retire, 15.5% agreed, 18.7% were neutral, 7.4% disagreed and 12.7% strongly disagreed. On the issue of retirement benefits influencing the rate of employee turnover, 50.4% of the respondents strongly agreed, 18% agreed, 18.7% were neutral, 5.6% disagreed and 7.4% strongly disagreed. Fifty- four point six percent of the respondents strongly agreed that retirement benefits attract better skilled employees, 16.5% disagreed, 11.6% were neutral, 3.2% agreed and 2.5% strongly disagreed. On retirement benefits boosts employee motivation and encourages productivity, 69.1% of the respondents strongly agreed, 13.4% agreed, 11.4% were neutral, 3.2% disagreed and 3.9% strongly disagreed. On the Retirement benefits offered increase the loyalty of employees reducing shirking, 3.9% of the respondents strongly disagreed, 4.9% disagreed, 15.8% were neutral, 19% agreed and 56.4% strongly agreed.

Sixty-nine percent of the respondents said that the availability of retirement benefits affect their productivity while 31% said that the availability of the retirement benefits does not affect their productivity. Fifty-seven percent if the respondents said that the retirement benefits affect their productivity to a large extend, 18% were neutral while 25% said that the retirement benefits affect their productivity to a low extend. Sixty-five percent of the respondents said they would leave the organization to another organization with better retirement benefits while 35% said they would not leave the organization to another with better package.

4.6.2 Medical Cover and Organizational Performance

Table 4.5.2: Descriptive statistics on medical insurance

Statement	Strongly disagree	Disagree	Neutral	Agree	Strong Agree
The health of employees is essential for their productivity	0.4%	0.7%	2.8%	2.5%	92.6%
Sickness and accidents related to work take a toll on employees	2.5%	3.5%	9.2%	12.3%	72.5%
The availability of medical insurance increases my motivation and satisfaction	1.1%	0.7%	6.3%	12%	79.9%
I would leave my current work to an organization with better medical insurance packages	15.5%	10.6%	19.7%	11.6%	42.6%

Source: Research Data (2022)

In table 10 above 92.6% of the respondents strongly agreed that the health of employees is essential for their productivity, 2.5% agreed, 2.8% were neutral, 0.7% disagreed and 0.4% strongly disagreed. Out of the 284 respondents, 72.5% strongly agreed that Sickness and accidents related to work take a toll on employees, 12.3% agreed, 9.2% were neutral, 3.5% disagreed and 2.5% strongly disagreed. On the issue of availability of

medical insurance increases my motivation and satisfaction, 79.9% of the respondents strongly agreed, 12% agreed, 6.3% were neutral, 0.7% disagreed and 1.1% strongly disagreed. Forty-two point six percent of the respondents strongly agreed that they would leave their current work to an organization with better medical insurance packages, 11.6% agreed, 19.7% were neutral, 10.6% disagreed and 15.5% strongly disagreed.

Out of the 284 respondents, 95.4% said that the medical insurance boosts their productivity while 4.6% said that presence of medical insurance does not boost their productivity. Eighty- six point six percent (86.6%) of the respondents said that the medical insurance affects their productivity to a large extend, 8.1% were neutral and 5.3% said that medical insurance affects their productivity to a low extend. Out of the 284 respondents, 69.4% said that there are measures and policies to ensure that safety and medical insurance is guaranteed and 30.6% said there is no such a policy.

4.6.3 Staff Allowance and Organizational Performance

Table 4.5.3: Descriptive statistics on staff allowance

Statement	Strongly disagree	Disagree	Neutral	Agree	Strong Agree
Provision of allowances motivates employees to work and give the best for the organization	10.7%	1.4%	0.4%	1.4%	85.9%
Staff allowances leads to high retention of employees in the work place	11.6%	6.3%	1.1%	2.8%	78.2%
Staff allowances increases employee satisfaction	9.9%	2.8%	0%	1.1%	86.3%
Payment of staff allowances increases the employee productivity	8.9%	3.2%	0.4%	10.6%	69.4%

Source: Research Data (2022)

