

Influence of Employee Benefits Strategy on Employee's Performance in Public Hospitals in Nairobi County

Catherine Kagendo Mutuiri^{1*} Evangeline Gichunge¹ and Susan Nzioki¹

¹ *Kenya Methodist University, P.O. Box 45240-00100, Nairobi, Kenya.*

*Correspondence email: mcatherine1705@stu.kemu.ac.ke

Abstract

In a globalized economy and in an intensely competitive business environment, organizations should strive to put in place the most attractive and effective strategies to cope with the evolving trends. The purpose of employee benefits strategy in any organization is to attract, retain and enhance employee performance, which determines the overall organizational performance. This research intended to determine the influence of employee benefit strategy on employee performance in public Hospitals in Nairobi County. The study adopted equity theory. The study applied Cross Sectional research design. A target population of 1601 was drawn from three public hospitals in Nairobi County, and a sample size of 310 was determined using Fishers formula. Stratified simple random sampling was used to select the participants. Structured questionnaire was used to collect the data. A preliminary study was carried out to ascertain the consistency of the instrument. The reliability test revealed Cronbach's Alpha was more than 0.7 indicating that the instrument was reliable. Data was carefully validated by ensuing content validity of the instrument. Filled questionnaires were collected from the research assistants and data was analysed using a statistics tool of statistical package for social scientists (SPSS). Correlation and regression analysis was applied in testing the connection between independent and dependent variable. The correlation summary revealed there was affirmative and strong significant connection between employee benefits strategy and employee performance. The study concluded that employee benefits strategy greatly influences employee performance in public hospitals in Nairobi County. The study recommended improvement of wellness programs, provision of transport to and from work and improvement of terms of mortgage scheme to attract more employees and to enhance motivation for better performance in public hospitals in Nairobi County.

Keywords: *Strategy, employee benefits, employee performance, Public hospitals, Nairobi County*

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1.0 Introduction

In an economy with companies striving to hire the most talented personnel, ensure efficiency in employees' performance, retention and enhance productivity, organizations must motivate and appropriately reward their employees; otherwise, they risk losing them to their business competitors. Merha (2020) defines employee benefits as the form of compensation employers offer their employees in addition to their earnings. It can either be monetary or non-monetary. For ultimate employee and organizational performance, employee benefits strategy should be derived from the reward strategy which is anchored in the overall business strategy.

Oaya (2019) asserted that the main objective for most organizational reward programs is to attract, retain and motivate highly skilled and competent workers. This is achieved by providing them with a variety of employee benefits to inspire them to improve their performance. According to Brandon (2019), benefits are paid together with other cash payments and they offer a great significance to employees on individual basis. They also act as an assurance to the employees' wellbeing, safety and protection, and are awarded to fulfil their extra needs and requirements with the intention of increasing motivation. This results to enhanced employee loyalty and performance. Employee benefits strategy has several components like medical insurance cover, paid vacations, paid sick leave, flextime, wellness facilities and

financial assistance. A well-managed employee benefits strategy guarantees organizational well-being since the most important concern of every organization is motivation of staff to achieve optimal performance as well as retention. Gopalan et al. (2017) indicated that motivation is what drives employees to love their work and carry out their daily tasks with lots of ease. Organizations try to maintain sustainable loyalty and commitment of employees so as to achieve the set objectives.

It is widely known that the success of every organization depends on the level of motivation of their workforce as employees who are highly motivated endeavor to perform to their level best unlike demotivated employees. Gemma et al. (2020), contended that the Covid-19 pandemic had affected many organizations globally including health facilities, where health workers and other frontline workers were on the forefront taking care of patients infected with Covid-19 among other existing diseases. They were required to work over and above their daily schedule, under strict hygiene conditions and in adherence to government regulations.

This view was supported by Saunderson (2021) who confirmed that many countries had devised various employee benefits strategies in order to motivate their workers which includes psychological counseling services, financial bonuses, and free transport to and from workplace among others. This was a way of showing appreciation for utmost commitment aimed at boosting

morale and improve performance. Across the world, employee benefits strategy is a major concern in most organizations. Its implementation depends widely on the nature of business and the country.

