

Research Article

Influence of Remuneration on Performance of Referral Hospital in Busia County, Kenya

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Abstract

Employees in both public and private sector organization are becoming increasingly aware that motivations increases productivity. This study investigated influence of employee motivation on Organizational performance. The specific objective of the study was to establish the influence of remuneration on organization performance in Busia Referral Hospital. The target population comprised of all the permanent employees in Busia County Referral Hospital with a total of 150 employees from various departments. Seven heads of department were selected. Simple random sampling technique was used to draw a sample size of 108 respondents. Both primary and secondary data were collected by use of open and close ended questionnaires and interview schedule was developed to collect qualitative data from head of departments. The study employed correlational research design. Discussions, conclusions and recommendations were drawn from the study findings. Karl Pearson's coefficient of correlation was used to establish the relationships between the variables of the study and the results show that the correlation coefficient between remuneration and organizational performance was found to be $r=0.687$. The result was found to be in agreement with the fact that employee remuneration has a positive influence on organizational performance which has been also reported by other research studies. The study will assist the management to identify the motivating factors which will help them to retain employees within the organization and thus discouraging labour turn over that may create expenses to the organization.

Keywords: Remuneration; Referral Hospital; Performance; Busia County.

Introduction

Every organization is concerned with what should be done to achieve sustained high levels of performance through its workforce. This means giving close attention to how individuals can best be motivated through means such as incentives, rewards, leadership etc. and the organization context within which they carry out the work [1]. The study of motivation is concerned basically with why people behave in a certain way. In general it can be described as the direction and persistence of action. It is concerned with why people choose a particular course of action in preference to others, and why they continue with chosen action, often over a long period, and in the face of difficulties and problems [2]. Motivation can therefore be said to be at the heart of how innovative and productive things get done within an organization [3]. It has

been established that motivation is concerned with the factors that influence people to behave in certain ways. Motivation, according to [4], motivation is derived from the word "motivate", means a move, push or influence to proceed for fulfilling a want.

In [4], they describe motivation as a power that strengths behavior, gives route to behavior, and triggers the tendency to continue [5]. In view of [6], it is an internal drives to satisfy an unsatisfied need and the will to accomplish. Also motivation is a progression of moving and supporting goal-directed behavior [7]. It is an internal strength that drives individual to pull off personal organizational goals [8]. Motivation is a set of courses concerned with a kid of strength that boost performance and directs towards accomplishing some definite targets [9]. Motivation is a procedure that initiates through a

physiological or psychological want that stimulates a performance that is intended at an objective. It is the concluding product of interface among personality behavior and organizational distinctiveness. It symbolizes those psychological procedures that foundations the stimulation, route, and determination of deliberate actions that are target oriented and purposeful behavior [10]. Motivation can be extrinsic or intrinsic [11].

Extrinsic motivations are external factors to the task of the job, resulting from the attainment of externally administered rewards such as pay, material possessions, prestige, and positive evaluations, work condition, fringe benefits, security, and promotion, contract of service, the work environment and conditions of work. Intrinsic motivation on the other hand, are the rewards that can be termed psychological motivations derived from within the person or from the activity itself, such as opportunity to use one's ability, a sense of challenge and achievement, receiving appreciation, positive recognition, and being treated in a caring and considerate manner. Often, a person has the desire and ambition to get something done or achieve a certain goal, but lack the push, the initiative and the willingness to take action. This calls for motivation as an inner drive, which then strengthens the ambition, increases initiatives and gives direction, courage, energy and the persistence to follow organizational goals. According to [12], motivated people make decisions to dedicate considerable effort to obtain something that they value. The specific objective of the study was to establish the influence of remuneration on organization performance in Busia Referral Hospital. The result was found to be in agreement with the fact that employee remuneration has a positive influence on organizational performance which has been also reported by other research studies and if it is improved then there will be improvement in performance.

Research methodology

Correlational involves collecting data in order to determine whether and what degree a relationship exists between two or more quantifiable variables. According to [7] the Correlation research design describes in quantitative terms the degree to which variables are related. The research therefore adopted the Correlational design to carry research on

influence of employee motivation on organizational performance to determine the relationship between the variables.

