

**ASSESSING THE ROLE OF COMPENSATION STRATEGIES ON NON-TEACHING
STAFF PERFORMANCE: A SURVEY OF TECHNICAL AND VOCATIONAL
EDUCATION TRAINING INSTITUTIONS IN UASIN GISHU COUNTY**

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**A RESEARCH THESIS SUBMITTED TO POST GRADUATE SCHOOL IN PARTIAL
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DECLARATION

Declaration by the Candidate

This research thesis report is my original work and has not been presented for a master degree in any other university and shall not be produced in part or full or in any format without prior written permission from me or Kisii University.

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DEDICATION

I dedicate my work to the Almighty God, my family members and the whole fraternity of Kisii University.

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ABSTRACT

In the modern organizations, staff determine the success and failure of organizations by the means they deliver the services to the client through interactions. The foremost valuable assets available in every organization are its individuals. The main purpose of the study was to evaluate the role of compensation strategies on permanent non-teaching employees' performance: a survey of Technical and Vocational Education Training Institutions in Uasin Gishu county. The research was guided by the following objectives : to establish role of non-financial compensation on permanent non-teaching employees' performance in Technical and Vocational Education Training institutions in Uasin Gishu county, to investigate role of direct financial compensation on permanent non-teaching employees' performance in Technical and Vocational Education Training institutions in Uasin Gishu county and to establish the role of indirect financial compensation on permanent non-teaching employees' performance in Technical and Vocational Education Training institutions in Uasin Gishu county . The current study adopted cross sectional survey design based on a sample drawn from across the Uasin Gishu County and used explanatory research design and drew a sample of 184 respondents from a target population of 338 based on Krejcie and Morgan (1970) schedule. The researcher targeted the non-teaching staff of, Eldoret National Polytechnic, Rift Valley Technical Training Institute and Ziwa Technical Training Institute. Data was collected using questionnaires and the researcher ensured the validity of data by carrying out a pilot study in Kisumu National Polytechnic. For reliability, Cronbach's coefficient Alpha was 0.83 which fell in the acceptable margin of more than 0.7. Data was analysed both quantitatively and qualitatively with help of SPSS software version 20. Data analysis and interpretation of the results from the study was done using tables. Data was analyzed using descriptive statistical techniques frequency and percentages and inferential statistics technique; Karl Pearson's coefficient of correlation using the SPSS version 21.0. The analyzed data was presented on tables. The study concluded that the compensation aspects such as non-financial compensation ($r=0.501$, $p<0.000$), direct financial compensation ($r=0.355$, $p<0.00$), and indirect financial compensation ($r=0.248$, $p<0.000$) were all significant and had positive effect on performance. The findings of the study include; non-financial compensation has an effect on non-teaching staff performance in TVET institutions. Employees' efforts are recognized and rewarded. Not all staffs are trained. It was further found that direct financial compensation has an effect on non-teaching staff performance. TVET institutions do not recognize and reward extra skills and qualifications through salary increase. The final finding was that indirect financial compensation has an effect on non-teaching staff performance. TVET institutions do not give health insurance for non-teaching staff. Many employees in the TVET institutions do not appreciate the role of work injury compensation due to the less work related hazards involved in their profession. TVET institutions give gratuity pay to the retiring employees. It is therefore wise for the managements of Technical and Vocational Education Training institutions in the country to have sound compensation strategies to ensure that there is retention of qualified and experienced members of non-teaching staff who will ensure high productivity and customer retention.

TABLE OF CONTENT

DECLARATION	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
TABLE OF CONTENT	vi
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ABBREVIATION/ ACRONYMS	xi
CHAPTER ONE	1
INTRODUCTION	1
1.1 Background of the Study.....	1
1.2 Statement of the Problem	8
1.3 Objectives of the study	9
1.3.2 General Objective.....	9
1.3.1 Specific Objectives.....	9
1.5 Assumption.....	10
1.6 Significance of the Study	10
1.7 Scope of the Study.....	11
1.8 Limitations of the Study	11
1.9 Operational Definition of Terms	12
CHAPTER TWO	14
LITERATURE REVIEW	14
2.1 Theoretical Review	14
2.1.1 Human Capital Theory	14
2.1.2 Agency theory	15
2.2 Empirical review	16
2.2.1 Concept of Compensation Management	16
2.2.2 Compensation Management and Employee Performance.....	18
2.2.3 Non-Financial Compensation and Employee Performance	19

2.2.4 Direct Financial Compensation and Employee Performance	22
2.2.5 Indirect Financial Compensation and Employee Performance	26
2.4 Conceptual Framework	30
CHAPTER THREE	31
RESEARCH METHODOLOGY.....	31
3.1 Research Design	31
3.2 Study Area.....	31
3.3 Target Population	32
3.4 Sampling Techniques and Sample Size	33
3.4.1 Sampling Techniques	33
3.4.2 Sample Size	33
3.5 Data Collection Instruments.....	34
3.6 Validity and Reliability	34
3.6.1 Validity.....	34
3.6.2 Reliability	35
3.7 Data Collection Procedure	36
3.8 Data Analysis and Presentation.....	36
3.8.1 Data Analysis	36
3.8.2 Presentation	36
3.10 Ethical Considerations.....	37
CHAPTER FOUR	38
DATA PRESENTATION, INTERPRETATION AND DISCUSSION.....	38
4.1 Response Rate	38
4.2 Descriptive Statistics	38
Table 4.1 Demographic Characteristics of the Respondents.....	39
4.2.1 Gender of the Respondents	39
4.2.2 Age bracket	40
4.2.3 Level of Education of Respondents.....	40
4.2.3 Respondents Work Experience	41
4.3 Analysis of Variables.....	41

4.3.1 Non-Financial Compensation and Non-Teaching Staff Performance.....	42
4.3.2 Direct Financial Compensation and Employees Performance	46
4.3.3 Indirect Financial Compensation and Employee Performance	49
4.3.4 Non teaching Staff Performance	53
4.4 Correlation Analysis.....	55
4.4.1 Non-financial Compensation and Non-teaching staff performance.....	56
CHAPTER FIVE.....	59
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	59
5.1 Summary of findings	59
5.1.1 Non-Financial Compensation and Non-Teaching Staff Performance.....	59
5.1.3 Direct Financial Compensation and Employees Performance	60
5.1.4 Indirect Financial Compensation and Employee Performance	61
5.1.5 Non Teaching staff Performance.....	62
5.2 Conclusion.....	62
5.3 Recommendations	64
5.3.1 Recommendation on policy and practice	64
5.3.3 Recommendation for further Research	65
REFERENCES	66
APPENDIX I: INTRODUCTORY LETTER.....	71
APPENDIX II: QUESTIONNAIRE	72
APPENDIX III: KREJCIE AND MORGAN TABLE.....	76

LIST OF TABLES

Table 3.1 Target Population.....	32
Table 3.2 Sample size	34
Table 4.2 Recognition and Appreciation of staff performance.....	42
Table 4.3: Education advancement permission	43
Table 4.4: Training and Development opportunities	44
Table 4.5: Working Environment	45
Table 4.6 Basic pay matches market wage rates.....	46
Table 4.7: Extra skills/ qualifications and Salary Increase	47
Table 4.8: Upward Adjustment of Salaries and commitment.....	48
Table 4.9: Profit sharing policy for non-teaching staff.....	49
Table 4.10 : Health insurance for the non-teaching staff.....	50
Table 4.11: Work Injury Compensation	51
Table 4.12: Transport allowance and employee performance	52
Table 4.13: Gratuity to Retirees.....	53

LIST OF FIGURES

[Figure 2.1: Conceptual Framework](#) 30

LIST OF ABBREVIATION

BPDB: Bangladesh Power Development Board

HOS: Head of Section

HRM: Human Resource Management

IT: Information technology

NGO: Non-Governmental Organization

RVTTI: Rift Valley Technical Training Institute

SAO: Senior Administrative Officer

TVET: Technical and Vocational Education Training Institutions

USA: United State of America

WHO: World Health Organization

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the modern organizations, staff determine the success and failure of organizations by the means they deliver the services to the client through interactions. The foremost valuable assets available in every organization are its individuals. Therefore the retention of workers in their jobs is crucial for a corporation. Indeed, there's a paradigm shift from human resource to human capital that consists of the knowledge, skills and talents of the individuals used in a corporation this can be an indication that they're valuable Armstrong (2010).

Most employers need to perpetually develop strategies to reinforce their ability to draw in, retain, and reward fittingly proficient and competent staff. Compensation management in essence plays a crucial purposeful role because it's the heartbeat of human resource management. It's additionally a very vital component to all the stakeholders in a job because staffs usually rely on wages and salaries, and it should be similar to the work done for the employer to maximise the profits. Compensation management is a very complex task that happens sporadically and it ought to enhance demand accuracy and consistency and timeliness. A competitive compensation strategy is one key plan of action that has been mostly adopted by several organizations. Employees' willingness to remain on the job primarily depends on compensation packages a corporation offers to its staff, Armstrong (2003).

According to Mondy (2010), compensation is the sum total of all rewards given to staff for the services rendered to the organization, the core reason of this can be to attract, retain and encourage employees'. Compensation is a combination of both fixed and variable elements as well as workers' entire alternative employment benefits, a summation of those elements are meant to effectively influence employees' performance. Armstrong (2005) highlighted that

compensation management deals with the design, implementation and maintenance of compensation systems that are general to the development of organisational, team and individual's performance. DeNisi and Griffins (2008) expressed that compensation management is a set of rewards that organizations provide to individuals reciprocally for his or her temperament to perform varied jobs and tasks inside the organization. Compensation management is all concerned in the formulation and implementation of strategies and policies that aims at compensating employees' fairly, equitably and systematically in accordance with their contributions to the organization, Armstrong (2005).

There exists a significant relationship between compensation and worker performance Shin-Rong and Chin-Wei (2012). Mayson and Barret (2006) found that a firm's ability to draw in, encourage and retain staff by providing competitive salaries and acceptable rewards is connected to firm performance and growth. The connection between compensation system and staff performance is indivisible, although there are both macro and small environmental factors which can determine the satisfaction an individual derives from it. Factors like high rate of inflation have led to high cost of living, low financial gain and, purchasing power is a reason for poor performance Adeniyi (2013).

Compensation has been viewed by most authors as a key determinant of performance and hence the best scheme attracts the best proficient human resources. Harrison and Liska (2008) noted that reward is that the centre piece of the employment contract and this can be the most reason why individuals work. This includes both extrinsic and intrinsic rewards received by those employed in the organisation. Anyebe (2003) views compensation management as a collection of beliefs and guiding principles that are in tandem with the policies of the organisation and recognises the very fact that human resource is concerning investment in human capital from that

an affordable return is needed, and then it's correct to compensate individuals differently according to their contributions. A statistical significant and positive relationship was found to control rewards. Once compensation strategy is modified, it ends up in a corresponding amendment in performance whereas the periodic pay increments, allowance, bonuses, fringe benefits and alternative compensations on regular and specific periods may be a motivation for high performance Danish and Usman (2010).

In the USA, the studies in the late 1990s-2000s, indicated that a lot of figures for incentive pay lead to significant growth within the percentage of staff covered by the incentive pay schemes in formation. From 1994/95 to 2003/04 the numbers increased exceedingly, U.S.A. data sets. Dube and freeman (2010) concluded that there was a large increase in group incentive pay from the 1970s through the 1990s. Lemieux, McCleod and Parent (2009), estimated that 15 per cent of employees with incentive pay in a given year whereas 37% command jobs within which an employee 'ever' received incentive pay, and 45% of employees were in one amongst the two groups. Lazear and Shaw (2008) reported that near to 67 per cent of corporation's employment individual incentives for 20 per cent of employees' whereas 24 per cent of firms had gain-sharing schemes for 20% of employees. Proof from the 2002 and 2006 special modules of the GSS show that financial participation schemes (i.e. profit sharing, gain sharing or worker share ownership) cover up to 47 per cent of staff (Freeman, et al. (2009); Kruse, et al. (2010).

