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

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ABSTRACT

The general objective of this study was to establish the influence of reward management practices on the performance of the health sector employees in Kirinyaga County, Kenya. A descriptive research design was used. The study target population consisted of six (6) hospitals in Kirinyanga County. The unit of observation consisted of 737 employees working in the six targeted public hospitals. A sample size of 259 employees was used. The data collection method was a semi-structured questionnaire. The data analysis was done through descriptive and inferential analysis. The result indicated that the employee's salaries did not match their inputs, the salary was moderately sufficient to cater for their upkeep, travel allowance and house allowance were insufficient and the bonuses paid were insufficient to the employees. The results indicated that life insurance cover, health insurance coverage, and education benefits were insufficient. There was moderate benefit from annual performance-based pay and moderate individual benefits received based on the work performed. The study results indicated that the nurses fairly receive a certificate of appreciation which motivated employees to work hard. The employees appreciated the job titles which came with responsibility. The respondents pointed out that they moderately normally received free sponsored trips and vacations from their employers. The study concluded that direct financial compensation has a positive significant effect on employee performance. The study concluded that indirect financial compensation has a positive significant effect on employee performance. The study concluded that incentive plans have a positive significant effect on employee performance. The study concluded that employee recognition has no significant effect on employee performance. The organization should develop an appropriate financial compensation policy, including direct and indirect financial compensation, based on the findings of this study to increase employee work satisfaction. Accordingly, the human resources manager should put procedures in place to make sure that the company has a good wage structure and job evaluation system because this would encourage people to work hard. The study recommended that the civil service commission should employ qualified human resource personnel that would oversee the affairs of employee compensation as this would remove the bottleneck surrounding the non-implementation of employee compensation.

Key Words: *Direct Financial Compensation, Indirect Financial Compensation, Incentive Plans*

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INTRODUCTION

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

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

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

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

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

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

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

Statement of the problem

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

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

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

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

Objectives of the Study

The general objective of the study was to establish the influence of reward management practices on employee performance in the Health sector in Kiriyaga County, Kenya. The study was guided by the following specific objectives;

- To determine the effect of direct financial compensation on employees' performance in the health sector in Kirinyaga County, Kenya.
- To determine the effect of indirect financial compensation on employees' performance in the health sector in Kirinyaga County, Kenya.
- To determine the effect of incentive plans on employees' performance in the health sector in Kirinyaga County, Kenya.
- To determine the effect of employee recognition on employees' performance in the health sector in Kirinyaga County, Kenya.

LITERATURE REVIEW

Theoretical Literature Review

Expectancy Theory

Expectancy theory propounded by Victor Vroom (1964) is a process theory that explains the mental process of an employee in interpretation and perception of an organization's compensation leading to behaviors of commitment, motivation, and effort increase. Vroom suggests that employees' work behavior is related to the belief that their effort will result in the achievement of outcomes that are of value to them. This 18 theory is based on three expectancies; effort-performance expectancy (E-P), Performance-outcome expectancy (P-O), and valence (V). The interaction of the three expectations influences how the organization interprets the fulfillment or non-fulfillment of expectations. E-P stands for the employee's belief that effort and performance are positively and significantly correlated, with higher effort leading to improved performance. the likelihood that good work will bring about a desirable reward, that the reward will fulfill a crucial need, and that the effort will be valuable given how strongly one desires to do so. P-O is the assumption that excellent performance will lead to benefits such as incentives or remuneration.

Equity Theory

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

The most important objective of any payment system is fairness or equity. Internal equity, external equity, and individual equity are the minimum number of dimensions on which equity can be evaluated. This theory is concerned with the fairness of the methods employed to decide how to distribute the results (Duening 2006). Equity can be evaluated internally based on individuals who conduct comparable or dissimilar jobs, those who work in the same department, or those who work in other departments. Equity can also be defined externally in terms of employees who work in the same or other industries, unions or professions, same or different geographic areas, and organizations of comparable or different sizes. When a company uses to pay for performance to compensate employees in similar positions based on their performance variances, this is referred to as individual equity. In this instance, excellent performers would be paid more than average ones (Henderson, 2003).

