Editon Consortium Journal of Business and Management Studies [ISSN: 2664 - 9470]

Issue no: 1 | **Vol no:** 6 | May 2024: 37-50

Employees' facilitative allowances on the performance of commercial state corporations in Kenya

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Article History
Received: 2024-02-23
Accepted: 2024-04-18
Published: 2024-05-21

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Cite this article in APA

Gitau, A. R. N., Chepkilot, R., & Kipchumba, S. (2024). Employees' facilitative allowances on the performance of commercial state corporations in Kenya. *Editon consortium journal of business and management studies, 6(*1), 37-50. https://doi.org/10.51317/ecjbms.v6i1.487

Abstract

This study examined the effect of employees' facilitative allowances on the performance of commercial state corporations in Kenya. Despite their mandate, many commercial state corporations have consistently underperformed, raising concerns about their continued existence. Scholarly research on whether employees' facilitative allowances structures and their implementation affect the performance of commercial state corporations in Kenya is lacking. The study draws on theories such as Resource-based theory, Principal Agency Theory, Dynamic capability theory, and Stakeholder Theory. A survey research design was employed, targeting 612 managers from 68 commercial state corporations in Kenya. The sample size of 242 managers was determined using the Yamane sampling formula. The research instrument demonstrated high reliability and validity. Inferential and descriptive statistical analyses were performed on the data collected, including multiple regression models and hierarchical regression for moderation analysis. The results revealed that employees' facilitative allowances significantly and positively influenced the performance of commercial state corporations. These findings emphasise the importance of employee facilitative allowances in enhancing the performance of commercial state corporations. Recommendations include prioritising facilitative allowances and the implementation of remuneration policy guidelines for improved performance. Overall, this research offers significant insights into the influence of employees' facilitative allowances on commercial state corporations' performance in Kenya.

Key words: Commercial State Corporation, compensation, employees' facilitative allowances, performance, remuneration.

INTRODUCTION

In the modern and turbulent business environment, employees' compensation contributes immensely to an organisation's competitive advantage and long-term performance. According to Kang and Lee (2021), employee compensation is likely to lead to positive organisational performance. In Kenya, Commercial state corporations are established under the Commercial State Corporations Act, chapter 446 of the laws of Kenya, formed by the government to carry out commercial activities on the government's behalf, where they are required to submit investment income to the governing body after each fiscal year. While doing this, they are expected to provide quality and affordable essential and strategic goods and services to citizens. They are either partially or fully government-owned or government-controlled entities (MacCarthaigh, 2011).

Employee compensation is fundamentally divided into two: intrinsic and extrinsic compensation.
Intrinsic compensation refers to the psychological rewards employees receive from the work itself, while extrinsic compensation includes direct monetary rewards like salary, allowances, and bonuses. Intrinsic satisfaction is referred to as inherent compensation, while extrinsic compensation comprises direct compensation such as basic salary, allowances, and bonuses. Indirect pay may comprise pension, insurance, leave pay, and social security, while non-monetary compensation is largely the job satisfaction that employees derive from a positive psychological and physical work environment (Hermawan, 2021). According to Kristal et al. (2020), the determination of employment benefits is more organizationally embedded than salaries, mainly because workplaces have greater ability and incentive to alter benefits. This is further due to the multifaceted nature of benefits, which include health benefits, retirement benefits and other non-monetary perks. This is unlike wages, which are primarily determined by market forces and government regulations, reflecting an organisation's values, employee demographics, and strategic objectives and leading to employee loyalty, retention, and overall productivity.

As a result, workplace compensation practices, including type of employment relationships, are more significant for benefits than for wages. Proper employee compensation supports the achievement of the organisational strategic goals and objectives by ensuring the attraction and retention of a motivated and skilled workforce, thereby leading to organisational success (Abdullah et al., 2021). An organisation's performance can be enhanced through the provision of attractive remuneration such as competitive salary and other forms of reward. Remuneration practices and job performance remain central to organisational performance. Providing reasonable and fair compensation to employees is critical as it increases employee productivity and job satisfaction, leading to high levels of an organisation's performance (Saman, 2020).