In Asian nation, Uddin, Habib, and Hassan (2007) showed a comparative state of affairs of HRM practices with reference to public and the personal sector organizations. The study discovered that the majority of the staff of Wartsila, the personal sector organization was contended with their salaries whereas most of the staff of Asian nation power development board (BPDB), the general public sector organization was extremely discontented with their salaries. A study by

Huda, Karim, and Ahmed, (2007) on the HRM practices of twenty non-government organizations (NGOs) of Asian nation noted that inadequate money incentives drawn from one amongst the most reasons resulted in the task discontentedness of the staff. The study recommended that determination of entry-level remunerations and benefits doubtlessly draw in qualified candidates. Khan (2007) flatly highlighted that the general public and also the personal sector institutions of Asian nations didn't discharge their duties properly owing to incorrect achievement and choice of staff, politicization of promotion and placements, poor compensation, and ineffective coaching.

In Asian nation, Khan et al. (2011) studied 450 Habib Bank restricted staff and noted that compensation management aims to encourage and retain staff to reinforce the general effectiveness and potency of an organisation. In Asian nation, the most aim of compensation schemes is to confirm productivity at both the organization level and individual level. The study on Habib Bank additionally established that the higher the compensation strategy the higher the performance and reduced turnover.

In Asian nations, human resource units thought of varied compensation and benefits practices that guarantee most utilization of the human capital inside the trade, Pynes (2008). Pawan, Budhwar and Debrah (2004), compare the idea for compensation for Saudis and non-Saudis where the authors say that the idea for compensation for the non-Saudi may be a cost incurred by the organisation whereas in compensating the Saudi nationals within the public sector, they place value and socio cultural factors. Human resource departments vet workers due for employment before setting the compensation scale for them since problems regarding basic pay are crucial during this context hence requires cautious thought. Additionally, varied organizations within the trade have enacted bonuses and profit hiring mechanisms among alternative benefits pegged on

productivity. Equity in pay is another crucial facet evident among most organizations within the Saudi context despite the challenges facing them Wiseman, Gomez-Mejia & Fugate (2000).

India has been thought of as a culture that emphasizes personal relationships Singh (2000). There's an assumption that in Asian nation, the worth of a private employee is placed on commitment to the organization one is working for, Kwantes (2009). Sinha (2000) expressed that changes in India's market had resulted in an exceedingly scenario whenever both the employee's obligation to stay loyal to the organization and also the employer's responsibility to assure them of the employment period were viewed as out-dated values." As a result of a lot of foreign companies moving their operations to Asian nations, it necessitated higher employment opportunities for the locals, Kwantes (2009). Corporations err by presuming that adopting those practices operational elsewhere could create flourishing operations in Asian nations, this has lead into overall poor results (2009). The explanations resulting in this embody cultural variations, work values, reactions to authorisation, work motivation and job satisfaction.

Arul and Jayaraman (2013) noted that Indians prefers job security to high compensation. This makes them to work for public sector enterprises and government institutions. However the fashionable kids favour to be part of IT and repair sectors although several of them still have an interest on the government jobs. The key factors chargeable for this are job security, relaxed work and social insurance measures. On the opposite hand, the personal corporations rather than moving on the potency line alone have thought of job security as a live to retain the young and proficient in Indian corporations Arul, and Jayaraman, (2013).

In Nigeria, in line with the compensation Decree of 1987, expressed that everyone organizations and businesses are to produce workers' compensation coverage for the sake of their staff and also those disabled or incapacitated within the line of duty, World Health Organizations. This can be

followed by pensions Reform Act of 2003 which needs that leaders needs to take care of an insurance policy in favour of a worker for a minimum of three times annual total compensation or pay of the worker Aloysus, (2007). Another issue in Federal Republic of Nigeria is that the government compensation would appear to be' determined primarily by company profit, forms of trade, Size of enterprise and individual performance. Folayan (2006) quoted Iyegb\uniwe, stated that profit ought to be distinguished among the determinants of government compensation in any market-oriented economy. The personal sector CEOs are awarded high remunerations that's unrelated to the performance' (profitability) of the enterprise involved. Government compensation will scarcely be unmarried from the performance of every government, that is, his price to the corporate. Provision is typically created by every enterprise to reward outstanding performance and to punish poor performance. In effect, a CEO of the World Health Organization who doesn't perform well in terms of company 'profitability might not solely be denied pay increase however could lose his job.

In Kenya, Munjuri (2011) studied on the effect of human resources management practices in enhancing worker performance in catholic institutions of higher learning in Republic of Kenya. The researcher found that the compensation had the best impact on increasing employees' level of performance. Kipkebut (2010) studied on compensation and organizational commitment in higher institutions of learning was more vital than demographic characteristics in influencing firm's commitment; demographic characteristics however differ in their influence on every dimension of firms commitment; and private universities had a lot of superior HRM practices than public universities. Businei (2013) argues that so as to survive during this new era, businesses should focus even more on their competitive strengths to develop durable and acceptable long -term strategies. Busienei, (2013) states that the Means a Corporation manages

individual's affairs and particularly compensation will influence its performance. Impact of human resource management practices on firm performance has been a widely researched field for years and this is the desire of every employer. Performance may be a result or set of results that represent productivity and competency associated with a long time objective, goal or common place. A corporation is alleged to measure its performance as a composite index comprising of five partial measures: Service quality, Level of productivity, profit, Product to market time and rate of innovation, Absenteeism and turnover. Job performance may be a multi-dimensional construct. Two aspects of performance-related behaviours that are progressively vital in today's work organization are proactive behaviour and creativeness (Griffin, Neal and Parker, 2007).

According to Dessler (2008), institutions of higher learning will adopt varied HRM practices particularly worker compensation strategies as the simplest way to encourage them to enter into more durable engagement towards achieving the set targets. World Bank (2004) report points out higher education institutions, like universities, colleges and polytechnics, are labour intensive organizations; they rely on individuals for the delivery of their services. The reports confirm that the standard of the workers in the institutions of tertiary education is therefore central to their effectiveness and the same applies to all people-centred organizations, Munjuri (2011).

The above scholars among others have significant contribution on the result of compensation strategy on worker performance nevertheless, there's very little research on the compensation strategy of non-teaching employees' within the National Polytechnics in Republic of Kenya, hence it becomes pertinent to carry out this study so as to enhance the modern knowledge on compensation of non-teaching workers in National Polytechnics.

1.2 Statement of the Problem

Munjuri (2011) stated that, there is an increased need of higher education in the Republic of Kenya as proved within the growth in range of institutions of higher learning. The government has been strengthening its institutions to match the competition from the private institutions. Polytechnics are at the centre of this up gradation. Even so, there exists a problem of increased worker turnovers, absenteeism, unresponsive nature of staff, inadequate commitment. Mangkuprawira, (2003) noted that dissatisfaction to compensation could cause performance degradation, increasing degree of absenteeism, and employee turnover. An equivalent findings are evident in studies of Tettey, (2009) and Waswa et al. (2008) that among other reasons, poor remuneration, heavy workload and lack of promotional opportunities as the main reason for workers attrition in the public institutions. According to Lewa (2009), most public institutions don't have clear compensation strategies hence have low worker retention power.

Anvari et al. (2011), Gungor, (2011), Danish and Usman (2010) states that improper compensation plans can invariably land corporations into issues like higher worker turnovers, less commitment, poor service delivery, dissatisfaction, conflicts, stress and stress connected diseases, labour unrest, industrial actions, tainted company image and accidents.

The gap that exists necessitated this study because of the fact that majority of the public Technical and Vocational Educational Training institutions have weak compensation strategies for its non-teaching staff. This study, in turn, tried to fill the gap by establishing how the compensation strategies affect the performance of permanent non-teaching staffs in Technical and Vocational Educational Training institution Uasin Gishu County.

1.3 Objectives of the study

1.3.2 General Objective

The main purpose of the study was to assess the role of compensation strategies on non-teaching staff performance in Technical and Vocational Education Training Institutions in Uasin Gishu County.

1.3.1 Specific Objectives

This study sought to achieve the following specific objectives:

- i) To establish the effect of non-financial compensation (Recognition, Appreciation, Learning and Development and Work Environment) on non-teaching staff performance in Technical and Vocational Education Training Institutions in Uasin Gishu County.
- ii) To investigate the effect of direct financial compensation (Base Pay, Overtime Pay, Upward Adjustment of Salaries, profit sharing) on non-teaching staff performance in Technical and Vocational Education Training Institutions in Uasin Gishu County.
- iii) To establish the effect of indirect financial compensation (Health insurance, Work injury Compensation, Transport Allowance and Gratuity) on non-teaching employees' performance in Technical and Vocational Education Training Institutions in Uasin Gishu County.

1.4 Research Questions

The study was guided by the following research questions.

- i) What is the effect of non-financial compensation (Recognition, Appreciation, Learning and Development and Work Environment) on non-teaching staff performance in Technical and Vocational Education Training Institutions in Uasin Gishu County?

- ii) What is the effect of direct financial compensation (Base Pay, Overtime Pay, Upward Adjustment of Salaries, profit sharing) on non-teaching staff performance in Technical and Vocational Education Training Institutions in Uasin Gishu County?
- iii) What is the effect of indirect financial compensation (Health insurance, Work injury Compensation, Transport Allowance and Gratuity) on non-teaching employees' performance in Technical and Vocational Education Training Institutions in Uasin Gishu County?

1.5 Assumption

The study assumed that the respondents' responses were honest and that the respondents understood the questions. The respondents were able to interpret the questionnaires properly and gave accurate information. Another assumption is that the findings of this study would be replicated if the study was to be conducted in TVET institutions in other counties. The study further made an assumption that the study was free from any biases in terms of sampling and reporting of results.

1.6 Significance of the Study

The study evaluated the role of compensation strategies on permanent non-teaching employees' performance in Technical and Vocational Education Training Institutions in Uasin Gishu County. The study is deemed to raise awareness to the different Technical and Vocational Educational Training Institutions and their stakeholders about the importance of having sound compensation strategies for general performance of their organizations. The study was also deemed to help Technical and Vocational Educational Training Institutions to be aware of the challenges facing them in terms of management of human resources and find suitable strategies to curb such challenges, which affect their operational performance. The study was to further help the management and the other stakeholders to come up with suitable solutions to

compensation schemes for their permanent non-teaching staff. The findings provided the policy makers with viable opportunities to revise the policies related to retention of non-academic staff such as policies on salaries and benefits. This could in turn benefit the country in the provision of quality education by ensuring the best non-academic staffs are retained for longer time in their institutions. As the community gears towards the realization of Kenya Vision 2030, competitive compensation will ensure that these institutions have adequate capacity to produce the human resource required to support the various social-economic activities.

1.7 Scope of the Study

The study established effects of compensation strategies on permanent non-teaching employees' performance in Technical and Vocational Education Training Institutions Uasin Gishu County. The Technical and Vocational Education Training Institutions sampled are: Eldoret National Polytechnic, Rift Valley Technical Training Institute and Ziwa Technical Training Institute between August and September 2016. The respondents were drawn from Senior Administrative Officers Heads of sections and non-teaching staff. The independent variables of this study were non-financial compensation; indirect financial compensation and Direct Financial Compensation. The dependent variable was staff performance.

1.8 Limitations of the Study

The research was limited to establishing role of compensation strategies on non-teaching employees' performance in Technical and Vocational Education Training institutions in Uasin Gishu County. Data collection instruments were limited to questionnaires. The data to be collected was based on subjective perspectives measurement; to this, the researcher assured the respondents of the confidentiality and as well emphasized the purpose of the study which

boosted their confidence to give objective responses. The respondents' inability to give comprehensive facts in so far as compensation strategies in their organization is concerned, was minimized by the researcher by explaining the core issues to the respondents before they start filling the questionnaires.

1.9 Operational Definition of Terms

Compensation: This is the package of quantifiable rewards an employee receives for his or her labour. It includes three components: base compensation, pay incentives and indirect compensation/ benefits. Gomez et al (2012)

Performance: The extent to which an employee or group of employees have gone in achieving the set goals or standards.

Employees: Persons who work for compensation weather direct or indirect for another in return for stipulated period of time.

Compensation Strategy: According to Brown in Armstrong (2008), compensation strategy is ultimately a way of thinking that you can apply to any reward issue arising in your organization, to see how you can create value from it.

Non-financial compensation - Non-financial rewards are the non-monetary gains that influence people through non-material rewards like; giving more responsibility, promotion, praise and recognition in public Musaazi. (2002)

Direct financial compensation -Are monetary benefits offered and provided to employees in return of the services they provide to the organization. The monetary benefits include basic salary, house rent allowance, conveyance, leave travel allowance, medical reimbursements, special allowances, bonus,

Gratuity. They are given at a regular interval at a definite time Gupta, (2014).