The target population in this study included all permanent/unionizable employees in all the 21 departments that totaled 150 employees within Busia county Referral Hospital. 7 heads of departments were selected from the population and were included in the study. The target population is that population to which a researcher wants to generalize the result of the study, while sampling refers to the process by which part of the population is selected and conclusions are drawn about the entire population [13].

A simple Random Sampling was used within each department by use of random table to get the respondents without any biasness, this technique allowed employee an equal chance of being included in the sample. Sample size is the number of units in a population to be studied/the number of people you pick from your target population. The sample size should be big enough to have a high likelihood of detecting a true difference between two groups. According to [9] the table for determining sample size of a population, a sample size of 108 was selected to represent a cross-section of the population. The researcher collected data on both primary and secondary data.

Open ended and close ended questionnaires were issued to the respondents and part of the respondents was interviewed for qualitative data. Questionnaire was used for the purpose of collecting primary quantitative data from all the permanent employees. It is an objective method since no bias resulting from the personal characteristics [14] in [15], it observes that collecting data through the use of questionnaires saves time. Both open ended and close ended questionnaire were issued. Open ended questions enable the respondent to answer in as much detail as they like in their own words while close ended questions provides options to the respondent to select from. Interview schedule was used to collect data from the head of departments. Interview is the conversation between two people with the objective of collecting relevant information for the purpose of research, [16]. In [17], it observes that it is easier and faster to get data from an interview than questionnaire. The interview enhanced

quality of data that would not be openly given by questionnaires.

Results and discussions

The questionnaires which were returned were 102 (94.44%) from the total 108 questionnaires that were given to respondents. The questionnaires were administered by the researcher in person, hence it was realized that all the questionnaires were appropriately well. A response rate of 50% is sufficient and so the

response rate of 94.44% was above the reasonably acceptable percentage of 50% and so was deemed adequate and sufficient by the researcher for purposes of data analysis as supported by [12], a 50% response rate is appropriate for analysis. Below is the demographic information of the respondents. The researcher used data from 102 respondents from Busia County Referral Hospital. The age and gender is given table 1.

Table 1. Respondents gender and age

Gender	20-29 Years	30- 39Years	40-49Years	Above 50 Years
Female	7(6.86%)	23(22.55%)	15(14.71%)	5(4.90%)
Male	11(10.78%)	16(15.69%)	18(17.64%)	7(6.86%)
Total	18(17.64%)	39(38.24%)	33(32.35%)	12(11.76%)

Source: Research Data, 2017.

Table 1 shows that the majority of the employees were aged between 30-39 years followed by aged 40-49 years as recorded above, 39 (38.24%) and 33(32.35%) respondents respectively. The minority of the employees were aged above 50 years and 20-29 years as recorded 12(11.76%) and 18(17.64%) respectively. The result indicated that majority of employees were at their mid age of working life, they had chosen their career and had settled to work. The age between 20 to 29 were young employees, who were moving in search of greener pasture and had not stayed long in the organization. The age above 50 were approaching retirement. In separate studies on retention of healthcare professionals, the researchers found younger nurses had lower levels of job satisfaction while the older age group of 40 and above had higher levels of job satisfaction [2].

A meta-analysis by [7] in their study on teacher attrition and retention, they indicated that those who are 51 years of age or older are nearly 2.5 times more likely to quit teaching than teachers who are 50 or younger. The majority of employees were males and minority were females as recorded above, 50.97% and 49.2% respectively. This concluded that male employees are more likely to be retained in the organization than female employees. This is supported by [9] who suggests most clearly that retained employees are more likely to be male than female. In a related study, [1] found males were slightly more likely than females to stay.

From table 2, it was realized that there

were more married employees than the single ones as shown on table 2 above, 71.57% and 28.43% respectively. This indicated that most employees were married women and they could leave the organization at any time. With marital status, [14] in his study found that for single officers without children, 58 percent of men and 53 percent of women said they intended to remain in uniform. This concludes that married employees have higher intention to leave due to family commitment than unmarried employees.

Table 2. Respondents marital status

Marital status	Frequency
Married	73(71.57%)
Single	29(28.43%)
Total	102(100%)

Source: Research Data, 2017.