Most of the commercial state corporations in Kenya have persistently underperformed over the years and are under serious scrutiny by the government, which is their biggest shareholder. Principally, the serious repercussions of these glaring shortcomings that characterise poor strategy implementation are evident in many of them. According to SRC (2022), this declining trend is predominantly attributed to employee remuneration management practices as well as other factors. Most commercial state corporations have failed to properly implement the set public service Remuneration policy guideline issued by SRC despite its availability (OAG, 2020). The goal of this Guideline is to harmonise pay practices across commercial state corporations, leading to better governance and, thus, enhanced performance. How employee compensation enhances the output of several commercial state corporations is unclear.

Consequently, because of this research problem, this study seeks to investigate the effect of employee facilitative allowances on the performance of commercial state corporations in Kenya. This research study determines the extent to which employee facilitative allowances have contributed to the performance of commercial state corporations in Kenya. The research findings will be instrumental in developing new knowledge that may guide the Government of Kenya in incorporating the EFQM model as a performance measurement tool to monitor and enhance the performance of commercial state corporations.

LITERATURE REVIEW

Abdi (2021) examined the effect of reward systems on the performance of the workforce in selected Commercial Banks in Nairobi County. This study also sought specific objectives to determine the effect that indicators of reward systems such as recognition, financial rewards, career progression, and fringe benefits have on the performance of employees in commercial banks in Nairobi, Kenya. To address the objectives of this study, 357 employees were targeted as the unit of analysis, out of which 107 participants will be randomly (stratified and simple) selected as sample size. Primary data was collected, and the instrument used to collect the data was structured questionnaires. The validity and reliability of the research instrument were determined to ascertain how relevant and adequate the items were to the study variables of interest.

The analysis of the primary data collected was carried out using statistical software named Statistical Package for Social Sciences, where statistical parameters such as sample mean, standard deviation, and multiple regression methods were employed. The study established a substantial correlation between fringe benefits and the performance of the employees. The study was carried out by commercial banks but did not use the EFQM 2020 model of performance measurement, which is the novelty that the proposed study will apply to find out the effect of employees' compensation on the performance of commercial state corporations in Kenya. Agubata et al. (2022) undertook a study that aimed to examine the impact of employee benefits on the consumer goods sector financial performance in Nigeria using a panel dataset from ten consumer products companies listed on the Nigerian Stock Exchange (NSE) from 2012 to 2019. The study used a panel modelling approach. Fixed effect, random effect, and Panel ARDL can all be used to estimate this data type. However, the pooled OLS has the fundamental disadvantage of not accounting for individual characteristics of the data, which can be addressed by using fixed and random effects. The fixed effect model compensates for time-invariant differences among cross-sections and is unbiased when time-invariant attributes are excluded. The study employs the panel random effect modelling approach after validating the dataset's conformity with statistical prescriptions. The results show that gratuity (GRY), medical allowance (MDA), and salary (SLY) have a statistically significant impact on earnings per share (EPS), which is used as a measure of organisational performance in the study. The study was conducted in Nigeria and did not use the EFQM 2020 Model of performance measurement that this study has applied to discover the effect of employees' compensation on the efficiency of commercial state corporations in Kenya.

Mudhofar (2021) analysed the impact of performance allowance as a factor of motivation, employees' work success, and organisational performance in the Office of the Ministry of Religion in Lumajang City. The research population was 153 Ministry of Religion employees, and Structural Equation Modelling (SEM) data analysis tools with AMOS software were used. The results from statistical modelling revealed a GFI index value of 0.906, RMSEA of 0.040, and CFI of 0.969. Hypothesis testing revealed that performance allowance had an insignificant direct relationship with organisational performance. The study did not use the EFQM 2020 Model of performance measurement that the study has applied to detect the effect of employees' compensation on the commercial state corporations' performance in Kenya.

Kwak (2019) explored the relationship between fringe benefits and the performance of Korean firms. Fringe benefits have two ramifications for employees: they provide incentives, but they can also be used for the exploitation of self-interests, particularly power-related benefits. The results used data from a six-year panel dataset from all Korean manufacturing firms with stocks traded in the Korean stock market. Data is drawn from multiple sources, including online databases, remuneration policies, and corporate financial statistics. This was supplemented by references provided by the Korea Financial Supervisory Board. The final dataset is a panel dataset that includes 264 observations and spans 6 years, from 1998 to 2003. The data was examined using a regression model to identify the links between fringe benefits and firm performance. The study finds that some fringe benefits are significantly associated with performance, but on the fringe-benefit variables, there are more negative than positive signs, which raises questions about the compensation schemes designed by Korean firms.