Employee benefits strategy is characterized by diverseness and controlled by past events and the realities of future. Natalia et al. (2017), asserted that in USA, employers had resulted to providing generous benefits in order to attract talented employees in the market. Quoting the employee satisfaction survey by Company Glassdoor in 2016, they indicated that 60% of respondents felt that employee benefits are the main reason why people decide whether to take up a job or not. Thus, many firms came up with attractive employee benefits program so as to gain competitive advantage. Some of the benefits include employees massage chairs, private chef, yoga classes, free gym, more vacation time and more flexible hours.

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Application of employee benefits strategy as a reward in African countries is not common. According to Birge &

Povey (2020), Africa insights from the 2019/2020 benefit survey revealed that 61% of employers showed that employee benefits was an important reason employees join an organization. 17% of employers indicated that employee benefits strategy was not effective in their organization.

They further stated that Africa employers should offer employee benefits that are aligned with the culture of the organization and market standards. Employers should also establish employee benefits strategies that emulate the overall business strategy, diversity, inclusion, staff values and preferences. Cindy and Mpete (2017), in their study on what really distinguishes a top employer, indicated that in South Africa, employees were experiencing financial strain due to stagnant earnings and the high cost of living. They adduced that an employer who offered employee benefits to their workforce showed that they were determined to ensure the employees wellbeing was guaranteed and did not just engage them for business success. Long term employee benefit strategy was proved to have a greater impact on individual employee’s life than cash payment. Such benefits included pension fund, disability fund, health cover and education fund.

In Kenya, government institutions do not enjoy the autonomy of implementing rewards with financial implications since reward systems were largely controlled and regulated by the Salaries and Remuneration Commission (SRC). Karanja (2017)

affirms that some firms offer their staff benefits like private medical insurance cover in addition to the mandatory National Hospital Insurance Fund (NHIF) medical scheme offered by the government, though with variation depending on the individual's job group.

Other benefits include car loan, flex-hours, mortgage, car fuel and wellness programs. These are very crucial components of benefit strategy in an organization. However, nothing much has been established on their effect on staff performance. Robles (2018) in his study on influence of employee benefits on employee satisfaction in the hospitality industry noted that employee satisfaction and performance in an organization is greatly attributed to applicable employee benefit strategies such as retirement benefits, social benefits and financial services benefits which act as powerful motivators.

Effective employee benefit strategy warrant improved retention of employees, good attitude towards work and minimizes absenteeism (Greenwood, 2020). Employers were facing great challenges on choosing employee benefits that are beneficial to employees, while considering the financial status of the organization as well as improve the overall performance.

Statement of the problem

High skilled healthcare personnel are very crucial in the health industry across the world. However, they are faced with

many challenges which contribute to dissatisfaction among health workers which consequently affect negatively provision of quality health services (Jaeger et al. 2018). The unaddressed issues have also led to many hospitals to operate with minimal workers in various specialized fields, calling for leaders to focus on strategies that would attract and retain qualified professionals. Previous studies indicated that the Kenyan healthcare sector had over the years been experiencing an exodus of highly trained and competent employees in search for greener pastures both locally and overseas.

Others exited to set up their own health facilities or venture into better income generating jobs. Greenwood (2020) in his study on why employees quit cited lack of appreciation, lack of flexible work schedule, lack of engagement and lack of career growth as some causes of health professionals' exit from the service. In defining the sustainability, effectiveness and efficiency of health care systems in the country, there was a dire need for hospitals to develop a suitable employee benefits strategy to enrich staff motivation for better performance.

According to Justine (2021), traditional benefits like retirement plans and medical insurance have continued to be valued by most employers as commendable employee benefit strategies. However, there are other supplementary employee benefits such as work-life balance, wellness programs and leaves, which could make a great difference in boosting employee's

morale, enhance retention and improve performance. There was a general conception that attractive employee benefits strategy led to employee's satisfaction and improved performance. However, not much evidence was known in relation to its impact in the healthcare sector in Kenya. It was on these basis that the research sought to establish the influence of employee benefits strategy on employee performance in public hospitals in Nairobi County.

Research objective

The objective of the study was to establish the influence of employee benefits strategy on employee performance in public hospitals in Nairobi County, Kenya.

Study Hypothesis

H01: There is no significant influence of Employee benefits strategy on employee performance in public hospitals in Nairobi County, Kenya.

