

**MODERATING EFFECT OF REMUNERATION POLICY GUIDELINE ON THE
RELATIONSHIP BETWEEN EMPLOYEE COMPENSATION AND
PERFORMANCE OF COMMERCIAL STATE CORPORATIONS IN KENYA**

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**A Thesis Submitted to the Institute of Postgraduate Studies in Partial Fulfilment for
the Requirements of the Award of Doctor of Philosophy in Business Administration
(Human Resource Management)**

KABARAK UNIVERSITY

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DEDICATION

I dedicate this research to my immediate family for their support and compassion during my studies. I further dedicate this research to my colleagues in the industry for their invaluable support and understanding during my studies. This study would not have been completed without their immense support and encouragement.

ABSTRACT

Commercial state corporations are established by the Government to offer efficient and effective citizen service delivery, whilst surrendering back investment income at the end of each financial year. Despite this, most of them have performed dismally over the years. The question of whether the performance of commercial state corporations in Kenya is related to the compensation structure of its employees and whether the extent of implementation of the public service Remuneration policy guideline in commercial state corporations affects the corporation's performance has not received any known scholarly attention. The main objective of this study was to evaluate the moderating effect of the Remuneration Policy Guideline on the relationship between employee compensation and the performance of commercial state corporations in Kenya. The theories applied in this study are the Equity theory of motivation, principal-agency theory, Dynamic capability theory, Expectancy theory of motivation and Resource-based view theory. A descriptive cross-sectional survey research design was used to conduct this study, targeting 612 managers of various cadres in the 68 commercial state corporations in Kenya. The (Yamane 1967) sampling formula was used to arrive at a sample size of 242 managers in these corporations. The reliability of the research instrument was done through the Cronbach Alpha test, and the reliability coefficient of the questionnaire was 0.8045, hence meeting the threshold value of 0.7. Content, face and construct validity was also tested by subjecting the data collection instruments to subject matter experts. Data collected through structured questionnaires was analysed using both descriptive and inferential statistics. The hypotheses were tested using multiple regression models and Hierarchical regression for moderation. The results of the hierarchical regression model on all the variables revealed that employees consolidated pay ($\beta = 0.324$, $p = 0.000$, $p < 0.05$), employees facilitative allowances ($\beta = 0.077$, $p = 0.000$, $p < 0.05$), employees retirement benefits ($\beta = 0.132$, $p = 0.000$, $p < 0.05$), employees health benefits ($\beta = 0.138$, $p = 0.000$, $p < 0.05$) had a significant positive relationship with performance of commercial state corporations. The augmented model also showed that the Remuneration Policy Guideline ($\beta = 0.382$, $p = 0.000$, $p < 0.05$) had a positive relationship with the performance of commercial state corporations. The inclusion of the Remuneration Policy Guideline improved the variation of the model and explained it by 12.7 per cent ($t = 7.652$, $p = 0.000$), indicating that the Remuneration Policy Guideline moderates the relationship between employee compensation and the performance of commercial state corporations in Kenya.

The study concluded that employee compensation affects the performance of commercial state corporations and that the Remuneration Policy Guideline strengthens the positive linkage between employee compensation and performance outcomes. These findings contribute novel insights into the influence of employee compensation on the performance of commercial state corporations. The study recommended that commercial state corporations should adopt and integrate the Salaries and Remuneration Commission's Remuneration policy guideline in their remuneration plans, assigning higher priority to employees consolidated pay, employee's facilitative allowances, employee's retirement benefits and employee's health benefits since they are crucial in enhancing their performance.

Keywords: *Commercial State Corporation, Employee Compensation, Health Benefits, Performance, Remuneration Policy Guideline, Retirement Benefits*

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ABBREVIATIONS

BSC	Balance Score Card
BPS	Budget Policy Statement
CoK	Constitution of Kenya
CBA	Collective Bargaining Agreement
CBN	Collective Bargaining Negotiations
DPSM	Directorate of Public Service Management
EFQM	European Foundation for Quality Management
GoK	Government of Kenya
HRM	Human Resources Management
ILO	International Labour Organization
JSC	Judicial Service Commission
K.P.I	Key Performance Indicator
NACOSTI	National Commission for Science, Technology and Innovation
OAG	Office of the Auditor General
OPCS	Office of the Prime Cabinet Secretary
PC	Performance Contract
PM	Performance Management
PSC	Public Service Commission
PPSRRB	Permanent Public Service Remuneration Review Board
RBT	Resource Based theory
SCAC	State Corporations Advisory Committee
SC	State Corporation
SOE	State Owned Entity
SRC	Salaries and Remuneration Commission
SP	Sessional paper
TSC	Teachers Service Commission

CONCEPTUAL AND OPERATIONAL DEFINITION OF TERMS

Consolidated Salary: “A form of lump sum compensation based on the total cost of employment” Salaries and Remuneration Commission, 2020. In this study, consolidated salary refers to a fixed monthly compensation that combines basic salary and house allowance.

Employee: “A person employed for wages or a salary” Employment Act, Kenya, 2007. According to this study, it refers to an individual who works in a commercial state corporation and receives compensation for their services as stipulated by relevant regulations and employment contracts.

Employee Compensation: Total pay in cash or kind paid to employees for work performed. (Ibrahim, 2022). In this study, this refers to the totality of consolidated pay, facilitative allowances, retirement benefits and health benefits paid to an employee.

Facilitative Allowance: “Payment made to employees to enable them to meet the expenses related to the execution of their duties.” Salaries and Remuneration Commission, 2020.

Health Benefits: “Payment incurred by an employer to cover an employee’s and eligible dependents cost of medical care ”Salaries and Remuneration Commission, 2020.

Performance: Extent to which behaviour, accomplishment or action measured is executed against pre-set standards such as accuracy, completeness or accomplishment. (Waal, 2021). According to this study, it refers to efficiency, effectiveness and productivity of government agents and employees in delivering services, implementing policies and achieving objectives.

Remuneration: The total value of all payments in money or in kind, made or owing to an employee arising from the employment of that employee, ILO. According to this study, it refers to the total compensation received by an employee for their work done, including basic salary, benefits and any other forms of payments provided by the employer.

Remuneration Policy Guideline: An organisational document that stipulates the total compensation of a financial nature paid to its employees for work done and includes basic salary and benefits (Adefulu, 2020). In this study, it refers to a document that outlines the principles, guidelines and procedures for determining salaries, benefits and any other form of compensation for employees in the Kenyan public service.

Retirement Benefits: “Money and other incentives payable to an employee upon the lapse of employment contract, fixed or otherwise” Salaries and Remuneration Commission, 2020. In this study, it refers to the various financial products and schemes designed to provide income and financial security to individuals upon the lapse of their contracts of employment.

CHAPTER ONE

INTRODUCTION

1.1 Overview

This section presents the background of Employee compensation, Organisational performance and Remuneration policy guidelines. The European Foundation for Quality Management (EFQM) Model is also presented and analysed. The Statement of the Problem, the Purpose of the study, the Objectives of the study, the Hypotheses of the study, the Justification of the study, the Significance of the study, the Limitations and Delimitations (scope) of the study and the Assumptions of the study are also part of this section.

1.2 Background to the Study

In the modern and turbulent business environment, employee compensation contributes immensely to an organisation's competitive advantage and long-term performance. According to Eungoo (2021), employee compensation is likely to lead to positive organisational performance. There is, however, not much known prior research linking the application of organisational remuneration policy guidelines to organisational performance. In the last few decades, technological advancement has grown exponentially in advancing organisational performance. Despite this, the central role played by employees is still integral and strategic in ensuring optimal organisational performance (Zahra, 2021).

Employee compensation is fundamental in human resources management (HRM) as it provides monetary value to employees for their upkeep and well-being in exchange for work performed, leading to successful organisational performance and competitiveness in the market, a situation referred to as social exchange (Kim & Jang, 2020). Whereas

organisations expect optimal individual performance towards the realisation of overall organisational performance goals, effort geared towards this are not always realised due to many other determinants of performance, such as compensation (Sustrino, 2022). One major challenge for managers and practitioners in public sector organisations is the coordination and amalgamation of the existing varied policies. This area of study has continued to elicit a lot of research from scholars (Trein& Farenzena, 2022). Previous studies on compensation literature lack adequate empirical tests on the effect of remuneration policy guidelines on organisational performance. Remuneration policy guideline implementation may motivate employees towards high organisational performance or demotivate and inhibit this. (Shaw, 2021).

Globally, commercial state corporations continue to play a major role in the development agenda of almost all countries in the world. In a 2018 report by Fortune 500 companies' magazine list, out of the largest top ten companies in the world by revenue, three of them were Chinese commercial state corporations. These were China National Petroleum, ranked at position four (4); Sinopec, ranked at position three (3); and State Grid, ranked at Position two (2). Furthermore, the next five ranked out of these ten had a high level of Government stake either through minority shareholding or institutional stake. These were BP, Royal Dutch Shell, Exxon Mobil, Volkswagen and Toyota (Schneider, 2021). Many Asian Countries play a significant role in SOEs as they play a major part by providing essential public services such as major infrastructure development, given their inherent competitive advantages (Farhad, 2021).

The Asian Development Bank (ADB) plays a central role in spearheading reforms in commercial state corporations in a bid to enhance their productivity. Between 2005 and 2017, ADB spearheaded reforms in Asian commercial state corporations targeting the following Countries: People's Republic of China (PRC), India, Papua New Guinea,

Uzbekistan and Vietnam. These countries were selected as they account for more than 40 per cent of the reform portfolio in Asian countries that are supported by ADB. In its evaluation report of the Asian commercial state corporations, all targeted interventions posted a success rate of 68 per cent, with more reforms needed in Asia commercial state corporations if the targeted countries are to achieve Strategy 2030 (Schneider, 2021). According to Habir (2021), in a study on enhancing the performance of commercial state corporations through reforms, opportunities and challenges for these institutions in Asia targeting South Korea, Indonesia, China, Kazakhstan, Azerbaijan and Vietnam, the researcher concluded that reforms were urgently needed in the corporations in these countries. However, the study revealed that notwithstanding such reforms, commercial state corporations remain relevant and will continue to play a dominant role in public services, infrastructure, and natural resources.

South Korean reforms led to their exceptional performance, moving the corporations from factor-driven growth to investment-driven growth and ultimately to innovation-driven growth. In Indonesia, commercial state corporations have recorded high performance through reforms over the years that have cut across privatisation, shifting towards neglected. Infrastructure, with the ultimate objective of consolidating all the holding companies in each sector of commercial state corporations into one super holding company. According to a study of these corporations in Europe, their financial performance is substantially compromised when they are mandated to pursue pure profit maximisation. Their services should be confined to providing crucial products and services at affordable prices because focusing purely on profitability will bias such commercial state corporations towards private ownership (Martusewicz et al., 2022).

The communism falls in Eastern Europe saw the emergence of mass privatisations and the emergence of a strong private sector. However, these corporations continued to

perform well and still play a central role in key sectors such as the electorate and waste management in these countries, having been granted exclusive monopoly rights. This enables the entities to provide services at low costs and affordable to most citizens (Richmond, 2019). Eastern European economies are structured in such a way that prominence is given to the commercial state corporations as their uniqueness enables them to carry out and execute activities that the free market cannot perform, such as contracting bank loans and attracting foreign direct investments. Due to this, the state has enforced strict performance targets for them (Szarzec, 2021). The above has contributed highly to their positive performance. In Montenegro, for example, almost 100 per cent of the Gross Domestic Product (GDP) is attributed to the average stock of SOE assets.

This is contrary to the European Union (EU) Countries when studied as a block, where the role of these corporations in foreign direct investment in the economy of the EU region is relatively low. In specific EU countries, however, the old EU member countries' commercial state corporations perform well and continue to play a significant and successful role in internal foreign direct investment activities, led by France, Germany, and Italy, respectively, noting that they play a key role in the local economies (Katarzyna, 2021). In a study on the role of commercial state corporations in Latin America, these corporations were found to perform exceptionally well as they attract foreign direct investment, which had a positive effect on the local economy, thus concluding that the corporations have an integral role to play in public policy (Bernier, 2020). The performance of commercial state corporations is affected by many factors. This research established employee compensation as a factor of performance in commercial state corporations in Kenya.

Commercial state corporations in Africa have largely not performed well. It is postulated that to reverse the downward trend of African countries' slow economic growth since

independence and to facilitate Africa's achievement of the African Union Vision 2063, African countries should make deliberate efforts to manage their commercial state corporations using sound corporate governance principles. This is by enhancing transparency and accountability and positioning them towards the achievement of Vision 2063 (Ackers, 2022). In the African region, South Africa has been labelled as the fastest growing economy, playing a significant role and making it second to Nigeria and rated 32nd in the world, meriting it to be included in the formidable economic block, BRICS, which incorporates Brazil, Russia, India, and China. South Africa's commercial state corporations have performed moderately well and have been identified as playing a critical role in unlocking the digital economy, hence advancing the country through the fourth Industrial Revolution (Malope, 2021).

In assessing the performance of commercial state corporations in Ghana, Owusu (2016) noted the interruption of their performance due to changes in various political regimes and established that, among other factors, government intervention, especially on strategies to ensure accountability and continuity of these corporations after the change of successive political Governments, is likely to guarantee long-term performance. In addition, although the objective of commercial state corporations in Ghana is not primarily profit-oriented, they are expected to achieve other performance measures based on key performance indicators such as citizen service provision, and the impact of this is used to measure performance (Gakpo, 2021). The performance of commercial state corporations in Nigeria paints a dark picture, with Dan and Isaac (2022), following a study on internal controls and the performance of commercial state corporations in Nigeria, establishing that most of these corporations are in perpetual "intensive care" with most being inefficient, making endless losses with heavy capacity underutilisation. He further avers that the possible reasons for this are bureaucratic systems, lethargic

culture of employees, fraud, political nepotism and fundamental hiring errors of employees, noting that an overhaul of internal organisational mechanisms and controls is likely to be a good place to start in solving this problem.

Corporate Governance and undue political interferences are identified as key challenges in managing commercial state corporations in Rwanda and Gambia, leading to these two countries establishing offices of “Controllers” who are tasked to be in charge of these corporations to ensure their enhanced governance and performance and further ensure that these corporations commit to adhering to the set financial and procurement manuals (Badofay, 2021). Locally, in Kenya, where this study is situated, Commercial state corporations are established under the State Corporations Act, chapter 446 (Rev., 2015) of the laws of Kenya formed by the government to undertake commercial activities on behalf of the government, where they are required to submit investment income to the governing body at the completion of 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). In exceptional circumstances, funding is released by the Government when they are required to carry out social programmes on behalf of the Government (President Task Force on Parastatal Reforms, 2013).

There are seventy-two (72) commercial state corporations in Kenya, out of which sixty-eight (68) were fully operational at the time of this study. From 1965 to date, the Commercial state corporations’ sector has experienced turbulent times with the government mooting various interventions to reform and restructure them. Historically, these are as follows: The year 1965-1970 was a period of Africanisation, which saw the Government participate in economic activities earlier reserved for the private sector. The period 1971-1980 witnessed governance paralysis, leading to a performance crisis; 1981-

1990 saw the exponential expansion of these corporations, which created a burden to the national exchequer, thus leading to the Structural Adjustment Program under the auspices of the World Bank. This period further saw the adoption of Sessional Paper No.1 of 1986 on Economic Management for revitalised growth, which discouraged the government's excessive presence in business activities in corporations and which encouraged the concept of a lean government; 1990-2002, divestiture and privatisation pursuant to sessional paper no.1 of 1986 and from 2003 to onwards, governance reforms (GoK, 2013).

On 23rd November 2004, the Government, through the Office of the President, specifically the State Corporations Advisory Committee (SCAC), pursuant to the provisions of Section 5(3), 10(1), and 10(2) of the State Corporations Act, Cap.446 of the Laws of Kenya, issued Guidelines on Terms and Conditions of Service for Commercial state corporations' Chief executive Officers, Chairmen and Board Members, management staff and Unionisable employees. Whereas the guidelines pronounced themselves on the quantum payable on the remuneration of the Board and the CEOs, respective Boards were empowered to recruit Management staff with requisite skills to optimally operationalise the respective commercial state corporations. The Guidelines directed commercial state corporations to embrace modern business management practices with a corporate strategic plan, clear mission, vision statements, objectives, goals and values that would thereafter inform the requisition of competent personnel paid within approved budgets and with great emphasis on employee performance accountability from the appointing authority.

The Guidelines laid emphasis on less dependence from the exchequer on the wage bill (GoK, 2004). Further, these guidelines classified commercial state corporations into various categories: Commercial, Financial, Public Universities and Research institutions,

Regulatory, Service, Tertiary, and Training (GoK, 2004). From the year Kenya attained independence up to 2004, the government carried out reviews of remuneration in public service in diverse ways by appointing ad hoc task forces, committees, and commissions to address remuneration for different sectors. In total, fifteen task forces, commissions, and committees were appointed during this period, as per Appendix III. Each task force, commission, and committee were mandated to review remuneration and benefits for a sub-sector of the public service. Often, these bodies would be formed following a clamour for salary review by different sectors of the public service. Since these bodies were ad hoc in nature, their recommendations on remuneration reviews were disjointed, creating disharmony across the public service.

The recommendations of the above task forces, commissions, and committees would thereafter be implemented by sector-based employing institutions such as the Parliamentary Service Commission (PARLSCOM), Public Service Commission (PSC), Judicial Service Commission (JSC), Teachers Service Commission (TSC), and State Corporations Advisory Committee (SCAC) since they were mandated to determine the remuneration of different segments of the public service. The above-disjointed process and the resultant recommendations led to disparities and inequities in remuneration levels of public servants with similar responsibilities and qualifications. This, in turn, demotivated public servants because, with time, remuneration was not based on the worth of the job but rather on how much “clamour power” various sectors wielded (PPSRRB Report, 2004).

In 2003, the Permanent Public Service Remuneration Review Board (PPSRRB) was created to regularly review and harmonise remuneration across the public sector. It was domiciled in the then Directorate of Public Service Management (DPSM). By virtue of this alone, the implementation of its recommendations was only adhered to by the Civil

service since other bodies with similar mandates and anchored by their respective legal framework still existed in other Government departments. Consequently, PPSRRB was unable to effectively perform its mandate because institutions continued to independently review and determine remuneration for their public officers. Considering this, the 'Pay Policy' for the Public Service was developed in 2006 to provide a framework for the determination of remuneration across the public service.

The policy recommended that public service remuneration should be based on equal pay for work of equal value; be able to attract, retain and motivate personnel; be affordable and fiscally sustainable; and finally, be transparent and be linked to performance. Once again, owing to the above challenge, not all stakeholders strictly adhered to these principles in the Pay Policy. This led to further disparities and inequities in remuneration levels across the public service (PPSRRB Report, 2008). In 2010, the Salaries and Remuneration Commission (SRC) was established by Article 230 of the Constitution of Kenya (2010). SRC is an apex body that is solely mandated to deal with all issues pertaining to remuneration in the entire public service. The two-pronged mandate of the Commission is to set and review the remuneration of all state officers on a regular basis, as well as advising the national and county governments on the remuneration of all other public officers.

The entire public service is composed of either state officers or public officers, and therefore, all public servants are bound by the mandate of SRC. The Constitution further in article 230 (5) stipulates that SRC, in executing its mandate, shall ensure that public service remuneration is fiscally sustainable, is able to attract and retain requisite skills, recognises productivity and performance, and is transparent and fair (CoK, 2010). SRC is mandated by law to develop a Remuneration policy guideline for implementation in all public service institutions, including commercial state corporations. Policy

implementation in commercial state corporations is implemented by managers who comprise all heads of departments and all the team leaders below them, who are all in charge of performance management, as delegated by the Chief Executive Officer.

These managers and team leaders in commercial state corporations were the target respondents in this study. These managers and team leaders interact with SRC on the implementation of the remuneration policy guideline through their respective chief executive officers. This is because it is managers who get work done “through and with” people in their organisation as per the delegated authority bestowed upon them. Their “direct reports” are the non-management staff who are impacted by the Remuneration policy guideline hence do not oversee remuneration policy guideline implementation. This study determined the moderating effect of the Remuneration policy guideline on the relationship between employee compensation and performance of commercial state corporations.

1.2.1 Models and Framework of Measuring Performance in Commercial State Corporations

Managers in organisations find ways of demonstrating exceptional performance of their organisations in an ever-dynamic business environment. Various models and tools are used to assess and evaluate organisations’ performance. Below is a review of the Performance Contract (PC) Framework and the European Foundation of Quality Management (EFQM) Excellence Model.

Performance contracting is a performance measurement framework used in the entire Kenyan public service organisations in both national and county governments, including commercial state corporations. It originated in the 1960s and was developed by Simon Nora for use by the private sector organisations which were expected to utilise limited

resources to achieve higher performance, mainly through profit attainment and service delivery. It was later adopted by the public sector, through what has come to be understood as New Public Management theory (Cheche, 2013). Performance contracts were used extensively in France in the 1970's, in bid to enhance public service delivery, manage costs and enhance efficiency and effectiveness of its human resources.

In Asia, it was adopted by India, Pakistan, and Korea, while in Africa, Ghana, Nigeria, and Kenya were among the first countries to adopt this model. In Kenya, following Sessional Paper No. 1 of 1986, a parastatal reform strategy paper was approved by the Cabinet, and this was the first official establishment of policies aimed at injecting efficacy into commercial state corporations (Wesonga, 2012). Performance contracting was formally introduced in Kenya for the entire public service in 2003 with the objective of improving performance, enhancing resource utilisation, and enhancing a clear understanding of the connection between planning and implementation within a legal and regulatory framework (GoK, 2001).

In 2004, government institutions commenced performance contract implementation, and sixteen commercial state corporations signed performance contracts in December of the same year. Central to performance contracting in the public sector has been the drive to improve public service, thereby increasing customer (citizen) satisfaction, with public service being at the centre of reforms both in Kenya and in international public services (Daristu, 2022). The objective of performance contracting is to enhance service delivery, ensure optimal resource utilisation, and entrench a performance-oriented public service, thereby leading to more accountability for public resources (Masetu et al., 2021).