The researchers also noted that some allowance and pay-for-performance designs in Korea are not efficient. However, the negative connections between some fringe benefits and performance do not necessarily mean that Korean firms should remove those benefits immediately, as there are other factors of consideration, such as organisational values and institutional culture. Moreover, the study highlights that certain types of fringe benefits do not help improve performance. The study suggests that fringe benefits are not a good instrument for motivating employees to perform better, and this has implications for the pay policies of Korean firms. The findings call for a reconsideration of the effectiveness of fringe benefits in compensation packages for Korean firms. However, the study did not use the EFQM 2020 Model of performance measurement that this study has applied to find the effect of employees' compensation on the performance of commercial state corporations in Kenya.

Akomolafe et al. (2018) study examined the impact of employee allowance benefits on the profitability of selected manufacturing firms in Nigeria. Panel data analysis is used to capture the inter-relationship among variables and across the selected manufacturing companies fully. The study covers the period of 2011-2015, and the annual reports source secondary data from the selected manufacturing companies over the study period. Log linearised regression estimates are used as the data analysis technique, and the econometric software used for the study is Reviews 9. Hausman-test analysis is used to select the best analysis model. The regression result reveals that the two independent variables adopted for this study, Employee Monetary Offering (EMO) and Retirement Benefit, exhibit a positive relationship with the Return on Assets (ROA) of the manufacturing companies.

The study concludes that employee benefits enhance the profitability of manufacturing companies in Nigeria. The study finds that as the companies' allowance packages increase, profitability also increases. However, the relationship is insignificant, suggesting that when all factors are well considered, EMO has the potential to improve the organisation's performance. Worth noting that the research was performed in Nigeria and did not use the EFQM 2020 Model of performance measurement that this study has applied to discover the effect of employees' compensation on the Kenyan commercial state firms' performance. Noor and Tamzid (2019) investigated the link between allowance and benefits packages and the financial performance of organisations. A cross-sectional survey was conducted using valid and reliable instruments to measure the three factors. The data analysis involved the use of SPSS software, tables, charts, and graphs to ensure easy understanding of the analyses.

The study established that firms with high levels of allowance and benefits packages had high levels of employee performance, which, in turn, led to increased financial performance. The hypotheses tested were: H1- Firms with high levels of allowance and benefits packages will have high levels of employee performance, and H2- Firms with high levels of employee performance will have high levels of financial performance. The sample size was 80 respondents from 20 private organisations around Dhaka City. The response rate was 72.73 per cent. The study used KMO and Bartlett's Test, Cronbach's Alpha, to check the validity and reliability of the research framework. Studies have shown that well-designed compensation can significantly influence both employee performance and financial outcomes for an organisation's packages. Competitive compensation packages can attract top talent, leading to a more productive and skilled workforce and ultimately contributing to improved financial performance through increased efficiency, innovation, and customer satisfaction.

The study did not use the EFQM 2020 Model of performance measurement; this study was applied to find out the effect of employee compensation on Kenyan commercial state firms' performance.

Sreenath et al. (2019) investigated the benefit packages given by 'Semcon' India Private Limited, an engineering company. Data was obtained from a structured questionnaire from 108 employees, consisting of recognition, mobile and internet benefits, leave policy, performance, productivity, and educational benefits. The study used the SPSS statistical package for correlation and chi-square tests and concluded that employee benefit packages have a significant impact on organisational productivity. The researchers also noted that organisations need to understand the best methods of benefit packages that motivate employees and improve productivity, which can contribute positively to the organisation's overall success. The study did not use the EFQM 2020 Model of performance measurement that this study has applied to find out the effect of employees' compensation on the performance of commercial state corporations in Kenya.

Lin et al. (2019) examined the connection between employee benefits and firm performance in 324 firms of different ownership forms in China, using social exchange theory. The researchers identified three benefit dimensions through factor analysis and found that an integrated employee benefits system has a significant positive association with overall firm performance. The strength of this relationship is impacted by the psychological impact of the benefits on employees, leading to positive attitudinal and behavioural outcomes. The study emphasises the importance of employee benefits in organisational practices and provides valuable insights for managers. However, the study was carried out in China, and it did not use the EFQM 2020 Model of performance measurement that this study has applied to find out the effect of employees' compensation on the performance of commercial state corporations in Kenya.

