COMPENSATION STRATEGIES AND EMPLOYEE RETENTION IN PUBLIC HEALTH SECTOR IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

The main objective of this research was to ascertain the impacts of compensation strategies on staff retention in the public health sector in Nairobi city county, Kenya. The research utilized a descriptive research design. The research chose a subset from the total population of 4,227 individuals working in the healthcare industry in Nairobi City County. The research revealed that base pay strategy, incentive pay strategy, work environment strategy and recognition strategy on staff retention in the public health sector in Nairobi City County. The research resolved that a base salary provides employees with a reliable and predictable income, which can reduce financial stress and improve overall job satisfaction. An effective incentive compensation strategy reduces turnover by fostering loyalty and commitment among employees. A well-structured work environment fosters a culture of respect, collaboration, and support, leading to higher job satisfaction among employees. A culture of recognition fosters a positive work environment where employees feel valued and appreciated, which can enhance overall job satisfaction. The study recommended that the County should regularly conduct salary surveys to compare public health sector salaries with those in the private sector and other regions to ensure in identifying gaps and ensuring competitive compensation. The County should conduct market research to ensure that salaries are competitive with both public and private sector healthcare jobs in Nairobi and the broader region. The County should create a workplace that values diversity and inclusivity, ensuring that all staff feel respected and valued regardless of their background. The County should create platforms where employees can recognize and appreciate their colleagues' efforts, fostering a culture of mutual respect and support.

Key Words: *Base Pay, Incentive Pay, Workplace Environment, Recognition*

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INTRODUCTION

Retention of productive staff members is a primary priority for HR experts and healthcare executives. From a systemic standpoint, it is more advantageous to retain a high-quality employee rather than to go through the process of recruiting, training, and orienting a new employee of the same caliber. However, the retention of human resources in the decentralized healthcare system in Kenya has become of great concern (Huang, Lin and Chuang, 2016).

In Kenya, the public sector is seeing significant difficulties in retaining employees, particularly in terms of trained labor, economic growth, and high employee turnover (Mulongo and Onyiego, 2014). Effective personnel retention is crucial for maintaining efficient health services that can yield enhanced health outcomes. Extended tenure in a job may be linked to heightened expertise, familiarity with the local area, and enhanced abilities, while also ensuring consistent provision of service and care. When a health staff departs from an organization, the organization loses these advantages and there is a possibility of a scarcity or total lack of appropriately skilled individuals to occupy the vacant position. The process of hiring new staff can be expensive and time-consuming, even when there is a suitable candidate available. Staff members do not reach their maximum productivity until they have completed the induction process in the workplace (Humphreys & Wakeman, 2019).

Employee retention encompasses the strategies and procedures that firms adopt to prevent valuable employees from resigning from their positions. Retaining highly regarded employees is a primary challenge that organizations encounter in the competitive economy. In the past, firms did not place much importance on labor turnover. In contemporary times, corporations invest significant resources, including time, effort, and financial capital, in training an employee, only to see their transformation into a highly valuable asset who subsequently departs the firm in search of better

opportunities. To establish a prosperous business, employers should explore several strategies to retain employees, while simultaneously cultivating their trust and loyalty to reduce their inclination to depart in the future (Pandit, 2017).

Compensation, as defined by Mondy (2010), refers to the comprehensive benefits given to staff in exchange for their services. The primary objectives of compensation are to allure, maintain, and invigorate people. Compensation consists of fixed and variable aspects, as well as employee perks and services. An optimal balance of these factors is necessary to effectively impact employees' performance. Qureshi (2013) posit that compensation is a reward given in response to a completed job or effort made to attain a specific goal. It serves as a motivating element that motivates individuals to invest more vigor and devotion into their work.

The fundamental goals of the health sector in Nairobi City County are as follows: eradicating communicable diseases, stopping and reversing the growing prevalence of non-communicable diseases, reducing the impact of violence and injuries, providing vital healthcare services, minimizing exposition to health risk factors, bolstering partnerships with other sectors concerning health, and enhancing emergency, referral, and rehabilitative services, which is a specific objective unique to the County. The County administration is committed to enhancing the availability of high-quality healthcare services, with a particular emphasis on the urban slums, by implementing specific and focused measures (NCC, 2019).

Nairobi was established in 1900 as the Township of Nairobi, it is the capital and most populous city of Kenya. The Nairobi City County consists of 17 Sub Counties and 85 county administrative units (wards) that are bordered by three counties: Machakos, Kiambu, and Kajiado. The county's projected population is at 4.2 million, with 2 million females and 2.2 million males. The population experiences an annual growth rate of 3.8%. Currently, Nairobi

City serves as the principal central business district of Kenya, boasting advanced city infrastructure including state-of-the-art financial and communication systems. It is also home to numerous prominent financial and educational institutions. Furthermore, the county is renowned for being the hub of Kenya's industrial sector, which accounts for 20% of the GDP (KNBS, 2019).

Currently, there are 672 health facilities in Nairobi City County at different levels in the county. However, there are 80 public health facilities within the county. There are seven hospitals and 73 health centres and dispensaries. Additionally, there are other unregistered institutions operating in underserved and densely inhabited areas such as Mathare, Embakasi, Kasarani, Ruaraka, and Kamukunji (UNHCR, 2017). Hospitals and nursing homes make up 9% and 7%, respectively, of the county's primary healthcare facilities, which also include private and governmental clinics (55%), dispensaries (20%), and other health institutions. 84% of the anticipated number of health facilities are represented by the 9%. 62% of the facilities are privately owned, 27% are non-profit, faith-based, or international organizations that support health research, and 12% are government-owned, including four hospitals that are controlled by the national government and provide specialized healthcare services. These include the Mathare Mental Health and Spine Injury Centre, KNH, and KUTRRH (MOH, 2017).

Statement of the Problem

The healthcare sector is experiencing a significant brain drain, as a majority of its skilled personnel are choosing to work abroad, resulting in 51% of them departing the country. Some individuals opt for self-employment or run private clinics in order to create additional money (Torres, 2017). According to Jamison (2018) the salary package is the main factor influencing the retention and departure of health professionals. In addition, the proliferation of private hospitals during the 1990s has resulted in an increase in rivalry among healthcare providers (Mwangi, 2017).