Every year, the government, through the Performance Contracting Secretariat domiciled in the Ministry of State responsible for public service, issues updated guidelines that act as parameters for evaluating and measuring performance as a performance guide for the

year. These are followed by the issuance of specific criteria and weights for each sector of commercial state corporations, scoring criteria and the calculation of a composite score. A summary of these three is shown in Table 1-3 below:

Table 1

Performance measurement criteria and weights of commercial state corporations in Kenya

Performance Criteria	Weight
	100%
Financial Stewardship	10%
i. Absorption of GoK funds	
ii. Absorption of Externally mobilized funds	
ii. Generation of Appropriation in Aid (A-I-A)	
v. Pending bills ratio	
Service Delivery	10%
i. Implementation of citizen service charter delivery	
ii. Business-process re-engineering	
ii. Resolution of public complaints	
Core Mandate	60%
Commercial state corporations' priority programs aligned to the National priority agenda.	
i. Ease of doing business	
ii. Project completion rate	
iii. Pre-tax profit	
iv. Dividends to National Treasury	
v. Return on Investment	
vi. Mainstreaming science, technology, and innovation	
Implementation of Presidential Directives	20%
Access to Government Procurement Opportunities for Special Groups (AGPOA)	3%
Promotion of local content in procurement	4%
Cross cutting issues- Asset Management, youth internships, Competency development, prevention of HIV and Non-communicable diseases. National values and principles of governance, Road safety mainstreaming and corruption prevention. Gender and disability mainstreaming, prevention of Alcohol and drug abuse, stakeholder issues, handling complaints from Ombudsman,	13%

Source: Directorate of Commercial State Corporations (2022)

Table 2*Performance Contract (PC) Scoring Criteria of Commercial State Corporations*

Achievement of Performance Targets	Performance Grade & Achievement Level	
Achievement exceeding the set target by 30% or more	Excellent	130% ≤ 200%
Achievement of the set target or exceeding by up to 30%	Very Good	100% < 130%
Achievement below target	Good	70% < 100%
Achievement way below the target	Fair	50% < 70%
Achievement far much below the target	Poor	0% < 50%

Source: Directorate of Commercial State Corporations (2022)

Table 3*PC's Performance Grades and Composite Scores of Commercial State Corporations*

Performance Grade	Composite Score		
	Upper Score	–	Lower Score
Excellent	1.00	–	2.40
Very Good	2.40	–	3.00
Good	3.00	–	3.60
Fair	3.60	–	4.00
Poor	4.00	–	5.00

Source: Directorate of Commercial State Corporation (2022)

It is worth noting that over the years, from data obtained from the state department responsible for performance contracting, very few commercial state corporations have scored “Excellent”, with only 5.5 per cent scoring “Excellent” in the results released in 2023 for the entire public service. Past studies have postulated that Performance Contracts have several weaknesses. For instance, studies on the effectiveness of

performance contracts in public service have been inconclusive. Among relevant studies in public universities, a study by Mwanguni et al. (2020) found that public universities ought to put more emphasis on applying Performance contracting in order to enhance service delivery and hence improve their research component, which was found to be at 50.1 per cent.

In another study to determine the link between performance contracting and the implementation of organisational strategies in Kenyan public universities, Chepkosgei (2021) established that the implementation of Performance contracts led to 74 per cent changes in the implementation of strategic plan deliverables in the universities. This inconsistency is common in various studies on performance contracts in Kenya. Further, it is not unusual to have a corporation rated highly on performance contracting, whereas public perception surveys on its effectiveness give contrary results.

Further, in certain instances, the Auditor General's results are a total contradiction to the PC results, begging the question as to the advantage of the PC as an effective tool to measure performance. For example, based on Appendix IV on Performance Evaluation scores for commercial state corporations for the Financial years 2019/2020 and FY 2020/2021, the country has gone through a food deficit for the last decade and at the time of this study, the country was faced with severe hunger and drought, yet institutions such as Kenya seed company, Bukura agricultural college and Agriculture and Food Authority in 2019/2020 and 2020/2021 were rated as either "very good" or "good" under the performance contacting tool and framework. This disconnect has led this study to recommend a more robust and realistic way of measuring performance.

In addition, in some instances it has been noted that Performance contract administrators are merely keen on achieving the set targets for organisational reward purposes, without questioning the rationale of this activity to the Public. This has led to a disconnect of well

achieved Performance contracts that do not mirror actual service delivery on the ground (Nyamori, 2022). This study aimed to recommend a more realistic measurement of performance in commercial state corporations.

1.2.2 The European Foundation Quality Management

In this study, due to the multifaceted nature of performance in commercial state corporations, the EFQM Model 2020 is applied to evaluate the effectiveness of employee compensation on the performance of commercial state corporations. EFQM is a member organisation that consists of entities that associate themselves with respective ethical principles that lead to lasting performance in organisations (Martusewicz et al., 2022). The headquarters of EFQM is in Brussels, Europe. Partner members of EFQM are represented by many countries globally. According to Ralph Martson, “Excellence is not a skill, but an attitude.” Unlike other performance models such as the PC, which is organisational based, EFQM is broad in scope as it is aligned to the seventeen interlinked objectives of the United Nations’ Sustainable Development Goals (SDGs) that hold both governments and businesses to account combat climate change, injustice and inequality, globally. In doing so, organisations are expected to post outstanding performance by, among others, focusing keenly on stakeholder value through continuous transformation (Fonseca et al., 2022).

Today, due to the dynamic business environment witnessed in an organisation’s performance management, performance measures must go beyond financial and non-financial indicators and move towards continuous improvement in achieving strategic objectives, exceptional organisational performance, outstanding people management and innovation, using the EFQM framework for self-assessment and its structure of identifying advancement initiatives’ practical tools (Rodríguez-González et al., 2020). EFQM is a Business Excellence Model (BEM) widely used and applied in organisations

successfully (Din et al., 2021). EFQM is a popular and globally accepted business excellence model used in several countries and multinationals. It has exceptional success in organisational performance and is widely popular for motivating organisations towards continuous process improvement and excellence. Further, the EFQM 2020 Model is most popular as it moves beyond excellence and beyond being a measure of quality award enablement mode towards a focus on the future requirements and continuous high levels of performance of an organisation (Murthy, 2021). In this study, given its currency and dynamism, the EFQM 2020 model of excellence was used to assess the effectiveness of current measures of performance in commercial state corporations.

In studying a tool for measuring organisational readiness and sustainability in the process of introducing concepts in the industry, Turisova et al. (2021) established the centrality of EFQM in the success of this process. This was also studied by Martusewicz et al. (2022), who went further to evaluate and conclude that the RADAR (Results, Approach, Deployment, Assessment and Refinement) assessment tool was effective in the implementation of processes within an organisation. The approach of the above two scholars was used on the commercial state corporation's initiatives of sustainability. This is further emphasised through the work of Fonseca et al. (2021) on EFQM 2020 being a major strategic dimension that overarches all major global trends of sustainability.

EFQM enables organisations to achieve a path to excellence by assisting them in identifying areas of weakness and further enabling them to execute performance improvement measures (Guadalupe & Doz, 2019). Bukvič (2022) posits that while quality refers to meeting the expectations and demands of clients and stakeholders, excellence, on the other hand, refers to exceptionality. This is the differentiating fact between models that ensure meeting and exceeding customer expectations where EFQM

2020 Model stands out as going beyond the concept of “excellence” towards “outstanding”, hence giving organisations the opportunity to be the best that they can be, beyond excellence. It refers to tangible, achievable organisations that exceptionally exceed the expectations of all stakeholders, both internal and external, within a competitive global environment that adheres to quality.

In EFQM, both quality and excellence are core concepts that are relevant to both private and public organisations. The definition of excellence, according to EFQM in Brussels, is the practice of fundamental principles to manage an organisation in such an excellent manner as to enable the organisation to attain exceptional results. These fundamental principles are employee involvement, continuous improvement and innovation, management based on processes and facts, mutually beneficial partnerships, customer focus, the social responsibility of the organisation, leadership and stability, results orientation and social responsibility (Martusewicz et al. (2022). EFQM uses the RADAR Matrix to analyse organisational performance through a structured approach and does this through the use of a dynamic evaluation framework.

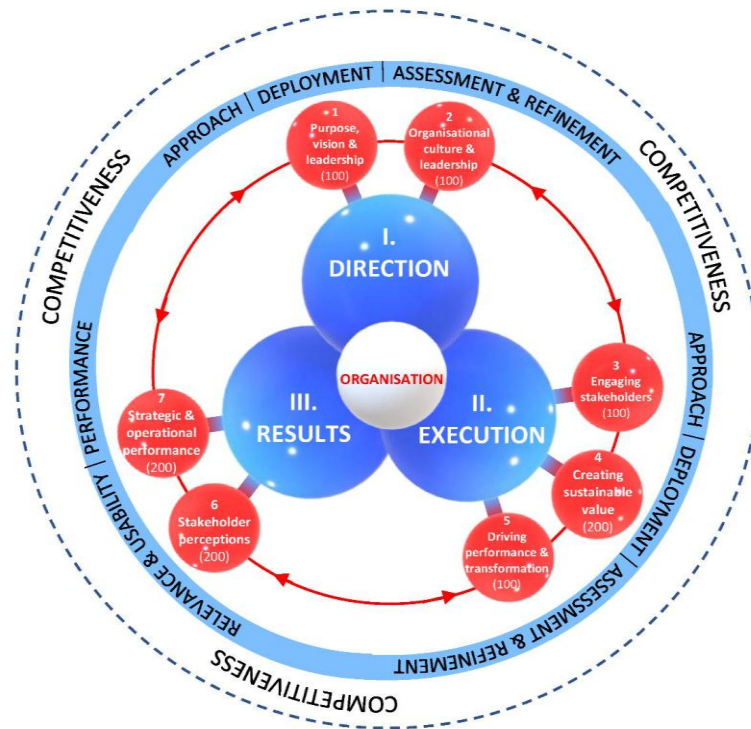
Both EFQM and RADAR enable the assessor to gain insights beyond things seen by the naked eye, and since it is such things that make a difference between performance and excellence, the tool orients the user towards actions that lead to business excellence (Turisova et al., 2021). Previous studies indicate that the EFQM was found to be a useful model for self-assessment and a good system for identifying improvement initiatives that progressively improved services, safety, efficiency, and customer and staff satisfaction. These research findings indicated that the EFQM was a practical tool for measuring the improvement of performance, especially in areas such as strategic planning, people management, and innovation (Guadalupe & Doz, 2019).

The EFQM model is two-pronged, as it provides both a framework for organisational performance assessment and a practical model used for establishing the strengths and areas for development. Further, it assists in the detection of relevant organisational occurrences and creates effective methods of transmitting them. The core concepts of EFQM are aligned with key business concepts. The EFQM model comprises major concepts critical to organisational performance. These are leadership, policy and strategy, human resources, partnership and resources, processes, employee outcomes, customer outcomes, community outcomes and key performance outcomes (Gilouri & Shafiezadeh, 2021).

EFQM 2020 comprises a framework based on seven criteria. These are Purpose, Vision and Leadership, and Organisational Culture and Leadership. These two fall under Direction. Under Execution falls, engaging stakeholders, creating perpetual value and Driving performance and change. The last component is Results, and under this falls Strategy organisational performance and Stakeholder perception. The first five criteria found in the first two parts describe and evaluate the doing of the organisation and how it is doing it, while the last two criteria, from the third component, evaluate the obtained results (Turisova et al., 2021).

Figure 1

Direction, Execution and Results Perspective of the EFQM Model



Source: EFQM Brussels, (2022)

As per above, the EFQM Model comprises seven criteria grouped in three dimensions. These are Direction (why), Execution (how), and Results (what), supported by 23 Criterion Parts and 2 Results Criterion, plus 112 guidance points and the RADAR assessment tool. On the EFQM and Direction perspective, Para-González et al. (2019) conducted a study seeking to establish whether firms that follow the strategy, leadership and personnel suggestions proposed by the EFQM Model improve organisational performance. He also sought to clarify whether the strategic management of human resources has a mediating effect on personnel management and organisational results. The study conclusions suggested that under the EFQM Model, organisations improve their performance under the influence of both leadership and strategy and even further, a strategic approach helps enhance personnel contribution to the company's results.

From the EFQM and Execution Perspective, strong direct and indirect positive associations have been observed between sustainability and stakeholder performance, as implied by the EFQM Model (2012). Further, strong links have been established between sustainability orientation and organisational performance. This makes the EFQM model ideal for assessing organisational performance (Menezes et al., 2022). From the EFQM and Results perspective, studies conducted between the years 2003 and 2016 concluded that there were better financial results among organisations that used models of excellence, such as EFQM, than similar organisations that did not use them. Specifically, a meta-analysis was carried out in 10 out of 15 studies.

The results showed a statistical correlation between the award winner and business success, leading to the assumption that a company that implements a model of excellence operates more efficiently, effectively, and profitably than other companies in the industry (Wierzbic& Martusewicz, 2019). Further, Researchers in a study in Europe checked award winners against comparable companies of similar size and industry over a period of 11 years and found that the award winners experienced larger increases in the value of shares on the stock exchange, larger average sales growth, cost reductions and increased operating income (Wierzbic& Martusewicz, 2019). An organisation's ability to meet set targets is key in judging its performance. A fundamental and overarching feature of the EFQM model is that it provides the Management of an organisation's employees with extensive and deeper insights into the cause-and-effect relationships between their organisation's activities and its intended results.

The EFQM model, which is based on three perspectives of Direction, Execution and Results, puts strong emphasis on the role of leadership, corporate strategy and policy, factors that are critical in achieving excellent organisational performance. It does so while guiding the identification of weaknesses and putting in place intervention measures

for achieving organisational performance through improvement (Al-Majali & Almhira, 2018). More specifically, the EFQM 2020 model is used as a management tool to enhance actions and achieve results and performance of its targets in the scope of Sustainable Development Goals (SDGs).

The Direction, Execution and Results are measured using a tool that has a total of one thousand points, as further explained below. The Direction perspective has two criteria: Purpose and Vision and Organisational culture and leadership. Each of these carries one hundred points. According to the EFQM, any organisational defined purpose and vision should be recognised as a power intended for the greater good of the ecology. In this EFQM perspective, the organisation's purpose and vision and in this case, the commercial state corporation, is anchored. This is derived from the United Nations SDG Goal and Global Compact, which is a universal United Nations framework that guides businesses on corporate responsibility.

In commercial state corporations, this will be used to analyse the degree to which the commercial state corporations, in the process of creating their respective Visions and Purpose, acknowledge and understand their ecosystem, the capabilities of the commercial state corporation and the major challenges it faces within its ecosystem.

Commercial state corporations will analyse two UN Concepts of UN SDGs and Global Compact and the impact of these in their respective institution. Secondly, the Under Direction perspective is the organisation's culture and leadership. These, in the EFQM Model, are directly related to sustained and consistent performance, and this will relate to commercial state corporations formally expressing statements that advance environmental agenda in view of today's global scarce resources. In this criterion, emphasis will be placed on the importance of espousing responsible initiatives to the environment. The Execution perspective has three criteria: engaging stakeholders (one

hundred points), creating sustainable value (two hundred points), and driving performance (one hundred points).

Engaging stakeholders has one hundred points and five criterion subsections, all aligned to different groups of stakeholders. These are geared towards the interface of the commercial state corporation and the society it serves. It will be used to measure how a commercial state corporation contributes to the Development, Well-being, and Prosperity criteria. This will further expound on how the activities and commitments of the commercial state corporation should be geared towards the good of the community and society by providing products or services that are exceptional to the citizens. In doing so, their optimal performance is guaranteed.

Creating sustainable value for citizens is the second aspect of Execution, and this carries two hundred points. The major deliverable for the commercial state corporation is the delivery value aspect. Commercial state corporations under this are expected to deliver solutions through either products or services (depending on their respective mandate) in such a way that there is minimal negative social and environmental impact in society. Thirdly is the Driving performance and transformation aspect. This carries one hundred points. Commercial state corporations will be expected to Drive Innovation and Utilise technology in all their operations across the organisation in order to drive performance. They will be expected to embrace the concept of a circular economy. Circular economy refers to giving waste a new life through all-encompassing sustainable and efficient processes.

These results in perspective having two criteria: the strategic operational performance aspect, which carries two hundred points, and the stakeholder perception aspect, which carries two hundred points. In the former, commercial state corporations will carry out perception surveys that gave indication of how stakeholders perceive how the respective

corporation contributes to the UN SDGs or Global Compact Ambitions, all tied to their performance deliverables. Key in these measurements is the social responsibilities and the environmental responsibilities of the corporation. Stakeholder perceptions of how a respective corporation manages its business and how it is governed was measured here, as these two are key in organisational performance. This also entails perception results from the Society, Partners and Suppliers and its contribution to the Circular economy.

Lastly, under this, is the strategic and operational performance aspect, which carries two hundred points. In commercial state corporations, every result reported at both strategic and operational levels should be aligned to the purpose, vision, and strategy under the Directive purpose and, by extension, lead towards organisational performance and its ability to remain relevant globally. In view of the above, it was intended that the successful implementation of the EFQM 2020 Model in commercial state corporations would lead them towards a “leaner and greener” culture (Asif et al., 2012).

1.2.3 Remuneration Policy and Employee Compensation

An organisation’s standards for determining how to pay employees’ salaries, bonuses, incentives, and benefits are called compensation policies. Fairness, equity, and alignment with the organisation’s strategic goals are the goals of this policy (Hermawan, 2021). According to Kristal et al. (2020), Remuneration policies are critical in organisations as they provide a basis for standardisation and consistency, whereby compensation plans offer a uniform criterion for employee compensation, promoting uniformity and equity among comparable positions and levels within the company (Civera et al., 2021). Strategically, remuneration policies align with organisational goals by connecting pay to performance indicators, hence relating employee remuneration to organisational goals, including improving performance, retention, and motivation (Abdullah et al., 2021).

Remuneration policies should be anchored on fairness and transparency principles as employees views of justice and trust are fostered by clear and open compensation rules, which can lower attrition and boost job satisfaction, thereby enhancing individual and, by extension, organisational performance (Salman, 2020). Moreover, remuneration policies enhance market competitiveness by designing pay policies that align salaries with market norms within the framework of fiscal affordability and sustainability, which aids businesses in attracting and retaining talented workers (Permana & Bahroto, 2021).

Remuneration philosophies and strategies arise from remuneration processes which inform remuneration policy guidelines and strategies developed to guide appropriate types and level of performance (Zafar et al., 2021). In designing remuneration policies, consolidated pay has been used in circumstances where reforms on lowering the wage bill as part of austerity measures take place. Although it has in some cases led to slow wage bill growth, in other cases it has led to unintended consequences of low morale (Mappamiring et al., 2020).

Globally, Ahlstrom and Bruton (2020) in examining the function of remuneration policies in international firms in Asia, Hong Kong and greater China, underscores the need to modify remuneration policies to fit various legal and cultural contexts. The study establishes that in order for businesses to effectively inspire and retain people, their remuneration plans must be customised to local situations. The study specifically posits that global corporations should implement benefits that are tailored to each region in order to meet employee expectations and local market requirements.

In the framework of global talent management, another study that investigated the effects of compensation policies on employee commitment and retention posits that fair and open compensation policies are essential for preserving employee morale and lowering

attrition, particularly in highly competitive international marketplaces. This is more so when the need to attract and retain top personnel across borders, for a highly dynamic and unpredictable labour market has implemented a global pay equity policy, as postulated in a study on cross border countries in European Union countries of Austria, Belgium, Bulgaria, Croatia, Denmark, France, Spain, Sweden and Portugal (Kim & Jang, 2020).

Maitland et al. (2020) avers that for global emerging markets in Argentina, Brazil, Chile, India, Colombia, Egypt, South Africa, Russia, Philippines and United Arab Emirates, the connection between success in emerging markets and compensation practices is fundamentally dependent on how important it is to match pay to local labour market conditions and employee expectations in order to gain a competitive edge and improve organisational performance. This requires that real wages are maintained by cushioning employees through linking a portion of their compensation to the rate of local inflation. This guarantees a level of labour stability in the labour force.

One critical aspect of global remuneration policy that remains fundamental is the linkage between cross-cultural compensation practices and how this affect employee satisfaction and organisational commitment. Vaiman and Holden (2018) emphasise on how crucial it is, to comprehend ways in which cultural variations affect how people view equity and fairness in pay. He avers that multinational organisations should provide for remuneration policies that offer customisable benefits that take into account regional cultural preferences. This study was central in designing pay polices for both Eastern and western Europe, given the high levels of religious nationalism in Eastern Europe and a culture of more openness towards multiculturalism in western Europe.

Regionally in Africa, Okpara and Kabongo (2021) in a study that reviewed at pay practices throughout the African nations of Nigeria, Algeria, Chad, Ghana, Togo and Mali, emphasises how pay systems fit into regional economic and cultural environments.

It emphasised how pay equity policies have a big impact on worker retention and satisfaction. The study concluded that remuneration was specifically designed for different countries but with a convergence of equity-inspired employees, which led to a more coordinated approach in their efforts towards achieving organisational objectives.

Smit and Villiers (2019) sought to ascertain how employee performance, morale and organisational commitment are affected by remuneration policies in the banking industry of South Africa. The study concluded that employee loyalty and performance are highly impacted by transparent and equitable remuneration policies and compensation schemes, which include basic pay and benefits with a special emphasis towards open and transparent pay practices. In Zimbabwe, Mushara and Moyo (2020) investigated the connection between employee happiness and compensation policies in Zimbabwe's banking industry and conclude that fair and transparent remuneration policies and compensation structures have a big impact on workers' retention and job satisfaction, with recommendations for the introduction of performance-based incentives and pay increases in Zimbabwean banks that are linked to specific performance indicators.

Ayentimi and Burgess (2019) studied how Ghanaian employee engagement and productivity are affected by remuneration policies, with the study findings highlighting the necessity of culturally aware remuneration policies that meet employee expectations and local labour market conditions. He concluded that in order to stay competitive in the market and keep talented workers, Ghanaian businesses should offer attractive benefits and compensation packages as this would guarantee the achievement of performance targets and organisational objectives. Tembo et al. (2023) studied the impact of compensation policies on employee retention in Zambia's mining industry and concluded that in a field that is extremely competitive, having well-designed compensation and benefit plans is essential for keeping talent. The study further established that in order to

lower employee turnover, mining companies in Zambia provide competitive pay and extensive health benefits due to the nature of mining operations and, in some cases, offer consolidated pay.

In Kenya, Mohamed and Burgess (2019), in a study that investigated the relationship between remuneration policies and employee performance in the hospitality industry in Kenya, emphasised the importance of competitive pay packages and benefits in attracting and retaining skilled workers in a high-turnover industry. The study recommended the introduction of standardised pay scales and performance-linked incentives in Kenyan hotels to improve service quality, reduce employee turnover, and increase individual performance, hence enhancing organisational performance. Khalid and Omari (2021) conducted a study to ascertain how employee performance in Kenya's telecom industry is affected by pay practices. The study emphasised how raising employee productivity and organisational commitment may be achieved through offering competitive compensation and incentive programs. The study concluded that remuneration policies that offer attractive pay that recognises individual performance target achievement boosts employee performance, leading to higher organisational performance.

Remuneration policies are based on Remuneration philosophies and strategies and contain arrangements in the shape of Policies and strategies, guiding principles, structures and procedures which are devised and managed to provide and maintain suitable types and levels of pay, benefits and other forms of remuneration (Bob, 2011; Kruse, 2022). Kalei and Wanjiku (2019) studied how pay practices affect job satisfaction and retention among staff members at public universities in Kenya. The study established the importance of fair and transparent remuneration policies and compensation structures in the preservation of high levels of work satisfaction and lowering employee attrition, with a special emphasis on remuneration policies that review salaries and benefits regularly.

The study further recommended that to improve employee satisfaction and morale, Kenyan public institutions should consider offering additional benefits in housing and medical allowances in addition to regular salary reviews. These results are similar to the results of a study by Mutuku and Wambua (2020) who investigated the connection between employee productivity and compensation policies in Kenya's healthcare industry. The study placed a strong emphasis on remuneration policies that emphasise on competitive in enhancing both organisational results and employee performance.