Out of the 284 respondents, 85.9% strongly agreed that Provision of allowances motivates employees to work and give the best for the organization, 1.4% agreed, 0.4% were neutral, 1.4% disagreed and 10.7% strongly disagreed. On the issue of staff allowances leads to high retention of employees in the work place 78.2% of the respondents strongly agreed, 2.8% agreed, 1.1% were neutral, 6.3% disagreed and 9.9% strongly disagreed. Majority of the respondents, 86.3% strongly agreed that staff

allowances increases employee satisfaction, 1.1% agreed, 2.8% disagreed and 9.9% strongly disagreed. Out of the 284 respondents, 69.4% strongly agreed that payment of staff allowances increases the employee productivity, 10.6% agreed, 0.4% were neutral, 3.2% disagreed and 8.9% strongly disagreed.

4.6. Inferential Analysis

Sekran (2003) stated that a study which indents to explore the relationship between two or more variables should use regression and correlation analysis. This study used 5% level of significance. This gives the researcher 95% level of confidence to conclude that there exists a significant relationship between the variables.

4.6.1 Pearson Correlation Analysis

Table 4.6.1: Pearson Correlation coefficient between Variables

		Y	X ₁	X ₂	X ₃
Y	Pearson Correlation	1			
	Sig. (2-tailed)				
X ₁	Pearson Correlation	.591**	1		
	Sig. (2-tailed)	0			
X ₂	Pearson Correlation	.764*	.195**	1	
	Sig. (2-tailed)	0	0		
X ₃	Pearson Correlation	.892**	.441**	0.09	1
	Sig. (2-tailed)	0	0	0.167	

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

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

Source: Research Data (2022)

4.6.2 Regression Analysis

4.6.2.1 Retirement Benefits and Organizational Performance

Table 4.6.2 Model summary for retirement benefits and organizational performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.591a	.350	.456	.49176

a. Predictors: (Constant), X₁)

Source: Research Data (2022)

The first objective of the study was to determine the influence of retirement benefits on organizational performance.

Table 13 indicates the coefficient of determination as indicated by the adjusted R squared to be 0.456. This implies that 45.6% of organizational performance is explained by retirement benefits. The respondents agreed that the retirement benefits encourage the retention of young employees and encourages the old to retire. This is in tandem with the study by Zirra (2019) who stated that the old retire since their financial security is guaranteed upon retirement if benefits are provided. The respondents indicated that the retirement benefits are not explained to them in a clear manner. The respondents indicated that the staff who are employed on contract terms indicated that their gratuity delays and at most of the instances there are no clear reasons as to why the gratuity delays. The respondents indicated that the availability of retirement benefits acts as a

motivation for them to be productive which in turn contributes to the performance of the county government.

Table 4.6.3 Anova for Retirement Benefits (X₁) and Organizational Performance (Y)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	0.860	1	30.312	135.563	.000b
	Residual	251.40	276	.242		
	Total	252.26	277			

a. Dependent Variable: Y, b. Predictors: (Constant), X₁

Source: Research Data (2022)

The ANOVA was used to show the significance of the model. The p-value is less than 0.05, then X₁ had a significant explanatory power on Y (F=135. 563 and p-value <0.05).

This is as shown in table 14

4.6.2.2 Medical Cover and Organizational Performance

Table 4.6.4: Model summary for Medical Cover and Organizational performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.729a	.532	.712	.953

a. Predictors: (Constant), X₂

Source: Research Data (2022)

The second objective is to determine the influence of medical insurance on organizational performance.

The table 15 shows that the coefficient of determination as indicated by adjusted R squared is 0.712. This implies that 71.2% of the organizational performance is explained by availability of medical cover. The respondents indicated that the health of employees is a key factor in ensuring that their productivity is not affected. This is in tandem with a research done by Demirbag (2004) which concluded that employees who are given medical cover tend to increase their productivity since the uncertainties related to medical emergencies are taken care of. This boosts the motivation of the employees and increases their loyalty to the organization, increases productivity and output which consequently enhances organizational performance. The respondents agreed that they would change their organization to an organization with better medical cover. These findings concur with the Maslow's hierarchy needs theory which indicates that when the primary needs of an individual are met, they tend towards self-actualization.