Indirect financial compensation - refers to Indirect Compensation as the indirect financial and non-financial payments employees receive for continuing their employment with the company which are an important part of every employee's compensation. Other terms such as fringe benefits, employee services, supplementary compensation and supplementary pay are used Dessler, (2011).

Non- Teaching Staff- this refers to the non academic staff. They give support services to the teaching staff.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Human Capital Theory

This study will adopt Human Capital Theory. Human capital theory was projected by Schutz (1961) and developed extensively by Becker (1964) and the theory posits that the data and ability an employee has generates a precise stock of productive capital. This approach additionally sees individuals not as an expense item on their financial gain statements, rather as a plus capable of not solely adding price to their organizations and in some cases guaranteeing it's terribly needed survival within the current competitive atmosphere Joan Sutherland (2004). In the study by Perkins and White (2008), human capital theory is a theory relevant to a workers reward. This theory relies on the actual fact that people accumulate human capital by investment, time and cash (including postponed earnings), in education, training, expertise and alternative qualities, so as to extend their productive capability and so pricing a leader whereas all the staff brings some ability and skill to the performance of their tasks, accumulated academic achievements and skill produce to differentiation within the level of reward required to draw in and retain quality individuals.

Armstrong (2009) defines human capital as the combined intelligence, skills and experience that offers the organization its distinctive character. The human components of the organization are those who are capable of learning, changing, innovating and providing the artistic thrust that if properly impelled will make sure there is the long-run survival of the organization. Human capital includes intellectual capital (which are the distinctive data and skills that individuals possess), social capital (which is versatile networks among those that enable the organizations to link, imbed and leverage its numerous data) and also the organization capital (which is that the

institutionalized knowledge possessed by a company that's held on in their databases and manuals). Joan Sutherland (2004) additionally adds emotional capital that is that the ability to convert the potential in intellectual capital into committed complete action. According to Stewart (1998) and in Joan Sutherland (2004), the staffs possess a big quantity of an organizations price and once the key staffs leave corporations, they take this price with them. It's so to the data and skills of people that make the price that is why the main target has got to do with that of attracting, retaining, developing and maintaining the human capital they represent. Technical and Vocational Education Training Institutions in Uasin Gishu county place plenty of investments within the coaching of the both tutorial and permanent non-teaching workers and it does this through larger worker attachment and tenure that may build their investment pay offs. The present study will examine the results of compensation strategies on performance of Technical and Vocational Education Training Institutions in Uasin Gishu county with the assumption that human capital is critically vital and therefore there is a requirement for effective and competitive compensation strategies.

2.1.2 Agency theory

According to Jensen and Meckling (1976), conflict of interest and information asymmetry exist between principal and agent, since their different starting points and personal benefits lead to different personal objectives. Each party tends to maximize their net utility in terms of income, which can be considered as the benefit part of the agent, and the degree of work effort is disregarded. Therefore, most of the agents are likely to minimize their effort in order to maximize their net utility (Alchian and Demsetz 1972). As long as the principals do not take actions to punish agents, agents will tend to take opportunities to decrease their work effort.

A basic assumption of agency theory (e.g. Baiman, 1982, 1990; Eisenhardt, 1989) is that people are fully rational and have well-defined preferences, and they are presumed to be motivated by self-interest (e.g. wealth and leisure). Besides that, most models of economic behaviour assume

People will shirk (i.e. Give low or no effort) to a task, especially when the task will not contribute to their own economic well-being (Bonner and Sprinkle, 2002).

We can predict that if employees always behave in the best interest of the organization, management control would be unnecessary. However, we have to admit that sometimes employees are unable or unwilling to behave in an organization's best interest and, as a result, some related controls must be taken in order to avoid unintended behaviours or encourage preferred behaviours (Merchant 1982). According to Merchant (1982), even though employees have some good knowledge and are able to finish the job well, some still do not act in the organization's best interest, because it is less likely that employee objectives and organizational objectives are aligned. Different types of compensation have direct influence of on employee motivation is mixed.

2.2 Empirical review

2.2.1 Concept of Compensation Management

Compensation is outlined by Mondy (2010) as the total of all the rewards provided to staff for his or her service, the general functions of that are to attract, retain and inspire the staff. Compensation is comprised of both fixed and unfixed variable components like staff benefits and services and therefore optimum combination of these components is right to effectively influence the position employees' towards performance. In line with DeNisi and Griffin (2001) compensation is a reward system that a corporation offer to people reciprocally for their willingness to perform varied jobs and tasks in the organizations. They explicit that relevant commensurate rewards have to be provided to the staff so they can feel valued and realize their expectations for exchanging their skills, abilities and contribution to the organization.

According Sedarmayanti (2010), compensation is everything received by staff as remuneration of their work. Moreover, Dessler (2007) suggested that employee compensation is any sort of payment or benefits granted to staff arising from the employment of the worker. According Hasibuan (2000), compensation is all the financial gain in form of cash, goods directly or

indirectly received by staff as a reward for services rendered to the corporation. Werther and Davis in Hasibuan (2000) said that compensation is what an employee receives as a reply from the work they supply it can either be hourly wages or salaries periodically designed and managed for the personnel. Rival (2004), compensation are a few things that are received by staff for playing a role in contributing their services to the corporate.

Dessler, (2005) defines compensation as all sorts of payments or rewards given to staff that arise from employment. Compensation is one amongst the fundamental reasons for workers to seek employment and therefore employees are remunerated for their services and efforts they exert in their work. Harrison & Liska, (2008) in their study affirm that reward is the centre items of the employment contract after all it's the core reason why individuals work. This includes all sorts of rewards, both intrinsic and extrinsic, that are received by a worker as the results of employment. Intrinsic rewards embody rewards within the duty like responsibility, autonomy appreciation from the boss and feelings of accomplishment among others. Extrinsic rewards are tangible rewards like pay bonuses and fringe benefits.

According to Bowman (2006), Compensation management is outlined as all the employers' available tools which will be used to attract, retain, motivates and satisfy staff. This encompasses both single investment that a company makes in its individuals and everything its staff gains within the employment relationship.

Hewitt, (2009) outlined compensation management as having a compensation system in the organization in which the staff who perform better are paid quite well than the common activity employees. Armstrong (2005) explicit that compensation management is an integral part of human resource management approach and to productivity improvement within the organisation. It deals with the design, implementation and maintenance of compensation system that are

general to the development of organisational, team and people performance. Compensation management is concerned with the formulation and implementation of strategies and policies that aim to compensate individuals fairly, equitably and systematically in accordance with their values to the organisation, Armstrong (2005). Armstrong and Brown (2005) postulated that compensation management is an integral part of human resource management (HRM) approach to managing individuals and per so doing, it supports the accomplishment of business objectives and its strategies. In essence, that addresses long run issues concerning how individuals ought to be valued for what they require to achieve.

2.2.2 Compensation Management and Employee Performance

It has been found that there's a substantial relationship between compensation and employee and organization performance. Shin-Rong and Chin-Wei (2012).Aswathappa (2007), states that the most drawbacks with indirect compensation are lack of worker participation. Once an employee benefit programme is intended by the organization, staffs have very little discretion. For example, an equivalent pension is typically granted to all staff. Younger staff sees pension as distant and mostly irrelevant. Older female staff feels that maternity benefits don't seem to be required. The uniformity of benefits fails to acknowledge work force diversity. Admitted uniformity ends up in administrative economies, however once staff do not receive either benefits, these economies becomes questionable.

According to Mendoca and Kanugo sited in Bowman (2006), management practices regarding reward systems relate to both the sort of rewards offered to staff for their services and also the manner during which such rewards are administered in performance. Management practices associated with rewards are essential in deciding the extent of employees' performance because organizational structures have an indirect effect on the commitment and morale of staff through

authority patterns and leadership styles; they have implications for employee performance in a company.

Mayson and Barret (2006) found that a firm's ability to draw in, inspire and retain staff by providing competitive salaries and acceptable rewards is linked to firm performance and growth. On the opposite hand, Inés and Pedro (2011) found that the compensation system used for the sales individuals has important effects on individual employee performance and sales organization effectiveness. Therefore, in an ever competitive business atmosphere, several corporations nowadays are trying to spot innovative compensation strategies that are directly linked to rising organization performance Denis and Michel (2011).

2.2.3 Non-Financial Compensation and Employee Performance

Non-financial rewards are the non-monetary gains that influence individuals through non-material rewards like giving additional responsibility, promotion, praise and recognition publically Musaazi,(2002). Maicibi (2007) in his definition of an equivalent includes indirect financial rewards arising from work itself, such as; accomplishment and autonomy. Such non-financial rewards are believed to have an effect on job commitment either negatively or positively. Non-financial rewards tend to attract extremely qualified and competent employees' who are probably extremely committed to the accomplishment of organization goals. In line with Armstrong (2009) talking on the role of non-financial rewards in enhancing employees' commitment and performance on the duty determined that "the notion of total reward says that there are additional rewards to individuals than throwing cash at them". Non-financial rewards will build staffs after duty. It encourages them to contribute further by developing a deal that addresses broad number of problems. Armstrong (2009) adds that making a fun, challenging and empowered work atmosphere which people are ready to use their abilities to try and do

meaningful jobs that they're shown appreciation is probably going to be an additional thing to enhance motivation, commitment and performance. Maicibi (2003) highlights three main styles of non-financial rewards that's, the need for power, need for affiliation and need for accomplishment. If a company is to form its staffs commitment on the duty, then there is need to administer them the power in form of promotions and acceptance on the duty through recognition. Musaaazi (2002) observes that absence of effective reward strategy that considers the requirements of staff and their aspirations demoralizes them resulting in low job commitment.

Malhotra et al. (2007) established that intrinsic non-financial rewards are additional powerful predictors of affective commitment than financial rewards. Coetsee (2004) underscores the importance of linking rewards to smart performance and he explains that giving this compensation and meriting staff can encourage them to figure out more durable relationships and it has an effect on their behaviour by motivating them.

Furthermore, social rewards, facilitates staff and develops their trust and interest in pursuing organization goals. Staff who perceived their supervisor as supportive was additionally affectively committed to their employer. Zingheim and Schuster (2000) argues that once supervisors are committed to their subordinates and interact in behaviours that support organizations objectives, staff expertise emotional gratification are additional probably to reply by developing trust and modelling their supervisor's behaviours.

Chiang and Birtch (2009) posit that rewards that are non-financial in nature, like the provision of a rise in holidays, and increase in family benefits, contribute towards the worker perceiving his/her workplace as a supportive and caring organization. By providing staff with the maximum amount rewards as attainable (in proportion to their work efforts), staff are ready to operate more efficiently. This concept is further supported by Luthan et al., (2006) who stresses that once

staffs are ready to see that their company really values and rewards certain service behaviours, then the staff would additionally wish to embrace or welcome such values, and that they would be ready to exhibit fascinating behaviours supported by their perceptions and the promise of rewards. The staff's perceptions with regards to their reward climate and getting a chance to advance influence their attitudes towards their employer. Lack of chance for advancement or growth will cause a high ratio turnover for any organization. Even the foremost seasoned worker has to be told what he or she is doing is correct once in a while Shamsuzzoha (2007). Lack of chance for advancement through seniority or otherwise might end in dissatisfaction that simmers in an employee's mind until he or she finally quits. In the case of jobs having no real future, candidates ought to receive a full rationalization before they're employed. If a company doesn't have probabilities for promotion of their staff, they'll quickly lose this resource to others. Promotion likelihood is the degree of potential quality tool within a company. Promotional probabilities cut back turnover since a worker will continue hopefully eyeing a vacancy. Promotion of workers could be a rational motivator with the sense that a worker is glad whilst he performs his duties. With job satisfaction turnover reduced tremendously Cascio, (2002).

Legally required benefit programs include social security, workers compensation while discretionary programs include health benefits, pension plans, paid time off, tuition reimbursement, recognition award, foreign service premiums, responsibility allowance, child care, on campus accommodation, promotion, annual increment and a host of others (Cascio, 2003; Dessler, 2005; Bernadin,2007). Benefits, in nutshell are the indirect financial and non financial payments employees receive for continuing their employment with an organization.