1.3 Statement of the Problem

Commercial state corporations in Kenya have historically performed poorly, raising serious concerns from the government and their principal shareholder. Poor performance is evidenced by poor ratings in the annual performance reports. In the 2020-2021 fiscal year these corporations reported a composite score of 3.3460 for the 2020–2021 fiscal year, suggesting substantial difficulties in reaching performance targets. Similarly, these corporations reported significant losses in value of Kshs. 9,444,118,212.47 from a target loss of Kshs.7, 597, 996,202.12. (OPCS, FY 21/22).

The high cost of injecting financial support to state corporations by the government is enormous. For instance, between the fiscal years 2018/2019 and 2020/2021, the annual net fiscal costs of commercial state corporations were equivalent to 0.08 per cent of the Gross domestic product (GDP), with increasing volumes of subsidies to these corporations growing at a rate of 18.5 per cent per annum, creating net fiscal costs equivalent to 0.4 per cent of the GDP (World Bank, 2021). Further, a majority of these corporations have been financing their operations increasingly through debt guarantees, with total government lending amounting to 8.9 per cent of GDP, debt guarantees to 1.5 per cent of GDP and non-guarantee loans amounting to 1.6 per cent of GDP for the fiscal year 2019/2020- 2020/2021 (World Bank). This raises concerns about how successful the

current operational and management systems in these corporations are.

Employee compensation is one factor that might be influencing the above underperformance, especially the disparities and inconsistencies of the application of remuneration policy guideline in the various corporations. These disparities might have an impact on employee motivation and job satisfaction, which could result in poor performance within the state corporations. Nevertheless, there is still a need for a more thorough examination of the dynamics at work because it is unclear how much this remuneration policy contributes to the overall performance problems.

The government has instituted a number of pay reforms in commercial state corporations, including the development of a remuneration policy guideline, which is intended to harmonise pay practices in commercial state businesses. Nonetheless, a thorough analysis of the guideline's effects on employee pay and ensuing organisational performance has not yet been conducted. This discrepancy, therefore, emphasises the necessity for an empirical study to determine how the remuneration policy guideline might affect the way that employee pay and performance results are related.

The aim of this study, therefore, was to establish the moderating effect of remuneration policy guidelines on the relationship between employee compensation and the performance of commercial state corporations. By examining this link, this study sought to provide insights that would offer information about improved management and policy decisions in improving performance in these corporations.

1.4 Objectives of the Study

The main objective of the study was to establish the moderating effect of remuneration policy guidelines on the relationship between employee compensation and the performance of commercial state corporations in Kenya.

1.4.1 Specific Objectives

- i. To determine the effect of employees consolidated pay remuneration policy on the performance of commercial state corporations in Kenya.
- ii. To assess the effect of employees facilitative allowances policy on the performance of commercial state corporations in Kenya.
- iii. To evaluate the effect of employees retirement benefits policy on the performance of commercial state corporations in Kenya.
- iv. To examine the effect of employees health benefits policy on the performance of commercial state corporations in Kenya.
- v. To establish the moderating effect of Remuneration policy guidelines on the relationship between employee compensation and the performance of commercial state corporations in Kenya.

1.4.2 Research Hypotheses of the Study

H0₁: Employees consolidated pay remuneration policy has no statistically significant effect on the performance of commercial state corporations in Kenya.

H0₂: Employees facilitative allowances policy has no statistically significant effect on the performance of commercial state corporations in Kenya.

H0₃: Employees retirement benefits policy has no statistically significant effect on the performance of commercial state corporations in Kenya.

H0₄: Employees health benefits policy has no statistically significant effect on the performance of commercial state corporations in Kenya.

H0₅: The remuneration policy guideline does not have a statistically significant moderating effect on the relationship between employee compensation and the performance of commercial state corporations in Kenya.

1.5 Scope of the Study

The research project examined the moderating effect of Remuneration policy guidelines on the relationship between employee compensation and the performance of commercial state corporations in Kenya. The study used the FQM 2020 Model of Excellence perspective of Direction, Execution and Results on the performance of commercial state corporations. Additionally, the study analysed the moderating effect of remuneration policy guidelines on the relationship between employee compensation and organisational performance. Geographically, the study covered a sample of commercial state corporations spread over the entire country, targeting 612 different cadres of managers working in the 68 commercial state corporations in Kenya, as shown in Appendix V.

The study focused on consolidated pay, Facilitative allowances, Retirement benefits and Health benefits as aspects of compensation on the independent variables, because these are the compensation elements that legally bind all public service employers as the fundamental minimum terms of employment as stipulated in the Employment Act, and the Public Service Commission Code of Regulations. The study sampled 242 employees from junior management to senior management, who gave information on the moderating effect of remuneration policy guidelines on the connection between employee compensation and the performance of the corporation. The project was restricted to the management cadre, from supervisors and above, as they are the custodians of an organisation's policy as formulated by the Board of Directors. Diverse cadres of management were selected to give broader and diverse views.

1.6 Limitations and Delimitations of the Study

The main limitation that may have challenged the study from attaining its objective and testing the research hypothesis was the use of the management cadre only as respondents (given that they are the ones charged with policy implementation in commercial state corporations) to enable generalisation of the findings to all the commercial state corporations. This limitation was addressed by the study selecting a sample that was very representative, where respondents were selected with high variability both horizontally across all departments and vertically on the various cadres of management.

Further, given the emotive nature of remuneration, there was a limitation where some respondents were apprehensive about the motive of the study, which could lead to inaccurate information, thus affecting the validity of the collected data. The study overcame this limitation by guaranteeing the respondents that the objective of the study was purely academic, that the data collected was treated with the utmost discretion, and that their identity was kept hidden.

The use of a self-administered questionnaire for data collection is sometimes associated with the participants responding in a socially desirable manner. This limitation was mitigated by ensuring anonymity of the questionnaire. The use of Likert scale questions in the data collection instrument may have limited the items to which the respondents addressed themselves. This was overcome by collecting as many questionnaires as possible to increase the response rate. Further, the open-ended questions in the instrument allowed respondents the latitude to avail detailed information.

Lastly, due to the fact that the analysis of the data is heavily dependent on the accuracy of the data collected, to avoid that inaccurate data collection which would affect the reliability of the results, this limitation was overcome by piloting and editing the data collected before analysis.

1.7 Assumptions of the Study

The study assumed that respondents provided honest responses indicating their judgments, feelings and opinions on the selected variables. The study also assumed that commercial state corporations interact with the SRC Remuneration policy guideline and that employees of commercial state corporations were conversant with remuneration policy guidelines in their workplaces. It was assumed that managers in commercial state corporations played a major role in enhancing their corporation's performance. The study further assumed that conditions did not change during the time of the research. Another assumption was that the research instruments collected adequate and valid data. Lastly, it was assumed that there was adequate funding for the study.

1.8 Justification of the Study

The study has made a positive contribution to the ongoing debate on the moderating effect of remuneration policy guidelines on the relationship between employee compensation and the performance of commercial state corporations in Kenya by coming up with an empirical analysis of how the two concepts are interrelated. Currently, there are limited studies on remuneration policy guidelines and the performance of commercial state corporations in developing countries. The study, therefore, aimed at filling this gap by establishing the moderating effect of remuneration policy guidelines on the relationship between employee compensation and the performance of commercial state corporations in Kenya.

The study further advanced the practical understanding of how Remuneration policy guideline can be best utilised in enhancing performance of commercial state corporations. This is of utmost importance given the pivotal role played by commercial state corporations in offering efficient and effective citizen service delivery, whilst also surrendering investment income to the Government.

1.9 Significance of the Study

The study findings would benefit policy and decision-makers in the Office of the President, which plays the primary role as employer of commercial state corporations. The findings would enable commercial state corporations to make informed decisions regarding the use of remuneration policy guidelines to enhance their performance. The study findings are expected to provide feedback to employees of commercial state corporations who are the primary users of the policy. This would be useful for future consideration of the application of Remuneration policy guidelines in commercial state corporations. SRC would benefit from this feedback in the continuous improvement of the Remuneration policy guideline. Further, the findings would also offer insights to the Employment and Labour Relations Court, which, as required by the Employment and Labour Relations Act, 2011, anchors its judgments and decisions on the SRC Remuneration policy guideline. Lastly, the recommendations are expected to form a basis for further research and scholarly interest on other aspects of employee compensation, organisational performance and remuneration policy guidelines.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides an overview of past research relevant to the current study, covering theoretical frameworks, constraints and contributions of other scholars on the moderating effect of Remuneration policy guidelines and the relationship between employee compensation and the performance of commercial state corporations in Kenya. It also identifies gaps in the research and suggests future areas of study. Additionally, this chapter presents a conceptual framework.

2.2 Theoretical Review

Broadly speaking, a theory is essential for comprehending occurrences and dilemmas within the realm of discourse. Another overarching rationale for possessing a theory is to facilitate prognostication (Fajana, 2006). According to Walter and Box (1976), theory allows for the prediction of future events. Flanders (1965) contends that theory is essential for formulating pertinent research questions and ensuring accurate answers, emphasising the ongoing interplay between theory and research. Dunlop (1993) emphasises the necessity for elucidating observations and advocates for the development of an integrated theoretical framework to interpret, explain and interconnect facts.

Consequently, this study leveraged the Equity theory of motivation, principal-agency theory, Dynamic capability theory, Expectancy theory of motivation and Resource-based view theory.

2.2.1 Equity Theory of Motivation

Equity theory of motivation, developed by John Stacey Adams in the 1960s, posits that individuals seek a balance between their inputs (e.g., effort, skills, time) and outputs (e.g.,

pay, recognition) in their relationships or work situations. This balance, perceived as equity or fairness, is crucial for maintaining motivation and satisfaction. According to the theory, people compare their input-output ratio with that of others to evaluate fairness, and any perceived inequity can lead to distress and efforts to restore balance. These efforts might include adjusting their inputs or outputs, changing their perceptions, or even altering their reference comparisons (Greenberg, 2020; Colquitt & Rodell, 2020).

In organisational contexts, Equity theory is instrumental in explaining how perceptions of fairness in compensation and recognition influence employee motivation and job satisfaction. When employees perceive their compensation as fair relative to others, they are more likely to be satisfied and perform well. Conversely, perceived unfairness can lead to demotivation, reduced effort, or even resignation. Thus, ensuring equitable treatment and acknowledgement of employees contributions is crucial for maintaining a motivated and productive workforce, ultimately enhancing overall organisational performance (Van Dijke & De Cremer, 2020; Dulebohn & Ferris, 2019).

The Equity theory plays a crucial role in describing how employee motivation and job satisfaction are impacted by perceptions of justice in compensation and recognition within the organisational environment. Employee satisfaction and performance are more likely when employees believe their pay is reasonable compared to others. On the other hand, feeling unfairly treated can cause demotivation, less effort, or even give up. Accordingly, keeping a motivated and productive staff is essential for improving overall organisational performance, as is making sure that employees are treated fairly and that their efforts are acknowledged (Van Dijke & De Cremer, 2020; Dulebohn & Ferris, 2019).

Nguyen and Nguyen (2022) investigated how work satisfaction and organisational loyalty are impacted by perceived fairness in employee compensation in Vietnamese firms using

the Equity Theory. The significance of the theory in comprehending the attitudes and behaviours of workers in developing economies was validated by their findings. Similarly, Islam and Rahman (2021) employed Equity Theory to investigate the connection between organisational justice and employee engagement in the banking industry of Bangladesh, finding that employee engagement was positively impacted by perceptions of fairness. The application of Equity Theory to corporate environmental sustainability activities was expounded by Liao and Rupp (2020). They discovered that employees support for sustainability programs was influenced by their perceptions of a fair distribution of environmental benefits and liabilities. Equity theory's main advantages are found in its emphasis on justice and fairness, both of which are essential in the workplace. It forecasts how actions like effort, job happiness, and intention to leave a job are influenced by perceptions of justice or unfairness. Because of the theory's adaptability, managers can use it to control employee motivation and reactions to perceived unfairness in a variety of circumstances. Its universal applicability and harmony with other theories further offer a thorough comprehension of human motivation.

Equity Theory was applied in this investigation because of these advantages. A major weakness of Equity theory is that it mostly depends on subjective assessments, which might differ greatly, as it is difficult to forecast results using only objective standards (Greenberg, 2020). Individual personality features, cultural backgrounds, and prior experiences all have an impact on the subjectivity of these judgements (Dulebohn & Ferris, 2019). Additionally, the theory might not sufficiently take into consideration cultural variations in how people see justice, especially in collectivist countries where opinions on how to distribute resources fairly can differ (Gelfand et al., 2007).

Furthermore, the Equity Theory may overlook other elements like intrinsic motivation, personal objectives, and corporate culture by placing an excessive emphasis on equity as the main driver of motivation (Gagné et al., 2020). This study established a close correlation between the Equity theory and the study variables of employee remuneration and organisational performance. This underscores the significance of fair and equitable pay policies in preserving employee motivation and satisfaction. According to Van Dijke and De Cremer (2020), when workers believe their pay is commensurate with their contributions and in comparison, to others, they are more likely to be dedicated and productive, which improves both individual and organisational performance.

In this study, the impact of formal remuneration systems on the connection between employee compensation and organisational performance using equity theory will offer clarity on equitable compensation schemes and how this can raise workers' sense of justice, which in turn raises morale and output (Dulebohn & Ferris, 2019). Further, in order to maximise the beneficial effects of pay techniques on organisational performance, the need to have remuneration policy guidelines is important as a moderating factor in ensuring that approaches are viewed as fair.

In this study, Equity theory specifically covered study Objectives one to four, which centre on the relationship between employee compensation and the performance of commercial state firms, moderated by remuneration policy guidelines, emphasising how important fair compensation to employees is in achieving high organisational performance.

2.2.2 The Principal-Agency Theory

The Agency Theory was developed by Jensen and Meckling in 1976. The premise of this theory is that owners of an organisation are not the same as those who are mandated or employed to run the organisation, meaning that these two parties are distinct, with

different interests and objectives. In this case, the owner or shareholder is the principal, while the employees, including the management team, are the agents. Hope et al. (2008) aver that agents are regarded as placing their interests above those of the principal in their quest to maximise utility. Consequently, according to this theory, the principal should monitor and keep track of the agents.

The fundamental basis of this relationship is that the agents manage the organisation without the emotional weight of bearing it, leaving the principal with a broad objective while reviewing the periodic performance of the organisation. To align the relationship between principal and agent, corporate governance principles are implemented with the objective of reducing agency costs to the lowest level possible, with the maximum input (Carlson & Bussin, 2020).

There is little correlation between employee total remuneration costs and organisational performance, and the link and correlation between these two is weak. This is an issue that has been advanced by several scholars (Riany, 2021). GoK Mwongozo Framework (2015) introduced for commercial state corporations to strengthen the Performance Contract framework intended to align the principal-agent theory in commercial state corporations, hence giving a clear indication that there is a need to strengthen the current linkage between employee remuneration and performance of commercial state corporations.

Ajidur (2021), in a study of the agency theory on the variables of remuneration, corporate governance and executive performance, established a positive and significant relationship between organisational profitability and performance and the remuneration of the Management team. Thomas (2020), in a study on balancing agency and stewardship theory in the governance of public managed agencies, established that although the agency theory has a positive effect on how organisations are governed, other factors

related to the stewardship theory have a significant effect in arriving at optimal organisational performance in areas such as internal quality assurance and trust, to ascertain good quality. Mengiste (2022), in a study on discourse and practice of agency theory in selected public sectors, avers that whereas agency theory has been found to offer incentives to the agents in maximising shareholder value, it has been found to be limiting and lacking in long-term incentives to agents to take actions that enhance shareholder wealth, owing to the fact that its focus is only on the opportunistic aspect of human behaviour.

One key strength of Agency theory is that it provides a framework for handling conflicts of interest between owners and managers and insights into useful governance mechanisms that serve to align their interests (Carlson & Bussin, 2020). One major weakness of Agency theory, however, is its assumption that agents are primarily motivated by financial incentives, potentially overlooking other factors like intrinsic motivation, ethical considerations, and social influences that can also drive theory. Despite this, the strength of the agency theory far outweighs the weaknesses and hence is used in this study.

Further, as Cherian et al. (2020) aver, due to the central nature of performance management where all commercial state corporations sign a performance contract between the institution (the Agency) and the respective parent Ministry (the principal), a practice cascaded to all employees of commercial state corporations, the agency theory becomes relevant in this study as the signed contract is an objective basis of evaluating current performance level using the EFQM Framework. As applied in this study, the Remuneration policy guideline acts as a moderating variable pertaining to employee compensation and organisational performance since, according to agency theory, managers and owners may have different objectives, which could lead to a conflict of

interest. By establishing fair, performance-based compensation structures, these principles help to better align managers' incentives with corporate objectives and improve overall organisational performance.

In this study, this theory was used to explain the performance relationship between employees of commercial state corporations and the overall organisational performance of commercial state corporations based on their pay and the remuneration policy guidelines. It specifically addresses objective number five on the moderating effect of the Remuneration policy guideline on the above relationship.

2.2.3 Dynamic Capability Theory

This study is anchored on the Dynamic capability theory (DCT), which was developed by David Teece, Gary Pisano and Amy Shuen in 1997. This theory is defined as an organisation's ability to combine, build, and reconfigure internal and external competencies to address rapidly changing environments in the quest for optimal organisational performance. In unstable and unpredictable business environments, organisations that must survive have no option but to reconfigure their internal capabilities towards novel competencies that enable them to thrive in a new business environment (Tarliman et al., 2022).

A firm's ability to navigate through an unpredictable and turbulent business environment by linking its internal and external resources to create a competitive advantage and ensure its survival is important for its survival. The three underlying presumptions of the DCT are the capacity of a firm to sense and reconfigure opportunities to suit it, the capacity of a firm to promptly grasp opportunities, and lastly, the capacity of a firm to recalibrate its assets accordingly in order to maintain relevance and competitiveness (Moccia et al., 2020). In a study on successful business model designs, Randhawa et al. (2021)

established the important role played by dynamic capabilities in the realisation and sustenance of a successful business model by Small and Medium-Term Enterprises (SMEs).

The study defines dynamic capabilities that are relevant to the SME market orientation, which lead to the creation of innovative and competitive business models. In a study on case firms on how best to facilitate a successful circular economy implementation, Khan et al. (2020) established that those dynamic capabilities contributed positively to circular economy implementation and achieved organisational performance. The major strength of the Dynamic capability theory is that it is fundamentally based on an organisation's Resource based view theory and an organisation's ability to maintain competitive advantages where an organisation continuously repositions itself in the provision of products or services, giving rise to competitive advantage and superior performance (Lee & Chen, 2021). Collis et al. (2021), in a study, aver that there are theoretical limits to the Dynamic Capability Theory due to the value of dynamic capabilities, which take place at all types of these capabilities and at all levels. This is a result of the fact that it is not simple to develop a true dynamic capability. An organisation must possess capabilities that are better than any possible competitor, meaning that it must be unique, and not imitable by any competitor in the universe. It, therefore, becomes a challenge to develop a dynamic capability that cannot be substituted. This poses a weakness in this theory in trying to achieve true dynamic capability.

Despite the above weakness, the strengths of dynamic capabilities far outweigh the weaknesses. Due to this, this theory is used in this research, owing to the fact that commercial state corporations are expected to continuously reinvent themselves in an ever-changing operating environment. According to the theory of dynamic capability, organisations adjust to changes by rearranging their capabilities and resources.

In this study, Remuneration policy guidelines serve as a dynamic capability in assisting in the alignment of employee compensation with commercial state corporations' objectives. This alignment will improve employee performance, which in turn enhances the commercial state overall. Employee compensation is, therefore, crucial in preserving organisational efficacy and competitiveness. This will, in turn, lead to the development of strategies that enable commercial state corporations to respond appropriately to the available opportunities in order to provide exceptional and relevant products and services that are pertinent to citizens and further remit surplus funds to the National Treasury to be utilised in national development programmes.

2.2.4 Expectancy Theory of Motivation

Victor Vroom created the Expectancy theory of motivation in 1964. This theory, which has its roots in psychology and is frequently connected to motivation at work, posits that a person's motivation is influenced by three things. These are instrumentality, which is the conviction that performance results from effort; significance, which refers to the worth of the results to the individual; and finally, expectancy, which is the conviction that effort results in performance (Gkorezis et al., 2020). According to the Expectancy theory, people are driven to take specific behaviours when they anticipate a particular result from their actions.

In a study that explored how expectancy, instrumentality, and valence impact employee motivation in the context of remote work, Hu's (2020) findings support the theory's relevance in understanding the dynamics of virtual teams. The study utilised the Expectancy Theory to analyse how employee expectations and rewards influence job performance in Chinese manufacturing firms. Lam (2020), in a study that utilised Expectancy Theory to analyse how employee expectations and rewards influence job

performance in Chinese manufacturing firms, established a positive relationship between employee expectations and their job performance in the organisation. These findings are similar to the findings of a study by Chen (2022), research applied Expectancy theory to examine the effects of perceived career advancement opportunities on employee motivation in the hospitality industry.

Chen (2022) posits that the major strength of the Expectancy theory is that it provides an all-inclusive framework that combines several motivational elements to provide a thorough grasp of motivation's workings. Further, its practical applicability helps in creating motivational tactics for workplace environments, particularly when it comes to matching incentives such as pay with the values and expectations of employees. Based on the interaction of effort, performance and reward expectations, predictive utility aids in the prediction of work behaviour and performance. According to Zhang and Feng (2020), theoretical weaknesses include complexity in measurement, where it has been found difficult to accurately measure some of the theory's constituents, such as instrumentality, expectation, and valence.

Further, given the assumption of rationality, Vroom's theory holds that people make logical judgments based on expectations, which may leave out the influence of illogical or emotional elements on behaviour. Lastly given the dynamism of the work environment, it is possible that the theory may leave out important aspects of how social and cultural factors impact behaviour and motivation. Despite these weaknesses, the strengths far outweigh the weakness and therefore this theory was used in this study.

In relation to the study variables, the Expectancy theory on employee remuneration avers that workers are driven when they think that their hard work will pay off in the form of performance and incentives, like just remuneration. For organisational performance, the

theory posits that motivated workers who believe there is a direct correlation between their efforts and rewards are likely to put in more effort, which will improve the performance of the company as a whole. On remuneration guidelines, equitable and transparent compensation plans can enhance workers' beliefs about instrumentality such as the mantra of incentives following performance and expectation, where effort leads to performance, leading to an increase motivation and output.

These links highlight how Kenyan commercial state corporations can perform better when their remuneration policies are well-designed and in line with employee compensation expectations and organisational objectives. Further, by contextualising the Expectancy theory inside Kenyan commercial state corporations and integrating it with remuneration policy guidelines and organisation performance dynamics, the study adds to the body of knowledge. It gives useful advice for creating efficient compensation plans as well as scientific data on how pay policies affect worker motivation.

Additionally, in this study, this theory specifically addressed objective number one to four, on employee compensation and was used to explain the relationship between compensation of employees and performance of commercial state corporations, moderated by the remuneration policy guideline.

Resource Based View Theory

Resource-based view theory (RBV) was first advanced by Penrose (1959) when he argued that a firm's superior performance is accomplished when a firm controls its resources. A resource may be defined as all organisational assets in possession of a firm, which may be physical, financial or social, which are used to develop, manufacture and deliver products or services to its customers (Armstrong & Shiminzu, 2007). It, therefore, focuses on internal resources unique to the organisation rather than firms within the

industry because, in an industry-wide approach, resources may not be identical to each other in terms of strategic relevance (Waiganjo, 2013).