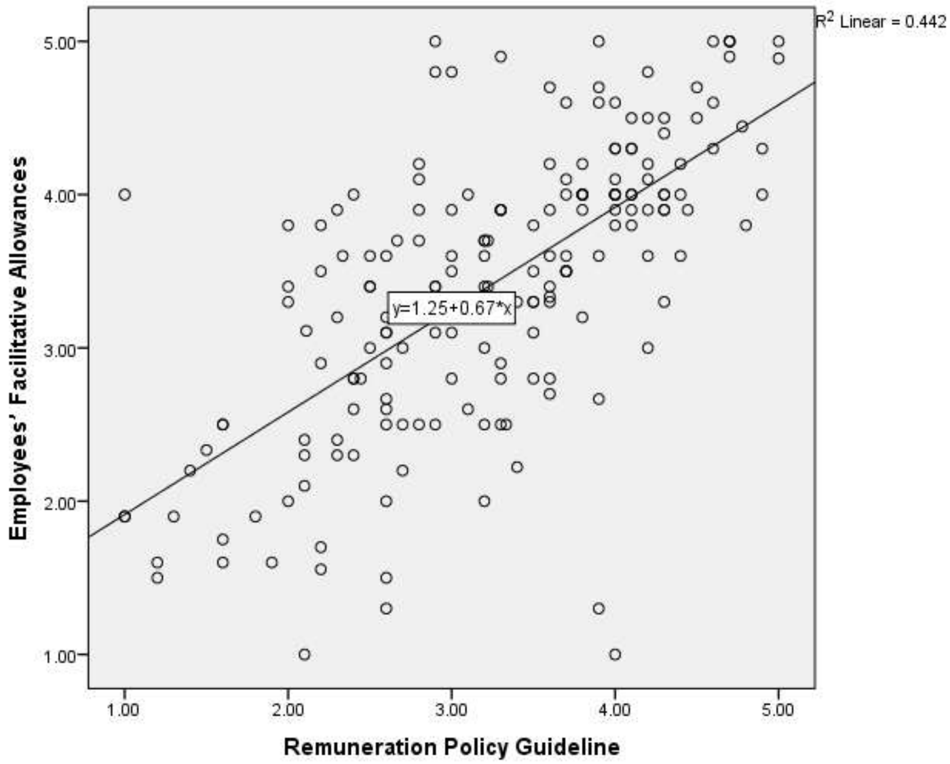
Bossey's (2022) study examined the impact of rewards and allowances on academic staff in six universities in Edo State, Nigeria. Using survey research design and multiple regression analysis, the study investigated the effects of salary and allowance increases, cash bonuses, recognition, promotion, and career development on organisational performance. The study found that all five reward dimensions had a significant positive effect on the effectiveness of the organisation. According to the study findings, it is recommended that universities should regularly review their reward policies to motivate their workers and improve their performance. The results of this study have vital implications for organisations in the education sector and beyond, as they highlight the importance of reward systems in driving employee performance and organisational success. This was a Nigeria-based survey and did not use the EFQM 2020 Model of performance measurement that this study applied to find out the effect of employees' compensation on the performance of commercial state corporations in Kenya.

METHODOLOGY

The research design used for the study was a descriptive cross-sectional survey. The study utilised a self-administered structured questionnaire as the primary data collection instrument. For representativeness, a stratified random sample procedure was used to categorise the corporations into more homogeneous units. The sample frame consisted of 612 managers from 68 commercial state corporations in Kenya. The sample size was determined using Roscoe's rule of thumb, which recommended a sample larger than 30 but less than 500 for most research. The Yamane formula was applied, resulting in a sample size of 242 managers, representing 39.5 per cent of the targeted population. After data collection, the collected data was edited and coded using SPSS Version 26. Descriptive statistics, including frequencies, percentages, mean, and standard deviation, were employed to summarise the data. Analysis of correlation was done to evaluate the strength, direction, and significance of the variables. Models of multiple regression were employed to test the hypothesis and observe the relative predictability of the variables. The hypothesis was tested at a significance level of alpha equal to 0.05, accepting or rejecting the null hypotheses based on the obtained p-values.