Maslow Hierarchy of Needs Theory

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

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

Hertzberg Two-Factor Theory

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

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

Efficiency Wage Theory

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

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

Empirical Literature

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

Niar and Andayani (2019) studied the influence of direct compensation and indirect compensation on employee performance. All of the participants in this study were PT Trisun Abadi Mandiri employees, and a sample size of 50 people was selected using a non-probability sampling technique using saturated sampling. By distributing the questionnaires, data was gathered, and multiple linear regression analytic techniques were used to test it. The findings of this study show that direct compensation has a positive influence on employee performance but is not significantly correlated with it, indirect compensation has a positive influence on employee performance but is significantly correlated with it, and direct and indirect compensation both have a positive and significant correlation with employee performance.

Kimani, Ngui, and Arasa (2017) studied the effect of compensation strategies on employee performance: a case study of Mombasa Cement Limited. Three research aims were used in the study. The first was to ascertain the relationship between salary and performance of employees, followed by the relationship between benefits and performance of employees, and finally, the relationship between recognition and performance of employees. The study made use of survey research. All 153 Mombasa Cement Limited employees based at the corporate office in Athi River made up the study's population. The method of choosing respondents was stratified sampling. Questionnaires were the main research tool utilized in this study to get information from the chosen respondents. According to the study, employees were motivated by the company's base salary. The study found that employment perks like compensation, and incentives. The study finally concluded that employees in the company consider recognition as means of appreciation and believe that the provision of certification awards generally motivates them to perform better. According to the report, the human resources manager should put procedures in place to make sure that the company has a good wage structure and job evaluation system because this would encourage people to work hard.

Rahmad, Effendi, and Etty (2021) assessed the effect of compensation and motivation on employee performance with job satisfaction as an intervening variable at Hotel XYZ Jakarta. The sample size for this study was 120 persons, and it was quantitative with an associative research design. It used primary data from a questionnaire and the simple random probability sampling method. As part of the questionnaire-based data collection process, hypothesis testing is done utilizing path analysis, MSI transformation, and single tests for direct and indirect effects, path coefficient, and determination coefficient (R2). The findings demonstrated that indirect remuneration and incentive had a favorable and significant impact on worker performance and job satisfaction. As seen by the regression coefficient with the largest (dominant) influence of 0.448, the analysis' findings demonstrate that the direct path of motivation has the greatest impact on employee performance.

Ifeanyi, Tessy, and Fidelia (2020) studied the effect of compensation management and employee performance: manufacturing industry in focus. Due to the descriptive and inferential statistics employed in the data processing, a descriptive survey study design was chosen as the most appropriate. Using Census statistical software on minor elements, the study's sample size of 73 respondents was established. For the closed-ended questions in the study, responses were gathered from the respondents using a 5-point Likert scale. Three categories of data are presented and examined in this study. The data presentation comes in two parts: first, the descriptive statistics of the data obtained from the questionnaire utilizing minimum, maximum, mean, and standard deviations for interpretations, followed by the descriptive statistics of the data obtained from the questionnaire. The basis for testing hypotheses was likewise the Pearson correlation analysis. According to the results, all independent variables—including salary (SLY) and benefit programs (BP)—have a big impact on how well employees perform in the manufacturing sector. The study advised that the business keep offering security benefits to every employee, regardless of status, as doing so will boost employee productivity and improve overall performance in the manufacturing industry.