Table 4.6.5: ANOVA for Medical cover (X₂) and Organizational Performance (Y)

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	1.343763	34.378	147.808	0.00b
Residual	276	250.919	0.909127		
Total	277	252.2628			

Dependent Variable: Y, b. Predictors: (Constant, X₂)

Source: Research Data (2022)

The ANOVA was used to show the significance of the model. The p-value is less than 0.05, then X_2 had a significant explanatory power on Y ($F=147.808$ and $p\text{-value} < 0.05$). This is as shown in table 16.

4.6.2.3 Staff Allowances and Organizational Performance

Table 4.6.6: Model summary for staff allowance and organizational performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.578a	.333	.359	.956

a. Predictors: (Constant, X_3)

Source: Research Data (2022)

The third objective was to assess the influence of staff allowances on the organizational performance.

The table 17 below shows that the coefficient of determination as indicated by adjusted R squared is 0.359. This implies that 35.9% of the organizational performance is explained by availability of staff allowances. These findings are in tandem with the study by Pan (2015) which indicated that the employees who received additional allowances led to increased productivity. The respondents indicated that the delay of the allowances demotivate them and consequently affect their productivity. The respondents stated that an increase in salary would better motivate them as compared to the provision of allowances which delay or end up not being paid due to budget constraints.

Table 4.6.7 ANOVA for Staff Allowance (X₃) and Organizational Performance (Y)

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	0.008413	48.413	9.205	0.00b
Residual	276	252.2544	0.913965		
Total	277	252.2628			

Dependent Variable: Y, b. Predictors: (Constant), X₃)

Source: Research Data (2022)

The ANOVA was used to show the significance of the model. The p-value is less than 0.05, then X₃ had a significant explanatory power on Y (F=9.205 and p-value <0.05). This is as shown in table 18 below

4.6.3 Multiple Linear Regression

The research model was $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$ where, Y is organizational performance, X₁ is retirement benefits, X₂ is medical insurance, X₃ is staff allowances and ε is the error term.

4.6.4 Aggregated Research model

The model summary in table 19 below shows the coefficient of determination as indicated by adjusted R squared 0.453. This implies that 45.3% of the organizational performance is explained by availability of retirement benefits, medical insurance and staff allowances.

Table 4.6.8 Overall model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796a	.635	.453	.5649

a. Predictors: (Constant, X₃, X₁, X₂)

The table 19 shows that the overall model is significant since the p value is less than 0.05. (F = 35.062 and p value <0.05).

Table 4.6.9: Overall ANOVA table

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	3	1.602182	5.34061	58.3788	0.00b
Residual	274	250.6606	0.91482		
Total	277	252.2628			

Dependent Variable: Y, b. Predictors: (Constant), X₃, X₁, X₂)

Source: Research Data (2022)

Table 4.6.10: Table of Coefficients

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.765	0.245		6.324	0.000
X ₁	0.654	0.073	0.549	9.067	0.000
X ₂	0.432	0.056	0.057	0.784	0.000
X ₃	0.056	0.066	0.06	0.899	0.000

a. Dependent Variable: Y)

Source: Research Data (2022)

The multiple regression model is $Y = 1.765 + 0.654X_1 + 0.432 X_2 + 0.056X_3 + \varepsilon$. The results imply that there is a significant influence of the retirement benefits, medical insurance and staff allowances on organizational performance since the p values are less than 0.05. This implies that holding all other variables constant, the organizational performance is at 1.765. A unit increase in retirement benefits increases the organizational performance by 0.654 units. This is in line with a study by Robles (2018) found out that despite retirement policies being a push factor for unemployment of old aged workers, they are also a pull factor. The pension benefits pull old aged workers out of employment way before the retirement period. The availability of retirement benefits contributes to the pull factor of retirement. Employee benefits should include pension schemes for employees as they offer financial security after retirement. These retirement benefits tend to attract and retain the highly qualified employees.