RESULTS AND DISCUSSION

Facilitative Allowances and Remuneration Policy Guideline



Source: Research data: 2023

Figure 1: Relationship between the Remuneration Policy Guideline and the Employees' Facilitative Allowances

The scatter plot displays a positive linear relationship between the remuneration policy guideline variable on the x-axis and the employees' facilitative allowances variable on the y-axis. The data points are scattered around a straight-line fit represented by the equation y = 1.25 + 0.67x. The overall pattern indicates that the positive changes in remuneration policy guidelines tend to increase the employees' facilitative allowances linearly. The upward-sloping line captures this general trend, indicating a fairly linear connection between the two variables across the observed data range, thus passing the linearity test.

The response variable of the study was Employees' facilitative allowances. The results are shown in Table 1 below.

Table 1: Ratings on Employee's Facilitative Allowances

Statement	SD	D	U	A	SA	Mean	Std. D
Our corporation's employees' facilitative allowances policy promotes fair allowances paid for the roles employees undertake	18 (9.8%)	27 (14.7%)	22 (12%)	79 (42.9%)	38 (20.7%)	3.50	1.246

Our corporation's employees' facilitative allowances policy is sensitive to the different allowances payable for employees' roles and is fair for the roles they undertake	18 (9.9%)	31 (17%)	23 (12.6%)	83 (45.6%)	27 (14.8%)	3.39	1.215
Our corporation's employees' facilitative allowances policy is sensitive to the number of allowances payable in their role and is comparable to colleagues with similar qualifications in the organisation	17 (9.3%)	35 (19.1%)	20 (10.9%)	83 (45.4%)	28 (15.3%)	3.38	1.2208
Our corporation's employees' facilitative allowances policy is sensitive to the different allowances payable for their role and are comparable to colleagues with similar qualifications in the organisation	18 (10%)	34 (18.9%)	19 (10.6%)	80 (44.4%)	29 (16.1%)	3.38	1.242
Our corporation's employees' facilitative allowances policy clearly stipulates the dates of the payments of the allowances	8 (4.4%)	21 (11.5%)	25 (13.7%)	87 (47.5%)	42 (23%)	3.73	1.074
Our corporation's employees' facilitative allowances policy is efficiently managed and motivates employees	12 (6.6%)	39 (21.4%)	28 (15.4%)	72 (39.6%)	31 (17%)	3.39	1.188
Our corporation's employees' facilitative allowances policy is effective in their intent and motivates employees	12 (6.6%)	36 (19.7%)	36 (19.7%)	70 (38.3%)	29 (15.8%)	3.37	1.160
Our corporation's employees' facilitative allowances policy addresses leave allowances	4 (2.2%)	12 (6.7%)	14 (7.8%)	91 (50.6%)	59 (32.8%)	4.05	.935
Our corporation's employees' facilitative allowances policy addresses employee education allowances	21 (17)	55 (30.2%)	39 (21.4%)	39 (21.4%)	18 (9.9%)	2.77	1.245
Our corporation's employees' facilitative allowances policy on different allowances payable for employees' roles is fair for the roles they	17 (9.3%)	38 (20.8%)	30 (16.4%)	75 (41%)	23 (12.6%)	3.27	1.195

undertake							
Aggregate Score						3.42	1.17

The results indicate that most respondents (63.6%) agreed that the corporation's employees' facilitative allowances policy promotes fair allowances paid for the roles employees undertake (M=3.500, SD=1.246). Besides the policies promoting fair allowances, most of the respondents (60.4%) agreed that their corporation's employees' facilitative allowances policy is sensitive to the different allowances payable for employee's role and are fair for the roles they undertake (M=3.39, SD=1.215). The results further suggested that the corporation's employees' facilitative allowances policy is sensitive to the number of allowances payable in their role and is comparable to colleagues with similar qualifications in the organisation (M=3.39, SD=1.221). Related to this is the finding where a large majority (70.5%) opined that their corporation's employees' facilitative allowances policy stipulates the dates of the payments of the allowances (3.73, SD=1.074).