Healthcare professionals are essential in the functioning of the healthcare system in Kenya. Multiple studies indicate that the healthcare industry is significantly impacted by low staff retention rates in comparison to other sectors. This is caused by a lack of skilled professionals due to their relocation to more desirable businesses. Based on the WHO standard, the ideal doctor to population ratio is 1:1000, and the ideal nurse to population ratio is 1:40. However, with a population of 47 million people, the actual doctor to population ratio is 1:4272, and the actual nurse to population ratio is 1:618. The high workload in Kenyan hospitals presents a retention difficulty (Dambisya, 2017).

Several researchers (Feldman & Lankau, 2015; Tharenou, Alan & Celia, 2016; Lapian & Anter, 2016) have investigated this issue and have highlighted several factors that contribute to low employee retention in different organizations. Feldman and Lankau (2015) assert that the process of retaining and engaging employees begins at the initial phases of recruitment. The process of retention is perpetual as it is influenced by nearly all facets of the business and has a direct impact on employee/employer relationships worldwide. According to Latha and Haokip (2019), recent promotion is negatively related to turnover. In his research focusing on four sub-county hospitals in Nairobi County, Kiplagat (2017) argues that public health practitioners favour employment opportunities in developed nations.

Several researches conducted in the United States and Canada has demonstrated a correlation between a drop in the number of skilled workers and an increased danger to the patient (Ndetei, Khasakhala, & Omolo, 2018). The health system in Kenya is confronted with a range of human resource challenges, mostly stemming from a general shortage of staff in critical sectors. The issue is worsened by a substantial number of skilled experts departing from the healthcare industry to

find work overseas. In addition, the remaining workers are unevenly divided between urban and rural areas (Dambisya, 2017).

This research addresses a vacuum in the current literature by examining healthcare personnel retention specifically in public hospitals, an area that has not been well studied (Semachew et al., 2017; Wang et al., 2020). This gap undermines our understanding of the public healthcare sector. Furthermore, the majority of research done on compensation practices and staff retention in the public healthcare sector has originated from developed nations. For example, Shah et al. (2018) researched the elements influencing nurse retention in South Asia, Umrani et al. (2019) investigated physician retention in Pakistani hospitals, and Akbari et al. (2020) focused on employee retention among Iranian nurses. Most of these research were not applicable to generalize the situation of public healthcare professionals in Kenya. The aforementioned research considered the effect of compensation on the satisfaction levels of healthcare professionals, hence motivating them to provide enhanced healthcare services. In addition, it incorporated other crucial components such as efficient hiring, instruction, remuneration, career advancement, and performance evaluation, all of which were essential for delivering services effectively. The current research envisioned to ascertain the effect of compensation practices on staff retention in the public health sector in Nairobi City County, Kenya.

Objectives of the Study

The general objective was to explore the effects of Compensation Strategies on employee retention in the Public Health Sector in Nairobi City County, Kenya. The precise goals were;

▪ To ascertain the effects of base pay strategy on staff retention in the public health sector in Nairobi City County.
▪ To ascertain the effects of incentive pay strategy on staff retention in the public health sector in Nairobi City County.

▪ To evaluate the effects of workplace environment strategy on staff retention in the public health Sector in Nairobi City county.
▪ To assess the effects of recognition strategy on staff retention in the public health sector in Nairobi City County.

LITERATURE REVIEW

Theoretical Review

Herzberg's Two Factor Theory

Frederick Herzberg (1959) introduced the two-factor theory which posited that individuals possess two distinct sets of requirements. Herzberg's study aimed to understand the needs of both animals to avoid pain and people to grow psychologically. The research involved conducting a series of interviews to gather replies to specific questions. Based on the findings, Herzberg deduced that the responses provided by individuals when they experienced job satisfaction were markedly distinct from the responses produced when they experienced job dissatisfaction. It is evident that employees who have a positive perception of their work due to improved salary & other associated advantages incline to ascribe these characteristics to themselves. Conversely, discontented individuals typically ascribe their discontent to external factors such as oversight, remuneration, corporate regulations, and working environment (Dieleman *et al*. 2004).

Herzberg (1966) further developed the idea and established the fundamental components that drive motivation, including both external and internal factors. The factors are commonly referred to as hygiene and motivational factors, correspondingly. Extrinsic variables, often known as hygiene factors, encompass all tangible results and elements that contribute to a worker's physical health. The elements denote the correlation between employees and their work environment. The elements encompass remuneration, including pay and benefits, as well as the prevailing rules inside a company. Other aspects include the quality of

supervision, the amount of job security, the safety of the work environment, administrative processes, and the overall state of the work environment (Johnson *et al.*, 2018).

Agency Theory

The theory, proposed by Stephen Ross in the 1970s, posits that both the employer and the staff are stakeholders in the organization. It further suggests that the remuneration given to the staff represents the agency cost. The staff will endeavor to obtain a higher agency cost while the company will strive to lower it. Therefore, the compensation ought to be determined in a manner that ensures the interests of both parties are in agreement. This theory is a highly utilized theory in the field of management (Gerhart et al., 1995). The theory mainly focuses on the connection between two entities: the principal (proprietor) and the agent (McKim et al, 2005). Precisely, it analyzes this association from both an interactive and an operational perception.

According to theory, agents are likely to act in a self-interested way if given the opportunity, which may go against the interests of the principal (Okoth, 2014). Therefore, principals will implement structural procedures to supervise the agent and prevent opportunistic conduct, while also ensuring that the interests of all parties are better aligned (Njanja et al., 2013). The agency theory perspective aims to achieve firm performance through the reduction of costs and the improvement of efficiencies. The separation of proprietorship and management in a corporation gives rise to agency problems, which subsequently result in the occurrence of agency costs as a way to tackle these challenges, as per theory (Walumbwa, Lawler, &Avolio, 2007). The division between proprietorship and administration is a core principle of agency theory. Within this framework, the principle confers authority or delegates responsibilities to the agent, who is thereafter obliged to act in a manner that maximizes the principal's advantage (Mukuru, 2013).