Theoretical framework

The theory that was adopted by the study was equity theory. The theory was formulated by Stacey Adams in 1963. Adams stated that employee benefits should be awarded to employees equitably to enhance motivation and good performance (World of work project, 2019). According to Tanner (2020), employees are motivated when they feel that they are fairly and equitably rewarded for their contribution as their peers at the workplace. It is therefore important for managers to create a sense of equity when designing the employee benefit strategy to ensure utmost level of motivation, commitment and performance.

The theory is applied in keeping the balance between employee input and resultant output as well as improve and design the employee benefits programs that immensely address any equity gaps that could arise (World of work project, 2019).

Literature Review

Employee benefits strategy is categorized as statutory benefits, organization's standard and fringe benefits. Statutory are those benefits that employers are required by law to offer to employees; for example, contribution towards National Social Security Fund (NSSF), payment of overtime and medical cover. Benefits that are categorized under organization's standards are retirement savings, paid time off and health insurance. The fringe or added benefits includes reimbursement of training fee, provision of institutional housing, free transport to and from work, flex time and welfare programs like Employee Assistant Program (EAP) (Sujatha, 2017).

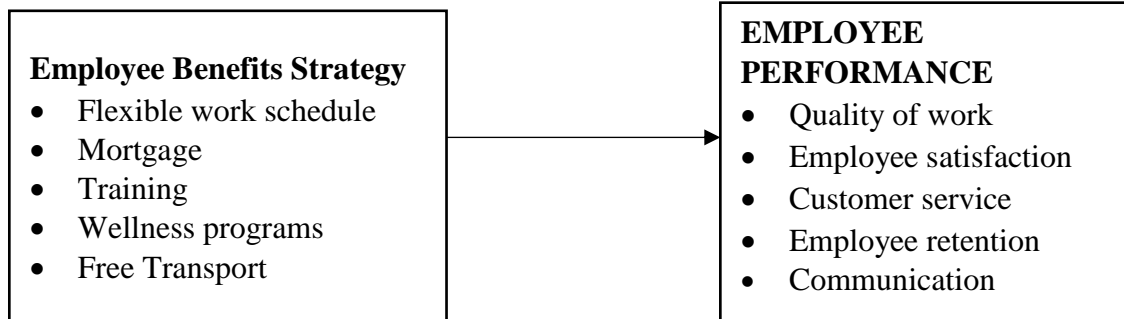
Ruhland (2018) asserted that employers know that offering valuable benefits is critical in attracting and retaining a committed workforce, though some employers do not approach offering of benefits as a strategic method to keeping the most talented employees. Ruhland further stated that use of employee benefit strategy as a strategic tool to attract and retain workers increases employee satisfaction and organizational performance. Steve and David (2021) stated that different kinds of benefits offered by organizations are determined by the total cost as well as the employee's worth. They pointed out

that a catalyst for employee attraction and retention is attractive benefits package and it dictates the businesses competitive advantage.

Brethem and Levanat (2018) contends that despite the enormous changes witnessed in the business environment, benefits management remains unchanged and the essential tasks are quite important. Thus, employers are striving to source for most talented workforce in the highly competitive employment environment to gain competitive advantage which calls for implementation of an attractive employee benefit strategy. However, Raymond et.al. (2020) asserts that current social developments, governments legislations, pressure from

trade unions and stiff competition results to employee benefits to be increasingly attractive yet extremely expensive form of compensation. They further stated that employers should consider establishing employee benefits that are preferred by employees since they are proved to be cost-effective and have a long-term competitive advantage in respect to recruitment and performance. Employee benefits strategy should also be reviewed regularly to ascertain its influence in the organization because employees may take some benefits for granted. Benefits should also be awarded to employees equitably as affirmed by Adams equity theory for enhanced motivation and good performance (Tanner, 2020).

Conceptualization



Independent Variable

Dependent Variable

2.0 Materials and Methods

The study concentrated on health care workers from three public Hospitals in Nairobi County (Mbagathi, Pumwani Maternity, and Mama Lucy Kibaki Hospital). The three hospitals were considered because of their level in the county’s healthcare system and it was believed that the general findings would be useful even in the lower level health facilities. Cross sectional research

design was used since the population consisted of senior managers, middle level managers and other staff (Mugenda & Mugenda, 2008). The target population was 1601 out of which a sample size of 310 was used. The study applied stratified random sampling. To determine the sample size, Fisher’s formula was used as shown below;

$$n = \frac{Z^2 * p * q}{d^2}$$

n = desired sample size (if the target population is over 10,000)