From table 3, most of the employees in Busia County Referral Hospital had attained college/university education with a significant percentage of 76.47% followed by secondary education 14.71% and finally primary education 8.82%. This indicated that most employees were educated and the organization was at risk because these educated employees could quit at any time. Level of education or qualification is found to be positively associated with turnover suggesting that the more educated employees are, the more likely they are to quit [6].

Table 4 shows that the majority of the respondents had Diploma 41(40.20%) followed by Bachelors 25(24.51%) and Certificate 24(23.53%). Masters were 9(8.82%) and minority did PhD 3(2.94). The study looked into

the level of professionalism and competency of the employees. The result achieved shows that most of the employee had lower education level and were most likely to stay in the organization as more educated employees are more likely to quit the organization, and look for a job elsewhere [8]. The study also shows that most employees have a wide experience with the organization over years at 92.16% and minority over months at 7.84%. No employees had worked for weeks in this organization. This indicated that most employees had stayed in the organization to give their productivity. It shows that most employees were trained and enjoyed staying in the organization. Training opportunities are the most important reasons, why employees', remain in the organisation, especially the youthful ones [11].

Table 3. Respondents Level of Education

Level of Education	Frequency
Primary	9 (8.82%)
Secondary	15 (14.71%)
College/	
University	78 (76.47%)
Total	102 (100%)

Source: Research Data, 2017.

Table 4. Respondents Professional Qualification

Professional Qualification	Frequency
Certificate	24 (23.53%)
Diploma	41 (40.20%)
Bachelor	25 (24.51%)
Masters	9 (8.82%)
PhD	3 (2.94%)
Total	102 (100%)

Source: Research Data, 2017.

The results in the table 5 show the level of ratings attached to the remuneration in Busia County referral Hospital. It shows that 64.71% agreed that their head of department usually develop criteria to be used in remuneration, 19.61% remained neutral while 15.68% disagreed. 73.53 agreed that the bonuses are normally set in consultation with all the head of departments, 11.76 remained neutral while 14.7 disagreed. 92.15 agreed that remuneration is carried out depending on how long an employee has stayed in the organization, 3.92 remained neutral while 3.92 disagreed. 98.04 agreed that every employee is always considered during salary increment while 1.96% disagreed. 59.8% agreed that the salary increment given to

employees who do their jobs very well motivates them, 13.73% remained neutral while 26.47 disagreed. 18.62 agreed that they are satisfied with the salary they draw at present, 2.94% remained neutral while 78.44 disagreed.

It was learnt that most employees in the hospital were happy with the practices that the organization offered such as remuneration structure in place, bonuses offered, duration for remuneration, salary increment offered, even though a big percentage were unhappy with the salary they receive at the present. It was concluded that the practices offered by the organization were suitable but generally the salary was low. In [17] it supported the equitable distribution of salary increment; they observed that inequitable distribution fails to convince the employees close correlations between hard work and rewards. Frederick Taylor and his scientific management associate described money as the most fundamental factor in motivating the industrial workers to attain greater productivity [13]. To use salaries as a motivator effectively, managers must consider salary structures which should include the importance organization attach to each job, payment according to performance, personal or special allowances, fringe benefits, pensions etc.

Table 6 shows that most employees of this organization were motivated by remuneration, 58.82% followed by promotion at 26.47% and finally by training at 14.71%. It is evident that majority of employees felt comfortable with the remuneration as supported by [5] who believe that money is often seen as a symbol of success and also associated with comfort and security. To some employees they felt that with promotion life is bearable. It is an advancement of employee to a higher post with greater responsibilities and higher salary, better service conditions and thus higher status [14]. Some employees preferred going for training, they believe that with training they become competent and not threatened with rapidly changing technology, which quickly renders skills obsolete. These training programs positively raise employee's advancement that is good for competencies [16]. It is necessary to keep up with rapidly changing technology, which quickly renders skills obsolete, training provides employees with specific skills or helps to correct deficiencies in their performances.