Reinforcement Theory

BF Skinner proposed the theory of reinforcement, which involves influencing behavior through the utilization of elimination, castigation, and underpinning (Skinner, 1988). The theory has been applied in the field of HRM to emphasize how staff conduct may be modified through various methods, including discipline and reinforcement. Regarding job happiness, the behavioural reinforcement theory elucidates how firms enhance employee satisfaction through the implementation of diverse reinforcement mechanisms, such as remuneration (Ali & Anwar, 2021). This research focuses on the principle of shaping behavior through reinforcement, which is one of the fundamental principles of BF Skinner's theory. While Skinner's theory also includes concepts such as extinction and punishment, this research specifically examines the role of reinforcement in shaping behavior. Skinner (1938) proposed the methodical theory of reinforcing behavior, which has been extensively utilized by various researchers, including Critchfield and Miller (2017), who sought to differentiate reinforcement into both advantageous and detrimental modalities.

Vroom's Expectancy Theory

Victor Vroom put forth this theory in 1964. The expectancy theory posits that individuals invest effort in order to obtain a desired reward. The theory posits that individuals enter organizations with certain expectations regarding their desires, motives, and previous understandings (Ngure & Waiganjo, 2017). Furthermore, the theory posits that staff's conduct is a result of deliberate decision-making. Therefore, individuals have the freedom to make choices in the workplace. Furthermore, each worker may have distinct requirements from the organization. This elucidates the rationale behind the varying levels of contentment among workers regarding their remuneration. Finally, workers strive to optimize results and hence will select the most advantageous option that is accessible to them. Therefore, job happiness is contingent upon the employee's

anticipation of the reward offered by the most favorable alternative. The incentive can either be extrinsic, such as money and allowances, or intrinsic, such as favorable working conditions and acknowledgment (Yaseen, 2013). Therefore, the theory establishes a connection between compensation techniques and job satisfaction.

Wanted versus Unwanted Turnover Theory

The principle of wanted vs unwanted turnover was originally introduced by Patrick Hauenstein in 2003. Hauenstein (2003) asserts that personnel possessing the appropriate attributes for a certain role are considered as contributing to objectionable turnover, whsilst those lacking the indicated desirable traits are deemed as wanted turnover. Hauenstein says that the human resources department ought to evaluate the replacement costs in conjunction with employee turnover expenses. If the cost of a worker's departure exceeds the cost of replacement, the turnover is beneficial, as the firm would not incur a loss in replacing the unpleasant person. The opposite will hold for undesirable turnover; the loss of an essential worker exceeds the cost of employing a replacement one.

Thus, it is suggested that a distinction be made between desired and undesired turnover. The organization must reassess each worker's contribution to its objectives and categorize them as either desired or undesired turnover, influencing decisions regarding promotions or layoffs that impact staff turnover. Turnover can be analyzed through four dimensions: poor-performing leavers, good-performing leavers, retained poor performers, and retained good performers. The management's responsibility is to retain high-performing employees, which signifies undesirable turnover, while promoting the departure of low-performing staff, indicative of desirable turnover, as per Hauenstein's theory (William 2000).

Empirical Literature Review

Munene and Kibisu (2019) analyzed how base pay affects delivery on set targets amongst staff amongst Kenyan government agencies. The variables studied covered fundamental wage, availability of training prospects, non-monetary perks such as medical coverage and housing allowance, and their influence on staff' attainment of ambitions. The target audience consisted of staff in various positions within the specified agencies. The sampling process resulted in a sample size of 43 individuals. Descriptive and inferential statistics demonstrated that base pay significantly influenced overall performance amongst staff. There are gaps in the context that arise regarding the necessity of doing an updated study in order to obtain more accurate and reliable results. There are methodological gaps that arise when considering the necessity of addressing additional measures of employee performance.

Calvin (2017) researched the level to which base compensation affected staff productivity utilizing data from enterprises in Nigeria's education sector. Remuneration comprises both salaries and bonuses or incentives. The research gathered primary data that facilitated the formulation of conclusions and recommendations. The results demonstrated that salaries significantly influenced the performance outcomes of individual staff members. Empirical gaps arise when theoretical frameworks, like Herzberg's (1959), suggest that salaries and pay do not serve as motivators for staff performance. The presence of contextual gaps is also highlighted, which aids in validating the implementation of this research.

Okoth (2018) researched the effects Incentives on productivity of staff within the wider Kenyan hospitality sector. The research employed a descriptive methodology with 27 tourism companies to gather primary data for analysis. Primary data was obtained utilizing structured questionnaires. The outcomes suggested a strong and favorable association between incentives, which are a part of the reward system, and worker output. Contextual gap is evident in the necessity to prioritize some vital sectors, including the public sector, where employee concerns are more

pronounced.

Tumwet et al. (2018) researched staff rewards and their impact on overall performance among staff at Kabarak University, Kenya. The research observed that incentives significantly contributed to enhancing employee productivity among all university employees. All incentives, whether financial or non-financial, encourage workers to exceed expectations in order to meet established objectives. The results suggest that incentives that are both financial and non-monetary substantially impact staff retention and productivity. There are methodological gaps that arise when considering the necessity for employing additional analysis techniques.

Msabaa (2017) researched the effect of workplace environment on employee turnover intent among international humanitarian organization in Kenya. The study audience consisted of all 1860 staff members of an IHO in Kenya. The research sample was 144 individuals who were selected utilizing the stratified sampling approach. The analysis applied a descriptive survey research methodology. The study employed correlation and regression analysis to ascertain the impact of perceived work-life balance on staff turnover intention within IHO in Kenya. The findings revealed a substantial inverse correlation between workplace circumstances, encompassing working schedules, staff welfares, staff assistance programs, and turnover intention. The research discovered that the workplace climate substantially influenced the staff's intention to resign from their employment in IHO in Kenya.