Generally, the results in the table above indicate that most (56.6%) of the participants agreed that their corporation's employees' facilitative allowances policy is efficiently managed and motivates employees (M=3.39, SD=1.188), and this could be attributed to the finding by over half (54.1%) of the respondents who agreed that their corporation's employees' facilitative allowances policy is effective in their intent and motivates employees (M=3.37, SD=1.160). These results align well with Agubata et al. (2022), who posit that facilitative allowances have a statistically significant impact on the earnings per share (EPS) of firms listed on the Nigerian stock exchange. This position is further supported by Mudhofar (2021), who, in analysing the impact of performance facilitative allowance, concluded in his study that performance facilitative allowance had a significant direct relationship with an organisation's performance. The aggregate score for the facilitative allowance implementation rating was above average (M=3.423 SD= 1.1719). According to the results, the standard deviation ranges from 0.935 to 1.246, with an overall standard deviation of (SD=1.17). This was evidence that the dispersion was distributed around the mean and hence depicted a normal distribution.

To ascertain the suitability of conducting factor analysis on facilitative allowance, the Kaiser-Meyer-Olkin (KMO) and Bartlett's tests were employed. These tests determine the adequacy of sampling for each individual component as well as for the overall construct. The findings are detailed in the provided table.

Table 2: Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of Facilitative Allowance

KMO Measure of Sampling Adequacy.		.864
Bartlett's Test of Sphericity	Approx. Chi-Square	1518.766
	df	45
	Sig.	.000

The KMO sampling adequacy test and the Bartlette test was carried out on the data to ascertain that the matrix was not an identity matrix, which was a prerequisite test to enable factor analysis on the data. The KMO test, indicating a value of 0.864 for sample adequacy, meets the criteria proposed by Zhdanov et al. (2023). This value, considered meritorious according to the Kaiser criterion, justifies the application of factor analysis to the dataset. Additionally, Bartlett's test of sphericity (X=1518.766, p=0.000) affirmed that the correlation matrix of the data is not an identity matrix, substantiating the statistical validity for conducting factor analysis. The subsequent section details the factor analysis process to determine the number of factors and the associated variables loaded within each.

Table 3: Factor Analysis of Facilitative Allowance

M	Eigenvalue	Difference	Proportion	Cumulative
Factor1	6.33764	5.25992	0.6338	0.6338
Factor2	1.07772	0.28929	0.1078	0.7415
Factor3	0.78843	0.2757	0.0788	0.8204
Factor4	0.51273	0.10218	0.0513	0.8717
Factor5	0.41055	0.09563	0.0411	0.9127
Factor6	0.31492	0.09096	0.0315	0.9442
Factor7	0.22396	0.07791	0.0224	0.9666
Factor8	0.14605	0.02429	0.0146	0.9812
Factor9	0.12176	0.05551	0.0122	0.9934
Factor10	0.06625	.	0.0066	1

LR test: independent vs. saturated: $chi^2(45) = 1528.04$ Prob>$chi^2 = 0.0000$

Based on the Eigenvalue criterion proposed by Fincham et al. (2008), factors with values exceeding one were selected for further examination. In this analysis, the initial two factors possess Eigenvalues surpassing 1, collectively accounting for 74.1 per cent of the variance in the dataset. The first factor elucidates 63.4 per cent of the variation, while the second factor explains 10.8 per cent of the variance. This suggests that the factors are significant in representing the underlying structure of the data, and therefore, these factors were retained for further analysis since they were key in providing meaningful insights into the relationships among the variables under this study. The loading of these two factors, subjected to varimax rotation, is detailed below.

Table 4: Rotated Component Matrix of Facilitative Allowance

Variable	Factor1	Factor2	Factor Uniqueness	Factor Commonality
Promotes fair allowances paid for the roles employees undertake	0.8807	0.2339	0.1696	0.8304
Is sensitive to the different allowances payable for employee’s role and are fair for the roles they undertake	0.8553	0.257	0.2025	0.7975
Is sensitive to the number of allowances payable in their role and is comparable to colleagues with similar qualifications in the organisation	0.8986	0.1158	0.1792	0.8208
Is sensitive to the different allowances payable for their role and are comparable to colleagues with similar qualifications in the organisation	0.9029	0.1498	0.1623	0.8377