A unit increase in medical cover increases organizational performance by 0.432 units. This is in line with a study Jaekwon Ko (2013) showed that companies are concerned with the wellbeing of employees and hence they create health security for their workforce and thriving benefits programs. Companies allow their workers sick offs without losing their pay. Employers' encourage employees to pile up unused sick off in a year and use them when they get sick. The findings of the study indicate that some companies pay workers the unused sick off days. The health issues of employees are diverse and some are unavoidable and they all in a way influence organizational operation and individual employee productivity.

A unit change in staff allowances increases the organizational performance by 0.56 units. This is in line with a study by Millan (2013) on the impact of employee satisfaction on performance, concluded that the efforts aimed at increasing satisfaction of employees through provision of allowances should be based on demographic characteristics such as age and gender. The findings indicate that satisfied employees perform better and that employee satisfaction and organizational performance are directly and indirectly related. The study concluded that low satisfaction leads to absenteeism, resignations and job separation. Employers have found allowances are highly desired by employees.

Out of the 284 respondents, 65.8% agreed that there is notable improvement in the efficiency and effectiveness of service delivery. Fifty-nine point five percent of the respondents agreed that there is improved performance in the delivery of services by the government. Out of the 284 respondents, 62.7% agreed that the quality of services in the government has improved. This implies that the performance of the county government is good and can be attributed to the staff welfare components.

CHAPTER FIVE: SUMMARY OF FINDINGS, CONCLUSION AND RECOMMEDATIONS

5.1 Introduction

This section gives summary of findings on the specific variables under study. It also gives recommendations to the county governments on matters staff welfare and organizational performance. The recommendations are also given to the academia and research on areas of further study.

5.2 Summary of Findings

5.2.1 Retirement benefits and organizational performance

The study findings indicated that 61.6% of the respondents agreed that pensions encourage young people to work and older people to retire while 38.4% disagreed. The respondents (68.4%) agreed that retirement benefits influence the rate of employee turnover. Majority of the respondents (81.1%) agreed that retirement benefits attract better skilled employees. Majority of the respondents 81.8% agreed that Retirement benefits boosts employee motivation and encourages productivity. Majority of the respondents 75.4% agreed that Retirement benefits offered increase the loyalty of employees reducing shirking. The study findings indicate that 45.6% of the organizational performance in Makueni County is influenced by availability of retirement benefits. The respondents indicated that the challenges faced in the retirement benefit component of staff welfare include; delays in the payment of gratuity for the contractual staff, non- responsiveness of the HR directorate on the issues facing staff on retirement benefits, inadequate capacity building on the available schemes, limited choice of the

pension schemes and lack of retirement preparedness training to staff upon entry into the jobs.

5.2.2 Medical cover and organizational performance

Majority of the respondents (95.4%) agreed that availability of medical insurance boosts their productivity. The respondents felt that there are no enough measures and policies to ensure the safety and medical insurance is guaranteed. Majority of the respondents 95.1% agreed that the health of employees is essential for their productivity. Out of the 284 respondents, 84.8% of the respondents agreed that sickness and accidents related to work take a toll on employees. 91.9% of the respondents agreed that the availability of medical insurance increases my motivation and satisfaction. Only 54.2% agreed that they would leave their current work for an organization that has better terms. The coefficient of determination indicated that 71.2% of the organizational performance in Makueni County is explained by availability of medical cover.

5.2.3 Staff allowance and organizational performance

Majority of the respondents (83.3%) agreed that provision of allowances motivates employees to work and give the best for the organization. Out of the 284 respondents, 81% agreed that staff allowances leads to high retention of employees in the work place. Majority of the respondents 87.4% agreed that staff allowances increases employee satisfaction. Eighty percent of the respondents agreed that payment of staff allowances increases the employee productivity. The findings indicate that 35.9% of organizational performance in Makueni County is explained by availability of staff allowances.