From the literature reviewed, resource-based view theory is used with a major focus on how performance is affected by the deployment of a firm's resources and the development of knowledge. Conversely, it helps in making the assumption that a firm must develop its own resources to achieve competitive advantage (Helfat & Martin, 2015). This view was also advanced by Kanyabi and Devi (2012). These scholars, however, did not test the theory on the effect of employee compensation on organisational performance. Since RBV Theory posits that valuable, uncommon, and unique resources are the source of competitive advantage, in this study, RBV connected these components by viewing employee motivation, which is influenced by competitive compensation, as critical strategic resources in the study of the moderating effect of remuneration policy guideline on the relationship between employee compensation and organisational performance. Efficient remuneration policies guarantee equitable and consistent compensation methods, leading to enhanced employee performance, hence boosting the operational efficiency and performance of commercial state corporations.

RBV in this study was used to explain how human resources of commercial state corporations, through their performance, can be a critical organisational resource in making the firms competitive (Miller, 2019). Further, RBV in this study was used to explain the variable of organisational performance of commercial state corporations as outlined in the first four objectives of the study. From the literature reviewed on RBV, no known studies have been conducted on the moderating effect of remuneration policy guidelines on the relationship between employee compensation and the performance of commercial state corporations in Kenya.

2.3 Empirical Literature Review

2.3.1 Employees Consolidated Pay on Organisational Performance of Commercial State Corporations

Müller and Schindler (2021) investigated the impact of consolidated pay on organisational performance using an analysis of German manufacturing firms. The target respondents of the study were managers and workers in German industrial companies. This study employed the principal-agency theory, with the methodology of the study being survey research and quantitative analysis. Regression analysis and ANOVA were the analyses used in the study, and the results concluded that by lowering agency expenses and coordinating employee interests with corporate goals, consolidated pay enhances performance.

The study, however, was based in Europe and targeted private manufacturing firms, unlike the current study, which targeted public-sector commercial corporations. This study also employed only one theory, unlike the current study, which used five theories. In addition, the study research design was a survey design, while the current study employed the descriptive cross-sectional survey research design. Further, the study did not use the EFQM model, which the current study employed. This is the empirical gap that the researcher of the current study hopes to fill by establishing the moderating effect of the Remuneration policy guidelines on employee compensation and the performance of commercial state corporations in Kenya, which is the research gap to be filled.

A study by Wang and Li (2022) on Chinese technology companies' organisational performance in relation to consolidated pay targeted Human resources managers and general staff members of Chinese technology enterprises. This study used the Resource-Based View, with the methodology being both general surveys and quantitative research.

Further, this study employed multiple regression and factor analysis, with the results concluding that by utilising staff abilities and lowering turnover, consolidated pay has a favourable impact on organisational performance. This study, however, employed only one theory, unlike the current study, which utilised five theories, and it targeted only Human resources managers and general staff.

The current study targeted all functional managers in commercial state corporations as they are the employees charged with implementing policy and did not, therefore, target non-management staff. The current study also employed hierarchical regression analysis to establish the moderating effect, in addition to multiple regression analysis. Further, the current study used the EFQM Model, which the above-referenced study did not use. This is the empirical gap that the researcher of the current study hopes to fill by establishing the moderating effect of remuneration policy guidelines on employee compensation and the performance of commercial state corporations in Kenya, which is the research gap to be filled. This is the empirical gap that the researcher of the current study hopes to fill by establishing the moderating effect of remuneration policy guidelines on employee compensation and the performance of commercial state corporations in Kenya, which is the research gap to be filled.

Bon and Simon (2022) examined the effects of consolidated pay and staff incentives on the performance of multinational tea companies in Kericho County, with a particular emphasis on firm productivity. The study was based on the expectancy theory and used a descriptive research design that targeted 99 lower-middle and senior employees of George Williamson Limited, James Finlay's Kenya Limited, and Unilever Limited. The respondents were chosen through a census of 99 managers, and data was collected using questionnaires. The study found that compensation practices that consolidate basic pay and mandatory allowances had a significant negative effect on firm productivity.

However, the study targeted actors in the private sector who are characteristically different from public sector employees. It also did not assess the role of Remuneration policy guidelines in the relationships postulated. Finally, the study did not use the EFQM 2020 Model of performance measurement that this study applied to determine the effect of employee compensation on the performance of commercial state corporations in Kenya.

In Taiwan, Chang et al. (2023) evaluated the remuneration structure and firm performance outcomes measured based on Financial and Corporate Social Responsibility (CSR) in Multinational Corporations (MNCs) and multinational enterprises. The decision of these 71 firms was because the enterprises face more severe agency problems compared to their domestic counterparts due to their diversified operations. The study utilised data from primary and secondary sources. It used a sample of 60 firms where interviewees were managers. Secondary sources involved published organisational performance reports. Data was analysed quantitatively using regression and correlation models to establish relationships.

The findings show that aligning remuneration structures towards clarity on the totality of the consolidated pay receivable by staff addresses disparities across different cadres and positively affects financial performance. The study concluded that a harmonised remuneration structure gives clarity on the consolidated pay receivable and has the potential to go a long way in improving MNCs' reputation and monetary performance, which will emanate from gaining more investors' confidence. The study was conducted in Taiwan and did not use the EFQM 2020 Model of performance measurement that the current study applied to determine the effect of employee compensation on the performance of commercial state corporations in Kenya.

Aliku et al. (2020), in a study conducted in USA Manufacturing firms, explored the effect of Compensation Management on organisational performance in the Manufacturing Industry. Specifically, the study objectively established Management compensation measures that consolidate remuneration in the areas of Salary (SLY) and Benefits Programmes (BP) and how they affect organisational Performance in the Manufacturing Industry. A descriptive survey research design was adopted most appropriately due to the descriptive and inferential statistics used in processing the collected data. The sample size of 73 respondents was determined for the study using a Census statistical application on small elements. The study used a 5-point Likert Scale for the closed-ended questions to draw responses from the respondents. Data presented and analysed in this study is dichotomised as follows: - Firstly, the data presentation which was comprised of the descriptive analysis of respondents' profiles using simple weighted percentage; secondly, the descriptive statistics of data emanating from the questionnaire using minimum, maximum, mean and standard deviations for interpretations (descriptive statistics) and the Pearson Correlation Analysis was also used as a basis of testing hypotheses. The findings revealed that all the independent variables that constitute consolidated pay, i.e. (Salary (SLY) and Benefits Programmes (BP)), have a significant relationship with organisational Performance in the Manufacturing Industry.

The study recommended that the company should continue providing attractive consolidated pay that includes benefits such as security benefits to all employees, their position notwithstanding, as it will positively influence and thereby raise overall performance in the manufacturing sector. However, this study was carried out in the USA in the manufacturing industries, compared to the current study, which was based on a broad remuneration policy guideline applied in commercial state corporations in Kenya. This is the empirical gap that the researcher of the current study hopes to fill by

establishing the moderating effect of remuneration policy guidelines on employee compensation and the performance of commercial state corporations in Kenya, which is the research gap to be filled.

Johnson and Clark (2023) conducted a study on the impact of consolidated pay on American corporations' organisational performance. The study targeted respondents from senior management and employees of major American firms. The study employed the Herzberg's Two-Factor Theory, with the methodology being a quantitative study based on surveys. Hierarchical regression analysis was used, with the results concluding that consolidated pay enhances organisational performance by lowering staff turnover and raising job satisfaction. This study, however, was conducted in the United States of America, unlike the current study conducted in a developing country in Africa (Kenya). This study also employed Herzberg's Two-Factor Theory, which the current study did not use, and further, the study targeted both management and non-management staff, unlike the current study that targeted management staff only, as these are the implementers of policy in commercial state corporations. Finally, the study did not use the EFQM 2020 Model of performance measurement that the study applied to find out the effect of employees compensation on performance of commercial state corporations in Kenya.

Khudhair et al. (2020), in a research study, explored past studies that investigated the link between the compensation strategy and the performance of organisations in numerous countries. Specifically, this study revolves around the Iraqi universities' aim to obtain similar objectives of past studies. In this paper, secondary data sources were used, as well as an accumulation of relevant research carried out in the USA, Canada, the UK, Indonesia, Europe, Nigeria, Japan, China, Pakistan, Saudi Arabia, and Jordan. The study uses information that had been accumulated during the review of various literature to

address the topic. Arising from the research, Regression Analysis indicates substantial evidence to support an affirmative connection between the compensation strategy and the performance of these organisations.

The evidence exposed the fact that the presence of a compensation strategy that leans towards consolidated pay leads to enhanced performance in Iraqi universities. This outcome indicated that there is a positive connection between the compensation strategy that is aligned with a consolidated pay package and organisational performance. As this study intentionally focused on the connection between the compensation strategy and pay structure in relation to the performance in Iraqi universities, the outcome of the study, therefore, was intended to significantly assist the universities in improving their ability to meet the challenges of their current and future competition for future optimal performance.

The study was also intended to provide several important insights to strengthen the understanding of compensation strategy and resultant pay structure in developing economies and their impacts on the performance of Iraqi universities. This study was conducted in Iran, which is in Asia; it was carried out using many types of research in the USA, Canada, the UK, Indonesia, Europe, Nigeria, Japan, China, Pakistan, Saudi Arabia, and Jordan. This is broad in terms of applications of remuneration policies compared to this study, which is based on one country, Kenya, and its commercial state corporations' Remuneration policy guidelines applied in these commercial state corporations. This is the empirical gap that the researcher of the current research hopes to fill, a study which aims to establish the moderating effect of remuneration policy guidelines on employee compensation and performance of commercial state corporations in Kenya.

Verma (2019) investigated the impact of compensation systems on the structural performance of Punjab National Bank in Varanasi, Uttar Pradesh. The research problem

was based on the fact that organisations often view their employees as an additional cost and liability as the total employee consolidated pay resulted in higher employment costs. Employees were seen to be focusing on the clamour for more resources. The study aimed to understand how compensation systems and structures affect organisational performance in the banking sector. The study utilised data from both primary and secondary sources. Structured questionnaires were used to collect primary data, while various sources such as annual reports, journals, and past studies were reviewed. Purposive convenient random sampling was used, with a sample size of 270 employees, including management and staff of Punjab National Bank. The study confirmed that compensation systems and structures have a significant and positive outcome on organisational performance.

The study recommends that banks streamline compensation systems to boost efficiency and overall organisational performance with need for policy clarity of adopting either consolidated or segregated pay. The study however, targeted the commercial private sector in India, which is different from public sector corporations, thus the findings cannot be generalised in the Kenya public sector context. Lastly, the study did not use the EFQM 2020 Model of performance measurement that this study has applied to discover the effect of employee compensation on the performance of commercial state corporations in Kenya.

In Nigeria, Kayode et al. (2019) investigated employee total remuneration and its effect on the productivity of Nigerian Breweries PLC. Three research objectives were used in guiding the study, including identifying and discussing various forms of remuneration packages, examining the effects of remuneration packages on employee performance, and establishing the relationship between improved remuneration and overall company performance. Data was collected through primary sources using a questionnaire and

secondary sources such as textbooks, newspapers, and journals. A descriptive research design was adopted, with a sample of 120 respondents selected from the population of all staff working under Nigerian Breweries PLC in the six geo-political zones of Nigeria. The study found a significant relationship between remuneration packages and firm productivity. The findings also revealed that payment of consolidated remuneration packages has a great influence on organisational productivity. The study recommended that the organisation continues to provide adequate pay and allowances in the form of consolidated pay to its employees to positively accelerate overall performance. The survey, however, was carried out by only one corporation. Noting that remuneration structure differs across different organisations, the findings are only relevant to the target institution. Additionally, the study did not use the EFQM 2020 Model of performance measurement that this study has applied to detect the effect of employee compensation on the performance of commercial state corporations in Kenya.

Kruse (2022) investigated the relationship between group-based compensation methods, firm performance and labour practices using a representative sample of companies that applied to the “100 Best Companies to Work for in America” competition between 2005 and 2007”. The sample size includes firms that made the list and those that applied but did not make the list, and it drew its data from the firm and employee surveys that are part of the application process. The dataset included information on 780 firms that applied for the list and contains data on remuneration policies and turnover rates. The individual-level data came from a survey conducted by the Great Place to Work Institute among 200-300 randomly chosen workers within the applicant companies. The study established that firms that make more extensive use of group-based pay structures other than other forms of pay structure have higher employee participation and create a positive workplace culture, leading to higher return on equity. The researchers noted that the

findings suggest a causal effect of group-based pay structure on employee well-being and firm performance. The research took place in the United States and did not use the EFQM 2020 Model of performance measurement that this study has applied to find out the effect of employees compensation on commercial state corporations' performance in Kenya.

Bomm and Kaimann (2022) examined the effects of compensation of high-wage workers on organisational performance. The study was guided by organisational justice, cognitive evaluation theory (CET), and self-determination theory (SDT). The study used data from two different industries: Hollywood film stars and high-wage workers in the British oil crude industry. The focus on A-listed Hollywood actors and actresses is due to the shift from the studio system to a free agent and project-based system, which led to a change in payment plans. Additionally, this group is relatively homogenous in terms of the effort and time they dedicate to acting in a film. This enables the researcher to isolate the effects of different forms of compensation on organisational performance without being confounded by differences in work hours, conditions, or other productivity-related factors. The study analyses a data sample of 684 actor-movie observations from 1964 to 2014 obtained from the Internet Movie Database (IMDb) and Box Office Mojo, with all monetary measures being inflation-adjusted and logarithmised. The results supported the hypothesis that organisational-based bonus payments reduce the positive relationship between base pay and organisational performance for high-wage workers. However, 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.

Mokoena and Nkosi (2022), in a study on consolidated pay and its influence on organisational performance: Evidence from South African enterprises, targeted employees and executives in South African enterprises and used the Expectancy Theory.

This study applied the research methodology of a quantitative survey, and the method of analysis was Structural equation modelling (SEM). The study concluded that consolidated pay significantly boosts organisational performance by aligning employee expectations with organisational goals. This study, however, targeted private enterprises, while the current study targeted public sector organisations. While the study employed only one theory, a theory of employee motivation, the current study used five theories cutting across theories of employee motivation and firm performance. Further, the study employed the SEM method of data analysis, while the current study used the SPSS version 26 method. Finally, the study did not use the EFQM 2020 Model of performance measurement that this study has applied to establish the effect of employee compensation on the performance of commercial state corporations in Kenya.

2.3.2 Employees Facilitative Allowances on Performance of Commercial State Corporations

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 were randomly (stratified and simple) selected as sample size. Primary data was collected, and the instrument used to collect the data was structured questionnaires. The reliability and validity 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 which aimed to examine the impact of employee benefits on the financial performance of the consumer goods sector in Nigeria using a panel dataset from ten consumer goods firms listed on the Nigerian Stock Exchange (NSE) from 2012 to 2019. The study used a panel modelling approach. The fixed effect model compensated for time-invariant differences among cross-sections and was unbiased when time-invariant attributes were excluded.

The study employed the panel random effect modelling approach after validating the dataset's conformity with statistical prescriptions. The results showed 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 determinant of motivation, employees work achievement, and organisational performance in the Ministry of Religion's Office in Lumajang City. The research population was 153 Ministry of Religion employees, and Structural Equation Modeling (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 this study has applied to detect the effect of employees' compensation on the performance of commercial state corporations in Kenya.

Kwak (2019) explored the relationship between fringe benefits and the performance of Korean firms. Fringe benefits 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. The results used data from a six-year panel dataset from all Korean manufacturing firms with stocks traded in the Korean stock market. Data was 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 was a panel dataset that spans 6 years, from 1998 to 2003 and includes 264 observations.

The data was analysed using a regression model to identify the links between fringe benefits and firm performance. The study established that some fringe benefits are significantly associated with performance, but there were more negative signs than positive signs on the fringe-benefit variables, which raised questions about the compensation schemes designed by Korean firms. The researchers also noted that some allowances 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 suggested 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 called for a reconsideration of the effectiveness of fringe benefits in the compensation packages of 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 was used to capture the inter-relationship among variables and across the selected manufacturing companies fully. The study covered the period of 2011-2015, and secondary data was sourced from the annual reports of the selected manufacturing companies over the study period. Log linearised regression estimates were used as the data analysis technique, and the econometric software used for the study is Eviews 9. Hausman-test analysis was used to select the best analysis model. The regression result revealed that the two independent variables adopted for this study, Employee Monetary Offering (EMO) and Retirement Benefit, exhibited a positive relationship with the Return on Assets (ROA) of the manufacturing companies.

The study concluded that employee benefits enhance the profitability of manufacturing companies in Nigeria. The study established 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 performance of the organisation. It is 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 performance of commercial state corporations in Kenya.

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. The findings suggested that organisations can use compensation packages to enhance employee performance and financial performance. The study did not use the EFQM 2020 Model of performance measurement that this study has applied.

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 the need for organisations to understand the best methods of benefit packages that motivate employees and improve productivity, which can contribute positively to the overall success of the organisation. 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 emphasised 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 applied to find out the effect of employee 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 impact on organisational effectiveness. According to the study findings, it was 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.

2.3.3 Employees Retirement Benefits on Performance of Commercial State Corporations

Muema and Ngeno (2022) sought to evaluate the effect of retirement benefits on the performance of Makueni County Public Service. The social exchange theory guided the study. Out of the 3679 employees, proportionate stratified random sampling was used to identify 376 respondents, and a semi-structured questionnaire was used to collect the primary data. A descriptive research design was used, while descriptive statistics, specifically the mean and the standard deviation, were used to analyse the data, and inferential statistics was used using a regression model. The regression analysis showed that 45.3 per cent of the organisational performance was explained by the availability of retirement benefits. The study concluded that retirement benefits have a positive significance correlation with organisational performance, and the availability of these benefits boosts employees' satisfaction and, consequently, their performance and that of the organisation in general.

The study recommended that the County Government of Makueni should ensure an equitable provision of retirement benefits, train staff on the available retirement benefits, and provide staff with options to choose from. The study recommends that the human resource directorate conduct sessions with employees to identify the gaps in the staff retirement benefits and take action on the recommendations. This would assist in ensuring employee retention. This study was conducted in Kenya and was done in one county government but did not use EFQM performance measurement, which is the novelty that this study employed to find out the effect of employees retirement benefits on the performance of commercial state corporations in Kenya.

Kathula and Naomi (2022) ascertained the relationship between management functions and retirement benefit schemes in Kenya. The researcher reviewed the resource life cycle theory, dependency theory, portfolio theory, and agency theory. However, the researcher anchored this study on the agency theory. The study population was 260 employees from the CPF pension scheme. A sample size of 78 employees, which is 30 per cent of the target population, was selected under stratified random sampling. This study was undertaken between the months of June 2022 and October 2022. The researcher used questionnaires as primary data to collect data. Questionnaires were administered personally to the respondents observing the COVID-19 guidelines.

The participants were permitted time to peruse the questionnaires to understand their contents clearly. Members were requested to respond to the questionnaires to the best of their knowledge. Statistical data analysis was computed through pivot charts and represented through pivot tables and pivot charts. These findings showed that planning and performance of retirement benefit schemes are primarily related. The findings of the study assist in understanding the relationship between pension fund management practices and the performance of retirement benefits schemes, hence contributing immensely to existing information and theory. This study was based on retirement benefit schemes in Kenya but did not use the EFQM 2020 model of performance measurement, which is the novelty that this study will apply to find out the effect of employees retirement benefits on the performance of commercial state corporations in Kenya.

Dugguh and Iliya's (2018) study aimed to investigate the impact of retirement schemes on organisational performance in Ashaka Cement Plc, Nigeria. The research design was a survey, using structured questionnaires administered to 266 staff of the company. The collected data was analysed using regression analysis. The study found that good retirement plans have a positive effect on financial and shareholder outcomes in cement

manufacturing companies in Nigeria, specifically contributory retirement plans, which accounted for 21.7 per cent of all plans offered by the company and had a correlation coefficient of 0.466.

The study used the Yamane formula to determine the sample size and a structured questionnaire was used to measure the study variables, namely contributory plan and employee performance. The research instrument was tested for reliability and validity, and data was collected through face-to-face administration. The findings showed that retirement schemes improve their work and organisational performance. The researchers also noted that private sector organisations with contributory plans have more efficient performance. The study did not use the EFQM 2020 Model of performance measurement that this study has applied to discover the effect of employees compensation on the performance of commercial state corporations in Kenya.

In some cases, health benefits are treated as part of corporate social insurance contributions. In China, Kong et al. (2023) carried out an assessment of employers' social contribution level and sustainability performance in firms. The survey entailed collecting panel data from 2947 top-performing firms listed on the Shanghai Stock Exchange. The data was collected from published reports for a duration of 10 years between 2008 and 2019. It was analysed using panel-based regression and treated for multicollinearity, heteroscedasticity, and stationarity. The findings reveal that corporate expenditure on social benefits manifests an inverted U-shaped association with organisational sustainability performance.

The data was subjected to further post-estimation operations where estimation included adjusting for endogeneity, adopting a different estimation method, and changing variable measures. The results confirmed the robustness of the earlier findings, with differences observed based on specific sectors. Lastly, the results revealed that social benefits can

enhance organisational value and risk-taking. However, an excessive social benefit burden could negatively affect internal value creation and organisational performance. 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.

Liu et al. (2022) similarly evaluated the relationship between social benefits contribution rate and firm performance measured using total factor productivity. The study utilised a sample of 677 Chinese firms listed on the Shanghai Stock Market. The analysis was done using a regression model where firm and year were treated as fixed effects in the estimation. The results manifested a positive relationship between the social benefits payment rate and the total factor productivity of a firm. Further, it was observed that to increase an organisation's total factor performance, constraints held in the model that significantly deflated corporate contribution rate to employee social benefits accelerated overall factor performance in organisations. Reduction in employers' contribution rate leaves resources needed to broaden firm investment in technology that promotes overall organisational productivity.

The study also observed a stronger effect of employee social benefits on organisational factor productivity in manufacturing firms than in other sectors. However, the study did not show the effects of social benefits on commercial state corporations, nor did it assess the mediating role of remuneration in the relationship between employee compensation and corporate performance. Nonetheless, the study 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.

Papakyriakou (2023) examined the relationship between pension funding levels and firm performance and dividend payout policies of publicly traded US corporations with

defined-benefit pension plans from 1998 to 2016. The study utilises panel regression analysis on a large sample of pension plans and finds that higher levels of pension funding are associated with better firm performance and higher dividend payouts. These findings have important implications for stakeholders, including investors, pensioners, employees, and managers, and should be of concern to policymakers. Overall, the study established that organisations can benefit from these findings by prioritising pension funding to improve their financial performance and dividend payout policies. The study did not use the EFQM 2020 Model of performance measurement that the proposed study will apply to find out the effect of employees compensation on the performance of commercial state corporations in Kenya.