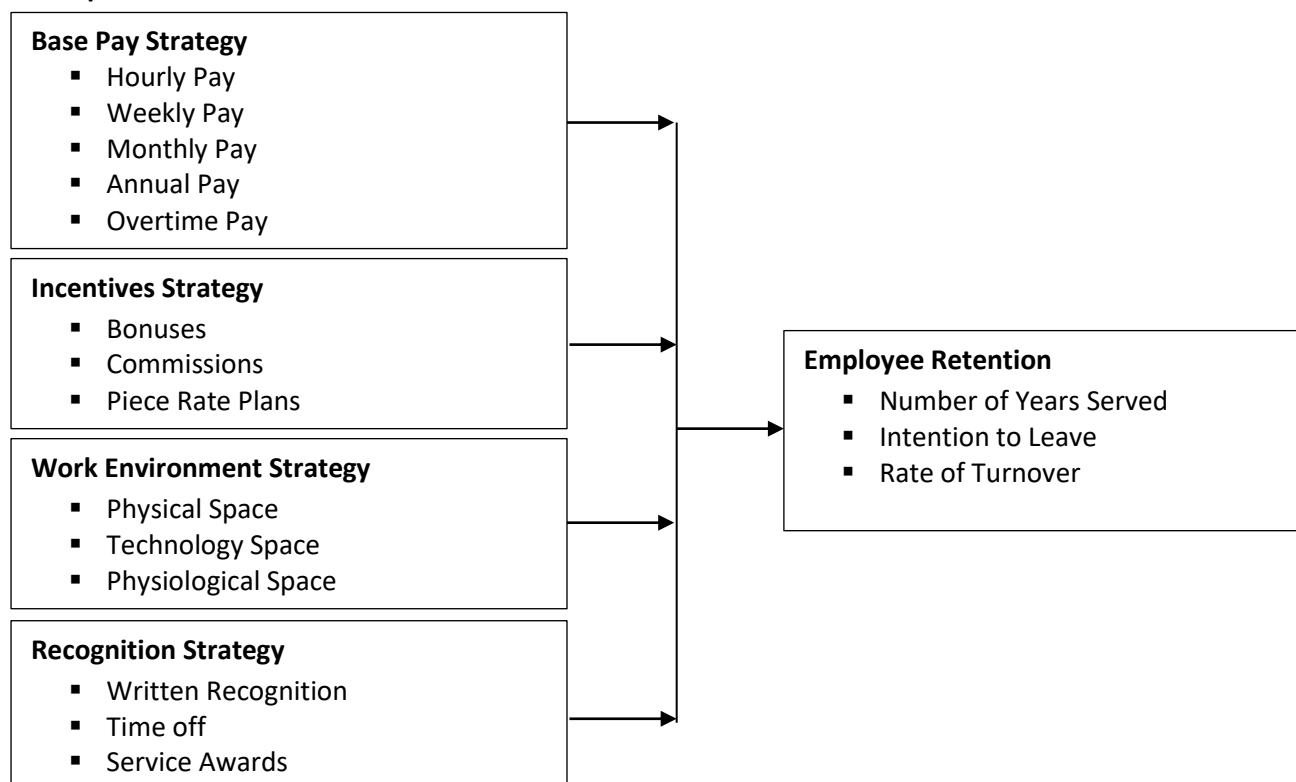Tufail, Bashir and Shoukat (2017) studied the workplace environment on staff's Organizational citizenship behavior and counter –productive work behavior in the banking sector of Faisalabad in Pakistan. A linear regression model was employed to analyze data collected from 170 frontline managers. A substantial and advantageous connection was discovered between the work environment and staff organizational citizenship behavior and detrimental workplace habits in the financial industry of Faisalabad, Pakistan.

Mutisya, Were &Wabala (2017) researched the Influence of Employee Recognition on Organizational Performance in FMCGs in Kenya. The research utilized a descriptive research approach that involved the personnel of Nairobi Coca Cola Bottlers Ltd. The acquired data was subjected to both descriptive and inferential statistical analysis. The research found that staff recognition has a substantial impact on organizational performance. It suggests that FMCGs seeking better results from their HRs should prioritize how effectively they applaud their people, since this improves overall organizational performance.

Muriuki, Munyua and Musundi (2018) conducted a study on the Relationship of Recognition and Staff Performance in KSG Baringo Campus in Kenya. The research employed an ex-post facto research design, namely a descriptive survey methodology. The research audience consisted of personnel from different subdivisions and sectors. The stratified sampling method was utilized to obtain a sample size of 23 participants, who were chosen using a simple random sampling method. The findings indicate a significant correlation between employee performance at KSG Baringo campus and recognition.

Conceptual Framework

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┌─────────────────────────────────┐
│ Base Pay Strategy               │
│   ▪ Hourly Pay                  │
│   ▪ Weekly Pay                  │
│   ▪ Monthly Pay                 │
│   ▪ Annual Pay                  │
│   ▪ Overtime Pay                │
├─────────────────────────────────┤
│ Incentives Strategy             │
│   ▪ Bonuses                     │         ┌──────────────────────────────┐
│   ▪ Commissions                 │         │ Employee Retention           │
│   ▪ Piece Rate Plans            │         │   ▪ Number of Years Served   │
├─────────────────────────────────┤   ───▶  │   ▪ Intention to Leave       │
│ Work Environment Strategy       │         │   ▪ Rate of Turnover         │
│   ▪ Physical Space              │         └──────────────────────────────┘
│   ▪ Technology Space            │
│   ▪ Physiological Space         │
├─────────────────────────────────┤
│ Recognition Strategy            │
│   ▪ Written Recognition         │
│   ▪ Time off                    │
│   ▪ Service Awards              │
└─────────────────────────────────┘
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Independent Variable   **Dependent Variable**

Figure 1: Conceptual Framework

(Source Researcher, 2023)

METHODOLOGY

This research utilized a descriptive research strategy, namely a cross-sectional survey, since the researcher aimed to delineate a case or phenomena to address certain research inquiries (Creswell, 2018). The study population comprised all personnel working in public health sector institutions within Nairobi City County, totaling 4227 individuals. Data collecting used a sample frame to represent the population. Sampling is choosing a subset of events to derive inferences about the whole. Samples represent populations. The sample size of 365 was determined utilizing the following Yamane (1967) formula. This research utilized a multi-stage sampling technique to identify a representative sample. The population was stratified into four categories: doctors, nurses, technologists, and nutrition and wellness officers. Stratified random sampling was employed for this purpose. Then the respondents were picked using simple random sampling.