5.2.4 Perceptions of staff on the staff welfare components

On retirement benefits the respondents highlighted the following: the retirement schemes are not clearly known to the employees of the county government of Makueni; Well run or well managed pension schemes attract higher value proposition to the employee hence increasing higher productivity; gratuity offered to contractual staff gives them a reason to safeguard my benefits by ensuring I work to deliver and; most people know little about pension schemes and therefore not much motivated by pension schemes. On medical insurance staff indicated that there are discrepancies in the medical cover packages for the devolved staff and the staff employed by the county government. The respondents indicated that this demotivates them. The medical insurance packages are not flexible and this makes the staff pay cash for some medical cases. On staff allowances, the lower carder of staff indicated unfairness in the payment of staff allowances which demotivates them. The findings indicated that there are delays in the payment of the allowances which demotivates the staff and makes them less productive since they are not facilitated to undertake the assignment.

5.3 Conclusion

This study concludes that employee welfare components are a key factor in ensuring that employees are motivated hence increasing individual employee productivity and consequently the organizational performance. The study concludes that the three components of staff welfare i.e. retirement benefits, medical cover and staff allowances have a significant influence on organizational performance.

On retirement benefits, the study concludes that the availability of retirement benefits gives older employees motivation to exit public service when their retirement age is attained. This is because their future is secured by the benefits they accrue upon exiting public service. This creates room for young employees who are energetic and able to offer maximum service delivery improving the organizational performance. The study concludes that the availability of retirement benefits helps retain the seasoned and experienced employees hence maximizing on their potential and institutional memory in service delivery which contributes positively to organizational performance.

On medical cover the study concluded that the availability of medical cover has a strong positive correlation with organizational performance. The assurance of health cover for the employees and their next of kin greatly motivates the employees to offer the best in service delivery. The study concludes that treating employees fairly on access to medical cover reduces staff discrimination and disparity which increases team work and consequently employee performance which translates to organizational performance.

On staff allowances the study concludes that they greatly motivate staff to deliver their mandate hence positively influencing organizational performance. The timely payment of daily subsistence allowance to employees motivates them to undertake extra assignments outside their normal job description and this contributes to the performance of the organization. The provision of extraneous allowances and overtime allowances motivates the staff to work past the normal working hours to achieve the organizational targets which contribute to organizational performance. The study concludes that unfair and

unequitable payment of staff allowance demotivates staff and hampers service delivery which negatively affect the organizational performance.

5.4 Recommendations

The study recommends that there is need for the County Government of Makueni to develop a policy on medical insurance which meets all the needs of the staff and ensures equity for all staff. The existing policy to be reviewed with input from staff to ensure that staff are satisfied and motivated which will in turn contribute to the organizational performance. The county government to check on the payment of allowances to ensure fairness and prompt payment of the allowances. The county to streamline the process and put measures to ensure that staff are well facilitated to undertake assignment and that all cadres of staff are facilitated without discrimination. The county government to sensitize staff on the available retirement packages and undertake reviews of the existing schemes to ensure they serve the interests of the staff.

The researcher also recommends that research on other components of staff welfare to be done to determine the impact of them on organizational performance.

5.5 Suggestion for Further Research

Further study can be undertaken to determine how the staff welfare components researched affect employee satisfaction in County Government of Makueni.

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APPENDICES

Appendix 1: Introduction Letter

Dear Respondent,

I am a postgraduate student in the school of Business and Administration, pursuing a Master's degree in Public policy and Administration. One of the requirements to the award of the degree would be to write a dissertation in my area of specialization. I am carrying out a research study on **Effect of employee welfare on organizational performance a case study of Makueni County**.

I kindly request you to take your time and fill this questionnaire to aid in achieving the purpose of the study. Confidentiality and privacy is guaranteed. The information given will be used for the purpose of this study alone and will not be shared without consent of the respondents.

Thank you.