2.3.4 Employees Health Benefits on Performance of Commercial State Corporations

Tsolmon and Ariely (2022) examined the tendency of small businesses to offer health insurance in response to high state-level unemployment insurance (UI) benefits, given that generous UI benefits reduce labour market frictions that constrain employee mobility. They explored a unique data set of over 15,000 small private businesses in the United States and established that when state UI benefits are high, firms will provide their employees health insurance benefits, especially when those firms rely on human capital, which is difficult to replace. They find positive effects of health insurance policies on worker retention, worker productivity, and firm performance. The implications of these results are in the development of theory on the relationship between firms' and exogenous labour market frictions and responses to those frictions.

The findings indicate that investments in employee health and well-being may give businesses a competitive advantage, particularly when labour market competition for workers is high. This study was conducted in USA private firms and measured

employee's labour market competition compared to the current study, which was based on employees performance, measured using the EFQM model that this study has used to analyse the effect of employees retirement benefits on performance of commercial state corporations in Kenya.

Ng'eno (2020) analysed the effect of wellness programs on the broader performance of commercial banks in Kenya. Specifically, the research aimed to assess the extent to which organisational investment in employee counselling programmes, drug and substance abuse cessation programmes and provision of recreational facilities affected productivity and performance within the commercial banks in Kenya. The study was guided by 3 theories, namely, social comparison, social exchange and hierarchy of needs theories. The study was guided by a positivist philosophy and used descriptive research designs targeting 30,903 employees of the 43 commercial banks in Kenya. Proportionate stratified sampling combined with purposive sampling was used to identify 395 respondents for the study. A pilot study was done to check on the reliability and validity of the instrument using Cronbach alpha (α) and expert opinion, respectively. Structured questionnaires were used as the source of primary data, while other studies, such as the World Wide Web, libraries, and organisational reports, were the sources of secondary data. Regression model and descriptive statistics were used to analyse quantitative data, while content analysis was utilised to analyse qualitative data.

A response rate of 71 per cent was achieved, and the performance of the employee was found to be affected positively by the wellness programs provided by the banks. Recreational facilities had the highest effect (76.9%), employee counselling programmes (61.8%), and drug and substance abuse cessation programs (46%). The findings also found that employee performance was mediated by employee job satisfaction, while employee characteristics also moderated the relationship between employee performance

and wellness programs. The employees who would be satisfied with utilising wellies programs would perform better, as evidenced by the reduced absenteeism levels, enhanced punctuality, enhanced morale, and reduced stress and anxiety among the employees. The moderating variable of employee characteristics affected employee punctuality, influenced the speed at which the employees performed their assignments, helped reduce employee stress, enhanced teamwork, and ultimately improved productivity and output levels. The study suggests that commercial banks should invest in employee wellness programmes such as counselling programmes, which should be enhanced; recreational facilities play a critical role in enhancing organisational performance and should be provided for the employees. The study also recommends that commercial banks should endeavour to enhance employee satisfaction so as to enhance their output, leading to higher organisational performance.

On the policy level, commercial banks should consider policy changes on how wellness programs are considered in workplaces, whether public or private. In addition, there would be a need to incorporate wellness programs and their use as a measure to enhance the bank's performance through managing wellness in relation to costs and ensuring that they are all in compliance with the medical benefits and costs through the incorporation of the same in compliance with the Employment Laws of Kenya. The study suggests that further studies be conducted on the cost-benefit analysis of wellness programs. This is to demystify the "high" cost implication of the wellness programs regardless of the benefits on the impact of employee attitude on successful implementation of the wellness programs by the organisations and on the impact of employee counselling on employee and larger organisational performance as the ultimate objective. The study was conducted among commercial banks in Kenya compared to this study, which was based on employee performance and was measured using the EFQM model. The current study,

however, analysed the effect of employees health benefits on the performance of commercial state corporations in Kenya.

Mustar and Yanar (2023) estimated the financial return to employers from occupational health and safety (OHS) expenditures in the Canadian province of Ontario. The study established that the average return on investment for OHS expenditures was positive and in the range of 1.24 to 2.14 for employers in the manufacturing, transportation, and construction sectors with a low work-related incidence of illness and injury. The financial benefits were estimated by combining tangible and intangible benefits associated with averted disabling work-related injury and illness, improved employee retention and morale, improved production quality, and strengthened corporate reputation. The findings suggested that employers can benefit financially from investing in OHS, and this can improve their overall financial performance. This information can be beneficial for employers to make informed decisions regarding their OHS expenditures and for policymakers to encourage employers to invest in OHS. By implementing effective OHS programs, employers can improve their productivity, reduce healthcare costs, improve employee morale and retention, and enhance their reputation. Nevertheless, 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.

One of the main organisation's goals is realising and sustaining growth. Edwinah et al. (2021) postulated a relationship between employee benefits and the growth of an organisation. The study sought to evaluate how a range of employee benefits such as disability, medical allowance, retirement, and insurance benefits are linked to organisational growth and the direction of effects. The study followed a meta-analysis of

different studies carried out in Britain and Germany. Information was obtained from secondary sources such as journal articles, classified publications, and research reports. It was desk-based, and all the documents were accessed through websites and other internet resources. Data analysis was done using content analysis. The results revealed that employee medical benefits and insurance covers enhance the overall growth of an organisation and increase productivity.

The researchers note that using such benefits and integrating them with other incentives contributes to a firm's growth and long-term profitability outcomes. They added that while designing these benefits, employee engagement should be a key ingredient in the process to make them more responsive, thus yielding broad-based organisational outcomes. 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.

2.3.5 Remuneration Policy Guideline on Performance of Commercial State Corporations

Okutu (2021) investigated the effect of the compensation and reward system on performance at the Kenya Revenue Authority. The specific objectives were to find out the effects of salary, promotion, recognition, fringe benefits and the extent to which the four elements of compensation had affected employee performance at Kenya Revenue Authority. A number of theories informed the study. These were expectancy-reinforcement theory, equity theory and agency theory. The research methodology for this study was a descriptive survey, which sought to describe the prevailing state of affairs. Stratified random sampling was the technique used in selecting a sample of 120 respondents from a target population of 1200 employees of Kenya Revenue.

A mixed method of quantitative/qualitative approach was used. This study used both primary data and secondary data. Primary data was collected using observation and questionnaires of the behavior of employees with respect to the phenomenon under investigation. Documentary review of the Kenya Revenue Authority Corporate Plans, Human Resource Policy Manual, Performance Reports and Library journals assisted in obtaining secondary data.

The data analysis was done using inferential and descriptive statistics. A multiple linear regression model was adopted to test the significance of the influence of each independent variable on the dependent variable. Pearson's bivariate correlation analysis revealed the extent to which the various elements of compensation (salary, promotion, fringe benefits and recognition) influenced the performance of employees at Kenya Revenue Authority. Descriptive statistics revealed that KRA had not met its revenue targets, as indicated by 79 per cent of the respondents. Additionally, 90 per cent of the respondents indicated that remuneration is a critical determinant of performance at KRA.

The mean of the responses for the various independent variables was 3.71 for salary, 3.66 for promotion, 3.43 for recognition and 3.55 for fringe benefits. The findings reveal a positive connection between the four aspects of the compensation and reward system and the overall achievement of performance at KRA through staff. On the other hand, inferential statistics confirmed that salary ($p=0.0000.05$). The findings lead to the conclusion that the Kenya Revenue Authority has put in place a fair compensation and reward system, although the system has yet to translate to optimal performance at KRA. It is necessary to include within the remuneration policy guideline aspects of harmonising salaries in all job cadres and promotion policies and ensure fairness of remuneration across all cadres, as this will lead to high organisational performance.

This study was conducted in Kenya Revenue Authority, which is categorised as a service corporation, compared to this study, which is based on employee performance measured using EFQM that analyses the moderating effect of Remuneration policy guidelines on the relationship between employee compensation and performance of commercial state corporations in Kenya.

Apriani et al. (2019) research was anticipated to provide practical benefits and solutions to issues resulting from the implementation of the remuneration policy guideline and its impact on the teaching faculty department and performance in Mulawarman University, Samarinda, and East Kalimantan Province. This research used a combination of methods with concurrent triangulation design through interviews with key informants from the remuneration team and faculty leaders, distributing questionnaires to lecturers and searching documents. The research results showed that the implementation of the remuneration policy guideline at Mulawarman University had not been carried out properly because there was no in-depth understanding of a number of elements that actually needed to work in harmony, which was marked by interactions between implementers, implementing capacity in reality, information delivery strategies or socialisation and organisational capacity.

However, the main reason that inhibits the implementation of remuneration at Mulawarman University is the lack of adequate time and funding resources. In addition, the purpose of the remuneration policy guideline at Mulawarman University in the implementation process is unclear due to the tendency of changes in the policy concept of the authorities that are influenced by differences in interests, which causes the implementation of the policy to be a trial-and-error practice due to the creation of an organisational framework that is not mutually supported.

The initial objective to create better welfare and fairness in the performance of the remuneration allowance recipients was not yet in accordance with the performance measurement itself. Regarding these conditions, the implementation of the remuneration policy guideline at Mulawarman University has not yet gained the full trust of the policy targets (lecturer faculty department), although some policy targets created cognitive dissonance where their performance is not affected by financial motivation through the remuneration policy guideline applied. This study was conducted on employee Performance in a Service entity, a university in Indonesia, compared to the current study, which is based on employee performance measured using EFQM that analyses the moderating effect of remuneration policy guidelines on the relationship between employee compensation and performance of commercial state corporations in Kenya.

In South Africa, Lemma et al. (2020) sought to examine whether remuneration policy guidelines allocate excessive directors' remuneration and how it affects an entity's performance, using agency and board power theories. The researchers analysed 1,736 company-year observations from entities traded on the Johannesburg Stock Exchange between 2005 and 2018. They find that a remuneration policy guideline that allocates higher or excessive directors' remuneration has a positive impact on an entity's financial performance, suggesting that firms can use this as a governance tool to induce board effectiveness. The findings provide insights for organisations in South Africa to consider higher incentives for their directors to achieve superior financial performance and address income inequality. However, 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.

Abdelfattah et al. (2021) conducted a research project under the University of Portsmouth for the Financial Reporting Council (FRC) on the remuneration policy guideline

disclosures. It drew a sample of FTSE 350 companies before and after the UK Corporate Governance Code 2018 was introduced. The Code aims to ensure that a company's remuneration and workforce policies align with its long-term values and success and that the setting of directors' pay is done in the context of wider employee pay. The research examines the impact of the Code's new Principles and Provisions on remuneration in companies that revised their pay policies in 2019/20 and analyses shareholder voting on these revised policies at their 2020 AGMs.

The Code encourages companies to adopt remuneration policy guidelines that are structured and clearly linked to the strategic objectives of the company while rewarding executive directors who contribute to the enterprise's long-term success. The researchers conclude that effective remuneration policy guidelines encourage business stability and growth, and there is a need for transparency in executive pay to build public trust in companies. Nevertheless, 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. The design of the remuneration policy guideline affects the organisation's performance and productivity.

Noting that there are a number of variables involved in employee remuneration that should be considered to establish a fair remuneration policy guideline, Oluun (2020) carried out a study to evaluate the remuneration policy in First Bank of Nigeria Plc and its impact on organisational performance. The study was conducted in the Enugu region, Nigeria. It adopted a descriptive research design with questionnaires used as the primary data collection tool. A sample size of 173 participants, comprising managers and staff, was obtained. Data was analysed and presented using frequency and percentages, while inferential analysis was done using the regression model.

The results revealed that ineffective remuneration policy guidelines affect organisational performance negatively since employees feel they are not adequately remunerated. It was observed that the remuneration policy of the bank favors top cadre staff. However, the study did not indicate whether remuneration policy guidelines moderate the relationship between employee compensation and organisational productivity in the public sector. Additionally, 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.

2.3.6 Organisational Performance

Organisational performance is defined by recent empirical studies as the efficacy and efficiency with which an organisation achieves its objectives and entails both non-financial and financial measures. Although in the past, key metrics used in performance were financial in nature, such as profitability and return on investment, in recent years, more robust and dynamic measures that target operational effectiveness and flexibility have become more prominent and central (Lee & Chen, 2021; Müller & Schindler, 2022).

Organisations in the public sector play a critical role in providing necessities, and the welfare of the country is greatly impacted by their performance. Improving organisational performance requires effective human resource management, especially when it comes to offering competitive compensation (Tensay & Singh, 2020). Competitive and equitable pay boosts worker happiness and productivity, which improves organisational results (Saman, 2020). According to Mura et al. (2014), a clear pay plan is necessary to improve performance and create a balanced work environment. Public service organisations need to adjust their human resource strategies to the quickly shifting economic environment. Achieving high performance and staying relevant requires having well-designed compensation plans (Anwar, 2021; Kim & Jang, 2020). Enhancing performance also

requires addressing pay inequities through explicit remuneration criteria (Rouen, 2020).

Today's definitions of performance are drawn from broader strategic objectives that take into account both internal and external stakeholders such as customers and staff, with key performance indicators directly related to this and now include qualitative targets such as job satisfaction, employee engagement and retention, and customer loyalty (Brown & Andrews, 2021). These factors are unified in an integrated approach to enable the holistic achievement of the strategic objectives (Kumar & Singh, 2020).

Globally, in studies conducted in North America, in the information communication and technology sector, Lee and Chen (2021), in investigating the effect of employee engagement on organisational performance, established that companies that supported employee diversity had better engaged employees, and this had a positive outcome on their output translating into improved financial outcomes. This study emphasised the importance of employee engagement strategies in overall organisational performance. On the other hand, in investigating the relationship between performance and employee motivation in Europe, specifically in German manufacturing companies, Müller and Schindler (2022) established the central role played by pay policies and aver that tying pay to performance measures greatly enhances individual employee productivity leading to overall positive business performance.

In a study of performance in state-owned enterprises in Asia, specifically India, Kumar and Singh (2020) established that a performance-linked compensation system in state-owned enterprises enhances employee performance and overall organisational underpinning the importance of establishing fair and transparent compensation policies to motivate employees towards better performance.

In the context of the African continent, several key elements influencing effectiveness across a range of sectors have been highlighted in recent work on organisational performance in Africa. Strategic human resource management has been highlighted as one of the most important contributors to performance improvement. This has led to successful organisational performance in both financial aspects and operational effectiveness, according to Nzuve and Musau (2021). According to Osei and Arhin (2022), transformational leadership has a critical role in enhancing organisational performance in Sub-Saharan Africa. This study finding highlights the significance of effective leadership in attaining superior performance outcomes.

Zongo and Ouattara (2023) argue that innovation has a crucial role in boosting the competitiveness and success of small and medium-sized firms (SMEs) in several sectors of Africa. This position was further posited by Adegboye and Olawale's (2022) research, which demonstrated how the implementation of technology in African manufacturing companies greatly increases output and operational effectiveness. This, in turn, translated to improved overall performance. Additional recent studies on performance identify digital transformation, governance, and organisational culture as aspects that play critical roles in improving performance. Aluko and Kola (2023) assert that a positive workplace culture encourages innovation, increases employee engagement, and enhances both individual and organisational performance. Effective corporate governance, on the other hand, is crucial for raising performance in both established and developing economies, as demonstrated by studies by Bui and Nguyen (2023).

According to Chen and Zhang (2022), the implementation of digital strategies enhances organisational performance because it is a key pillar in enabling innovation and enhancing efficiency. This points to the critical role played by digital transformation. Furthermore, Ferreira and Silva (2021) attest to the fact that prioritising employee well-

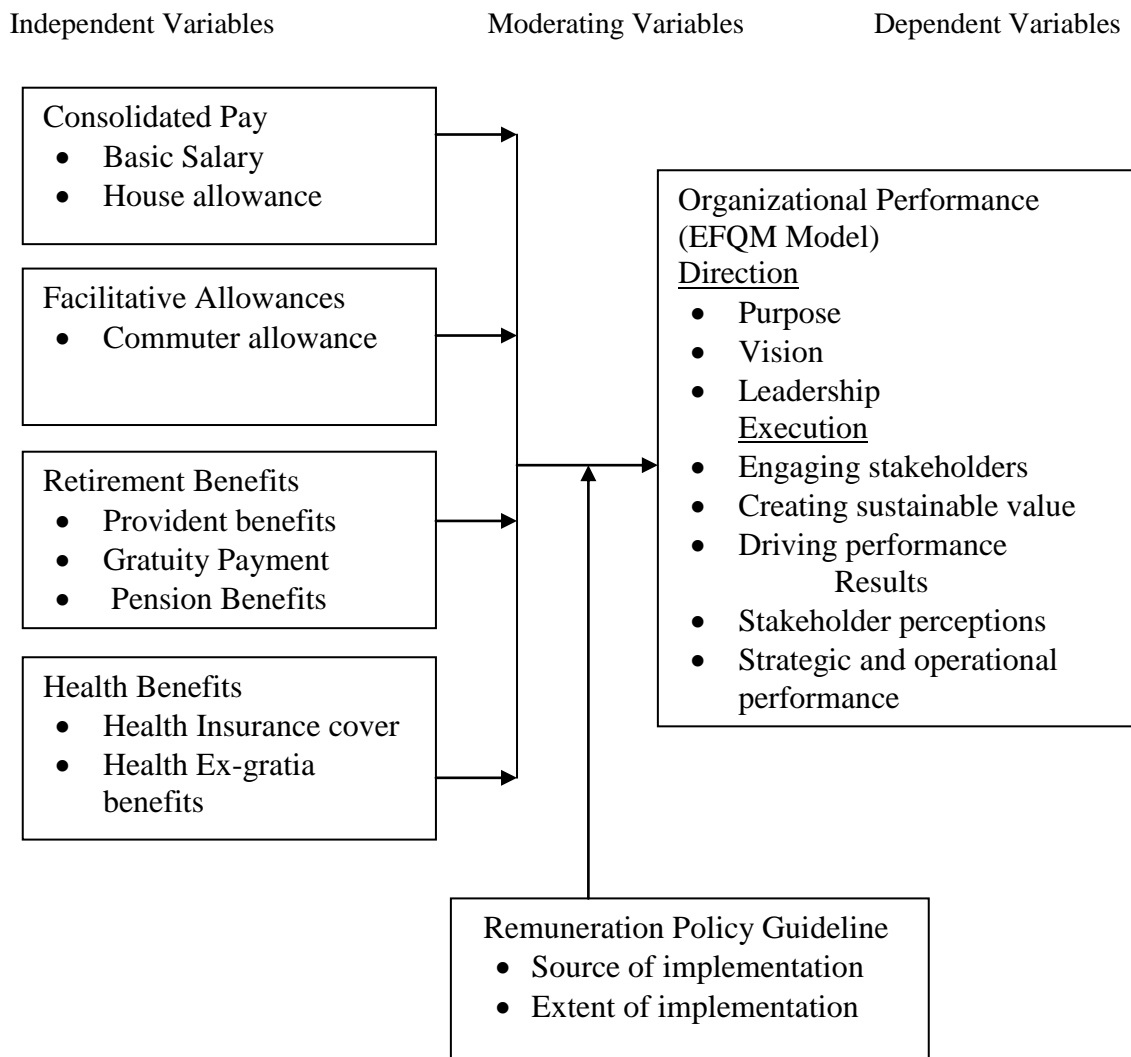
being leads to a significant enhancement of organisational productivity and performance in areas relating to both financial and non-financial measures, such as greater profitability and productivity. All the studies above serve to highlight the complex nature of organisational performance and further highlight the importance of factors such as remuneration, culture, governance, technological improvements, and employee well-being all play a role.

2.4 Conceptual Framework

A conceptual framework, according to Kombo and Tromp (2006), is a collection of broad ideas and principles drawn from a relevant field of study and used to structure subsequent preventions. This study hypothesises that employee compensation influences the commercial state corporation's performance when remuneration policy guideline is moderated, as Shown in Figure 2 below.

Figure 2

Conceptual Framework



Source: Researcher (2024)

Table 4*Research Gap*

Objective	Empirical Review	Knowledge Gap
i. To determine the effect of employees consolidated pay on the performance of commercial state corporations in Kenya.	<p>The work of Bon Sitienei & Simon (2022), which examined the effects of incentives on the performance of multinational tea companies in Kericho County, suggest that compensation practices, including basic pay and mandatory allowances, had a significant negative effect on firm productivity.</p> <p>The work of Taiwan, Chang et al. (2023), evaluated the remuneration structure and firm performance outcomes measured based on Financial and Corporate Social Responsibility (CSR) in Multinational Corporations (MNCs) and multinational enterprises and concluded that harmonized remuneration structure has the potential of going a long way in improving MNCs' reputation and monetary performance which will emanate from gaining more investors' confidence.</p> <p>Chang, Feng, & Tsao (2023), Bomm & Kaimann, (2022), Kruse, Blasi, & Fre (2022), Chaka Kalagbor, & Obulor (2019), Verma (2019), Muchai, Makokha, & Namusonge, (2019), Kayode et al. (2019), Hulland et al. (2018) and Leite (2019) established that consolidated pay positively affected organizational performance.</p>	<p>This study, however, targeted actors in the private sector who are characteristically different from public sector employees. It also did not assess the role of remuneration policy guideline in the relationships postulated. Finally, the study did not use the EFQM 2020 Model of performance measurement that the proposed study will apply. This is the gap that this study filled.</p> <p>The study, however, utilized data from primary and secondary sources, used the only one variable of CSR and was based outside Africa in Taiwan. Finally, the study did not use the EFQM 2020 Model of performance measurement that the proposed study will apply . This is the gap that this study filled.</p> <p>However, the studies used different measures of consolidation while this study used basic pay and house allowance as a measure. Additionally, none of the studies used 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.</p> <p>Evidently an empirical gap was established more especially on the effect of employees compensation on performance of commercial state corporations in Kenya based on EFQM 2020 Model. Similarly, there was little or no evidence showing investigations on the link between employees consolidated pay, employees facilitative allowances, employees retirement benefits, and employees health benefits on performance of commercial state corporations in Kenya. This is the gap</p>

<p>ii. To determine the effect of employees facilitative allowances on the performance of commercial state corporations in Kenya.</p>	<p>Abdi (2021) examined the effect of reward systems on performance of workforce in selected Commercial Banks in Nairobi County and established a substantial correlation between fringe benefits and performance of the employees.</p> <p>Akomolafe et al., (2018) study examined the impact of employee allowance benefits on the profitability of selected manufacturing firms in Nigeria established that concludes that employee benefits enhance the profitability of manufacturing companies in Nigeria and 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 improving the performance of the organization.</p> <p>Further, on the effects of employee facilitative allowance on organizational performance, only one study (Mudhofar, 2021) yielded an insignificant relationship while others (Agubata et al., 2022; Bossey, 2022; Lin et al., 2019; Noor & Tamzid, 2019; Sreenath et al., 2019; Kwak,2019; Akomolafe et al., 2018) established a significant positive association between allowances and organizational performance.</p>	<p>that this study filled.</p> <p>The study, however, was conducted in the private sector financial sector and further the study's unit of analysis was any employee regardless of cadre unlike the current study that targeted managers as respondents. The study also included conditions of service such as career regression whereas the current study restricts itself to remuneration related issues. This is the gap that this study filled.</p> <p>The study however was time series based and therefore used Panel data analysis and Log linearized regression estimates as data analysis and technique and Eviews 9. econometric software. The study was also based in Nigeria and concentrated on only one sector, manufacturing, while the current study is a cross -sectional study, based in Kenya, commercial state corporations spread across several industries. This is the gap that this study filled.</p> <p>In these studies, however, facilitative allowance was analyzed as part of aggregate allowances in the organizations. Secondly, none of the studies used the EFQM 2020 Model of performance measurement that this study has applied to discover the effect of employees compensation on the performance of commercial state corporations in Kenya. This is the gap that this study filled.</p>
<p>To determine the effect of employees</p>	<p>The study by Muema and Ngeno (2022) sought to evaluate the effect of</p>	<p>This study however was guided by the social exchange theory while the current study was based on other four theories</p>