The questionnaire was formulated in accordance with research objectives which helped in obtaining primary data. The research employed semi-structured surveys to gather primary data. The surveys included open-ended and closed-ended inquiries to enable the researcher to collect valuable and comprehensive replies for this research. Closed questions were employed due to their ease of administration and analysis, as they were immediately accessible for utilization.

The process of organizing and arranging raw data so that it can be used to derive meaningful information is known as data analysis. The data must be cleansed and coded in order for the researcher to produce results (Glass & Hopkins, 2019). The data was examined for precision, homogeneity, logic, and consistency before analysis. Descriptive statistics like mean, mode,

percentage, and std. dev. were employed with the assistance of SPSS to analyse the data. Correlation and multiple regression analyses were utilized in the inferential statistics. To make the analysis' findings easier to understand, the results were displayed in tables. Content analysis was utilized to evaluate the qualitative data that was gathered via the open-ended questions that formed part of the data collection tool. The regression model was,

$$Y=\beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\varepsilon$$

Whereby;

Y=Employee Retention

X_1=Base Pay

X_2=Incentives

X_3 =Workplace Environment

X_4=Recognition

β_0 =Regression intercept while

β_1, β_2, β_3 β_4, are regression coefficients.

Ɛ=Error term.

FINDINGS AND DISCUSSIONS

Response Rate

The research involved a sample of 365 participants. Questionnaires were distributed to each respondent comprising of doctors, nursing officers, technologists and nutritionists and wellness officers; however, not all were returned. 96.2% of the questionnaires were resubmitted, although 3.8% were not. However, the study determined that the response rate obtained was representative of the sample size, in accordance with Nulty's (2018) recommendations, which suggest that a response rate of 70% or higher is satisfactory for descriptive studies.

Descriptive Statistics Results

This section delineates the descriptive statistical outcomes of the research variables, specifically the Mean (M) and Standard Deviation (SD).

Base Pay Strategy

The research aimed to ascertain the effects of base pay strategy on staff retention in the public health sector in Nairobi City County. The descriptive statistics are exhibited in Table 1.

Table 1: Base Pay Strategy

Statement	M	SD
The monthly pay I receive matches may responsibilities	3.69	1.319
The hospital offers weekly pay	4.59	0.408
The hospital's Salary Structure is highly competitive.	3.78	1.220
The hospital offers additional compensation to its staff for hours worked beyond their regular schedule.	4.51	0.490
The hospital's Salary Structure is fair and just.	3.97	1.030
Our salaries are paid in time	4.15	0.847
We have payment that are paid daily	4.40	0.586
The monthly pay is periodically evaluated.	4.61	0.390
Aggregate mean and standard deviation score	**4.21**	**0.786**

Source: Research Data (2025)

Table 1 demonstrates that the participants strongly concured that; the hospital offers weekly pay (M=4.59, SD=0.408), the hospital offers additional compensation to its staff for hours worked beyond their regular schedule (M=4.51, SD=0.490), the monthly pay is periodically evaluated (M=4.61, SD=0.390). These findings underscore the hospital's effective compensation strategies, which likely contribute to a motivated workforce and a positive organizational culture. The finding agree with Munene and Kibisu (2019) research which analyzed how base pay affects delivery on set goals amongst staff in Kenyan government agencies and found that fair and timely compensation enables

organizations to meet the financial needs of its employees and also foster an environment where staff feel recognized and valued for their contributions.

The respondents agreed that; the monthly pay they receive matches may responsibilities (M=3.69, SD=1.319), the hospital's salary structure is highly competitive (M=3.78, SD=1.220), the hospital's Salary Structure is fair and just (M=3.97, SD=1.030), their salaries are paid in time (M=4.15, SD=0.847). The finding imply that a well-structured compensation system in enhancing employee satisfaction and fostering a supportive workplace culture. The findings align with Calvin's (2017) research discovery that when staff perceive their compensation as satisfactory, they are more inclined to be involved, driven, and devoted to their firm.

The mean score of 4.21 and std. dev. of 0.786 obtained indicate that the respondents agreed that base pay strategy affects staff retention in the Nairobi City County's health sector. This shows that there is need to prioritize competitive compensation packages to enhance employee satisfaction, reduce turnover, and ultimately improve the overall effectiveness of public health services in the region. The finding agree with Awino (2018) research observation that competitive base pay is a significant factor influencing employees' decisions to remain with an organization, particularly in sectors where talent is scarce and competition for skilled professionals is high.

Incentive Pay Strategy

The research intended to ascertain the effects of incentive pay strategy on staff retention in the public health sector in Nairobi City County. The descriptive statistics are displayed in Table 2.

Table 2: Incentive Pay Strategy

Statement	M	SD
We are paid bonuses	4.24	0.76
We are paid commissions	4.51	0.49
The hospital has piece rate plans	4.53	0.47
Employees are given extraneous allowances	4.10	0.90
Team incentive schemes are provided exclusively to the most exceptional teams.	4.50	0.50
Equity and fairness are upheld through the provision of incentives.	4.00	1.00
Vouchers are given at the end of year	3.73	1.47
Physical products are distributed at the conclusion of the year.	4.60	0.40
Aggregate mean and standard deviation score	**4.28**	**0.749**

Source: Research Data (2025)

Table 2 suggests that the participants strongly concured that; they are paid commissions (M=4.51, SD=0.49), the hospital has piece rate plans (M=4.53, SD=0.47), Team incentive schemes are provided exclusively to the most exceptional teams (M=4.50, SD=0.50), physical products are distributed at the conclusion of the year (M=4.60, SD=0.40). The strong agreement among respondents indicates a shared understanding of the value of these incentive mechanisms, suggesting that they are integral to the operational success of the hospital. These findings align with Muguongo, Muguna, & Muriithi (2018) research on incentive structures in

healthcare settings, which suggests that financial incentives play a crucial role in motivating staff and enhancing performance.