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

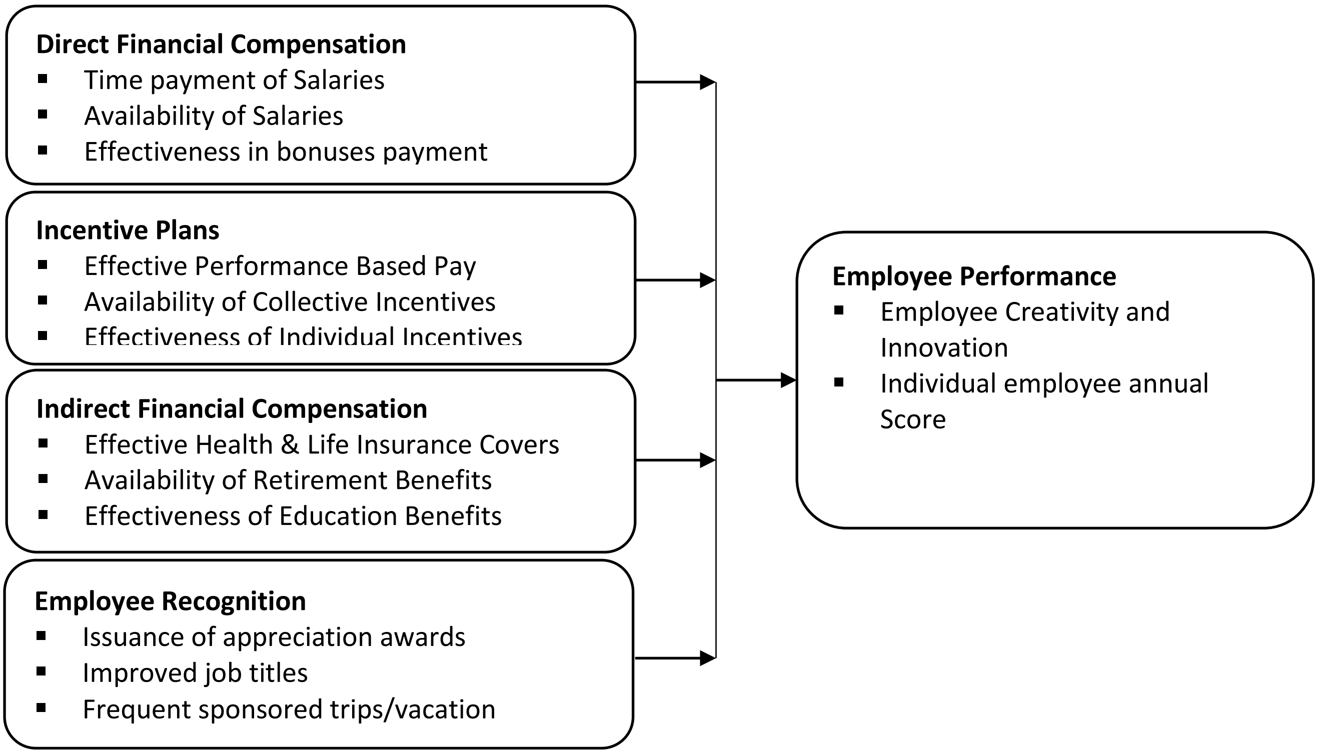
Odongye (2018) The study examines the effect of non-monetary incentives on employees' performance in Niyya foods Kaduna, Nigeria. The research question that guided the study was: Is Niyya Food remuneration based on an incentive scheme? Is Niyya Food's compensation based on an incentive scheme? was the key research question that directed the investigation. What kind of financial incentives does Niyya Food provide for its employees' work, and how does that impact which employees? What kinds of non-cash rewards does Niyya Food employ to increase employee output? What obstacles stand in the way of Niyya Food incentive programs, and how may they be removed? For this investigation, a survey method was employed. The entire Niyya Food Kaduna staff made up the population. Using the stratified random sampling technique, a sample size of 70 people was chosen from the entire population of 158 people. For the study, a questionnaire that the researcher created based on a 5-point Likert scale was employed. The research result shows that Niyya Food incentive scheme does not enhance workers' performance because it does not take into cognizance its remuneration and does not even evaluate or appraise workers' performance.

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

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

Conceptual Framework

The conceptual framework presents the interrelationship among the study variables. The variables proxies are highlighted in the individual boxes provided in figure 1 below.