<p>retirement benefits on the performance of commercial state corporations in Kenya.</p>	<p>retirement benefits on the performance of Makueni County Public Service. It recommended that the County Government of Makueni should ensure an equitable provision of retirement benefits; train staff on the available retirement benefits and provide staff with options to choose from.</p>	<p>different from this. The study was restricted to only one county government with three thousand, six hundred and seventy-nine (3679) employees unlike the current study that targeted state commercial state corporations all with over fifty thousand (50,000) employees in total. This is the gap that this study filled.</p>
	<p>Papakyriakou, (2023) examined the relationship between pension funding levels and firm performance and dividend payout policies of publicly traded US corporations with defined-benefit pension plans from 1998 to 2016 and established that established that organizations can benefit from these findings by prioritizing pension funding to improve their financial performance and dividend payout policies.</p>	<p>This study however was a time-series based study unlike the current study which is cross-sectional; the study used dividend payout levels as measures of financial performance unlike the current study that used overall organizational performance. Finally, the study was conducted in publicly traded US corporations unlike the current study that was based in commercial state corporation's most of which do not trade publicly. This is the gap that this study filled.</p>
	<p>Kathula and Naomi (2022) ascertained the relationship between management functions and retirement benefit schemes in Kenya and established that planning and performance of retirement benefit schemes are primarily related.</p>	<p>This study was however based on employees from a single retirement benefit pension schemes (CPF) in Kenya unlike the current study that was based on Pension schemes in each respective corporation; The study was also based on the resource life cycle theory, dependency theory, portfolio theory, which were not used in the current study. This is the gap that this study filled.</p>
	<p>China, Wang et al., 2023; Liang et al., 2022; Liu et al., 2022; Dugguh & Iliya, 2018) on the effects of employee retirement benefits on organizational performance yielded a positive association.</p>	<p>Nevertheless, these studies 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. This is the gap that this study filled.</p>
<p>To determine the effect of employees health benefits on</p>	<p>Mustar & Yanar, (2023) estimated the financial return to employers from</p>	<p>This study however concentrated on organizational expenditure on occupational health and safety (OHS)</p>

<p>the performance of commercial state corporations in Kenya.</p>	<p>occupational health and safety (OHS) expenditures in the Canadian province of Ontario, suggesting that employers can benefit financially from investing in OHS, and this can improve their overall financial performance.</p>	<p>and was conducted in a single province and in Canada while the current study was based on the entire range of employee health benefits and was based in many commercial state corporations and was further conducted in a developing country, Kenya. This is the gap that this study filled.</p>
	<p>Edwinah, Amah and Okocha (2021) in their study revealed that employee medical benefits and insurance covers enhance the overall growth of an organization and increase productivity, noting that using such benefits and integrating them with other incentives contributes to a firm's growth and long-term profitability outcomes.</p>	<p>This study however, used a meta-analysis of different studies carried out in Europe (Britain and Germany), and was desk based hence used content analysis for data analysis. The current study however was based in a developing country, Kenya and used primary data. This is the gap that this study filled.</p>
	<p>On effects of employees health benefits on organizational performance, literature (Boudreaux 2020; Ga'al 2019; Krekel et al., 2019) indicated that health benefits affect organizational performance positively.</p>	<p>However, none of the studies used 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. This is the gap that this study filled.</p>
<p>To establish the moderating effect of remuneration policy guidelines on the relationship between employee compensation and performance of commercial state corporations in Kenya.</p>	<p>Abdelfattah et al. (2021), conducted a research project under the University of Portsmouth for the Financial Reporting Council (FRC) on the remuneration policy guideline disclosures. This study concluded that effective remuneration policy guidelines encourage business stability and growth, and the need for transparency in executive pay to build public trust in companies.</p>	<p>The study however drew its sample from</p>
	<p>Okutu (2021) investigated the effect of compensation and reward system on performance</p>	<p>FTSE (Financial times stock exchange) 350 companies while the current study drew its sample mainly from non-listed commercial state corporations. Further, the study used a corporate governance variable (UK Corporate Governance Code 2018) to establish performance, unlike the current study. 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. This is the gap</p>

at Kenya Revenue Authority and revealed a positive connection between the four aspects of compensation and reward system, and overall achievement of performance at KRA through staff.

Literature on the effects of remuneration policy guideline on organizational performance globally (Elsayed & Elbardan, 2018; regional (Lemma et al, 2020; and locally (Muchai, 2018) showed that remuneration policy guideline affects firm performance positively although Oluun, (2020) findings established a negative association.

that this study filled.

This study however used mixed method and triangulation in data collection and analysis; was based in one institution in Kenya which is categorized as a Service commercial state corporation contrary to the current study that is based on a sample of the commercial state corporations in Kenya. This is the gap that this study filled.

These studies however, did not bring out the role of remuneration policy guideline in the relationship between employee compensation and organizational performance. Furthermore, none of these studies factored in the moderating effect of salaries and remuneration policy guideline on the link between employee compensation and performance of commercial state corporations in Kenya based on EFQM 2020 Model. The present study therefore sought to fill this knowledge gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methodology of the study. It presents an overview of research philosophy, research design, study area, target population and the sampling techniques used. Further, data collection methods and data analysis, which include measurement of variables, the reliability and validity of research instruments, ethical considerations, limitations and expected outcomes of the study, are discussed.

3.2 Research Philosophy

A research philosophy is a set of basic beliefs that guide actions about how data on a phenomenon should be collected, analysed, and used. This leads to the researcher adopting either qualitative, quantitative, or mixed methods approaches. These actions are also referred to as paradigms, epistemologies and ontologies, and there are four types of philosophical (global) paradigms: positivism, post-positivism, constructivism/ interpretivism, transformative, and pragmatism (Creswell, 2013). The moderating effect of the remuneration policy guidelines on the relationship between employee compensation and the performance of commercial state corporations in Kenya was determined through hypothesis testing (Positivism), as researchers adopted the positivism philosophy.

The goal of positivist research is to find laws that can be applied universally throughout the world through research hypotheses informed by realism, idealism, and critical realism and are held to be true until there is sufficient evidence to disprove them (Chilisa, 2005; Creswell, 2003; Morgan, 2007). Positivism uses quantification to systematise the knowledge generation process, primarily to improve precision in the description of parameters and the discernment of their relationships (Cohen et al., 2004). According to Rajasekar et al. (2006),

the positivist approach requires that research be conducted objectively, that the researcher be independent and not be affected by the subject of research, that the end product of research be generalised

3.3 Research Design

A research design is a set of methods and procedures for collecting and analysing variables described in the problem study and provides a framework for testing research hypotheses (Creswell & Creswell, 2018). It is a logical direction that binds all the research's crucial aspects to derive meaning (Kothari, 2004). The research was conducted using a descriptive cross-sectional survey research design. This research design is useful for gathering evidence about an existing or ongoing phenomenon (Churchill & Iacobucci, 2005).

A descriptive cross-sectional survey research design entails a single interaction with respondents, allowing the researcher to collect data, knowledge, and beliefs from the entire population under study (Kombo & Tromp, 2006). The choice of this design was informed by the need to allow a better understanding that assisted the researcher in establishing the current situation of the study topic's conceptions and values (Kothari, 2004). Further, the design was found suitable for the study since the researcher was interested in determining the moderating effect of remuneration policy guidelines on the relationship between employee compensation and the performance of commercial state corporations in Kenya.

3.4 Location of the Study

The study was conducted in commercial state corporations spread across Kenya. There are three hundred and twenty-two (322) state corporations in Kenya today (SCAC, 2023). Based on their mandates, these are categorised into eight sectors, vis: Commercial, Financial, Regulatory, Public universities, Training and Research, Service, Regional development authorities and Tertiary Education/training (Office of the President Guidelines, 2004). In the

category of commercial state corporations where this study was located, there are seventy-two commercial state corporations (Appendix v). However, four commercial state corporations from the Sugar industry were not fully operational at the time of the study and were not considered for data collection, hence reducing the number to sixty-eight (68) commercial state corporations (SCAC, 2023). The mandate of commercial state corporations cut across manufacturing/industrial, infrastructure/transport, agriculture, energy, education, Information Communication Technology (ICT), hospitality, housing and National Treasury strategic enterprises.

Commercial state corporations are government investment vehicles that are expected to offer quality and affordable products and services to citizens while remitting investment income at the end of each financial year. A vast majority have performed poorly, perpetually creating a financial burden on the National Treasury. Further, the choice of commercial state corporations for this study was because they, as employers, should motivate their employees through compensation for their improved performance. This study concentrated on a representative sample of commercial state corporations. The unit of analysis was the commercial state corporation, as this is where the objective of the study was, while the unit of observation was the respective cadres of managers from which data was collected. This research took place between the months of October and December 2023.

3.5 Population of the Study

A target population, according to Mugenda and Mugenda (2003), is defined as the whole group of cases, individuals, items, and articles with common attributes to which a researcher wishes to generalise the study's findings. According to Cooper and Schindler (2011), population is the sum of all the factors from which the research hopes to draw conclusions. The target population, as per the SCAC list of commercial state corporations, was the 648 managers from the seventy-two (72) commercial state corporations spread across Kenya

(See Appendix V). Each of these corporations has employee compensation practices regarded as a key driver of performance in Kenya's commercial state corporations. However, although the published list of 2023 commercial state corporations were 72 (seventy-two), four of these, in the sugar industry, that is, Sony Sugar Company, Nzoia Sugar Company, Chemelil Sugar Company, and Muhoroni Sugar Company, were not part of the target population due to the government-initiated reforms in the sugar industry. This brought the number to 68 (sixty-eight) from 72 (seventy-two). The study, therefore, targeted a sample of the nine (9) departments multiplied by the sixty-eight (68) commercial state corporations to arrive at 612 managers, who made up the target population.

A model organisation structure and grading structure of a commercial state corporation, with the typical nine departmental heads, is shown in Appendix VI. The justification for the use of nine departments to use managers as respondents is because in designing organisation structures of state corporations, SCAC has developed a generic base model organisation structure with typical nine departments headed by team leaders, from where customised structures are derived and developed for either new state corporations or state corporations that are undergoing restructuring. These managers and team leaders are all at the core of the implementation of the Remuneration policy guideline issued by the Salaries and Remuneration Commission. These managers and team leaders are, therefore, very instrumental in providing information regarding the extent and the success of implementation of the Remuneration policy guideline and the moderating effect of the Remuneration policy guideline on the relationship between employee compensation and performance of commercial state corporations in Kenya.

Table 5*Population frame of the study*

Parent Ministry	Corporations	Target Population
Agriculture	17	153
Commerce & Tourism	13	117
Educ; social protection	8	72
Industrialisation	7	63
Lands & Housing	2	18
National Treasury	9	81
Energy & Petroleum	5	45
Environment & safety	2	18
ICT Enterprises	2	18
Transport	3	27
Total	68	612

Source: Employees role of the Commercial State Corporations (2024)

3.6 Sampling Procedure and Sample Size

3.6.1 Sample Frame

According to Mugenda and Mugenda (2010), sampling is the act, technique or procedure of selecting a representative sample or portion of a population for the determining parameters or characteristics of the whole population. The sample frame for the study was composed of all six hundred and twelve managers of the sixty-eight commercial state corporations. According to the latest list from SCAC, as of 2023, there were a total of 612 managers in the commercial state corporations under study.

3.6.2 Sampling Procedure

The assumption of sampling is that by selecting part of the elements in the population, conclusions may be obtained about the entire population (Dooley, 2007). This study used a probabilistic sampling technique because one methodological requirement for carrying out

inferential statistics is that data must be collected using probabilistic methods. A stratified random sampling technique was adopted to identify and select participants from the commercial state corporations. This approach was used to ensure that the corporations are categorised into more homogenous units that enhance representativeness.

3.6.3 Sample Size

The sample size in this study was chosen using the criteria established by Roscoe's rule of thumb Sekaran (2000), which states that a sample larger than 30 but less than 500 is appropriate for most research and must be large enough to be representative of the universe's population. The statistical accuracy of the findings is determined by the sample size. The sample size is a function of change in the population parameters under study and the needed estimation of quality (Dooley, 2007). According to Mugenda and Mugenda (2008), a sample size of 10 per cent to 30 per cent is a good representation of the target population, whereas Dooley (2007) considers a sample size of 10 per cent to 40 per cent to be adequate for detailed or in-depth studies.

In the study, a representative sample which enabled the generalisation of the findings was derived from Yamane's (1967) formula.

$$n = \frac{N}{1 + Ne^2}$$

Where;

n = sample size

N = Population

e = precision error, which is 0.05

Where $n = 612 / 1 + (612 * 0.0025) = 241.89723 \approx 242$ managers of the commercial corporations. Each sample from the commercial state corporation contributed a proportion of

the sample depending on the ratio of the number of corporations in each category to the total. The 242-sample represented 39.5 per cent of the targeted population of 612 senior managers of the corporations, which obeyed Dooley (2007), who stated that a sample size of between 10 per cent and 40 per cent is considered adequate for detailed studies. The researcher then used stratified random sampling techniques to pick the sample based on the sample distribution as per the population strength of the commercial state corporation.

Table 6 shows the number of commercial state corporations in every category, the targeted population and the sample size of the study.

Table 6

Sample Distribution Table/Sample Frame

	Corporation	Target population	Sample size
Parent Ministry			
Agriculture	17	153	61
Commerce & Tourism	13	117	46
Education; social Protection	8	72	28
Industrialisation	7	63	25
Lands & Housing	2	18	7
National Treasury	9	81	32
Energy & Petroleum	5	45	18
Environment & safety	2	18	7
ICT Enterprises	2	18	7
Transport	3	27	11
Total		612	242

3.7 Instrumentation

Identification of types and sources of data instrumentation as part of data collection. Researchers use two major data sources: Primary and secondary sources (Kombo & Tromp, 2006). Information gathered directly from the respondents is primary data. The study utilised primary data, which was collected from the respondents through a self-administered

structured questionnaire by the managers of the respective commercial state corporations. A questionnaire is a systematic list of questions that one would like to ask respondents in order to elicit a specific type of information (Gatara, 2010). It allows the researcher to collect data from a large population in a short time period. It also aids in the collection of both qualitative and quantitative data. Another advantage of the use of a questionnaire is that other than covering a large population within a short period with minimal costs from the researcher, it also encourages independence and accuracy of responses from the respondents (Sekaran, 2013). Based on this, the questionnaire was chosen as it provides a more comprehensive view than any other research tool.

Furthermore, structured questionnaires provide relatively objective data and are, therefore, most effective in their application (Khan, 2008). The questionnaire was formulated according to the study objectives following a thorough literature review. As a result, structured items were used in the questionnaires for the 242 sampled managers of commercial state corporations in this study. The researcher administered the questionnaires personally on an online platform with the help of four research assistants, and thereafter, the filled-submitted questionnaires were collected immediately for data analysis.

To answer the questionnaire's items, a five-point Likert Scale was used, with 5 denoting Strongly Agree, 4- Agree, 3-Undecided, 2- Disagree, and 1 denoting Strongly Disagree. This allowed the respondents to provide ordinal measured data. Each section of the questionnaire looked into a specific variable and tested the corresponding hypothesis. To increase the response rate, questionnaires were distributed to all members of the sampled population, and responses were chosen at random to meet the sample size. Closed-ended questions, according to Mugenda and Mugenda (2003), have the advantage of collecting viable quantitative data, whereas open-ended questions give respondents the freedom to answer questions and the opportunity to provide in-depth responses.

The questionnaire contained the following seven sections: Section A: General information about the respondents, including their age range, highest level of education, work experience, and view of compensation in their organisation. Section B: Respondents' view on employees consolidated pay, Section C: Respondents' view on employees facilitative allowances, Section D: Respondents' view on employees retirement benefits, Section E: Respondents' view on employees health benefits, Section F: Respondents view on performance of commercial state corporations in Kenya based on European Foundation for Quality Management (EFQM) and Section G: Respondents view on how commercial state corporations apply salaries and Remuneration policy guideline from Salaries and Remuneration Commission. To protect against foreseeable risks, the participants and the respective commercial state corporations were concealed by not identifying them by name but rather by assignment of codes.

3.7.1 Pilot Study

A pilot's importance rests in its ability to help identify the items' ambiguities and vague questions for improvement and is a trial of the data collection process that uses a smaller group of about 15 to 20 people to determine if the instrument requires any corrections, potential inconsistencies or errors, for corrections before actual data collection begins (Creswell, 2008). Piloting is important because it helps identify the items' ambiguities and vague questions for improvement (Feng & Yamat, 2019). Before the main study, a pilot was undertaken by twenty-four managers of seven non-commercial state corporations, with a target of three per corporation. These were randomly picked. According to Connelly (2008), the pilot study sample should be 10 per cent of the projected for the main study. From the pilot study, all the variables' items were noted to be above the minimum 0.7 reliability value, which is an acceptable rating on Cronbach's alpha and hence dimmed to suffice for the study (Dillman, 2000).

3.7.2 Validity of the Instrument

Validation is the collection of facts used to support inferences made on the basis of measurement results (Creswell & Creswell, 2018). The degree to which the results from the analysed data represent the phenomena under study is termed validity (Fraenkel, 2000; Mugenda & Mugenda, 2003). The extent to which an instrument measures what it is anticipated to measure is called validity, and it is the most important criterion (Kothari, 2004). This study used both content and construct validity. The extent to which a measuring instrument provides sufficient coverage of the topic is called content validity (Saunders et al., 2009), and in the study, content, face and construct validity was tested by subjecting the data collection instruments to subject matter experts. The validity of the instrument was further improved through views sought from the supervisors and research experts.

Further, to enhance the validity of the instrument, the study carried out a pilot study from selected non-commercial state corporations. The degree to which scores on a specific research instrument relate to other measures that are consistent with the hypotheses that concern the paradigm being measured is referred to as construct validity (Bedford & Speklé, 2018).

Pearson Product Moment Correlations were used on the questionnaire to achieve construct validity. To achieve construct validity, this test was done by correlating each construct or item questionnaire score with the organisational performance. Items were considered valid when an Item-item questionnaire significantly correlated with employee performance. The validity of individual questions in the survey tool was statistically tested using the Pearson Correlation coefficient. This involved computing the correlation of each question with the total score and comparing it to critical values of Pearson's correlation, and whenever the calculated r was greater than the critical value, the inference was that the question was considered valid. To obtain critical values, a confidence level of 95 per cent and degrees of

freedom (n-2) was considered. In this case, degrees of freedom = 18. From the analysis, the value of all questions yielded a calculated value higher than 0.4438 obtained from the table of critical value, implying that the tool passed the validity test.

3.7.3 Reliability Test of the Instrument

The degree to which a study instrument produces consistent results after repeated trials is referred to as its reliability (Cooper & Schindler, 2013). A measurement that supplies consistent results with equal values is considered reliable (Blumberg et al., 2014). Reliability measures the repeatability, trustworthiness, precision and consistency of the research. According to Bryman and Bell (2003), reliability indicates the extent to which the research is without bias, i.e. error-free and ensures consistent measurement across the various items in the instruments based on the observed scores. The reliability of a research instrument concerns the extent to which the instrument yields the same results on repeated trials (Sharma, 2016).

Table 7*Reliability Analysis Test*

Construct	Cronbach's Alpha	No.of Items
Employees consolidated pay	.826	10
Employees Facilitative Allowances	.832	10
Employees Retirement Benefits	.798	10
Employees Health Benefits	.774	10
Performance of commercial state corporations in Kenya		
Performance Execution of commercial state corporations in Kenya	.773	5
Results Obtained from performance of commercial state corporations in Kenya	.740	5
Direction perspective of the commercial state corporations in Kenya	.836	5
Remuneration Policy Guideline	.822	10

In the study, Cronbach's alpha was used to establish the degree of consistency and accuracy of items in the questionnaire (Sharma, 2016). Studies have established that a reliable instrument should have a reliability coefficient of alpha value of 0.7 and above. (Cooper & Schindler, 2013). All the alpha scores for all the constructs were above 0.7, and the Cronbach Alpha reliability coefficient for the questionnaire was found to be 0.8045, which, according to Taber (2018), was above the threshold of 0.7 and therefore deemed appropriate and acceptable for the study as the research instrument was a reliable measure for this study.

3.8 Data Collection Procedures

According to Sessa et al. (2001), the process of gathering information from people and about people is known as data collection and is a requirement in the research process. According to Topchy et al. (2005), ethical considerations in a research study are paramount as research

involves collecting data from people and about people. Following clearance from Kabarak University, the researcher acquired an introductory letter from Kabarak University. The researcher used this letter to obtain permission to carry out research from the National Council of Science and Technology (NACOSTI), and this was granted. Permission was also sought from SCAC, the body that oversees the day-to-day operations of commercial state corporations. Informed consent was secured through the CEO of the respective corporation.

All authorisations and permits were duplicated for attachment to the questionnaire, and four research assistants were hired, trained in automated data collection techniques and data security, and commissioned to collect data by administering the questionnaire. The assistants ensured tool accessibility, distribution, monitoring and system support on various devices and platforms, leading to prompt completion of the questionnaire. The four research assistants signed a mandatory Confidentiality Agreement before they embarked on the work. The collected data was only accessed by the researcher, the research assistants, and the Supervisors. All data collected for purposes of this research was stored in a password-protected electronic device and cloud facilities for disaster recovery mitigation for the period deemed necessary.

3.9 Data Analysis and Presentation

3.9.1 Data Screening

The process of data screening was conducted before data analysis, interpretation and conclusion. Data screening was based on the research objectives and hypothesis. At the data screening stage, all data collected was prepared, edited, and coded. The purpose of this was to identify missing values and potential outliers. Missing values were checked through a review of the system-administered questionnaire technique and through accurate data coding (Howell, 2012). The data screening process was crucial as it ensured that the data that would

subsequently be fitted into a model for estimation and regression had integrity and was relevant and reliable. This enabled the researcher to understand the data before analysis.

Following data collection, the data was edited and coded for analysis. This was done using the statistical software package SPSS Version 26. Data was analysed using both descriptive and inferential statistics. Frequencies, percentages, mean and standard deviation were used for descriptive statistics to summarise the data. Correlation analysis was used to measure and assess the strength, direction and significance of the variables. To make inferences about the population based on the sample data, hypotheses were tested using multiple regression to observe the relative predictability of the variables. All hypotheses were tested at a significant level of alpha equal to 0.05. The null hypotheses were accepted if $p \geq 0.05$ and rejected if $p < 0.05$ based on the results.