Clearly stipulates the dates of the payments of the allowances	0.2493	0.832	0.2456	0.7544
Is efficiently managed and motivates employees	0.7757	0.4079	0.2319	0.7681
Is effective in their intent and motivates employees	0.7865	0.4052	0.2172	0.7828
Addresses leave allowances	0.2629	0.7833	0.3173	0.6827
Addresses employee education allowances	0.2785	0.5267	0.3549	0.6451
Different allowances payable for employees' roles are fair for the roles they undertake	0.7985	0.3854	0.214	0.786

The outcomes showcase the loadings of two preserved factors obtained using the Principal Component Factor (PCF) technique. Using Kaiser Normalisation, an orthogonal varimax rotation was used to minimise the likelihood of variables loading onto multiple factors. The results reveal that the promotion of fair allowances paid for the roles employees undertake, sensitivity to the different allowances payable for employees role and are fair for the roles they undertake, sensitivity to the number of allowances payable in their role and is comparable to colleagues with similar qualifications in the organisation, sensitivity to the different allowances payable for their role are comparable to colleagues with similar qualifications in the organisation, efficient and effective motivation of employees and facilitative allowance stipulations on different allowances payable for employees' role are fair for the roles they undertake, exhibit a substantial loading on factor 1.

Similarly, the clear stipulation of the dates of the allowance payments, factoring leave allowance, and employee education allowance demonstrate a strong loading on factor 2. Notably, the uniqueness analysis indicates that all factors possess a uniqueness value of less than 50 per cent and a commonality value of above 60 per cent. Subsequently, the study proceeded to examine the correlation between employees' facilitative allowance and the performance of commercial state corporations using regression analysis.

Table 5: Model Summary of Employees' Facilitative Allowance and Commercial State Corporation Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.565a	.319	.315	.61644
a. Predictors: (Constant), Employees' Facilitative Allowances				

The results shown in Table 5 present the model summary of the univariate regression analysis between employees' facilitative allowance and the performance of commercial state corporations. It indicates that the adjusted R-square is 0.315. This finding implied that the facilitative allowance explains 31.5 per cent of the variations in the performance of commercial state corporations.

Table 6: ANOVA[a] of Employees' Facilitative Allowance and Commercial State Corporation Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32.026	1	32.026	84.278	.000[b]
	Residual	68.401	180	.380		
	Total	100.427	181			
a. Dependent Variable: Corporation Performance						
b. Predictors: (Constant), Employees' Facilitative Allowances						

Table 6 presents the Analysis of Variance (ANOVA), showcasing the sum of squares and evaluating the overall significance of the regression model through the f-test. The presented data demonstrates a highly statistically significant (F= 84.278, p=0.000) relationship between commercial state corporation performance and facilitative allowance.

Table 7: Coefficients [a:] Employees' Facilitative Allowance and Commercial State Corporation Performance

Model		Unstandardised Coefficients		Standardised Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.271	.176		12.890	.000
	Employees' Facilitative Allowances	.456	.050	.565	9.180	.000
a. Dependent Variable: Corporation Performance						

Table 7 presents the regression coefficients depicting the predictor variables in the model. The "t" column denotes the significance of the predictor in the model, assessing the regression null hypothesis, i.e., the lack of a significant relationship between employees' facilitative allowance and the performance of commercial state corporations. The fitted linear regression model is described below:

$Y\ (31.5\%) = 2.271+0.5657X_1$
Where;
Y= Performance of commercial state corporations
X_1 = Employees' facilitative allowance

Hypothesis: Employees' facilitative allowances do not significantly affect the output of commercial state corporations in Kenya.

From the results, employees' facilitative allowances have a significant (t=12.890, p=0.000) linear relationship with the performance of commercial state corporations; thus, the null hypothesis is rejected. The regression model also shows that when facilitative allowance is not factored in, state performance stands at 2.271. If facilitative allowance increases by one per cent, commercial state corporation performance increases by 0.565. This finding is also averred by Bossey (2022), who established that facilitative allowances positively affect organisational performance.

The hypothesis test thus confirmed that employees' facilitative allowances significantly affect the output of commercial state corporations in Kenya. Change in employees' facilitative allowances is associated with a change in the performance of commercial state corporations. According to Akomolafe et al. (2018), employee benefits and allowance packages increase organisational performance. Regarding employees' facilitative allowance policy, it emerged from the mean score results that leave allowance, the clear stipulation of allowances payment date, as well as the payment and promotion of fair allowances for the roles employees undertake are addressed as the top three priority items in commercial state corporation facilitative allowance policies. The results also revealed that under the commercial state corporation facilitative allowance policy, sensitivity to the amounts (quantum) of allowances payable to employees in their role as compared to colleagues with similar qualifications in the organisation, as well as sensitivity and fairness to different allowances payable for employee's role are moderately considered.