Independent Variables **Dependent Variables**

Figure 1: Conceptual Framework

Source: Researcher (2022)

METHODOLOGY

A descriptive research design was employed. The population of the study was public hospitals in Kirinyaga County, Kenya, and the county government of Kirinyaga. The Target population was Kerugonya County Referral Hospital, Kagio Hospital, Kerugoya District Hospital, Kianyaga Sub-County Hospital, Kimbimbi Sub-County Hospital, and Kerugoya Medical Centre (Main Hospital). The unit of observation was the 737 Nurses working in the six (6) hospitals in Kirinyaga County, Kenya. The study adopted purposive, stratified as well as simple random sampling techniques. The study used questionnaires as the primary data collection instrument. The questionnaires were standardized with open-ended and closed-ended questions. Data were analyzed both qualitatively and quantitatively. Qualitative data were analyzed through the use of content analysis. Quantitative analysis used both descriptive and inferential statistical techniques. The descriptive statistics technique was used to analyze the quantitative data including frequencies and percentages. Inferential statistics used regression to measure the relationship between variables and is presented in the form of tables. To enable the researcher meaningfully describe a distribution of scores or measurements, data analysis was done using Microsoft Excel and the statistical package for social sciences (SPSS) program version 26.

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

Where,

Y = Employee Performances

X_1= Direct Financial Compensation

X_2= Indirect Financial Compensation

X_3= Incentive Plans

X_4 = Employee Recognition

ε =Error Term

FINDINGS AND DISCUSSION

Descriptive Analysis

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

Direct Financial Compensation

The first objective was to determine the effect of direct financial compensation on employee performance in the health sector in Kirinyaga County, Kenya. The results were presented in Table 1.

Table 1: Descriptive Statistics on Direct Financial Compensation

	Mean	Std. Dev
The employees' salaries match their inputs	2.7955	.55320
The salary is sufficient to cater for the upkeep	3.4010	.45011
The travel allowance is sufficient	3.1136	.34714
The house allowance is sufficient	2.8644	.54733
We are paid sufficient Bonuses	2.8945	.66244
Aggregate Score	**3.0138**	**.51204**

Source: Researcher (2022)

The descriptive analysis determined that the overall mean score for direct financial compensation was 3.0138, which on the survey's five-point Likert scale equated to "moderately agree." Additionally, the combined standard deviation score was 0.51204, indicating low levels of variability and indicating that individual question responses were near the sample mean. On a scale of one to five, individual responses varied from 2.7955 to 3.4010. This indicated that the employees' salaries did not match their inputs, the salary was moderately sufficient to cater for their upkeep, travel allowance and house allowance were insufficient and the bonuses paid were insufficient. The employees opined that to improve direct financial compensation, there was a need to enhance hourly compensation, offer strong perks & benefits, and introduce a bonus structure with lots of incentives.

The study concurs with Burhanuddin (2021) that to improve employee job satisfaction, businesses should create an adequate financial compensation policy that covers both direct and indirect financial compensation. Furthermore, Niar and Andayani's (2019) research results show that direct remuneration positively impacts employee performance. Additionally, Kimani, Ngui, and Arasa (2017) demonstrated that workers were motivated by their basic pay from the firm. The study supports Okwudili and Ogbu's (2017) finding that there is a link between direct remuneration and worker performance.

Indirect Financial Compensation on Employee's Performance

The second objective aimed to determine the effect of indirect financial compensation on employees' performance in the health sector in Kirinyaga County, Kenya. The results were summarized in Table 2.

Table 2: Descriptive Statistics on Indirect Financial Compensation

	Mean	Std. Dev
Life insurance coverage is sufficient	2.1818	.62030
The health insurance coverage is sufficient	2.5682	.50106
We receive retirement contributions from our employer	4.3444	.48999
The retirement benefits have been helpful to many employees	4.1222	.49333
We receive education benefits from our employer	3.3342	.55561
Aggregate Score	**3.3102**	**.53206**

Source: Researcher (2022)

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

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

Incentive Plans and Employees' Performance

The third objective aimed to determine the effect of incentive plans on employee performance in the health sector in Kirinyaga County, Kenya. Table 3 presents the results.