3.9.2 Regression Model

The following multiple regression model is specified for objectives one to four:

$$= \alpha + \beta_{11} + \varepsilon \quad (\text{M3.1})$$

$$= \alpha + \beta_{22} + \varepsilon \quad (\text{M3.2})$$

$$= \alpha + \beta_{33} + \varepsilon \quad (\text{M3.3})$$

$$= \alpha + \beta_{44} + \varepsilon \quad (\text{M3.4})$$

Where; α is intercept or constant; β_1 = represents the slope (regression coefficient) or change in by each $1 \rightarrow 4$ consolidated pay; facilitative allowances; retirement benefits; health benefits); ε is the error term. The model examines the relationship between independent and dependent variables as shown below:

$$= \alpha + \beta_{11} + \beta_{22} + \beta_{33} + \beta_{44} + \varepsilon$$

To test the moderating effect of Remuneration policy guidelines, the following regression model was utilised;

$$Y = \beta_0 + \beta_1 X_i + \beta_2 M + \varepsilon$$

$$Y = \beta_0 + \beta_1 X_i + \beta_2 X_i M + \varepsilon$$

Where;

M= Remuneration policy guideline (1 full adoption of Remuneration policy guideline and 0 Non-full adoption of Remuneration policy guidelines)

X_i= independent variables (i= 1, 2, 3, 4)

B_i= coefficients (i=1, 2, 3, 4...)

3.9.3 Regression Model Assumptions

The statistical relationship between variables is described by regression analysis (Guerard, 2013); a regression model is used for estimation purposes (Baron & Kenny, 1986; Campbell, 2008). Some assumptions were made when data was fitted into the regression analysis. Violation of these assumptions makes the results inconsistent, inconsistent and biased. The assumptions that were examined are as follows:

Data sets are normally distributed (Hair et al., 2010). For each variable in the study, a degree of Skewness and Kurtosis was used to test the normality of data as part of descriptive statistics. In the study, the Shapiro-Wilk test was used to check for normality. Its statistic ranges from zero to one, and figures higher than 0.05 indicate that the data is normal. This is due to the fact that these tests are best applicable to a larger sample size (Razali & Wah, 2011). In this test, the guiding principle is that if the tests are significant, the data is not normally distributed; Therefore, ρ values must be greater than 0.05 ($\rho > .05$) for the data to be normally distributed (Hair et al., 2010).

Linearity is that all independent variables must have a linear relationship with the dependent variable. The degree to which the dependent variable changes due to variation in the predictor variables (Hair et al., 2010) is linearity. In the study, this assumption was tested by using Analysis of Variance (ANOVA). ANOVA test of linearity computed both the linear and nonlinear components of a pair of variables, whereby nonlinearity was considered to be significant if the F significance value for the nonlinear component was below 0.05 (Zhang & Maloney, 2011). Scatter plots were also used to test linearity.

Homoscedasticity is the assumption of constant variance, and it assumes that the variance of the residuals or errors is constant across all levels of the independent variables (Schützenmeister et al., 2012; Osborne & Waters, 2002). It is a check of whether the spread of the scores reflected in the variance in the variables are approximately similar (Bryk et al., 1988). In the study, homoscedasticity was tested using Levene's test of homogeneity of variances. For this test, the decision criteria are that Levene's test statistic value should be greater than 0.05 ($p > .05$) (Hair et al., 2010). If the Levene statistic is significant at $\alpha = 0.05$, then the data groups lack equal variances.

Multicollinearity is when two or more variables are highly correlated, this affects the estimation of the regression parameters in the model (Hair et al., 2009), hence Multicollinearity. Multicollinearity assesses the regression coefficients unknown, hence posing a challenge to interpretations (Gujarati & Porter, 2003) and bringing forth erroneous results (Palaniappan, 2017). According to past studies, a problem with multicollinearity occurs if the values of correlations among variables are $> .9$ (Hair et al., 2010). In addition, the value of VIF is > 10 (Stevens, 2009). In this study, multicollinearity was tested by computing the Variance Inflation Factors (VIF) and its reciprocal, the tolerance.

Independence of error term in a regression model implies that the errors are not correlated with each other or with the independent variables, and violation of this can lead to biased

estimates and incorrect conclusions (Schmidt & Finan, 2018) Non- Independence of error in the regression model yields biased estimates of standard error and significance. Further, even though the estimates of the regression coefficients may remain unbiased, they may still be inefficient. This study used the Durbin-Watson test, whose test statistic ranges from zero to four. Scores between 1.5 and 2.5 indicate independent observations (Garson, 2012).

3.10 Ethical Considerations

Ethical considerations in research are important for protecting the rights and dignity of the participants while ensuring that the research is conducted responsibly with integrity and transparency (Roux et al., 2005). Privacy and confidentiality were paramount in treating the information collected from the participants. In addition, to secure informed consent, before data collection, the purpose of the study was clearly explained to the participants, and this enabled the respondents to make informed decisions on whether to participate or not. McMillan and Schumacher (1997) emphasised the need for anonymity of the study information during the entire research period for data security, and to achieve this, all the responses from the participants were presented anonymously to protect vulnerable groups, and participants were assured of this. To ensure minimal interruption of participants' duties in their organisations, the study was conducted at their convenient and based on mutual agreement. Lastly, all literature in the study from authors was duly acknowledged to avoid any kind of plagiarism.

Table 8*Operationalization of the Study Variables Summary*

Variable	Indicator	Measure
Employee Compensation	Consolidated pay	Basic Salary
		House Allowance
	Employee facilitative Allowances	Commuter Allowances
		Employee Retirement Benefits
Organizational Performance (EFQM Model)	Execution Performance	Health Insurance cover Health Ex-gratia benefit
		Engaging stakeholders Creating sustainable value Driving performance
	Results	Stakeholder perceptions Strategic performance operational performance
Remuneration and Benefits Policy	Salaries and Remuneration policy guideline	Extent of implementation Success of implementation

Table 9*Summary of Data Analysis Methods*

Objective	Hypotheses	DV- Indicators	Level of Analysis
Determine the effect of employees consolidated pay rem. policy on performance of commercial state corporations in Kenya.	<ul style="list-style-type: none"> • H₀₁: Employees consolidated pay rem policy has no statistically significant effect on performance of commercial state corporations in Kenya. IV Indicators, Basic Salary • House Allowance 	<ul style="list-style-type: none"> • Engaging stakeholders • Creating sustainable value • Driving performance • Stakeholder perceptions • Strategic performance • Operational performance • Engaging stakeholders • Creating sustainable value • Driving performance • Stakeholder perceptions • Strategic performance • Operational performance 	<ul style="list-style-type: none"> • Mean • Standard Deviation • Pearson Correlation • Regression analysis • Mean • Standard Deviation • Pearson Correlation • Regression analysis
Assess the effect of employees' facilitative allowances policy on performance of commercial state corps in Kenya	<ul style="list-style-type: none"> • H₀₂: Employees facilitative allowances policy has no statistically significant effect on performance of commercial state corporations in Kenya. IV Indicators, commuter allowance. 	<ul style="list-style-type: none"> • Engaging stakeholders • Creating sustainable value • Driving performance • Stakeholder perceptions • Strategic performance • Operational performance • Engaging stakeholders • Creating sustainable value • Driving performance • Stakeholder perceptions, • Strategic performance • Operational performance 	<ul style="list-style-type: none"> • Mean • Standard Deviation • Pearson Correlation • Regression analysis • Mean • Standard Deviation • Pearson Correlation • Regression analysis
Evaluate the effect of employees retirement benefits policy on performance commercial state corps in Kenya	<ul style="list-style-type: none"> • H₀₃: Employees retirement benefits policy has no statistically significant effect on performance of commercial state corporations in Kenya. IV Indicators, provident, gratuity, pension. 	<ul style="list-style-type: none"> • Engaging stakeholders • Creating sustainable value • Driving performance • Stakeholder perceptions • Strategic performance • Operational performance 	<ul style="list-style-type: none"> • Mean • Standard Deviation • Pearson Correlation • Regression analysis

Examine the effect of employees health benefits policy on performance of commercial state corporations in Kenya	H ₀₄ : Employees health benefits has no statistically significant effect on the performance of commercial state corporations in Kenya. IV Indicators, insurance cover, ex-gratia.	<ul style="list-style-type: none"> • Mean • Standard Deviation • Pearson Correlation • Regression analysis
Establish the moderating effect of remuneration policy guideline on the relationship between employee compensation and performance of commercial state corporations in Kenya	H ₀₅ : Remuneration policy guideline does not have a statistically significant moderating effect on the r/ship between employee compensation and the performance of commercial state corporations in Kenya. IV Indicators, success and extent of implementation.	<ul style="list-style-type: none"> • Mean • Standard Deviation • Pearson Correlation • Regression analysis

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

This chapter presents findings on the effect of employee consolidated pay, facilitative allowances, retirement benefits and health benefits on the performance of commercial state corporations in Kenya. It also provides results on the moderating effect of the remuneration policy guidelines on the relationship between employee compensation and the performance of commercial state corporations in Kenya. It covers sections on response rate of participants, data preparation, descriptive statistics, factor analysis, correlation, and inferential statistics.

4.2 Response Rate

A survey questionnaire, due to its financial viability and ability to collect first-hand information in special studies, thus enabling data collection from large and geographically isolated populations, is widely used (Arnold & Edwards, 2009). Due to this, one important measure of survey quality is the response rate since it ensures that the results are valid and accurate (Hair et al., 2010). The response rate refers to the percentage of individuals in a sample who respond to a survey questionnaire and is considered an important component of the quality of the survey-based research. The study distributed a total of two hundred and forty-two questionnaires in commercial state corporations.

Table 10*Response Rate of Questionnaire*

	Frequency	Percentage
Response		
Completed and returned	187	77.3%
Not returned	55	22.7%
Total	242	100.0%

One hundred and eighty-seven questionnaires were filled out of the two hundred and forty-two distributed and returned, giving a response rate of 77.3 per cent. This response rate is an excellent representative and conforms to Mugenda and Mugenda's (2003) stipulation that a response rate of 50 per cent and above is adequate for analysis and reporting; a rate of 60 per cent is reasonable, while a response rate of 70 per cent and over is excellent. Further, according to Fincham (2008), a social survey that attains a response rate of 60 per cent is deemed adequate to generalise results to the entire population. Regarding online surveys, Nulty (2008) pointed out that a response rate of 50 per cent is regarded as adequate. This echoed Richardson (2005), who analysed 141 articles from different journal articles and observed that an overall average response rate of 55.6 per cent was adequate. This implies that the 77.3 per cent response rate attained in this study can be categorised as high and, therefore, adequate to draw statistically sound results and generalisable conclusions. Following this, therefore, the response rate of 77.3 per cent was ideal.

4.3 Data Preparation and Processing

According to Osborne (2013), the process of data screening and data cleaning involves an inspection of the collected data and correction (or removal) of any errors that potentially can cause significant impact on the results of the analysis. In this process, missing values are examined, substantial errors identified, normality and outliers assessed and while managing raw data for proper analysis (Fincham, 2008).

4.3.1 Examination of Missing Data

As a first step, the study first singled out and rectified missing values in the dataset. Researchers might exclude cases from analysis if they contain over 50 per cent missing data (Hair et al., 2010). These cases could significantly influence the remaining observations (Nulty, 2008). In view of this, the study omitted the cases with more than 50 per cent missing values. Upon removal, the study proceeded to treat cases that had less than 50 per cent missing values. This treatment involves three options: list-wise exclusion, which excludes cases from analysis when there is missing data within them; Pair wise exclusion, removing cases from the analysis if they lack the necessary data for specific analysis; thirdly, replacing with mean; this entails computing the average value for the variables and then applying that average to fill in missing values. Among the three techniques, the study opted for pairwise exclusion due to its advantages over other methods, particularly its fewer issues with convergence (factor loading estimates are relatively free from bias), and it is easy to implement (Hair et al., 2010).

4.3.2 Examination for Outliers

Outliers are cases or observations with variable values that significantly differ from those in other cases. (Hair et al., 2010). Outliers are considered non-representative of the population. Outliers have the potential to distort statistical tests, thus undermining the study objectives. Outliers can be examined from univariate, bivariate and multivariate viewpoints. The study conducted a multivariate outlier test, employing an analysis method that scrutinises multivariate outliers exhibiting extreme scores on two or more variables. This differs from univariate outliers, which have an extreme score on only one variable (Kline, 2010, 2005). A typical method for detecting multivariate outliers involves calculating the squared Mahala Nobis distance (D^2) for each case (Hair et al., 2010).

The distance in standard deviation units between a set of scores for one case and the sample means for all variables is measured by Squared Mahala Nobis distance (D^2). The extent of the dissimilarity of each observation or case (in terms of its distance from the mean centre of all observations) across all variables is assessed by the (D^2). An outlying case (the higher D^2 values in comparison to other instances) will have a D^2 value that stands noticeably separated from all other D^2 values. As a rule of thumb, Hair et al. (2010) proposed recognising any case in which the D^2/df value is greater than three or four in large samples (where the sample size is > 200) as an outlier. Following Hair et al. (2010) suggestions, the dataset underwent scrutiny to detect multivariate outliers using D^2 as a measure of distance and computed D^2/df . Not all the cases equalled or exceeded three, indicating the absence of outliers. Hence, the cases were retained for further analysis. In the study, therefore, 187 cases were utilised in all subsequent analyses conducted.

4.4 Demographic Characteristics

The researcher requested basic information from the participants. It includes respondents' gender, age, education level and work experience as indicated below.

4.4.1 Respondents' Gender

Participants were asked to indicate their gender. The analysis is presented in Figure 2.

Figure 3

Classification of the respondents by Gender

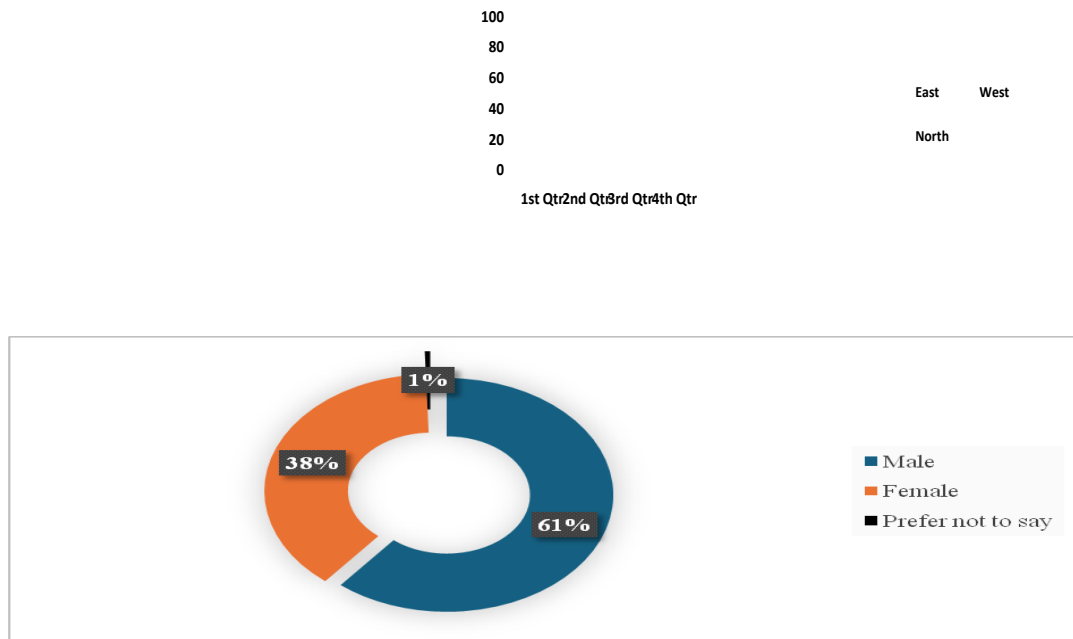


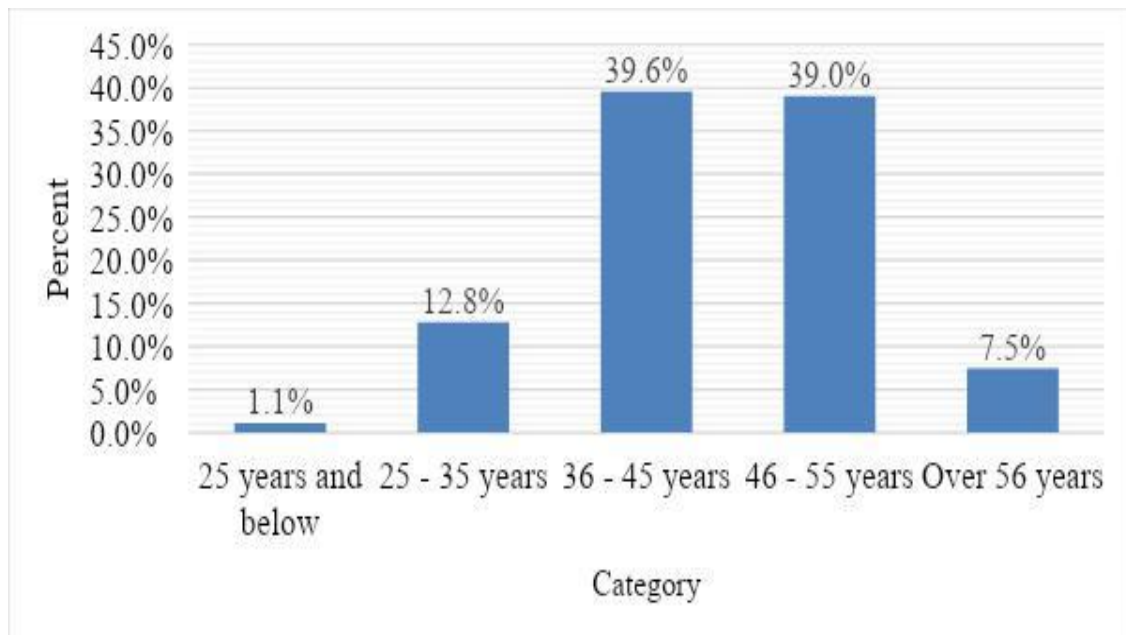
Figure 3 illustrates the gender distribution of employees as captured in the interview questionnaires. As indicated in Figure 3, most (61%) of the participants in the study were male, females comprised 38 per cent, while 1 per cent of the participants preferred not to reveal their gender. The indication that most employees who hold managerial positions in commercial state corporations are male resonates well with the Report by the Kenya National Bureau of Statistics (KNBS, 2021) and provides a justification of the current strategies by the Government towards gender parity in public service employees in Management cadre as enshrined in the constitution of Kenya 2010, specifically in Article 27(8), which enhances the adherence to the two-thirds gender rule. Furthermore, these findings are aligned with the results of the study done by Barreiro et al. (2021), where the results of the study provide insights on policy formulation towards gender parity in mainstreaming gender at the management level as a priority in enhancing organisational performance at the developing countries including Kenya.

4.4.2 Classifications of Respondents by Age

Participants in the study were asked to indicate their age based on a categorisation of 10 years age interval. The results and analysis are presented in Figure 4.

Figure 4

Respondents' Age



A cross-tabulation was used to establish age distribution. More than three quarters (78.6%) of the participants stated that they were aged between 36 and 55 years. Those over 56 years comprised 7.5 per cent of the participants, while those aged 25 years and below were 1.1 per cent. These statistics imply that the management cadre is spread across all ages, with a critical mass at the ages of 36 and 55. This age spread indicates that the commercial state corporations possess solid management competencies, which gave credence to this study. Further, this implies that the Public Service Commission career progression guidelines on management and leadership development, which stipulate new graduate entrants steered into the graduate development programmes may ascend into management positions ten years after graduation, have been adhered to (PSC, 2018).

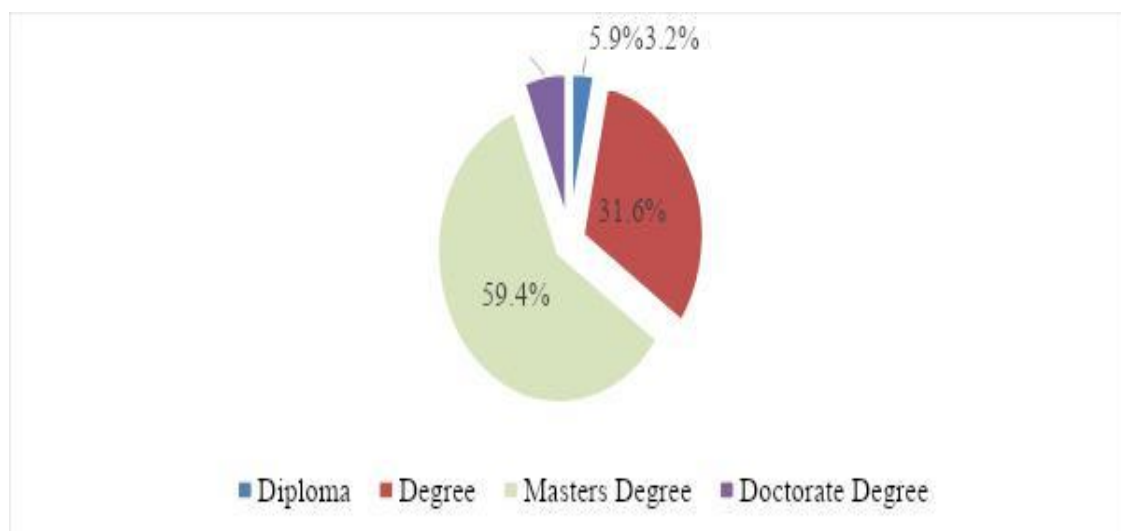
Prior studies have established a positive relationship between years of experience in management and the quality of managerial competencies (Gilouri & Shafieezadeh, 2021).

4.4.3 Classification of Respondents by Level of Education

The results in Figure 5 below, show the number of responses by the level of education. Participants were asked to fill their highest level of education attained. The analysis is presented in Figure 5.

Figure 5

Respondents' Education Level



As shown in Figure 5, most (59.4%) of the participants indicated that they had obtained a Master's degree level of education, followed by 31.6 per cent who stated that they had attained a Bachelor's degree. Participants with Doctorate degrees comprised 5.9 per cent, while those with a college diploma comprised 3.2 per cent of the total participants. High levels of education at the master's level and a fair level of education at the Doctorate level could be attributed to previous Public Service Commission policies on career progression for public servants, which have largely emphasised the attainment of academic and professional qualifications as a basis of seniority and promotion (PSC, 2018). Therefore,

numerous organisations utilise educational achievement as a selection criterion not only because it mirrors higher values linked with positive citizenship behaviours but also because it reflects lower values associated with counterproductive behaviours (Berry et al., 2006). Such high levels of education among the respondents, therefore, gave credence to this study because the respondents understood the concepts of the study comprehensively.

4.4.4 Classification of Respondents by Level of Working Experience

The results in Figure 6 below show the number of responses based on the level of working experience. Participants were asked to fill in their level of work experience attained. The analysis is presented in Figure 6.