The respondents agreed that; they are paid bonuses (M=4.24, SD=0.76), employees are given extraneous allowances (M=4.10, SD=0.90), equity and fairness are upheld through the provision of incentives (M=4.00, SD=1.00), Vouchers are given at the end of year (M=3.73, SD=1.47). The finding imply that the mixed perceptions regarding the vouchers suggest an area for potential improvement, as organizations that actively seek

feedback and adapt their compensation strategies are often more successful in meeting the needs and expectations of their employees. The finding agree with Tumwet *et al*. (2018) research which observed that a well-rounded compensation package, which includes bonuses, allowances, and equitable incentive distribution, can lead to higher levels of staff engagement and loyalty.

The mean score of 4.28 and std. dev. of 0.749 obtained indicate that the respondents agreed that incentive pay strategy affects staff retention in the public health sector in Nairobi City County. The

finding shows the importance of incentive pay strategies in promoting staff retention within Nairobi City County's public health sector. The finding concur with Okoth (2018) research has shown that financial incentives can motivate employees to perform better and remain committed to their organizations.

Workplace Environment Strategy

The research aimed to evaluate the effects of workplace environment strategy on staff retention in the public health Sector in Nairobi City County. The descriptive statistics are exhibited in Table 3.

Table 3: Incentive Pay Strategy

Statement	M	SD
The work place layout is conducive	3.58	1.42
The work place area is big enough	4.63	0.37
We are provided with appropriate technology	4.17	0.83
I have a positive rapport with my supervisor.	4.54	0.46
I have control over my work	4.60	0.40
This is a healthy work environment	4.02	0.98
The hospital staff is highly proficient in utilizing the information and communication technology.	4.11	0.89
We are provided with adequate working facilities	4.51	0.49
The hospitals beliefs align with yours	4.56	0.44
Aggregate mean and standard deviation score	**4.30**	**0.69**

Source: Research Data (2025)

Table 3 signifies that the responders strongly concured that; the work place area is big enough (M=4.63, SD=0.37), they have a positive rapport with their supervisor (M=4.54, SD=0.46), they had control over their work (M=4.60, SD=0.40), they were provided with adequate working facilities (M=4.51, SD=0.49), the hospitals beliefs align with theirs (M=4.56, SD=   0.44). This finding suggests that the participants feel comfortable and valued in their roles, which can lead to increased motivation and commitment to their work. These findings are consistent with Msabaa (2017) research which suggests a positive work environment is a critical factor in employee satisfaction and performance.

The respondents agreed that; the work place layout is conducive (M=3.58, SD=1.42), they were provided with appropriate technology (M=4.17, SD=0.83), this was a healthy work environment

(M=4.02, SD=0.98), the hospital staff was highly proficient in utilizing the information and communication technology (M=4.11, SD=0.89). The finding indicates that healthcare organizations create a more effective and positive work environment, ultimately leading to improved patient outcomes and staff retention. These results align with Tufail, *et al* (2017) research which emphasizes the significance of a supportive workplace layout, adequate technology, a healthy work environment, and proficient staff in enhancing overall job satisfaction and performance in healthcare settings.

The mean score of 4.30 and std. dev. of 0.69 obtained indicate that the respondents agreed that work environment strategy affects staff retention in the public health sector in Nairobi City County. The finding shows the need the need for public health

institutions in Nairobi City County to invest in and prioritize these strategies so as to improve health outcomes for the community they serve. The finding concur with Nthambi (2018) research observation that factors such as workplace culture, management practices, and available resources significantly influence staff morale and retention rates.

Recognition Strategy

The research intended to assess the effects of recognition strategy on staff retention in the public health sector in Nairobi City County. The descriptive statistics are exhibited in Table 4.

Table 4: Recognition Strategy

Statement	M	SD
I am commended by my supervisor through spoken compliments when I demonstrate exceptional performance.	4.00	1.00
The hospital possesses a highly developed system of service awards.	3.73	1.47
I experience sense of genuine recognition and value when I successfully complete a task.	4.60	0.40
I have decent chance of being promoted	4.42	0.58
I feel like my perspective and ideas are acknowledged and taken into consideration.	4.28	0.72
My supervisor values me as a member of the team.	3.99	1.01
The employer provides flexible work schedules	4.54	0.46
Aggregate mean and standard deviation score	**4.22**	**0.78**

Source: Research Data (2025)

Table 4 suggests that the responders strongly concured that; they experience a sense of genuine recognition and value when they successfully complete a task (M=4.60, SD=0.40), the employer provides flexible work schedules (M=4.54, SD=0.46). The strong agreement among respondents regarding authentic recognition and flexible work schedules underscores the critical role these factors play in fostering a positive work environment. The finding concur with Mutisya, Were and Wabala (2017) research observation that when employees feel genuinely recognized for their contributions, it not only enhances their sense of belonging but also boosts their overall morale and productivity.

The respondents agreed that; they are commended by their supervisor through spoken compliments when they demonstrate exceptional performance (M=4.00, SD=1.00), the hospital possesses a highly developed system of service awards (M=3.73, SD=1.47), they had decent chance of being promoted (M=4.42, SD=0.58), they feel like perspective and ideas are acknowledged and taken into consideration (M=4.28, SD=0.72), their supervisor values them as a member of the team (M=3.99, SD=1.01). The positive feedback from participants regarding verbal praise, service awards, promotion opportunities, recognition of ideas, and valuing contributions collectively contribute to a supportive organizational culture. The findings align with the observations of Muriuki, Munyua, and Musundi (2018) that staff who feel valued and recognized for their contributions are more inclined to maintain their commitment to the firm.

The mean score of 4.22 and std. dev. of 0.78 obtained indicate that the respondents agreed that recognition strategy affects staff retention in the public health sector in Nairobi City County. The finding underscores the critical role that recognition strategies play in enhancing staff retention in the public health sector. This finding resonates with similar study by Kariuki & Kiiru (2021) which highlighted the positive correlation between recognition practices and employee loyalty.