Employee benefits, though a part of total compensation embraces non monetary form of compensation ranging from health care plans, to pension or retirement plans, social security, insurance, family and medical leave (Bernadin, 2007), severance pay, payments for time not worked (vacations, sabbatical, holidays), workers compensation, that is, those injured on the job (Cascio, 2003), Foreign Service premiums, child care, tuition reimbursement and on campus accommodation (Noe et al 2006). Other emerging trends in employee benefits embrace flexibility or what is known as cafeteria approach to benefits. This allows an employee to choose from array of benefits in lieu of pay. An employee who is a bachelor may choose money in lieu of child care (Miner and Crane, 2005).

Employee coaching provides opportunities to staff to widen their knowledge and skills for additional economic cooperation and attain individual development Jun et al (2006). Once staff receives self-development coaching, the extent of their job satisfaction is more than those when there is no such coaching. As per Cole (2005), the benefits of a worker development to a company include: increasing the employees' morale since coaching can improve the employees' confidence and motivation; lowering the cost of production through higher and economical employment of fabric and instrumentation thereby reducing and avoiding waste. Additionally, he determined that coaching of staff ends up in a coffee turnover that comes as results of improved security within the geographical point. Coaching helps improve modification management by increasing the understanding and involvement of staff in modification management method.

2.2.4 Direct Financial Compensation and Employee Performance

It is important for employers to use fair and justifiable compensation, especially monetary compensation, for individual employees. Since employee motivation dramatically decreases when they feel that the compensation is not fairly decided upon, in general, employees are

naturally inclined to compare their effort level and deserved compensations with that of other colleagues. Herpen et al (2005) strongly advise that employees consider the performance measurement system as a positive mechanism. Otherwise, when they consider the mechanism unfair or ambiguous, it will lead them to lose motivation, commitment, and the respect of the company.

Direct compensation refers to financial benefits offered and provided to staff to commensurate the services they provide to the organization. The financial benefits embody basic wage, house rent allowance, conveyance, leave allowance, medical reimbursements, special allowances, bonus, and gratuity etc. they're given an interest at a certain time. Some pay systems are individual based (e.g., commissions and benefit increases), whereas others are group based (e.g., gain sharing). Group incentives have the propensity to extend the satisfaction of the requirement for connectedness relative to individual incentives. Group incentives can even foster a cooperative culture, whereas individual incentives run the chance of making a competitive culture (Citation). However, as some economists have argued Han & Shen, (2007), observed that group incentives can even result in cooperation between staff, who can wish to avoid free riding problems.

Gupta (2014) refers to financial benefits offered and provided to staff as reciprocal of the services they give to the organization. The financial benefits embody basic wage, house rent allowance, conveyance, leave allowance, medical reimbursements, special allowances, bonus and Gratuity. They're given at a stipulated interval.

Gupta (2014) identifies seven main components of direct compensation strategy. Basic wage that is that the quantity received by the worker for the work done by him/her for a precise amount say every day, a week, a month, etc. it's the money a worker receives from his/her leader by

rendering his/her services Gupta (2014). Another element is house rent allowance that refers to the organizations' provision of either accommodations to its staff that are from completely different state or country or provision of house rent allowances to its staff. This is often done to supply them with social insurance and inspire them to figure Gupta (2014). Conveyance is another element wherever organizations offer cab facilities to their staff. Few organizations additionally offer vehicles and gas allowances to their staff to inspire them Gupta (2014). Leave allowance is provided to retain the simplest talent within the organization. The staffs are given allowances to go to any place they want with their families. The allowances are scaled as per the position of workers within the organization (Gupta 2014). Medical compensation is additionally an immediate compensation wherever staff are supplied with medical claims for them and their members of the family Gupta (2014).

Another common direct financial compensation is bonus that is paid to the staff throughout merry seasons to inspire them and supply them with social insurance. The bonus quantity typically amounts to at least one month's wage of the worker Gupta (2014). There are other special allowances like overtime, mobile allowances, meals, commissions, travel expenses, reduced interest loans; insurance, club memberships, etc. provided to staff to supply them social insurance and inspire them to improve the organization productivity Gupta (2014).

Overtime is another direct compensation that is adopted in many organizations across the world. Approximately 12% of the Japanese workforce work at least 60 hours per week and no less than 28% work less than 50 hours per week, which means that many work more than 60 hours per week. (Lee, 2004; Iwasaki, et al, 2006). In addition, if considered to only include the fulltime employees, these percentages can even be higher. According to Jacobs and Gerson (2004) and Caruso (2006), in the United States, approximately 25% of men and 11% women work more

than 50 hours per week. According to the Fourth European Survey on Working Conditions (European Foundation for the Improvement of Living and Working Conditions, 2007), the proportion of European workforce that work on average 48 hours or more weekly amounts to 14%. In addition, males seem to work longer hours than females; 20% and 7% respectively. This correctly reflects the greater number of men in fulltime jobs, who are also more likely to be employed in scientific and professional fields, which usually require longer working hours.

According to the Golden and Altman (2008) study of the American male and female managers' manner of longer working hours, they argue that people in higher job positions, especially male managers, tend to have more interest in monetary rewards from long working hours as well as experiencing peer pressure and looking for comfort from home. In addition, Golden and Altman (2008) also conclude that in Japanese organizations, overtime working has been considered a very important indicator for promotion structure. Therefore, these employees tend to do more overtime working despite the adverse influence on their health.

According to Yamada, et al. (2013), three main reasons explain why employees are willing to work overtime. First, employees willing to work overtime are indicating their commitment to the organization. Employees have a direct or indirect intention that working overtime frequently can help them obtain more opportunities to gain promotion in the organization. Namely, to some extent, employees consider frequent overtime work a strategy to maximize their individual compensation through potential promotion. Secondly, overtime work has been considered a signal that employees' lack some capabilities. Through frequent overtime work, some specific employees can hide their lack of capabilities, to some extent to prove their commitment to the organization. Thirdly, it is common that in the labor contract between the organization and employee, there are ambiguous parameters to reflect the way in which organizations evaluate

employee incentives for overtime work. Due to the risk adverse attitude, employees usually intend to do some overtime work in these cases.

One study found that higher base pay fosters higher performance and affection commitment, and that; this may be explained through higher intrinsic work motivation Kuvaas, (2006). The author supposed that higher base pay signals the popularity of high competency and also the valuation of the employer-employee relationship. The utilization of base pay that's higher than the market average to draw in smart performers has additionally been advocated Rynes, Gerhart, & Minette (2004). High base pay or base pay that's higher than market average can foster higher employee satisfaction, part attributable to fascinating social comparisons and improved perceptions of distributive justice hence the link between quantity of pay and distributive justice. Moreover, it's advisable to regulate the pay level once while testing the consequences of alternative compensation system characteristics.

2.2.5 Indirect Financial Compensation and Employee Performance

Dessler (2011) refers to Indirect Compensation as the indirect financial and non-financial payments an employee receive to continue their employment relationship with the company and that is very vital to employee's compensation. Alternative terms such as fringe benefits, employee services, supplementary compensation and supplementary pay are employment benefits. Armstrong (2009) says Indirect Compensation or Employee benefits are elements of remuneration given in addition to the various forms of cash pay. They additionally embody things that are not strictly remuneration such as annual holidays. Management is seemingly to facilitate its enlisting effort or influence the potential of staff coming back to work for a company, influence their keep, produce larger commitment, raise morale, cut back absenteeism

generally and improve the strength of the organization by instituting a comprehensive programme during this space Noe et al (1996).

Snell and Bohlander's (2010) say organizations might provide versatile benefits plans, additionally famed as "cafeteria plans" to accommodate the individual staff wants. These plans make individual staff to settle on the benefits that are best suited to their specific wants. They additionally forestall bound benefits from being wasted on staff that haven't any want for them. Furthermore, corporations notice that they will get a higher benefit on investment by trade benefits to an employee's stage of life or family status; in alternative words, staffs chooses the benefits of greatest price to them, whereas employers manage benefits by limiting the money staff get as pay.

Ashatu (2011) discusses the importance of making staff aware of the indirect compensation packages obtainable within a company. In line with him, retention management perspective is the key objective of benefit packages is to supply staff with benefits that are valuable enough to encourage them to remain longer with the corporate. This is often in line with the practicing orientating theory which states that, employers have to be compelled to modify fringe benefits to effectively, recruit and retain a various demographic worker base.

According to Chhabra (2001), Indirect or Supplementary Compensation involves 'fringe benefits' offered through several employee services and benefits such as housing, subsidized food, medical aid, crèche and so on. It involves rewards provided by organizations to employees for their membership, attendance or participation in the organization. Because of the increasing costs of fringe benefits, some people also label them as 'hidden payroll.'

According (Tsai, Yu, & Shih-Yi, 2005), Indirect compensation help organizations to attract and retain highly competitive employees which are seen as strategic resources in getting competitive advantage, One can expect that through benefits offerings the overall attractiveness of organization can be increased and the loyalty and satisfaction of that employee will also be increased. As a result, it will increase employee motivation and performance. In simple, higher

indirect compensation may enhance organizational performance by attracting and retaining competitive labor. In another words, indirect compensation play a moderating role and increase the positive impact of labor input on an organization's output with the retention and recruitment of high quality employees.

According to (Bond & Galinsky, 2006) The fact that many small organization do, that give some, if not all, of these supplementary benefits to the lower-wage employees, it demonstrate that they view the investments valuable for purposes of enhancing recruitment, performance, and retention. It indicates how important it is for organizations to give their employees with appropriate fringe benefits (in addition to salaries and wages) and make sure that the elements of their Conditions of Service are properly implemented. This will increase employee morale and make the quality of goods and services better at low prices and also increase profit.

According to (De Nissi & Griffin, 2001) Performance is an economic measure of effectiveness which summarizes and indicates the amount of the outcome produced by an individual, organization, industry or economic system comparative to the amount of the inputs used to produce them. Organizations all around the world have identified the importance of performance to compete and also to survive in the market.

According to Aswathappa (2007), the main problem with indirect compensation is the lack of employee participation. Once an employee benefit programme is designed by the organization, employees have little discretion. For instance, the same pension usually is granted to all workers. Younger employees see pension as distant and largely irrelevant. Older female workers feel that maternity benefits are not needed. The uniformity of benefits fails to recognize workforce diversity. Admitted, uniformity leads to administrative economies, but when employees receive benefits they neither want nor need, these economies are questionable. Since employees have little choice in these benefit packages, most workers are unaware of all the benefits to which they are entitled.

From the point of view of Tsai et al (2005), since indirect compensation help organizations to recruit and retain high-quality employees that are seen as strategic resources in achieving

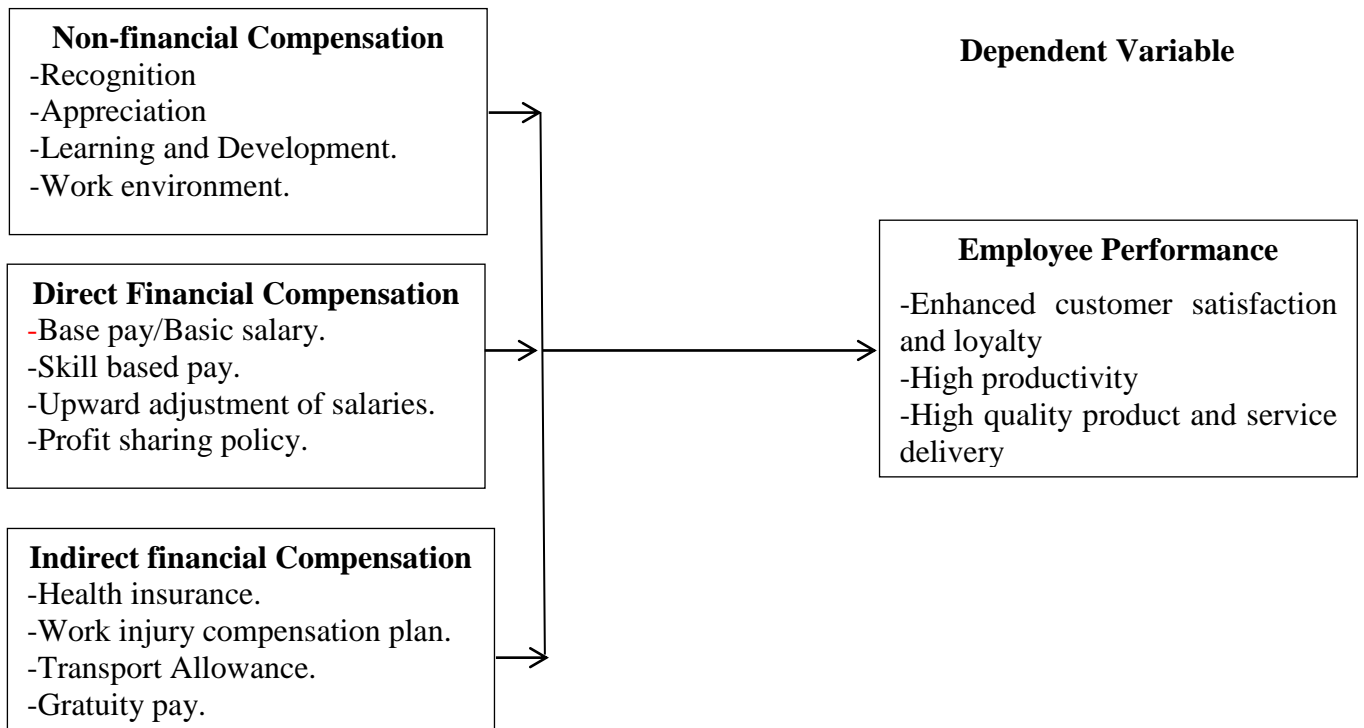
competitive advantage, one can expect that overall attractiveness of organizations can be enhanced through benefits offerings and those employees will then be influenced to feel greater satisfaction and loyalty. As a result, this should lead to greater effort and productivity. In short, higher indirect compensation may increase organizational productivity by attracting and retaining labour of better quality.