Evelyne Mueni Muema

8.	Lands	
9.	Office of the Governor	
10.	Roads	
11.	Trade	
12.	Water	
13.	Sand Authority	
14.	WOWASCO	
15.	KIMAWASCO	
16.	Makueni Fruit Processing Plant	
17.	SDU	
18.	Other - Indicate	

3. How long have you served in government of Makueni county?

	Length of stay in years	Tick (√)
1.	Less than a year	
2.	1-2 years	
3.	2-5 Years	

4.	Over 5 years	
----	--------------	--

4. Terms of engagement

- a) Permanent and Pensionable
- b) Contractual
- c) Casual

5. Marital Status

Single

Married

Divorced

Windowed

6. Please indicate your highest level of education

	Highest level of education	Tick (√)
1.	Secondary	
2.	Certificate	
3.	Diploma	
4.	Bachelor's degree	
5.	Master's degree	

6.	PhD	
7.	Others(specify)	

7. Kindly tick the appropriate age bracket.

	Age in years	Tick (√)
1.	18 – 35	
2.	35 – 45	
3.	45 – 55	
4.	Above 55	

9. Level of seniority

	Level of seniority	Tick (√)
1.	Senior management (ECM, CO, Director)	
2.	Middle management (Supervisory roles)	
3.	Technical staff	
4.	Support staff	

SECTION B: RETIREMENT BENEFITS

a) Availability of retirement benefits affect my productivity?

Yes No

b) Rate the extent to which retirement benefits affect your productivity?

Very large Large Moderate Low Very Low

c) I would leave the organization to another organization with better retirement benefits Yes No

Kindly rate in a scale of 1 to 5 (where 5= strongly agree, 4= agree, 3= neutral, 2= disagree, 1=strongly disagree)

Statement	5	4	3	2	1
Pensions influence the behavior of employees. young people are encouraged to work and older people to retire					
Retirement benefits influence the rate of employee turnover					
Retirement benefits attracts better skilled employees					
Retirement benefits boosts employee motivation and encourages productivity					
Retirement benefits offered increase the loyalty of employees reducing shirking.					

What are your perceptions on the pension schemes available and how do they affect your productivity?

SECTION C: MEDICAL INSURANCE

d) Provision of medical insurance boosts my productivity?

Yes No

e) Rate the extent to which medical insurance boosts your motivation and productivity.

Very large Large Moderate Low Very Low

f) There are measures and policies to ensure that safety and medical insurance is guaranteed

Yes No

Kindly rate in a scale of 1 to 5 (where 5= strongly agree, 4= agree, 3= neutral, 2= disagree, 1=strongly disagree)

Statement	5	4	3	2	1
The health of employees is essential for their productivity					
Sickness and accidents related to work take a toll on employees					
The availability of medical insurance increases my motivation and satisfaction					

I would leave my current work to an organization with better medical insurance packages					
---	--	--	--	--	--

What challenges do you face in accessing services under staff medical cover?

.....

.....

.....

What recommendations can you give towards improving the staff medical cover?

.....

.....

.....

SECTION D: STAFF ALLOWANCES

Kindly rate in a scale of 1 to 5 (where 5= strongly agree, 4= agree, 3= neutral, 2= disagree, 1=strongly disagree)

Statement	5	4	3	2	1
Provision of allowances motivates employees to work and give the best for the organization					
Staff allowances leads to high retention of employees in the work place					
Staff allowances increases employee satisfaction					

Payment of staff allowances increases the employee productivity					
---	--	--	--	--	--

What challenges do you face when accessing staff allowances?

.....

.....

.....

.....