Staff Retention

The research sought to examine the staff retention in the public health sector in Nairobi City County. The descriptive statistics are displayed in Table 5.

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Table 5: Staff Retention

Statement	M	SD
I have no intentions to leave the hospital soon	3.10	1.90
Employees serve for a long period in the hospital	2.94	2.06
The hospital has low turnover rate	2.57	2.43
New employee are inducted to ensure they are satisfied in the organization	3.15	1.85
Employees are generally satisfied and have no reason to leave.	2.66	2.34
I am currently seeking an alternative to this facility.	3.41	1.69
I am currently in this hospital due to a lack of alternative employment opportunities.	2.58	2.42
I shall depart from this hospital at the first opportunity.	3.23	1.77
Aggregate mean and standard deviation score	**2.96**	**2.06**

Source: Research Data (2025)

Table 5 show that the respondents indicated neutral that; they had no intentions to leave the hospital soon (M=3.10, SD=1.90), employees serve for a long period in the hospital (M=2.94, SD=2.06), the hospital has low turnover rate (M=2.57, SD=2.43), new employee are inducted to ensure they are satisfied in the organization (M=3.15SD=1.85), employees are generally satisfied and have no reason to leave (M=2.66, SD=2.34) and they are currently seeking an alternative to this facility (M=3.41, SD=1.69) and they are currently in this hospital due to a lack of alternative employment opportunities (M=2.58, SD=2.42) and they shall depart from this hospital at the first opportunity (M=3.23, SD=1.77).

The mean score of 2.96 and std. dev. of 0.206 obtained indicate that the respondents indicated neutral on staff retention in the public health sector in Nairobi City County.

Inferential Statistics

The research conducted inferential statistics, utilizing both correlation analysis and regression analysis, as detailed in the subsequent sub-sections;

Correlation Analysis

Correlation analysis was employed to determine if variations in one variable were linked to variations in another. The discoveries are exhibited in Table 6.

Table 6: Correlation Analysis

		Base pay strategy	Incentive pay strategy	Work environment strategy	Recognition strategy	Staff retention
Base pay strategy	Pearson corr.	1				
	Sig.(2 tailed)					
	N	351				
Incentive pay strategy	Pearson corr.	0.201	1			
	Sig.(2 tailed)	0.302				
	N	351	351			
Work environment strategy	Pearson corr.	0.361	0.204	1		
	Sig.(2 tailed)	0.229	0.017			
	N	351	351	351		
Recognition strategy	Pearson correlation	0.361	0.109	0.348	1	
	Sig.(2 tailed)	0.291	0.337	0.411		
	N	351	351	351	351	
Staff retention	Pearson corr.	0.778	0.802	0.796	0.768	1
	Sig.(2 tailed)	0.002	0.001	0.003	0.004	
	N	351	351	351	351	351

Source: Research Data (2025)

The data exhibited in Table 6 reveals that the Pearson correlation coefficients for the base pay strategy, incentive pay strategy, work environment strategy, and recognition strategy in relation to staff retention are 0.778, 0.802, 0.796, and 0.768, respectively. The corresponding significance values for these strategies are 0.002, 0.001, 0.003, and 0.004. This suggests that there is a strong positive correlation between each of these strategies and staff retention, indicating that as the effectiveness of these strategies increases, so does the likelihood of retaining staff. The indicate the importance of implementing comprehensive strategies that encompass competitive compensation, a positive work environment, and recognition initiatives to effectively enhance staff retention. Therefore, organizations aiming to reduce turnover should consider prioritizing these areas, as they are strongly linked to employee satisfaction and loyalty.

Regression Analysis

The regression analysis was conducted to help in understanding how various factors influence the outcome variable, allowing for better interpretations of the data. The results are presented in the as follows;

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.895	0.801	0.758	1.0254

Source: Research Data (2025)

The model results reveal that the R value is 0.895 which indicates a strong positive correlation between the independent variables (base pay, incentive pay, work environment, and recognition strategies) and employee retention. This suggests that optimizing these strategies can enhance retention rates. The R square value of 0.801 shows that about 80.1% of the variance in employee retention is explained by these strategies, highlighting their critical role in influencing employee decisions to stay or leave. Therefore, other factors not studied are represented by 19.9%. The adjusted R square value of 0.758, which accounts for the number of predictors, confirms the model's robustness and relevance in explaining employee retention. Lastly, a standard error of 1.0254 indicates that the model's predictions are close to actual values, suggesting reliability in its estimations.

Table 8: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	498.157	4	124.539	168.940	0.003
	Residual	258.0124	346	0.737		
	Total	756.1694	350			

Source: Research Data (2025)

The ANOVA table results reveal key factors influencing staff retention. The mean square value of 124.539 indicates significant variability among the strategies, suggesting notable differences in their effectiveness. The F value of 168.940 further confirms that these differences are statistically significant, implying that the strategies base pay, incentive pay, work environment, and recognition meaningfully impact retention rather than being due to chance. Additionally, the significance level of 0.003 providing strong evidence against the null hypothesis of no differences in retention based on strategies.

Table 9: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.611	0.178		3.432	0.003
Base pay strategy	0.798	0.264	0.0152	3.022	0.002
Incentive pay strategy	0.815	0.312	0.0645	2.612	0.001
Work environment strategy	0.796	0.309	0.0412	2.576	0.004
Recognition strategy	0.773	0.277	0.0597	2.791	0.003

Source: Research Data (2025)

The finding indicates that when base pay strategy, incentive pay strategy, work environment strategy and recognition strategy are held constant, the staff retention in the public health Sector in Nairobi City County would be at 0.611. The regression coefficients show that an improvement on base pay strategy, incentive pay strategy, work environment strategy and recognition strategy would improve the staff retention in the public health Sector in Nairobi City County by 0.798, 0.815, 0.796 and 0.773 correspondingly. Consequently, the final regression equation is expressed as follows;
Staff retention = 0.611 + 0.798(base pay strategy) + 0.815(incentive pay strategy) + 0.796(work environment strategy) + 0.773(recognition strategy)

The results indicate that the base pay strategy demonstrated a t value of 3.022, which indicates a statistically significant difference in retention rates associated with this compensation approach. The significance value of 0.003 further underscores the strength of these findings, as it is well below the conventional threshold of 0.05. The results align with those of Kajungu and Mugisha (2017), who investigated the influence of base compensation on the retention of healthcare personnel in a rural district of Uganda. The study indicated a substantial correlation between compensation and the retention of healthcare personnel in rural health facilities in Ibanda district. All compensation factors, including salary, allowances, and performance-based pay, shown a significant link with the retention of the health workers examined.