Noor and Tamzid (2019) established that firms with high levels of facilitative allowances had high levels of employee performance, which led to increased organisational performance. Closely related to this level of consideration by facilitative allowance policies in commercial state corporations is the efficient and effective management and motivation of employees through facilitative allowances. Participants pointed out that there is poor management on this, which means that there is unfair administration of facilitative allowances. Facilitative allowances have two implications in relation to employees: They provide incentives, but they can also be used for the exploitation of self-interests, particularly power-related benefits (Kwak, 2019). The latter is true in cases where some allowance and pay-for-performance designs are not efficient. To expound on this, one respondent noted that "lack of internal equity in transfer allowances makes the union staff earn more than three times the paid amount". Further, there are also notable disparities in allowance allocation between city-based and rural-based corporations, where respondents cited unfairness. One respondent explained that their corporation is located in a rural setup and that applicable facilitative allowances are lower compared to other organisations established in cities. This affects the institution's ability to attract and retain key staff. Respondents also cited that the process of implementation of facilitative allowances takes too long after the intended activity for facilitation, leading to demotivation as the respondents have to fund from their resources awaiting future reimbursement. Ackers (2022) postulates that enhancing transparency and accountability in managing African commercial state corporations' remuneration, including effective allowances implementation, is crucial to their achievement of Vision 2063.

The findings also revealed that employees' facilitative allowance policies in commercial state corporations consider employees' education allowances and other allowances payable to employees based on their role. Participants noted facilitative allowances are pegged to those provided for and are determined by other statutory authorities. The process of approval of facilitative allowances is tedious, bureaucratic, and at times inconsiderate. In a rejoinder, one respondent indicated that 'review of the allowances cannot be undertaken until SRC approves; the allowances are similar for officers without respect to seniority. In other instances, participants noted that budgetary constraints limit the implementation of the recommended facilitative allowances stipulated by the relevant bodies, such as PSC and SRC. These findings emphasise the need to create and implement remuneration policy guidelines, which are ingrained components that espouse timeliness and fairness (Saman, 2020).

The potential limitation of this study is the limitation of self-reported data, which may introduce social desirability bias and potentially lead to inaccuracies in participants' responses. Moreover, generalising findings beyond Kenya might overlook cultural and contextual differences, limiting the study's applicability to other regions or populations.

CONCLUSION AND RECOMMENDATIONS

Conclusion: The study results reported a positive and significant effect between employees' facilitative allowances and performance of commercial state corporations work organisation and employee performance ($\beta = .5657$, $\rho = 0.000$, $\rho < .05$). These findings suggest that facilitative allowances are of top priority to commercial state corporations. In light of the effect of the size of B= .5657, with a p-value of 0.000, P< (.05), the conclusion is bolstered by recognising both the statistical significance and practical significance. The significant p-value underscores the statistical relationship, while the magnitude of Beta at B=.5657 emphasises the substantial effect size, affirming the practical relevance of the observed association. Hence, the conclusion is enriched by acknowledging both statistical and practical implications. Therefore, for commercial state corporations to perform well, facilitative allowances must be part of their employees' pay. This means incorporating this element into the employees' pay. Firms with substantial facilitative allowances experience enhanced employee performance, contributing to overall organisational success. Embracing facilitative allowances as a crucial work practice can mitigate employee demotivation and prevent organisational performance decline.

Therefore, a clear stipulation of facilitative allowances, clear payment dates, as well as prompt and fair payment fair allowances of these allowances, are of utmost priority in commercial state corporations.

Recommendations: The study recommends that commercial state corporations should sensitise all their employees to SRC remuneration policy guidelines and their impact on designing competitive compensation packages that lead to improved organisational performance. Therefore, employee compensation practices adopted by commercial state corporations should focus on employee productivity, leading to enhanced organisational performance. Neglecting this alignment may lead to employee compensation components that do not resonate with employees, ultimately diminishing organisational performance.

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