z = the standard normal deviate at 95% confidence level (= 1.96)

p = proportion in the target population of 50%

q = 1 – p

d = level of precision around estimated prevalence set at (±5% or 0.05)

$$n = \frac{1.96^2 * 0.5 * 0.5}{0.05^2}$$

n = 384

Since the population was 1,601 (less than 10,000), the sample was adjusted using;

$$n_0 = \frac{n}{1 + \frac{n-1}{N}}$$

Where n₀ = desired sample size

n = calculated sample size

N = the total population

$$n_0 = \frac{384}{1 + \frac{384-1}{1,601}}$$

n₀ = 309.871 ≈ 310. Desired sample size was 310.

Data was collected using structured questionnaire. Pre-test was done to establish whether the instrument reflected what was intended for the study. Questionnaire was distributed to 10 respondents comprising of senior managers, middle level managers and other staff who were randomly selected from the 3 public hospitals in Nairobi County to ensure face validity.

The research supervisors were involved in proving the questionnaire and provided their expert opinion to check content validity. Their feedback was used to improve on the instrument. Cronbach’s alpha was applied to test the internal consistency of the questionnaire. The data was analyzed using statistical package for social science (SPSS version 25) and presented through standard deviation, mean, and frequencies. Multiple regression analysis was used to evaluate the relationship between the independent and dependent variable. Regression model applied was;

$$Y = \beta_0 + \beta_1 X_1$$

Y = employee performance

X₁ = Benefits strategy

β₁ = Regression Coefficients

β₀ = Constant

A letter of authorization for data collection was sought from Kenya Methodist University and permission was granted by National Commission of Science Technology and Initiative (NACOSTI). Consent of respondents to participate in the process was sought. Participation was voluntary and participants were not required to indicate their names to guarantee anonymity. Confidentiality was observed by ensuring the data collected was used for the intended purpose.

3.0 Results and Discussion

Reliability results and response rate

The reliability analysis of employee benefits strategy was computed using

Cronbach’s Alpha correlation coefficient. The Cronbach’s alpha value was 0.798. According to Sekaran and Bougle (2016), Cronbach Alpha value that is greater than 0.7 is considered to be reliable. Out of 310 questionnaires, 289 were filled and returned, which was equivalent to 93.2% response rate. According to Mugenda and Mugenda

(2008), a response rate of 50% is sufficient for analysis, 60% is good while 70% and above is considered extremely good. The respondents were supposed to choose the extent to which they agreed with the statements in the questionnaire, as shown in Table 1 below.

Table 1

Employee performance

Statement	Mean ()	Std. Dev.
Quality of work across the facility is commendable	3.451	0.932
Employee’s satisfaction level is great	3.678	1.065
The employees’ serve the customers promptly and with care	2.976	1.094
There is high retention rate of skilled workers in various fields	3.187	1.18
There is good communication across the organization	3.441	1.113
Composite Mean	3.347	

From the results, the respondents indicated quality of work provided by employees was commendable with a mean of 3.45. Further, the employee satisfaction had great effect on employee performance in public hospitals in Nairobi County with a mean of 3.678. High retention rate of skilled workers had a mean of 3.187, while

good communication had a mean of 3.441. Remarkable customer service had a mean of 2.976 which revealed that the constructs had effect on employee performance to a great extent. The overall reported mean was 3.347, implying that employee benefits strategy had a significant impact on employee performance.

Table 2

Influence of employee benefits strategy on employee performance in public hospitals in Nairobi County

Statement	Mean	Std. Dev.
There is a flexible work schedule that allows employees to balance their work and life matters	3.916	0.644
Free transport is provided for all employees	1.778	1.531
Wellness programs are available for all employees in the hospital	2.511	0.822
Mortgage scheme is provided to interested employees	3.226	0.918

Training opportunities are fairly accorded to all employees to enhance their skills	3.991	0.452
Composite Mean	3.084	

The study revealed that majority of the participants agreed that flexible work schedule had great impact on employee performance with a mean of (3.916), Mortgage Scheme (3.226) and Training opportunities for all (3.991) were presented to have a great effect on employee performance in the selected public hospitals in Nairobi County. The study further revealed that provision of free transport and availability of wellness programs for all employees in the hospital had a moderate influence with a mean score of 1.778 and 2.511 respectively. Overall mean was 3.084 which affirms that employee benefits strategy had a remarkable impact on the performance of employees in the selected public hospitals in Nairobi County.