Milkovich and Newman (1999) refer that financial rewards is what a worker receives as an employment relationship and all money incentives and other alternative rewards a worker receives are in form of wages, salaries and insurance. According to Byars and Rul (2008), some form of indirect compensation offered by today's organization include; social insurance, staff compensation, Retirement plan; Paid holiday; got vacation, and alternative benefits comprising of food services, exercise facilities, health and first-aid services, financial and legal recommendation, and buy discounts. The extent and attractiveness of those benefits vary significantly among organizations. For instance, purchase discounts would be particularly engaging to staff of outlet or an airline. Chhabra (2001) stated that the time spent within the organizations wage is time spent on duty.

2.4 Conceptual Framework

Figure 2.1: Conceptual Framework

Independent Variables



Source: Author (2016)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The current study adopted cross sectional survey design based on a sample drawn from across the Uasin Gishu County and used explanatory research design. This design enabled the researcher to get a larger population hence a reasonable sample size. According to Saunders et al. (2009), Survey method is a popular and common strategy in business research. It enables large amount of data to be collected from an ideal population and in a highly economical way. Often, questionnaires are used and the data collected is standardized, easily understood and easy to compare.

This method tends to gain a deeper understanding for the problems investigated through different sources of information, as well as to be able to describe a general picture of the reliability in which the problem is involved Walliman, (2005). It is often characterized by the selection of random samples from large populations to obtain empirical knowledge of a contemporary nature Saunders, Lewis and Thorn hill (2009).

3.2 Study Area

The study was carried out in Uasin Gishu County which is situated in the mid-west of Kenya's Rift Valley, some 330km North West of Nairobi. Uasin Gishu is a cosmopolitan county, covering an area of 3345.2 square kilometers. Uasin Gishu County borders Kericho County to the south, Nandi to the south west, Bungoma to the west, and Trans Nzoia to the north. Other counties sharing borders with Uasin Gishu are Elgeyo Marakwet to the east and Baringo to the South East. Uasin Gishu County is home to 894,179 people as per the 2009 National Statistics, representing 50% male and 50% female. Uasin Gishu County enjoys two rainy seasons with an annual rainfall ranging between 900 to 1200 mm. Sited on a plateau; the county has a cool and

temperate climate, with annual temperatures ranging between 8.4 °C and 27 °C. The wettest season in Uasin Gishu County is experienced between the months of April and May while the driest season comes between January and February. Uasin Gishu County boasts of over 770 primary schools, 158 secondary schools and about 15 tertiary institutions. The county has several middle level colleges and universities. Among the high level institutions include Moi University, Alphax College, Elgon View College, Rift Valley Technical Training Institute and Eldoret Polytechnic (Magical Kenya, 2016).

3.3 Target Population

Mugenda and Mugenda (1999) define a target population as a complete set of individuals, cases or objects with some common observable characteristics. The study targeted non-teaching employees' performance in public Technical and Vocational Education Training institutions in Uasin Gishu County. The employees that were targeted included those from Eldoret National Polytechnic, Ziwa Technical Training Institute and Rift Valley Technical Training Institute.

Table 3.1 Target Population

Selected institutions	SAO	H O S	Non-teaching Staff	Frequency
Eldoret National Polytechnic Main	1	16	230	247
Ziwa Technical Polytechnic	1	2	15	18
Rift Valley Technical Training Institute	1	10	62	73

3.4 Sampling Techniques and Sample Size

3.4.1 Sampling Techniques

This study employed stratified random sampling method as a technique of probability method which was done according to the three technical institutions. In this technique, the population was stratified into a number of non-overlapping sub-populations or strata and sample items are selected from each stratum. In addition, stratified random sampling method was done according to the structure of non-teaching staff performance in Technical and Vocational Education Training institutions in Uasin Gishu County (Heads of sections and, Permanent non-teaching employees). The first stratum was made up of the Heads of Sections and non-teaching staff. Purposive sampling technique was used to select 15 heads of sections because they have specific information for each section. Proportional Simple Random sampling technique was used to select 166 permanent employees in Technical and Vocational Education Training institutions in Uasin Gishu County since all employees had the same characteristics and the probability of being chosen is equal.

3.4.2 Sample Size

The study used Krejcie and Morgan Table (1970) to calculate the sample size. Sample is the segment of the population that is selected for investigation (Bryman and Bell, 2003). In quantitative research, the need to sample is one that is almost invariably encountered and sampling constitutes a key step in the research process in social survey research. Sampling was proportional random sampling which attracted a sample size of 184 respondents from a target population of 338 respondents. The distribution of the respondents was as shown in the Table 3.2.

Table 3.2 Sample size

Selected institutions	SAO	HOS	Permanent non-teaching employees	Frequency
Eldoret National Polytechnic	1	8	125	134
Ziwa Technical Training Institute	1	2	7	10
Rift Valley Technical Training Institute	1	5	34	40
Total	3	15	166	184

3.5 Data Collection Instruments

A researcher can opt for collecting data from secondary sources or from primary sources. Primary data is used for this specific study whereas; secondary data is data collected by others for the use of their specific purpose Saunders et al. (2009).

The data collection instruments are tools to collect information from the intended target population (sample size). The data collection instrument that was used in this study was questionnaire. A total of 184 questionnaires were issued to the respondents. The questionnaires were used because it is deemed to be the method that collects a lot of information over a short period of time and they are also economical.

3.6 Validity and Reliability

3.6.1 Validity

The research ensured validity of research instruments by using simple language free from jargon to make it easily understood by the respondents. To test validity, the questionnaire to be used in the study were availed to the supervisors and other specialized lecturers in this field of study in the School to review the test items to ensure that they were based on the content area before

commencing data collection. The researcher also sought the opinion of individuals who could render intelligent judgment about their adequacy Fraenkel, (1993). The researcher gave to the supervisor and other research experts to ensure that the questions test or measure what they are supposed to measure.

3.6.2 Reliability

Creswell (2000) poses a question to researchers that if you administer a test to a subject twice, do you get the same score on the second administration as you did on the first? The reliability of test is the answer to this question Kombo and Tromp, (2006). Data collected from the pilot study was used to compute the reliability of the instruments' items. The Cronbach's coefficient alpha was applied on the results obtained to determine how items correlate among themselves in the same instrument. Cronbach's coefficient Alpha of more than 0.7 was to be taken as the cut off value for being acceptable, which enhanced the identification of the dispensable variables and deleted variables.

The results of the reliability test are shown in table 3.3 below.

Table 3.3 Cronbach's Alpha Reliability Results

Variables	Number of items	Cronbach Alpha Coefficient	Comment
Non-financial compensation	4	0.812	Acceptable
Direct Financial Compensation	4	0.731	Acceptable
Indirect Financial Compensation	4	0.852	Acceptable
Non teaching Staff Performance	3	0.864	Acceptable

It was evident from table 3.3 that the Cronbach Alpha Coefficients were above the 0.7 mark, which implied that all the variables were reliable and hence adopted the questionnaire.

3.7 Data Collection Procedure

Upon getting the consent of the Kisii University management and the consent of the supervisors the researcher embarked on data collection. In collecting data, the researcher visited the respondents within a span of one week to two weeks to allow time for the respondents to fill in the questionnaires. Also, the researcher explained the purpose of the visit to the respondents. This assured the respondents of their confidentiality of any information they give.

3.8 Data Analysis and Presentation

3.8.1 Data Analysis

The questionnaires were edited, coded into SPSS software and cleaned before being analysed, and tabulated to improve on the quality of data (Kothari,2004). Data coding is assigning numerals and symbols, while data cleaning is the examining the collected unrefined data to identify errors and omissions and correct if possible. Data was analyzed by use of descriptive techniques. The descriptive statistics were frequency and percentages. The study further performed advanced descriptive analysis by computing Karl Pearson's coefficient of correlation to check whether there is linear relationship between the variables (non-financial compensation, direct financial compensation, indirect financial compensation and performance of non teaching staff) by means of the Statistical Package for Social Sciences (SPSS) version 21.0.

3.8.2 Presentation

The data from the questionnaires was entered into Statistical Package for Social Sciences (SPSS) version 21.0 from which data was extracted in form of frequency tables. Patterns of commonalities were pooled, discourses were identified, and significant differences were also highlighted (Brannen, 2008). Tables were used in presentation to allow for visual simplicity of presented data and frequency tables that quantify data.

3.10 Ethical Considerations

Kombo and Tromp (2006) note that researchers whose subjects are people or animals must consider the conduct of their research, and give attention to the ethical issues associated with carrying out their research. This study dealt with people as respondents. Therefore, the researcher assured the respondents of confidentiality. The researcher considered the fact that participation in research was voluntary. This was why the researcher took time to explain to the respondents the importance of the study and therefore request the respondents to participate in the study by giving information relevant for the study. To establish good working relationship with the participants, the researcher endeavoured to develop a rapport with them.

CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION AND DISCUSSION

4.1 Response Rate

The study sample was 184 non-teaching staff drawn from three TVET institutions in Uasin Gishu County. Of the 184 non-teaching staff that formed the respondents of the study, 177 (96%) completed and returned the questionnaires. There were 7 respondents who accounted for 4 % who failed to complete and submit the questionnaires. The 96 % response rate was acceptable for it was within the threshold for a large sample. Albright et al., (2003) rule of thumb puts the acceptable minimum response rate at 30%. The study was three times larger than the acceptable response rate thus validating the study. The 96% response rate can be attributed to the well trained research assistants who were acquainted to the respondents in their respective Technical and Vocational Education Training Institutes. The researcher also assured the respondents on the confidentiality of their responses as well as the academia as sole purpose of the research.

4.2 Descriptive Statistics

The study data was analyzed by use of descriptive, which includes frequency, percentages and correlation. The study findings were as indicated in the tables below.

Table 4.1 Demographic Characteristics of the Respondents

		Frequency	Percent
Gender	Male	103	58.4
	Female	74	41.6
	Total	177	100.0
Age bracket	Below 18 years	10	5.6
	18 -25 years	23	13.0
	26-35 years	88	49.7
	36-45 years	47	26.6
	Above 45 years	9	5.1
	Total	177	100.0
Education Level	Primary	38	21.5
	Secondary	22	12.4
	College/ University	117	66.1
	Total	177	100.0
Work Experience	Below 1 year	23	13.0
	1-5 years	53	29.9
	5-10 years	68	38.4
	10 years and above	33	18.6
	Total	177	100.0

4.2.1 Gender of the Respondents

To mitigate the effects of gender bias information on gender of respondents was inevitable to eliminate it. From table 4.1, it was evident that 58% of the respondents were male while about 41% were female. This implies that the study had a fair distribution of the respondents in terms of gender. The researcher was able to minimize the influence of gender biasness by collecting data across all genders. Both genders were included in the study.