The findings suggest a substantial beneficial link between incentive pay strategies and worker retention in the public health sector of Nairobi City County (t=2.612, p=0.001). The outcome concurs with Gichuru (2019) who researched the impact of remuneration on job satisfaction amongst health workers in Isiolo County, Kenya. The research determined that a significant proportion of employees under the ESP and PSC programs expressed dissatisfaction with the incentives they were provided.

The findings suggested that work environment strategy significantly positively influenced staff retention in the public health sector of Nairobi City County (t=2.576, p=0.004). The finding concurs with Weilinghoff (2018) who studied the effect of job place environment on staff retention and productivity. The physical environment facilitated a clear comprehension of employees' duties and responsibilities. This resulted in increased employee satisfaction and engagement, leading to improved employee retention and performance.

The findings demonstrated that recognition strategies significantly positively impacted staff retention in the public health sector of Nairobi City County (t=2.791, p=0.003). The finding agree with Kaufman, Chapman, and Allen (2018) who examined how recognition impacts staff engagement and creativity, and its subsequent effect on organizational success. Outcomes indicated that acknowledging the efforts by personnel in carrying out their responsibilities

enhances their motivation and commitment to work more diligently.

CONCLUSIONS AND RECOMMENDATIONS

The research concluded that a base salary provides employees with a reliable and predictable income, which can reduce financial stress and improve overall job satisfaction. A well-structured base salary can attract skilled professionals to the public health sector, which is often competing with private sectors for talent. A base salary reflects the value of employees' contributions, fostering a sense of appreciation and loyalty towards the organization. A base salary approach can promote equity within the workforce, ensuring that employees are compensated fairly for their roles and responsibilities.

The study concluded that an effective incentive compensation strategy reduces turnover by fostering loyalty and commitment among employees. Incentive remuneration encourages staff to excel, leading to higher productivity levels allowing them to be more engaged in their work. Incentives tied to specific organizational goals, ensure that employees are aligned with the mission and objectives of the public health sector. This alignment leads to more focused efforts in achieving health outcomes for the community. Regular recognition through incentives creates a culture of appreciation, where employees celebrate each other's successes, further enhancing morale.

The research concluded that a well-structured work environment fosters a culture of respect, collaboration, and support, leading to higher job satisfaction among employees. A reputation for a supportive work environment attracts top talent to the public health sector, ensuring a skilled workforce. Offering a favorable work environment differentiate Nairobi City County from other employers, making it a preferred choice for health professionals. A well-organized work environment can streamline processes, allowing employees to focus on their core responsibilities. A conducive work atmosphere fosters teamwork and collaboration amongst many health specialties, resulting in enhanced service delivery.

The study concluded that a culture of recognition fosters a positive work environment where employees feel valued and appreciated, which can enhance overall job satisfaction. Recognition aligns employees with the organization's goals, fostering a sense of ownership and commitment to the public health mission. A well-implemented recognition strategy leads to lower turnover rates, saving the organization costs associated with recruitment, training, and lost productivity. A strong recognition strategy enhances the employer brand, making Nairobi City County a desirable place to work for health professionals. Recognition fosters camaraderie among team members, leading to improved collaboration and teamwork, which is essential in public health initiatives.

The research recommended that the County should regularly conduct salary surveys to compare public health sector salaries with those in the private sector and other regions to ensure in identifying gaps and ensuring competitive compensation. Develop a performance-based pay system that rewards staff for meeting specific health outcomes and performance metrics so as to motivate employees to excel in their roles. Develop and communicate clear pay grades and progression paths within the public health sector because transparency in pay structures can enhance trust and job satisfaction among staff. In addition to base pay, enhance benefits packages to include health insurance, retirement plans, and paid leave. This can enhance the appeal of positions and elevate overall job satisfaction.

The study recommended that the County should conduct market research to ensure that salaries are competitive with both public and private sector healthcare jobs in Nairobi and the broader region. Provide funding for ongoing education and training programs that allow staff to enhance their skills and advance their careers. Establish programs that recognize and celebrate the achievements of staff,

such as "Employee of the Month" awards or annual recognition ceremonies. Implement peer-to-peer recognition systems that enable colleagues to commend one another's efforts, thereby cultivating a friendly workplace atmosphere. Introduce flexible work schedules that accommodate the personal needs of staff, helping them balance work and family responsibilities.

The study recommended that the County should create a workplace that values diversity and inclusivity, ensuring that all staff feel respected and valued regardless of their background. Offer regular training sessions, workshops, and access to further education to help staff enhance their skills and advance their careers. Pair less experienced staff with seasoned professionals to provide guidance, support, and knowledge sharing, which can enhance job satisfaction and retention. Facilitate access to mental health resources, encompassing counseling services and stress management programs, to enhance the welfare of staff member.

The study recommended that the county should establish forums for employees to acknowledge and commend their colleagues' contributions, thereby cultivating a culture of mutual respect and support. Encourage a system where employees receive feedback from peers, supervisors, and subordinates, helping them understand their strengths and areas for improvement. Celebrate personal milestones such as work anniversaries, birthdays, and achievements in a way that resonates with the individual. Offer opportunities for staff to enhance their skills and knowledge, recognizing their commitment to professional growth. Organize regular team-building events to strengthen relationships among staff and promote a sense of belonging.

Suggestions for Further Study

The research advocated that other researches should be done focuses on other compensation strategies that affect staff retention in the public health sector in Nairobi City County to address the conceptual gap identified in the regression model. In addition, the research proposes that other researches can be done that concentrate on other County governments in Kenya except Nairobi City County.

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