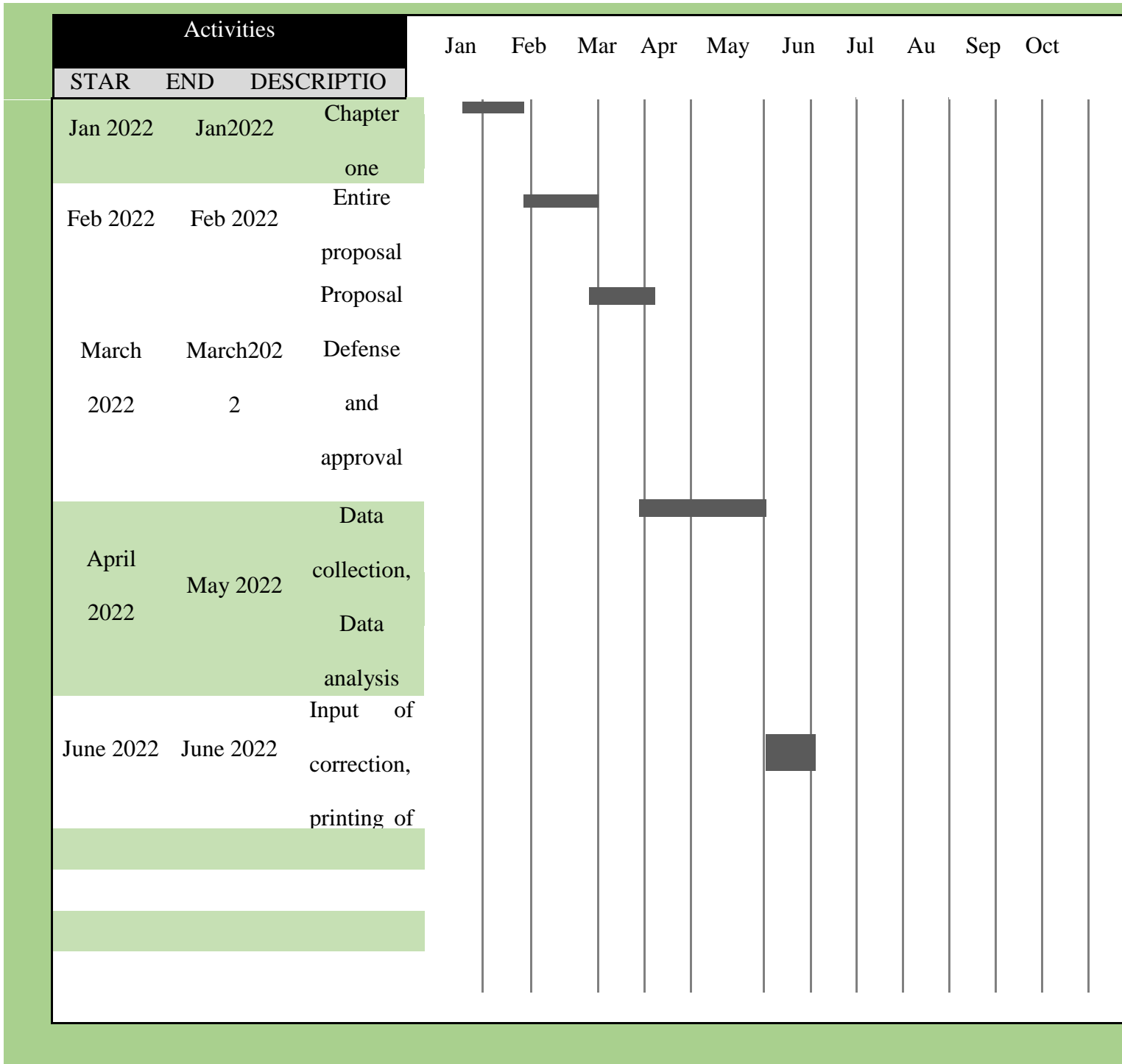
SECTION F: ORGANIZATIONAL PERFORMANCE

Kindly rate in a scale of 1 to 5 (where 5= strongly agree, 4= agree, 3= neutral, 2= disagree, 1=strongly disagree)

Statement	5	4	3	2	1
There is notable improvement in the efficiency and effectiveness of service delivery					
There is improved performance in the delivery of services by government					
The quality of services offered by government has improved					
There is increased accountability and transparency in the operations of government					
The government is able to effectively meet its objectives and					

mandate					
There is seamless alignment of government functions with its strategic objectives					
The government is able to obtain, allocate and utilize resources effectively					

Appendix 3: Work Plan



Appendix 4: Budget

NO	ITEM	BUDGET
1.	Data collection, collation and analysis <ul style="list-style-type: none"> • Printing of questionnaires For field study • Traveling cost (to conduct the survey) • Data entry clerks 	KSH. 2000 KSH. 2000 KSH. 6000
2.	<ul style="list-style-type: none"> • Publishing of final report • Final draft Printing, • Miscellaneous 	KSH. 10,000 KSH. 2500 KSH. 2500
3.	Total Budget	KSH. 25,000

Appendix 5: Makueni County Map