From the findings, it was noted that flexible work schedule, mortgage scheme and training opportunities were key components of employee benefits strategy that could be applied by organizations to attract talented employees, retain them and enhance their productivity. This implies that employee performance in public hospitals in Nairobi County could not entirely be achieved through salary and allowances, but with attractive benefit strategy which denotes equity and equality in the workplace.

The findings agrees with Ruhland (2018) who stated that gaining competent employees at all levels of the organization is more than a matter of salaries. According to the study, every employee is motivated to work with an expectation of receiving some rewards, and thus employee benefits strategy is considered to be very crucial. Employee benefit programmes have greater impact on performance. However, workers and executives value financial benefits more. Apart from salaries, pension, which is a long term benefit, is very important in employee remuneration.

It is adduced that pension improves employee contentment and productivity and could attract very competent workers in an organization. Further, the study indicated that paid time off, work schedule flexibility, leave and recreational benefits enhances employee satisfaction which manifests in their performance. This is in line with Cindy and Mpete (2017) who asserted that employees whose welfare is taken care of by the employer are able to concentrate on their duties as they are not worried of unforeseen health related expenses. This results to higher morale, improved efficiency and more productive employees, thus improved service delivery and quality of work.

Multiple Regression Analysis

Table 3
Multiple Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.760a	0.577	0.559	5.691

Multiple regression analysis was applied to evaluate the connection between the independent variable and the dependent variable. From the findings, it is evident that there was a solid positive correlation between the employee benefits strategy and employee performance. R square was 0.577, indicating that 57.7 % of variations in performance are attributed to employee

benefits strategy, and 42.3% of the changes are connected to other variables. This indicated that employee benefits strategy was substantial in determining employee performance in an organization. Thus, any change in employee benefits strategy will considerably result to a change in employee performance

ANOVA Results

Table 4
ANOVA Results

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	51.525	4	12.881	43.934	.000 ^b
Residual	31.372	107	.293		
Total	82.897	111			

The findings show significance level of 0.000, indicating the regression relation was very significant in evaluating how employee benefits strategy influences employee performance in public hospitals in Nairobi County. The results indicate F value of 43.934 which was significant. The p-

value was less than 0.05 implying the model was statistically significant. Thus, the null hypothesis that stated that employee benefits strategy has no significant effect on employee performance in public hospitals in Nairobi County was rejected.

Regression Coefficients

Table 5
Regression Coefficients

Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.191	.283		.675	.501
	Employee benefits strategy	.661	.112	.527	5.885	.000

From the outcome, the established regression equation was:

$$Y = -0.191 + 0.661X_1$$

Regression Coefficients indicated that a unit increase in employee benefits strategy in the selected public hospitals in Nairobi County would result to an increase in employee performance. This shows a constructive relationship between employee benefits strategy and employee performance. Additionally, employee benefits strategy had a p value of less than 0.05; and thus was reported to be positively significant.

4.0 Conclusion

From the results, the study confirmed that employee benefits strategy influenced employee performance in the public hospitals in Nairobi County. The research concluded that employee benefits strategy had affirmative and significant impact on employee performance in public hospitals in Nairobi County. The study concluded that lack of wellness programs to cater for the wellbeing of employees could have

detrimental effect on overall performance and could lead to unwarranted medical cost to the organization. The study further established that lack of provision of transport to workers poses a high security concern which could affect their focus while executing their duties and could greatly estrange their performance. The study therefore concluded that improved employee performance in an organization does not entirely depend on remuneration but on other factors that are perceived by employees as great motivators.

5.0 Recommendations

The results of the study revealed that employee performance in public hospitals in Nairobi County was greatly influenced by applicable employee benefits strategy. Therefore, in order to attract highly skilled workers and enhance productivity, that the hospital management should design and implement employee benefits strategy that addresses employee’s needs. The study recommends that the management should further offer attractive wellness programs

such as recreational facilities, Employee Assistant Programs, rehabilitation services and health insurance benefit adequately and equitably. Additionally, the study proposes that management should ensure employees, especially those required to offer services beyond the normal working hours, be

provided with transport to and from work to safeguard their life and for maximum concentration during execution of duties. The hospital management also needs to identify other benefit programs that would fundamentally promote motivation for better output.

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