4.2.2 Age bracket

The study endeavoured to collect data from respondents of different age brackets. Most of the respondents accounting for about 49% were aged between 26 years and 35 years. The results further indicate that 18% of the respondents were aged 25 years and below while only 5% of the respondents were aged above 45 years. The respondents aged between 36 and 45 years accounted for 26% of the respondents. This implies that majority of the respondents were aged between 26 years and 45 years as represented by a total percentage of 76%. This implies that the researcher was able to obtain responses from age brackets. The findings implied that data collected represented the opinions from different age levels. These further imply that most of the respondents were in their active working years in the labour market hence productive lot.

4.2.3 Level of Education of Respondents

Respondents' education level was important to reveal their competence to participate in the study by filling in the questionnaire. Data from respondents of different education levels would eliminate the biases that might arise when only class of certain qualification is chosen to respond. The findings in table 4.1 revealed that majority of the respondents (66%) had attained the college and university education. This implies that the Technical and Vocational Education Training institutions have embraced professionalism and hence recruit employees with right qualification. The respondents with secondary education were represented by 12% while those with primary education represent 21%. Most of the respondents had 5 to 10 years of work experience. This implies that the researcher was able to obtain responses from all the levels of education backgrounds. The findings implied that data collected represented the opinions of all respondents from different education levels. This was important because it meant that the data collected

represented the opinions of respondents with different academic qualifications and hence it was a true representation of the happenings at the organization.

4.2.3 Respondents Work Experience

The study sought to collect data from respondents with different experiences working at TVET institutions to eliminate the predetermined knowledge on the topic under study. Respondents with different experiences tend to view matters differently. The results in table 4.1 revealed that about 30% had 1 to 5 years of experience while only 13% had below 1 years of experience. Only 18% had more than 10 years of work experience. Therefore, it can be concluded that study was able to collect varied opinions from the respondents and the responses collected were a true representation of the happening of the institutions without influences resulting from being at the organization for too long or being relatively new in the organization. The results further imply that the technical and vocational education training institutions have employed people of different experiences to blend a good performing team.

4.3 Analysis of Variables

The study sought to assess the role of compensation strategies on non-teaching staff performance in Technical and Vocational Education Training Institutions in Uasin Gishu County. The assessment was done by determining the descriptive measures of both the independent and dependent variable of the study. The independent variable of the study were; non-financial compensation (Recognition, Appreciation, Learning and Development and Work Environment); direct financial compensation (Base Pay, Overtime Pay, Upward Adjustment of Salaries, profit sharing) and indirect financial compensation (Health insurance, Work injury Compensation, Transport Allowance and Gratuity). The dependent variable was; non-teaching staff performance. The analysis was done using descriptive statistics; percentages and frequencies.

4.3.1 Non-Financial Compensation and Non-Teaching Staff Performance

The researcher sought to establish the effect of the non-financial compensation on non-teaching staff performance. The responses were as presented in the tables below.

Table 4.2 Recognition and Appreciation of staff performance

My Organization recognizes and appreciates staff performance			
	Frequency	Percent	Cumulative Percent
Strongly Agree	42	23.7	23.7
Agree	63	35.6	59.3
Undecided	6	3.4	62.7
Disagree	42	23.7	86.4
Strongly Disagree	24	13.6	100.0
Total	177	100.0	

From table 4.2, it is evident that majority of the respondents (59%) agree that their respective organization recognizes and appreciates staff performance. Nevertheless, 36% of the respondents were of contrary opinion while only 3% were undecided over the issue. The results imply that most of the Technical and Vocational Education Training Institutions do appreciate the ability of non-financial compensation to spur good performance among employees. This was inferred from the fact that they recognize effort exerted by employees and in turn reward it through their own ways.

These results are in agreement with Musaazi, (2002) findings which revealed that non-financial rewards like giving additional responsibility, promotion, praise and recognition publically do influence individuals' performance. Absence of effective reward strategy that considers the requirements of staff and their aspirations demoralizes them resulting in low job commitment.

Table 4.3: Education advancement permission

Education advancement allowed in our institution.

	Frequency	Percent	Cumulative Percent
Strongly Agree	43	24.3	24.3
Agree	80	45.2	69.5
Undecided	9	5.1	74.6
Disagree	35	19.8	94.4
Strongly Disagree	10	5.6	100.0
Total	177	100.0	

The results in table 4.3 indicate that majority of the respondents who account for about 69% do agree that education advancement is permitted in their organization. About 24% of the respondents are of a contrary opinion while 5 % remain indecisive. The general implication of the results is that the Technical and Vocational Education Training Institutions do offer opportunities to the non teaching staff so as to spur performance. The institutions seem to appreciate the fact that through advancement of education special skills are acquired hence could help in quality service delivery. However, there are those respondents who alludes that education advancement is disallowed in their organization. The interpretation for this could be that the institutions consider some factors like position, age and experience before allowing an employee to advance education.

The finding above concurs with the study findings by Armstrong (2009) who asserts that non-financial rewards like opportunity to study will build staffs after duty and encourages them to contribute further by developing a deal that addresses broad number of problems. Armstrong (2009) adds that empowered work atmosphere which people are ready to use their abilities to try and do meaningful jobs enhances motivation, commitment and performance. Shamsuzzoha (2007) concluded that lack of chance for advancement through seniority or otherwise might end

in dissatisfaction that simmers in an employee’s mind until he or she finally quits. In the case of jobs having no real future, candidates ought to receive a full rationalization before they're employed. If a company doesn’t have probabilities for promotion of their staff, they'll quickly lose this resource to others.

Table 4.4: Training and Development opportunities

Our organization has training and Development programs to spur good performance			
	Frequency	Percent	Cumulative Percent
Strongly Agree	29	16.4	16.4
Agree	36	20.3	36.7
Undecided	27	15.3	52.0
Disagree	43	24.3	76.3
Strongly Disagree	42	23.7	100.0
Total	177	100.0	

In table 4.4, the results indicate that most of the respondents accounting for 48% held the opinion that their organization did not have training and development programs that are likely to spur good performance. About 36% of the respondents agreed that their organization carry out training and development programs while 15% were undecided. The results imply that that the institutions’ training programmes were a reserve of few due to some reason probably related costs. The institutions cannot train all staff but rather the few-trained staffs are meant to train the others. This seems to be a challenge as shown by the results since most are not trained.

These findings concur with Luthan et al., (2006) who alludes that the staff’s perceptions concerning their reward climate and getting a chance to advance influence their attitudes towards their employer. Lack of chance for advancement or growth will cause a high ratio turnover for any organization. It also affects performance of the employees since they are in the company temporarily. Cole (2005), enumerates the benefits of a worker development to a company

include increasing the employees' morale since coaching can improve the employees' confidence and motivation; lowering the cost of production through higher and economical employment of fabric and instrumentation thereby reducing and avoiding waste.

Table 4.5: Working Environment

Our organization has a conducive working environment			
	Frequency	Percent	Cumulative Percent
Strongly Agree	30	16.9	16.9
Agree	60	33.9	50.8
Undecided	18	10.2	61.0
Disagree	41	23.2	84.2
Strongly Disagree	28	15.8	100.0
Total	177	100.0	

In table 4.5, it is evident that half of the respondents (50%) agree that their working environment is conducive. About 39% held a contrary opinion and alluded that their working environment was not very conducive while 10% were undecided. The results show that the institutions have well conditioned some working areas while other remains unsatisfactory to the occupants. There seems to be those who do not recognize whether their working environment was conducive or not. This lot was insensitive hence; their performance was not related to the environment they worked in.

An enhanced work environment is a key factor to performance. The findings agree with Luthan et al., (2006) who stresses that staff in good environment would embrace company values, and that they would be ready to exhibit fascinating behaviours. Shamsuzzoha (2007) posit that even the foremost seasoned worker has to be told what he or she is doing is correct occasionally. This is in ensuring that the worker feel that the environment around them appreciates what they are doing.

4.3.2 Direct Financial Compensation and Employees Performance

The researcher sought to establish the effect of the direct financial compensation on non-teaching staff performance. The responses were as presented in the tables below.

Table 4.6 Basic pay matches market wage rates

My organization gives fair and reasonable basic pay which matches market wage rates			
	Frequency	Percent	Cumulative Percent
Strongly Agree	24	13.6	13.6
Agree	62	35.0	48.6
Undecided	9	5.1	53.7
Disagree	35	19.8	73.4
Strongly Disagree	47	26.6	100.0
Total	177	100.0	

In table 4.6, the results indicate that 48% of the respondents agree that their basic pay matches the market wage rate. Almost the same number accounted for by 46% of the respondents who believe the basic pay given does not match the market wage rates disputes this. About 5% of the respondents were undecided. The results imply that there are varied satisfaction levels among the employees as concerns their pay. The variation replicates to performance patterns and is attributed to various factors that include; amount of loans acquired, position, work experience and also employee lifestyle/ personal finance management skills.

The findings confirm what Khan (2007) flatly highlighted that the general public and also the personal sector institutions do not discharge their duties properly owing to poor pay. Huda, Karim, and Ahmed, (2007) noted that inadequate money incentives drawn from one amongst the most reasons resulted in the task discontentedness of the staff. This makes it difficult to retain staff or attract the most competent. The utilization of base pay that is higher than the market average to draw in smart performers has additionally been advocated Rynes, Gerhart, &Minette

(2004). High base pay or base pay that is higher than market average can foster higher employee satisfaction, part attributable to fascinating social comparisons and improved perceptions of distributive justice hence the link between quantity of pay and distributive justice. The findings of the study show some discontentment from the employees.

Table 4.7: Extra skills/ qualifications and Salary Increase

Extra skills and qualifications are recognized and rewarded by salary increase			
	Frequency	Percent	Cumulative Percent
Strongly Agree	13	7.3	7.3
Agree	55	31.1	38.4
Undecided	13	7.3	45.8
Disagree	55	31.1	76.8
Strongly Disagree	41	23.2	100.0
Total	177	100.0	

In table 4.7 the results indicate that majority of the respondents who account for about 54% believe that extra skills and qualifications were not recognized and rewarded by salary increase. However, there are respondents accounting for 38% who agree that extra skills and qualification was always rewarded by salary increase while 7% were indecisive. The results are attributed to the fact that rewarding every extra skill and qualification seems to be a costly affair that escalates a wage bill. The Technical and Vocational Education Training Institutions studied were government sponsored; the government set pay is implemented and is comparatively lower than the privately owned institutions. In as much as one could be having extra skills and more qualification, he or she was only entitled to the set pay.

The findings contrast what Cole (2005) alluded that performance with skilled and well developed employees. Cole enumerates several benefits of worker development to a company include increasing the employees' morale since coaching can improve the employees' confidence and

motivation; lowering the cost of production through higher and economical employment of fabric and instrumentation thereby reducing and avoiding waste.

Table 4.8: Upward Adjustment of Salaries and commitment

<u>Our institution has adjusted salaries upwards thus improved commitment/performance.</u>			
	Frequency	Percent	Cumulative Percent
Strongly Agree	22	12.4	12.4
Agree	21	11.9	24.3
Undecided	8	4.5	28.8
Disagree	60	33.9	62.7
Strongly Disagree	66	37.3	100.0
Total	177	100.0	

It is evident in table 4.8 that few respondents (24%) believe that their salaries had been adjusted upwards thus improving their commitment and performance. The result further indicates that 70% of the respondent disagrees with the notion that their salaries have been adjusted upwards. These results could be attributed to the dynamism of the learning institutions' sources of income to fund the wage bill. Common sources are usually government and fees collection. Owing to the fact that the cash inflows are seemingly irregular it is the institution find it prudent not to keep on increasing the wage bill. The few whose salaries are adjusted could be the few promoted ones or those who get additional responsibilities.

The finding contrast what Gupta (2014) alluded to be prerequisite for performance. Gupta mentions basic wage, house rent allowance, conveyance, leave allowance, medical reimbursements, special allowances, bonus and Gratuity as very key to performance. These financial benefits offered and provided to staff are reciprocal of the services they give to the organization. The study findings show that such benefits are not offered in the TVET institutions that affects performance of non-teaching staff.

Table 4.9: Profit sharing policy for non-teaching staff

My organization has profit sharing policy, which covers every non- teaching staff.