Table 5. Descriptive statistics on remuneration

Statement	SA	A	N	D	SD
Head of department develop criteria to be used in remuneration	18(18.63%)	47(46.08%)	20(19.61%)	7(6.86%)	9(8.82%)
The bonuses is normally set in consultation with all the head of department	18(17.65%)	57(55.88%)	12(11.76%)	5(4.90%)	10(9.80%)
Remuneration is carried out depending on how long an employee has stayed in the organization	11(10.78%)	83(81.37%)	4(3.92%)	1(0.98%)	3(2.94%)
Every employee is always considered during salary increment	60(58.82%)	40(39.22%)	0(0.00%)	2(1.96%)	0(0.00%)
The salary increment given to employees who do their jobs very well motivates them	23(22.55%)	38(37.25%)	14(13.73%)	8(7.84%)	19(18.63%)
Am satisfied with salary I draw at present	7(6.86%)	12(11.76%)	3(2.94%)	64(62.75%)	16(15.69%)

Five point key response scale: 1. Strongly Agree (SA); 2. Agree (D); 3. Neither Agree or Disagree (N); 4. Disagree (D); 5. Strongly Disagree (SD). **Source:** Research Data, 2017.

Table 6. Respondent results on what motivates employees at work

Motivation	Frequency
Remuneration	60 (58.82%)
Promotion	27 (26.47%)
Training	15 (14.71%)
Total	102 (100%)

Source: Research Data, 2017.

Table 7 shows that the majority of the employees earned between ksh 30-40 as recorded above, 38(37.25%) followed by ksh 20-30, 24(23.53%) respondent. The minority of the employees earned between ksh 40, 22(21.57%) and ksh 20, 18(17.65%) respectively. This concluded that majority of employees had not stayed for long in the organization and that is why they got less salary of below ksh 40 mostly youths and this was according to organization's salary structure. To use salaries as a motivator effectively, managers must consider salary structures which should include importance organization attach to each job, payment according to performance, personal or special allowances, fringe benefits, pensions and so on.

Table 8 shows that the majority of the employees received their bonuses within a year, followed by those who receive bonuses within 3 years and finally those who receive bonuses once

every 6 months as recorded above, 79.41%, 12.75% and 7.84% respectively. This indicated that employees that had stayed long in the organization were receiving bonuses once every 6 months. To use salaries as a motivator effectively, managers must consider salary structures which should include importance organization attach to each job, payment according to performance, personal or special allowances, fringe benefits, pensions and so on.

Table 7. Respondents results on salary payments

Salary amount (Thousand)	Frequency
Less than 20	18 (17.65%)
Ksh. 20-30	4 (23.53%)
Ksh. 30-40	38 (37.25%)
More than Ksh. 40	22 (21.57%)
Total	102 (100%)

Source: Research Data, 2017.

Table 9 shows that 44.12% had received their allowances one time, 30.39% had received the allowances more than one time while 25.49% had not yet any increment (allowance). This is in agreement with [10] who observed that managers must consider salary structures which should include importance organization attach to each job, payment according to performance, personal or special allowances, fringe benefits, pensions and so on. In general, most people were

not comfortable with their salary at the moment 82(80.39%) while 20(19.61%) were comfortable. It was concluded that most employees were not motivated to work with the organization and they could walk away in look of well-paid job. The minorities that were comfortable with the present salary were new employees who were not demanding much remuneration. Money is the fundamental inducement; no other incentive or motivational technique comes even close to it with respect to its influential value [2] and [18].

Table 8. Respondents results on bonuses

Statement	Frequency
Once every 6 months	8 (7.84%)
Within a year	1 (79.41%)
Within 3 years and over	13 (12.75%)
Total	102 (100%)

Source: Research Data, 2017.

Table 9. Respondents results on allowances

Statement	Frequency
One time	45 (44.12%)
More than one time	1 (30.39%)
Not yet any increment	26 (25.49%)
Total	102 (100%)

Source: Research Data, 2017.

Conclusions

The study aimed at investigating the influence of remuneration of employee on performance of Busia referral hospital. It was realized that the organization had put a well structure for remuneration. However, this structure was not appreciated by most employees as they complained that the remuneration they get at present is not motivating at all, it is not to their profession and experience. It is therefore imperative for the organization to consider the needs and feelings of its work force and not just overlook them in order to safeguard industrial harmony, because “a happy worker they say is a productive worker”. Having stressed the importance of a good remuneration policy on the performance of workers and the different kinds of rewards that can influence workers to perform better on a job, this study therefore call for employers sense of commitment to put in place appropriate incentive plan that will encourage workers to be more purposeful and improve their performance.

Conflict of interest

Authors declare there are no conflicts of interest.

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