Table 3: Descriptive Statistics on Incentive Plans

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

Source: Researcher (2022)

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

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

Employee Recognition and Employees Performance

The fourth objective was to determine the effect of employee recognition on employee performance in the health sector in Kirinyaga County, Kenya. Results were shown in Table 4.

Table 4: Descriptive Statistics on Employee Recognition

	Mean	Std. Dev
We often receive a certificate of appreciation	3.0006	.66541
The certificate of appreciation motivates us to work hard	4.3776	.48661
I appreciate the job titles	3.5665	.50578
The job titles come with increased responsibility	4.4344	.55336
We normally receive free sponsored trips and vacations from our employer	3.3346	.49254
Aggregate Score		

Source: Researcher (2022)

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

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

Employee Performance

Table 5: Descriptive Statistics on Employee Performance

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

Source: Researcher (2022)

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

Inferential Analysis

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

Correlation Analysis

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

Table 6: Correlation Analysis

		Direct Financial Compensation	Indirect Financial Compensation	Incentive Plans	Employee Recognition	Employee Performance
Direct Financial Compensation	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	201				
Indirect Financial Compensation	Pearson Correlation	.509**	1			
	Sig. (2-tailed)	.600				
	N	201	201			
Incentive Plans	Pearson Correlation	.210**	-.114	1		
	Sig. (2-tailed)	.603	.108			
	N	201	201	201		
Employee Recognition	Pearson Correlation	.186**	-.144*	.993**	1	
	Sig. (2-tailed)	.608	.641	.600		
	N	201	201	201	201	
Employee Performance	Pearson Correlation	.548**	.564**	.628**	.598**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	201	201	201	201	201

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

Source: Researcher (2022)

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

Regression Analysis

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

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.902[a]	.814	.810	1.49321

a. Predictors: (Constant), Direct Financial Compensation, Indirect Financial Compensation, Incentive Plans, Employee Recognition

Source: Researcher (2022)

The adjusted R square and R representing coefficients of determination and correlation coefficient were shown in Table 7, respectively. The R Value of 0.902 shows that the variables have a strong correlation with one another. The adjusted R square value of 0.810 shows that variations in direct financial compensation, indirect financial compensation, incentive plans, and employee recognition accounted for 81% of the variance in employee performance.

Table 8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1907.470	4	476.867	213.872	.000[b]
	Residual	437.018	196	2.230		
	Total	2344.488	200			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Direct Financial Compensation, Indirect Financial Compensation, Incentive Plans, Employee Recognition

Source: Researcher (2022)

The model goodness of fit at a 99% confidence interval is displayed in Table 8. According to the model, changes in employee performance may be predicted at a 5% level of significance using the variables direct financial compensation, indirect financial compensation, incentive plans, and employee recognition.

Table 9: Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.645	2.196		5.758	.000
	Direct Financial Compensation	.497	.176	.107	2.829	.000
	Indirect Financial Compensation	1.311	.086	.575	15.192	.000
	Incentive Plans	1.824	.468	1.033	3.897	.000
	Employee Recognition	.634	.462	.364	1.373	.171

a. Dependent Variable: Employee Performance

Source: Researcher (2022)

The adopted model was;

$$\mathbf{Y = 12.645 + .497X_1 + 1.311X_2 + 1.824X_3 + \ldots\ldots \varepsilon}$$

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

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

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

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

CONCLUSIONS AND RECOMMENDATIONS

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

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

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

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

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

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

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

A desirable incentive can be provided via retirement programs. An organization that provides a defined benefit plan is guaranteed to provide a retiree with a predetermined sum of retirement benefits upon retirement. A fantastic incentive may be to generously match the employee's contributions to the plan. Since most individuals don't want to work until they pass away, employees want to ensure that their employer's retirement plan is competitive with those of other sectors.

Management should deliberately monitor worker performance and search for occasions to commend exceptional work performance and behavior. It will be difficult to identify and value exceptional achievement effectively if management isn't looking for opportunities. As a result, the study recommends pursuing bonuses including spot, quarterly, and annual bonuses as a strategy to encourage workers to improve their performance.

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

Areas for Further Study

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

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