	Frequency	Percent	Cumulative Percent
Strongly Agree	7	4.0	4.0
Agree	15	8.5	12.4
Undecided	6	3.4	15.8
Disagree	64	36.2	52.0
Strongly Disagree	85	48.0	100.0
Total	177	100.0	

From table 4.9, it is evident that majority of the respondents accounting for 84% disagree that their organization have profit sharing policy, which covers every non- teaching staff. Very few (12%) agree that their organization have profit sharing policy that covers non-teaching staff. Only 3% were undecided. The Technical and Vocational Education Training Institutions are public institutions whose main objective is to train the Kenyan workforce to attain the required skill level to run the industries. Profit making is not a priority. However, there are some departments in the institutions purely designed to make profits. Support department like hospitality, farms, accommodation and canteens are designed to make profits. The employees who work directly with these departments sometimes receive some gratuity in the events of profits. Freeman, et al. (2009) showed that 47% of the staff valued profit sharing as a motivation to work. The results of the study only have 12%. The concept is not very common in TVET institutions.

4.3.3 Indirect Financial Compensation and Employee Performance

The researcher sought to establish the effect of the indirect financial compensation on non-teaching staff performance. The responses were as presented in the tables below.

Table 4.10: Health insurance for the non-teaching staff

Our organization has health insurance for all the members of the non-teaching staff.

	Frequency	Percent	Cumulative Percent
Strongly Agree	33	18.6	18.6
Agree	40	22.6	41.2
Undecided	8	4.5	45.8
Disagree	27	15.3	61.0
Strongly Disagree	69	39.0	100.0
Total	177	100.0	

The results in table 4.10 indicate that majority of the respondents (54%) denied that their organization had health insurance for not teaching staff. About 41% agreed that they had health insurance while 4% were unclear on the issue. These results indicate that some respondents have insurance cover while others do not possess a cover. The NHIF cover seems to be the only cover for most of the non-teaching staff. If that is the case, the members of staff's performance might be affected for most staff with medical issues will spend most of the time trying to satisfy their medical issues. Snell and Bohlander's (2010) say organizations might provide versatile benefits plans to accommodate the individual staff wants. Without such plans, individual staff settles on the benefits that are unwanted by them thus affecting their performance.

Table 4.11: Work Injury Compensation

Work injury compensation plan enhances employees performance

	Frequency	Percent	Cumulative Percent
Strongly Agree	13	7.3	7.3
Agree	32	18.1	25.4
Undecided	39	22.0	47.5
Disagree	47	26.6	74.0
Strongly Disagree	46	26.0	100.0
Total	177	100.0	

From the results in table 4.11, it is evident that majority of the respondents (52%) do not think that the work injury compensation plan enhances employee performance. Nevertheless, 25% of the respondents who held the opinion that work injury compensation do enhance the performance. Many of the respondents were undecided on whether work injury compensation plan does enhance performance. These results are inferred to imply that many employees in the learning institutions do not appreciate the role of work injury compensation due to the less work related hazards involved in their profession. This is in tandem with the majority of the respondents who alluded that their working environment is conducive. Although some few employees who at the course of duty might be injured and benefit, mostly such injuries are very few in learning institutions.

Table 4.12: Transport allowance and employee performance

My organization gives reasonable transport allowance.

	Frequency	Percent	Cumulative Percent
Strongly Agree	11	6.2	6.2
Agree	31	17.5	23.7
Undecided	10	5.6	29.4
Disagree	56	31.6	61.0
Strongly Disagree	69	39.0	100.0
Total	177	100.0	

In table 4.12, it is evident that 70% of the respondents say they do not get reasonable transport allowance to spur performance. About 23% feel that the transport allowance given is reasonable. Only 5% were undecided. The results imply that very few employees are satisfied with the amount of transport allowance given. This could be attributed to the regulation the regulation of the allowances by the government statutes to reduce embezzlement and ensure they are at par with the teaching colleagues. The dissatisfaction is also attributed to the fact that most of the institutions have buses and vans which ferry them in case of the trips.

This agrees with what Dessler (2011) advocates for. Transport allowances, are received by employees to continue their employment relationship with the company and that is very vital. Performance is affected when such benefits are not enhanced in an organization.

Table 4.13: Gratuity to Retirees

Our organization gives gratuity pay to the retiring employees

	Frequency	Percent	Cumulative Percent
Strongly Agree	28	15.8	15.8
Agree	115	65.0	80.8
Undecided	16	9.0	89.8
Disagree	12	6.8	96.6
Strongly Disagree	6	3.4	100.0
Total	177	100.0	

In table 4.13, the results indicate that 80% of the respondents who form the majority agree that their institutions give gratuity pay to the retiring employees. Only 9% of the respondents were undecided and 10% disagreed. This results show that at the end of term of service with the institutions, they pay off gratuity. This could be attributed to the contribution made to pension schemes as well as the appreciation of good service to motivate the existing employees of a good end if they perform well in the institution.

4.3.4 Non teaching Staff Performance

Table 4.14 Non-teaching staff satisfies the needs of clients

	Frequency	Percent	Cumulative Percent
Strongly Agree	43	24.3	24.3
Agree	76	42.9	67.2
Undecided	12	6.8	74.0
Disagree	30	16.9	91.0
Strongly Disagree	16	9.0	100.0
Total	177	100.0	

In table 4.14 it is evident, that majority of the respondents (67%) held the opinions that none teaching staff satisfies the needs of the clients who seek their services. About 26% hold a

contrary opinion while those who were undecided account for 6%. This implies that the non teaching staff generally delivers their services in the TVET institutions.

Table 4.15 Non-teaching staff ensures high quality products and services

	Frequency	Percent	Cumulative Percent
Strongly Agree	49	27.7	27.7
Agree	77	43.5	71.2
Undecided	11	6.2	77.4
Disagree	30	16.9	94.4
Strongly Disagree	10	5.6	100.0
Total	177	100.0	

In table 4.15, it is evident that majority of the respondents (71%) believe that the non-teaching staff ensure high quality products and services. Nevertheless, 21% of the respondents had contrary opinion while 6% were undecided on the issue. This is further inferred to mean that the not teaching staff put in effort to produce the best services or products to their clients who are majorly the teaching staff and students.

Table 4.16: There is high client loyalty in non-teaching department

	Frequency	Percent	Cumulative Percent
Strongly Agree	65	36.7	36.7
Agree	76	42.9	79.7
Undecided	7	4.0	83.6
Disagree	23	13.0	96.6
Strongly Disagree	6	3.4	100.0
Total	177	100.0	

From table 4.16, it was evident that most respondents (79%) indicated that their clients are loyal to their services. Only 16% were of a contrary opinion. This result implies that the non teaching staffs have clients who continuously seek their services during the course of their work or stay in

the institutions. However, those of contrary opinion could argue that there exists minimal option as to the services offered by non-teaching staff. The options are mostly limited hence regular consumption of the products and services on offer.

The study is in agreement with Armstrong (2009) who says Indirect Compensation or Employee benefits are elements of remuneration given in addition to the various forms of cash pay. They additionally embody things that are not strictly remuneration such as annual holidays. Management is seemingly to facilitate its enlisting effort or influence the potential of staff coming back to work for a company, influence their keep, produce larger commitment, raise morale, cut back absenteeism generally and improve the strength of the organization by instituting a comprehensive programme during this space. Also Tsai et al (2005) who denotes that indirect compensation help organizations to recruit and retain high-quality employees that are seen as strategic resources in achieving competitive advantage, one can expect that overall attractiveness of organizations can be enhanced through benefits offerings and those employees will then be influenced to feel greater satisfaction and loyalty.

4.4 Correlation Analysis

The study used Karl Pearson's coefficient of correlation to check whether there was linear relationship between the variables. The correlation shown in the table 4.17 below presents bivariate correlations between the study variables (non-financial compensation, direct financial compensation and indirect financial compensation). The researcher had to compute averages of the multiple items which measured a single objective in the questionnaire. The averages were used in further analysis such as correlation analysis (Wang and Benbasat, 2007).

From the study, when the correlation coefficient values (r) ranges from 0.10-0.29, it is considered to be weak correlation, 0.30-0.49, medium, 0.5-1.0 is considered strong, Wong

&Hiew (2005). According to Field (2005), correlation coefficient should not go beyond 0.9 to avoid Multicollinearity. In this research, the highest correlation coefficient is 0.896, thereby implying that there was no multicollinearity problem in this research, since the value is less than 0.8.

4.4.1 Non-financial Compensation and Non-teaching staff performance

This correlation sought to establish the relationship between non-financial compensation and non-teaching staff. Pearson product correlation was computed at 0.01 significance level.

Table 4.17 Correlations on Non-financial compensation and non-teaching staff performance

		Non-financial compensation	Non-teaching staff Performance
Non-financial compensation	Pearson Correlation	1	.501**
	Sig. (2-tailed)		0
Non-teaching staff Performance	Pearson Correlation	.501**	1
	Sig. (2-tailed)	0	
**. Correlation is significant at the 0.01 level (2-tailed).			N=177

From table 4.17, it was evident that non-financial compensation was positively and statistically significant ($r=0.501$, $p<0.000$). The strength of the relationship is moderate as it falls in between the weak and strong relationship (0.501) thus the non financial compensation moderately influences non teaching staff performance. This implies that non-financial compensation correlated to non-teaching staff performance is positively and statistically significant. At 99%

level of confidence (significant at the 0.01 level (2-tailed), a unit change in non-financial compensation leads to 50.1 % in no teaching staff performance. This finding concurs with Harrison and Liska (2008) who found that rewards is that the centre piece of the employment contract and this can be the most reason why individuals work. This includes both extrinsic and intrinsic rewards received by those employed in the organisation.

Table 4.18 Correlations on Direct financial compensation and non-teaching staff performance

		Direct financial compensation	Non-teaching staff Performance
Direct financial compensation	Pearson Correlation	1	.355**
	Sig. (2-tailed)		0
Non-teaching staff Performance	Pearson Correlation	.355**	1
	Sig. (2-tailed)	0	
**. Correlation is significant at the 0.01 level (2-tailed).			N=177

From table 4.18, it was evident that direct financial compensation was positively and statistically significant ($r=0.355$, $p<0.000$). The strength of the relationship is weak as it falls below 0.5 thus the influence of direct financial compensation on employees performance is weak. This implies that direct financial compensation correlated to non-teaching staff performance is positively and statistically significant. At 99% level of confidence (significant at the 0.01 level (2-tailed), a unit change in direct financial compensation leads to 35.5% in non-teaching staff performance. This finding is in agreement with Mayson and Barret (2006) who found that a firm's ability to draw in, encourage and retain staff is by providing competitive salaries and acceptable rewards is connected to firm performance and growth.

Table 4.19 Correlations on Indirect financial compensation and non-teaching staff performance

		Indirect financial compensation	Non-teaching staff Performance
Indirect financial compensation	Pearson Correlation	1	.248**
	Sig. (2-tailed)		0.001
Non-teaching staff Performance	Pearson Correlation	.248**	1
	Sig. (2-tailed)	0.001	
**. Correlation is significant at the 0.01 level (2-tailed).			N=177

From table 4.19, it was evident that indirect financial compensation was positively and statistically significant ($r=0.248$, $p<0.001$). The strength of the relationship is weak as it falls below 0.5 thus the influence of direct financial compensation on employees performance is weak. This implies that indirect financial compensation correlated to non-teaching staff performance is positively and statistically significant. At 99% level of confidence (significant at the 0.01 level (2-tailed), a unit change in indirect financial compensation leads to 24.8% in non-teaching staff performance.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of findings

5.1.1 Non-Financial Compensation and Non-Teaching Staff Performance

The first objective of the study sought to examine the effects of non-financial compensation on employee performance. The study findings indicated that there is a significant effect of non-financial compensation on non teaching staff performance. Majority of the respondents agree that their respective organization recognizes and appreciates staff performance though a few were of contrary opinion. The results imply that the institutions recognize effort exerted by employees and in turn reward it through their own ways. These findings are in agreement with Armstrong (2009) who states that non-financial rewards build staffs after duty and encourages them to contribute further by developing a deal that addresses broad number of problems. It was further evident that majority of the respondents agreed that education advancement is permitted in their organization. The general implication of the results is that the technical and vocational education training institutions appreciate the fact that through advancement of education special skills are acquired hence could help in quality service delivery. This finding is in line with Cole (2005), the benefits of a worker development to a company include: increasing the employees' morale since coaching can improve the employees' confidence and motivation; lowering the cost of production through higher and economical employment of fabric and instrumentation thereby reducing and avoiding waste. Shamsuzzoha (2007) concluded that lack of chance for advancement through seniority or otherwise might end in dissatisfaction that simmers in an employee's mind until he or she finally quits. Most of the respondents held the opinion that their organization did not have training and development programs that are likely to spur good performance. The results imply that that the institutions' training programmes were a reserve of

few due to some reason probably related costs. This seems to be a challenge as shown by the results since most are not trained. Half of the respondents agreed that their working environment was conducive. The results show that the institutions have well conditioned some working areas while other remains unsatisfactory to the occupants.

5.1.3 Direct Financial Compensation and Employees Performance

The researcher sought to establish the effect of the direct financial compensation on non-teaching staff performance. Most of the respondents agree that their basic pay matches the market wage rate. Almost the same number believed the basic pay given did not match the market wage rates. The result concurs with Rynes, Gerhart, & Minette (2004) who allude that utilization of base pay that is higher than the market average to draw in smart performers is vital for good performing organizations. Majority of the respondents believe that their organization did not recognize and reward extra skills and qualifications through salary increase. Some respondents agreed that extra skills and qualification were rewarded by salary increase. The results are attributed to the fact that rewarding every extra skill and qualification seems to be a costly affair that escalates a wage bill. Inasmuch as one could be having extra skills and more qualification, he or she is only entitled to the set pay. This finding are in contrast with Cole (2005) who alludes that performance to be rewarded is that of skilled and well developed employees. Cole enumerates several benefits of worker development to a company include increasing the employees' morale since coaching can improve the employees' confidence and motivation; lowering the cost of production through higher and economical employment of fabric and instrumentation thereby reducing and avoiding waste. Majority of the respondent disagree with the notion that their salaries have been adjusted upwards. These results could be attributed to the dynamism of the

learning institutions' sources of income to fund the wage bill where cash inflows are seemingly irregular it is prudent not to keep on increasing the wage bill except for those promoted or getting additional responsibilities.

5.1.4 Indirect Financial Compensation and Employee Performance

The researcher sought to establish the effect of the indirect financial compensation on non-teaching staff performance. Majority of the respondents denied that their organization had health insurance for non-teaching staff. The NHIF cover seems to be the only cover for most of the non-teaching staff. Snell and Bohlander's (2010) say organizations might provide versatile benefits plans to accommodate the individual staff wants. Without such plans, individual staff settles on the benefits that are unwanted by them thus affecting their performance. These results are inferred to imply that many employees in the learning institutions do not appreciate the role of work injury compensation due to the less work related hazards involved in their profession. This is in tandem with the majority of the respondents who alluded that their working environment is conducive. Although some few employees who at the course of duty might be injured and benefit, mostly such injuries are very few in learning institutions. Majority of the respondents say they do not get reasonable transport allowance to spur performance. This could be attributed to the regulation the regulation of the allowances by the government statutes to reduce embezzlement and ensure they are at par with the teaching colleagues. This agrees with what Dessler (2011) advocates for. Transport allowances, are received by employees to continue their employment relationship with the company and that is very vital. Performance is affected when such benefits are not enhanced in an organization.

5.1.5 Non Teaching staff Performance

Majority of the respondents felt that non-teaching staff satisfy the needs of the clients who seek their services while another asserted that non-teaching staff ensure high quality products and services. This is further inferred to mean that the not teaching staff put in effort to produce the best services or products to their clients who are majorly the teaching staff and students. The results revealed that most respondents indicated that their clients are loyal to their services implying that the non-teaching staffs have clients who continuously seek their services during the course of their work or stay in the institutions. However, those of contrary opinion could argue that their exist minimal option as to the services offered by non-teaching staff. The options are mostly limited hence regular consumption of the products and services on offer.

5.2 Conclusion

The study concludes that non-financial compensation has an effect on non-teaching staff performance in TVET institutions. TVET institutions recognize effort exerted by employees and in turn reward it through their own strategies. They further permit education advancement and appreciate the fact that through advancement of education special skills are acquired hence could help in quality service delivery. Training and development programmes were a reserve of few due to some reason probably related costs. TVET institutions have well conditioned some working areas while other remains unsatisfactory to the occupants.

It is also concluded that direct financial compensation has an effect on non-teaching staff performance. The basic pay given in TVET institutions is variedly perceived to match the market wage rate. The varied satisfaction levels among the employees who could be attributed to various factors that include; amount of loans acquired, position, work experience and also employee lifestyle/ personal finance management skills. TVET institutions do not recognize and reward

extra skills and qualifications through salary increase. The dynamism of the learning institutions' sources of income to fund the wage bill where cash inflows are seemingly irregular it is prudent not to keep on increasing the wage bill except for those promoted or getting additional responsibilities. Profit making is not a priority in TVET institutions though some departments such as hospitality, farms, accommodation and canteen are designed to make profits. The employees who work directly with these departments sometimes receive some gratuity in the events of profits.

It is further concluded that indirect financial compensation has an effect on non-teaching staff performance. TVET institutions do not give health insurance for not teaching staff. Many employees in the TVET institutions do not appreciate the role of work injury compensation due to the less work related hazards involved in their profession. TVET institutions also do not give reasonable transport allowance to spur performance. TVET institutions give gratuity pay to the retiring employees.

Human Capital Theory concludes that the theory is relevant to a workers reward. This theory relies on the actual fact that people accumulate human capital by investment, time and cash (including postponed earnings), in education, training, expertise and alternative qualities, so as to extend their productive capability and so pricing a leader whereas all the staff brings some ability and skill to the performance of their tasks, accumulated academic achievements and skill produce to differentiation within the level of reward required to draw in and retain quality individuals.

Also Agency Theory admits that sometimes employees are unable or unwilling to behave in an organization's best interest and, as a result, some related controls must be taken in order to avoid unintended behaviours or encourage preferred behaviours (Merchant 1982).

5.3 Recommendations

5.3.1 Recommendation on policy and practice

The study recommends that TIVET institutions should embrace and adopt sound and fair compensation strategies that will boost high organization commitment and high productivity. This should be done by formulating, communicating and compensation policies to the non-academic staff members in the TIVET institutions.

It also recommends that, the organizations should purpose seriously on formulating and implementing non-financial compensation policies like promotions, recognition and appreciation. These are intrinsic motivation factors and it has the ability to reduce staff turnover and improves the quantity and quality of the goods and services.

The organizations should put proper establishments on direct financial compensation like base pay and other allowances. Staff qualifications and experience should be rewarded equitably, fairly and in a timely manner. This will enable the organization cope with skill competition with its competitors and that will make the staff feel valued and appreciated by the organization. These are extrinsic motivators which if properly administered, can boost the level of retention and high commitment leading to high productivity.

No benefit plan is properly developed unless it meets the employer's objectives. Managers should make sure that the organizations have clearly defined written objectives that have been recommended by board. These objectives are different for each organization, based on these factors such as size, location, industry, the results of collective bargaining and the ideology of the employer. The objectives will help the organization in developing the types of indirect compensation they must provide to employees and make decisions in this respect.

From the findings of this study, it was realized that most TIVET institutions have not seriously put into consideration the aspects of indirect financial compensation like health insurance, work injury compensation plan, transport allowance. It is therefore recommended that the organizations establish and implement indirect financial policies. This will ensure that there is training and adequate information on occupational safety, work injury compensation and health insurance. If that happens, there will be low staff turnover, reduction of work related accidents hence continuity in production and service delivery.

In this case, TVET institutions must recognize and reward extra skills and qualifications through salary increase. The only way of doing this is by TIVET institutions ensuring that there are sound compensation strategies so as to make sure that there is fairness in rewarding all the compensation aspects ranging from non-financial rewards, direct financial and indirect financial. That will be the only way to reduce staff attrition and improve productivity.

5.3.3 Recommendation for further Research

Since this study focused only on compensation strategies in TIVET institutions in Uasin Gishu County, the results might not bring the true picture of all the TIVET institutions in Kenya, the study therefore recommends that a similar study be done in all the other TIVET institutions in the remaining forty six counties so as to bring the true picture of the compensation strategies in TIVET institutions across the country.

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APPENDIX I: INTRODUCTORY LETTER

Dear sir/ madam/Respondent

Re; Research questionnaire

I am a student at Kisii University undertaking a Masters Degree in Business Administration. I am conducting a study on the effects of compensation strategies on non-teaching staff performance in Technical and Vocational Training Institutions in Uasin Gishu County.

The study is conducted purely for academic purposes. It is not meant to evaluate your opinion or demean your institution in any way whatsoever. Your response will be strictly confidential to provide insight into the issues under study and thereby suggest possible solution to them. Your responses will be treated with uttermost confidentiality.

In view of this therefore, I wish to kindly request you to fill the questionnaire attached. Please respond to the items in the questionnaire completely and as truthful as possible.

Thank you.

Yours faithfully

.....

Susan Jerono Maiyo

APPENDIX II: QUESTIONNAIRE

SECTION A: BACKGROUND INFORMATION

Tick as appropriate.

1. Gender Male Female

2. Age Below 18 years 18 -25 years 26-35 years 36-45 years
Above 45 years

3. What is your Education Level?

- Primary
- Secondary
- College/ University
- Informal
- Others: Please specify.....

4. Please indicate your Institution

- Eldoret Polytechnic (Main)
- Eldoret Polytechnic (Town)
- Rift Valley Technical Training Institute
- Ziwa Polytechnic (Main)

5. Which of the following departments or divisions do you belong?

- Administration
- Library
- Finance
- Hostels and cafeteria
- Farm and production
- Security
- Maintenance

Others: Please specify.....

6. Please indicate yearsof work experience.

- Below 1 year
- 1-5 years
- 5-10 years
- 10 years and above

Part B: NON-FINANCIAL COMPENSATION AND EMPLOYEE PERFORMANCE

7. To what extent do you agree with the following statement concerning non-financial compensation in your organization?

(SD-Strongly Disagree D-Disagree U-Undecided A-Agree SA- Strongly Agree)

	Statements	SD	D	U	A	SA
		1	2	3	4	5
NON-FINANCIAL COMPENSATION						
A1	My organization recognizes and appreciates staff performance.					
A2	Education advancement opportunities are allowed in our institution.					
A3	Our organization has Learning and Development programs which spur our performance					
A4	Our organization has a conducive working environment.					

8. Briefly give suggestions of other non-financial compensation you encounter within your organization and explain how it affects you.....

.....

PART C: DIRECT FINANCIAL COMPENSATION AND EMPLOYEES PERFORMANCE

13. To what extent do you agree with the following statements concerning direct financial compensation in your organization?

SA- Strongly Agree A-Agree U-Undecided D-Disagree SD-Strongly Disagree)

	Statements	SD	D	U	A	SA
		1	2	3	4	5
DIRECT FINANCIAL COMPENSATION						
B1	My organization gives fair and reasonable base/basic pay which merges the market wage rates and that motivates me.					
B2	Extra skills and qualifications are recognized and rewarded by salary increase.					
B3	Our institution has adjusts salaries upwards and that improves my commitment and performance.					
B4	My organization has profit sharing policy which covers every non- teaching staff.					

14. Briefly give suggestions of other direct-financial compensation you encounter within your institution and explain how it affects you.....

.....

PART D: INDIRECT FINANCIAL COMPENSATION

18. To what extent do you agree with the following statements concerning indirect financial compensation in your organization?

(SD-Strongly Disagree D-Disagree U-Undecided A-Agree SA- Strongly Agree)

	Statements	SD	D	U	A	SA
		1	2	3	4	5
INDIRECT FINANCIAL COMPENSATION						
C1	Our organization has health insurance for all the members of the non-teaching staff.					
C2	Work injury compensation plan enhances the employees to give the best at work station					
C3	My organization gives reasonable transport allowance.					
C4	Our organization gives gratuity pay to the retiring employees.					

19. Briefly give suggestions of other Indirect-financial compensation you encounter within your institution and explain how it affects you.....

.....

PART E: NON-TEACHING STAFF PERFORMANCE

18. To what extent do you agree with the following statements concerning your organization?

(SD-Strongly Disagree D-Disagree U-Undecided A-Agree SA- Strongly Agree)

	Statements	SD	D	U	A	SA
		1	2	3	4	5
NON-TEACHING STAFF PERFORMANCE						
C1	Most non teaching staff satisfy the needs of clients in the departments					
C2	The non teaching staff ensure high quality product and service delivery in TVET institutions					
C3	There is high client loyalty in non teaching department					

APPENDIX III: KREJCIE AND MORGAN TABLE

Krejcie and Morgan Table

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970