Figure 6

Respondents Work Experience

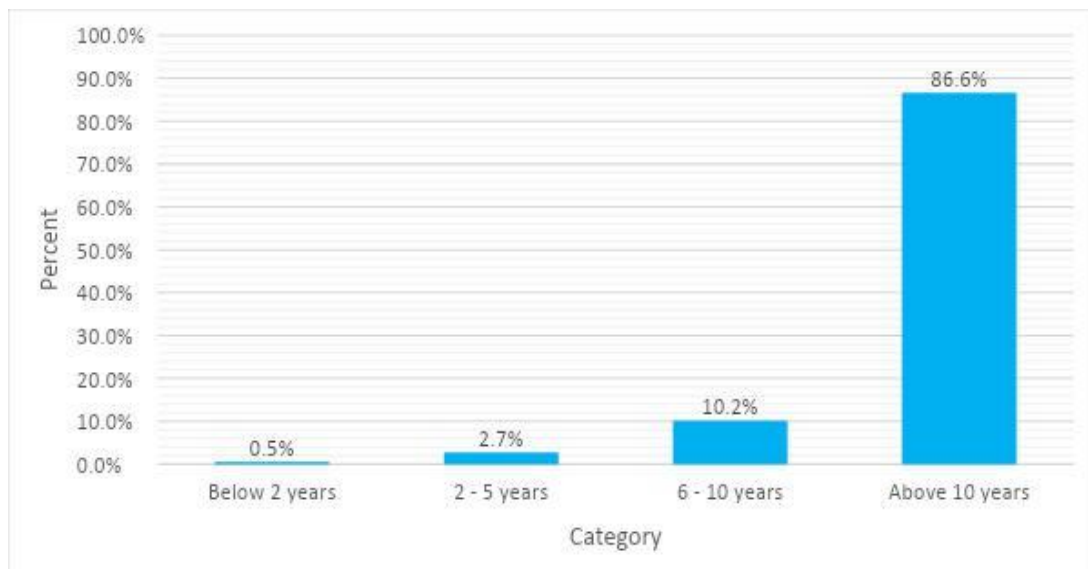
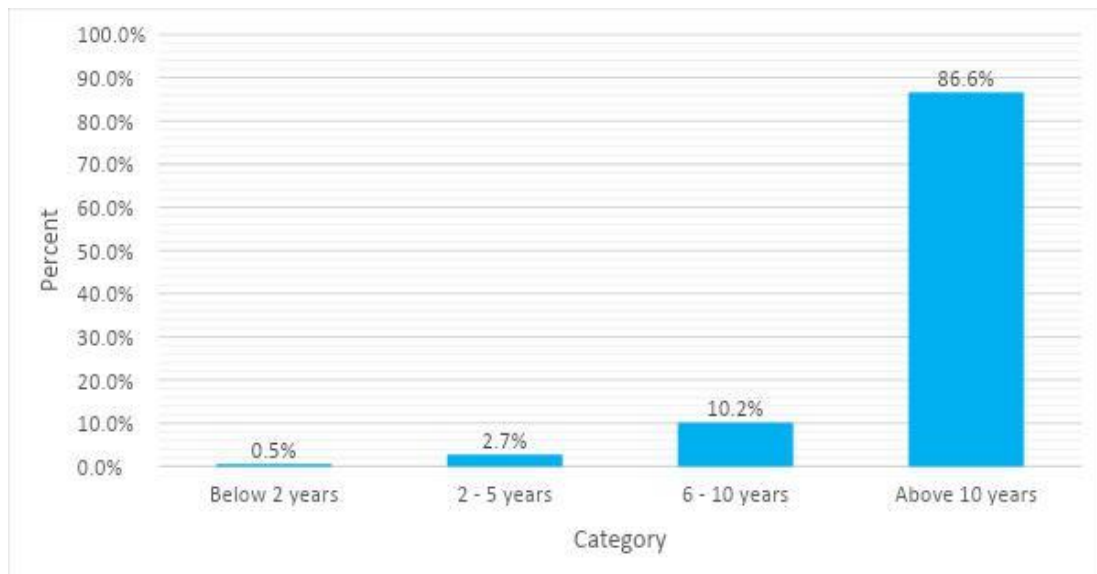


Figure 7

Respondents Work Experience



From the findings, a large number (86.6%) of the participants indicated that they had experience spanning over 10 years. This was followed by a category of those who had worked for between 6 and 10 years and comprised 10.2 per cent of the total participants. The remaining (3.3%) respondents had less than 5 years of experience. The findings that close to 100 per cent of respondents possessed relevant work experience implies that the experience possessed provides them with the knowledge, skills and insights necessary to effectively manage teams, hence giving credence to this study because these respondents understood all the concepts in the study and were able to provide meaningful responses. Combining practical work experience with the analytical insights gained through formal education can enhance job performance to an even greater extent. Additionally, the expertise and competencies for effective job performance tend to be honed and enhanced through years of experience and learning from trial and error (Star et al., 2016).

4.5 Characteristics of the Key Informants

The researcher asked the key informants for some basic information in section A of the interview schedule. The information sought to establish the informants' level of

awareness of remuneration in their organisation and their views on the importance of employee compensation. The outcomes were as follows:

Table 11

Awareness of Levels of Remuneration in their Organisation

Response	Frequency	Percentage
Aware of levels of Remuneration in their organization	165	88.2%
Unaware of levels of Remuneration in their organization	22	11.8%
Total	187	100.0%

From the analysis, 88.2 per cent indicated that they were aware, while 11.8 per cent stated that they were not aware. The above finding, which indicates high awareness levels of remuneration, is supported by the fact that the entire public service is legally obligated to comply with the remuneration governance system of the Salaries and Remuneration Commission (SRC, 2020). This has been achieved with remarkable success. However, prior to the coming on board of SRC, previous attempts to create awareness of governance on remuneration matters were faced with challenges owing to the lack of an apex governance framework (GoK, 2004).

Those who indicated that they were aware of different employees remuneration in their organisation was asked to rate the importance of employees compensation to the performance of commercial state corporations in Kenya. The results show that 90.9 per cent rated employees compensation as very important, while the remaining 9.1 per cent rated it as important. The high rating in this finding is aligned with the findings of Collins et al. (2021), who, in establishing the part played by reforms in Vietnam in transforming commercial state corporations, found out that implementing fundamental changes in remuneration practices played a major role in optimising their performance.

4.6 Diagnostic Tests

Williams et al. (2019) emphasise the significance of verifying assumptions when employing multiple regression analyses to test hypotheses. Conducting hypothesis testing allows researchers to confirm the nature of the data and to determine the appropriate study model, ensuring unbiased, dependable and efficient estimates (Yu et al., 2012). Prior to conducting a comprehensive analysis, it is essential to establish the fundamental assumptions of linear regression pertaining to raw data (Sevier, 1957). Neglecting the assumptions of regression leads to inaccurate validity estimates (Antonakis & Deitz, 2011). Regression analysis necessitates a minimum of two independent variables, which may be of normal, ordinal or interval /ratio level. The section below presents the diagnostic tests that are meant to test for OLS assumptions before estimating the regression model. The tests include normality, homoscedasticity, multicollinearity, independence of error term and linearity.

4.6.1 Test for Normality

Multiple regressions rely on the assumption that variables exhibit normal distributions (Darlington, 1969; Osborne & Waters, 2002). This implies that the errors follow a normal distribution, and a scatter plot of the residuals will approximate a normal curve (Keith, 2006). The assumption is grounded in the characteristics of the normal distribution, providing researchers with insight into the anticipated range of values (Keith, 2006). Normality refers to the characteristic shape of the data distribution. Hence, in the study, normality tests were conducted for both the independent and dependent variables. This test aims to assess whether the variable in the study is normally distributed, i.e. the mean, mode, and median are equal. In this study, normality was done using the Shapiro-Wilk test. The null hypothesis under the Shapiro-Wilk test is that the data is not normally distributed; thus, a p-value of more than 0.05 implies that the variable is normally

distributed. Thus, from the results (Table 12), the p-values are above 0.05, implying the data was normally distributed. This normal distribution property made it easier to interpret the data and make predictions and allowed for more accurate estimation and testing of hypotheses about the population parameters. The results are presented in Table 12.

Table 12

Test of Normality

	Shapiro-Wilk		
	Statistic	df	Sig.
Employee's Consolidated Pay	.979	182	.227
Employees Facilitative Allowances	.971	182	.061
Employees Retirement Benefits	.984	182	.094
Employees Health Benefits	.948	182	.470
Corporation Performance	.949	182	.664
Remuneration policy guideline	.973	182	.221

4.6.2 Homoscedasticity Test

Homoscedasticity normally tests for variance homogeneity, implying that under the OLS assumption, the variance of different groups under comparison should be equal. Homoscedasticity posits that the dependent variable demonstrates consistent variance across the spectrum of values for an independent variable. The Levene's F Test for equality of Variances is the most commonly used statistic to test the assumption of homogeneity of variance, and it uses the level of significance set a priori for the t-test analysis ($\alpha = .05$) to test the assumption of homogeneity of variance. In the study, homoscedasticity was tested using the Levene test. The results are presented in Table 13.

The F value for Levene's test was highest for Employee health benefits (2.825) and lowest for Employee consolidated pay (0.773) with a significance (p) value of 0.120 and $p=0.797$, respectively. For this test, if the significant value is greater than 0.05, then the

variance is equal across the groups. From the results, there is equality of variances across the variables in the data, implying that the homoscedasticity assumption is met and, therefore, it passed the homoscedasticity test.

Table 13

Test for Homoscedasticity

	Levene statistic	df1	df2	Sig.
Employee's Consolidated Pay policy	.773	31	141	.797
Employees Facilitative Allowances policy	2.371	31	139	.134
Employees Retirement Benefits policy	1.297	31	140	.157
Employees Health Benefits policy	2.825	31	140	.120
Corporation Performance	1.487	31	140	.063

4.6.3 Multicollinearity Test

Multicollinearity tests whether two or more variables in the study are correlated. In the study, it was used to establish if one or more predictor variables in a multiple regression model were highly correlated to enable one to be linearly predicted from the others. The Variance Inflation factor (VIF) was used to test multicollinearity. A VIF value of above 10 implies high variance inflation. Thus, multicollinearity and the variable are redundant with the other variables (Hair et al., 2010). The results in Table 13 show that all the VIF values were less than 3, implying that the dataset did not have multicollinearity and, therefore, passed the normality test. In addition, the table results reveal that Multicollinearity does not exist between the independent variables because the VIF value is not above 10. Similarly, the Tolerance value for the independent variable is not less than 0.10, as recommended by Hair et al. (2010).

Table 14*Tolerance and Variance Inflation Factor test for multicollinearity*

Model Coefficients	Collinearity Statistics	
	Tolerance	VIF
Employee's Consolidated Paypolicy	.412	2.428
Employees Facilitative Allowances policy	.438	2.283
Employees Retirement Benefits policy	.448	2.235
Employees Health Benefits policy	.632	1.583
Remuneration policy guideline	.479	2.086

a. Dependent Variable: Corporation Performance

4.6.4 Test of Independence of Error Term

The Durbin Watson test was used to test the statistical independence of the error term. This statistical test checks for the presence of autocorrelation in the residuals of a regression analysis, which occurs when the residuals are correlated with each other. The Durbin-Watson test ranges from 0 to 4, with values around 2 indicating no autocorrelation. Values significantly below 2 suggest positive autocorrelation, while values significantly above 2 suggest negative autocorrelation.

From the results in Table 14 below, the Durbin Watson test runs between 0 and 4, and is less than 2 (DW=1.965), therefore the null of non-correlation of error term cannot be rejected thus the error terms are independent. This data therefore passed the normality test.

Table 15

Durbin-Watson test of Independence of Error Term

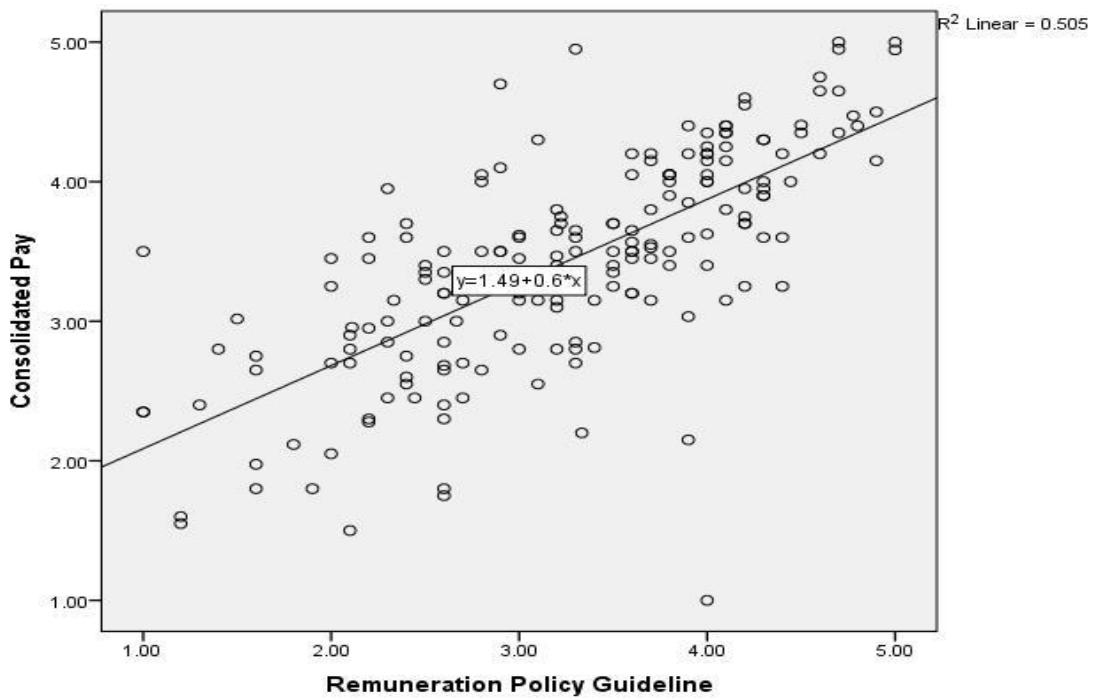
	Std. Error of the estimate	df1	df2	Sig. Change	F Durbin-Watson
1	.57643	1	179	.000	
2	.54512	1	178	.000	
3	.53814	1	177	.019	
4	.46748	1	176	.000	1.965

4.6.5 Test for Linearity

In the study, scatter plots were used to test the assumptions of linearity between the variables as per Figures 7-11.

Figure 8

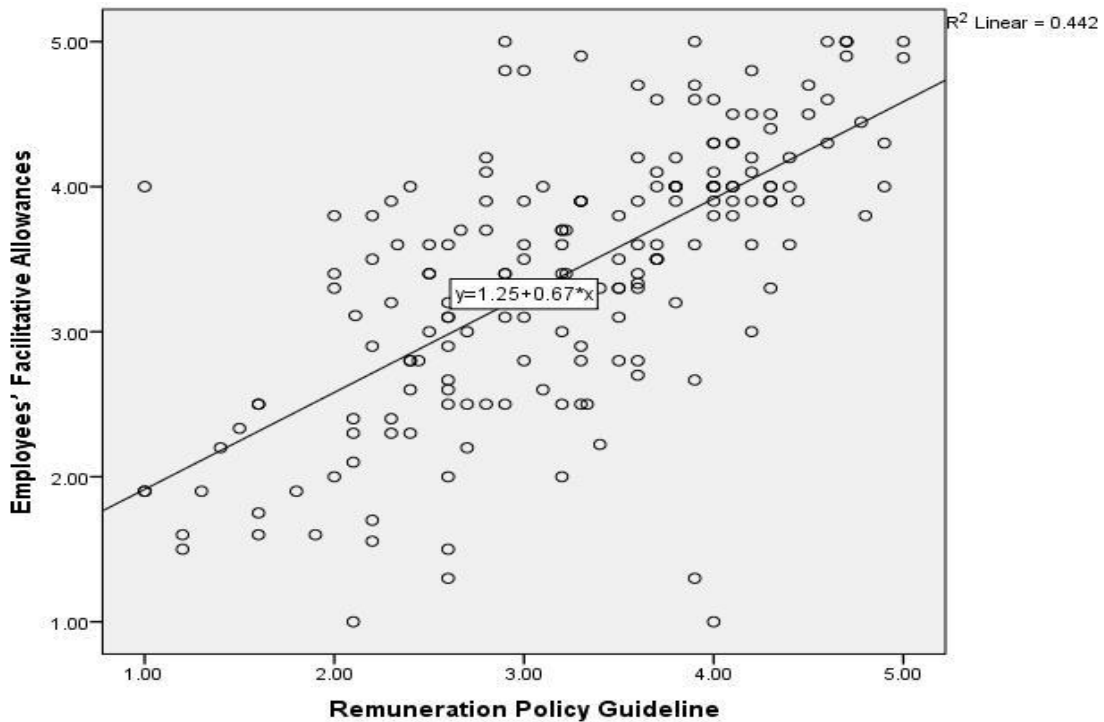
Test for Linearity



As shown in the scatter plot, the remuneration policy guideline has a reasonably positive relationship with consolidated pay. The data points are scattered around a straight-line fit represented by the equation $y = 1.49 + 0.6x$. Notably, although there are some deviations from the line, especially at higher values of consolidated pay, the overall pattern suggests that remuneration policy tends to increase consolidated pay. The upward-sloping line captures this general trend, indicating a fairly linear relationship between the two variables across the observed data range.

Figure 9

Facilitative Allowances Policy and Remuneration Policy Guideline

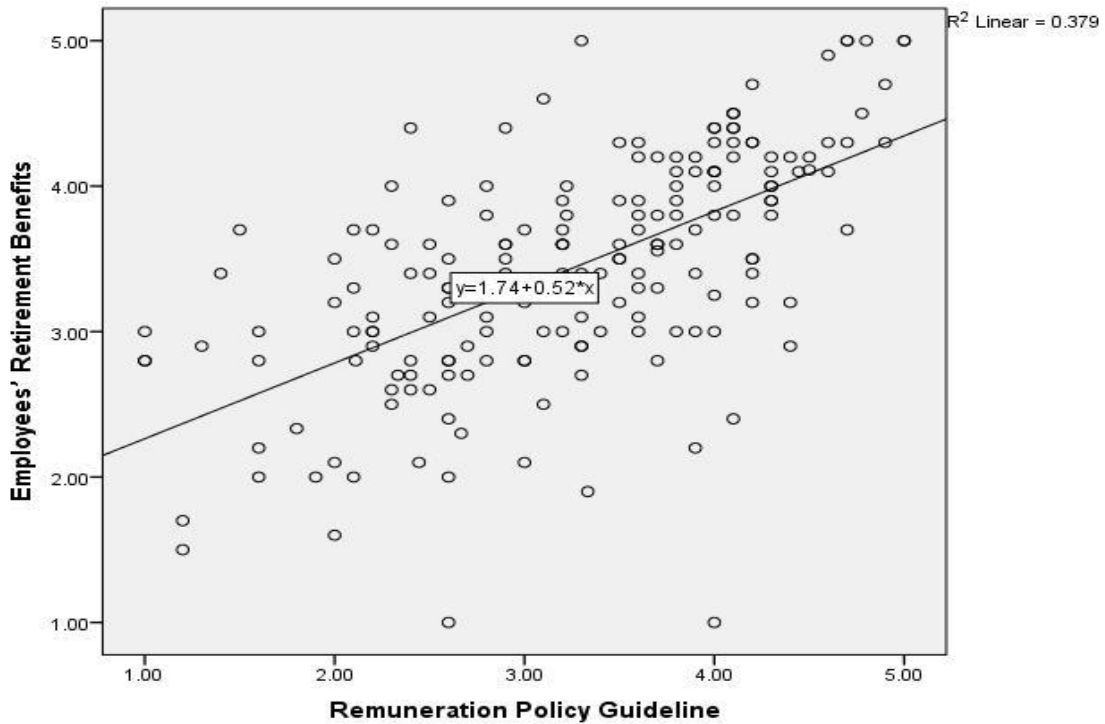


The scatter plot shows a positive linear relationship between the remuneration policy guideline variable on the x-axis and the employees facilitative allowances policy variable on the y-axis. The data points are scattered around a straight-line fit represented by the equation $y = 1.25 + 0.67x$. The overall pattern indicates that the positive changes in Remuneration policy guidelines tend to increase the employees facilitative allowances policy linearly. The upward-sloping line captures this general trend, indicating a fairly

linear relationship between the two variables across the observed data range, thus passing the linearity test.

Figure 10

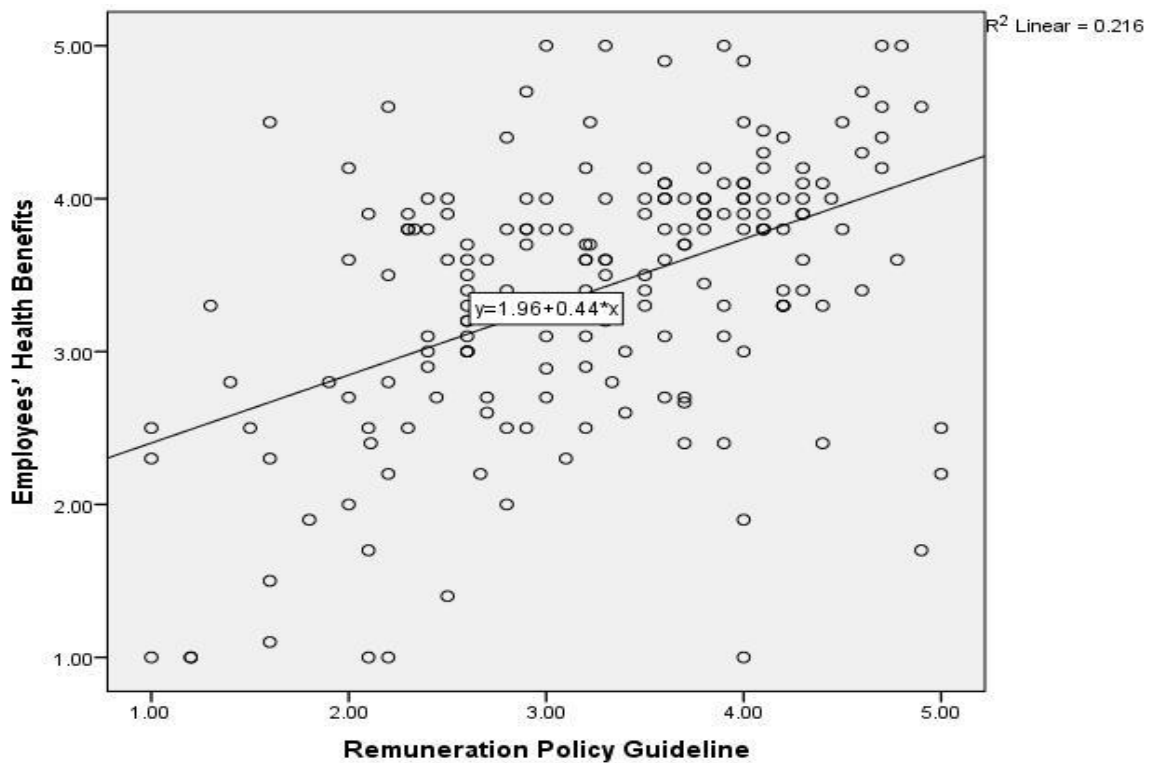
Retirement Benefits Policy and Remuneration Policy Guideline



As shown in the scatter plot, Remuneration policy guideline has a reasonably positive relationship with employees retirement benefits policy. The data points are scattered around a straight-line fit represented by the equation $y = 1.74 + 0.52x$. The overall pattern suggests that remuneration policy tends to increase employee's retirement benefits policy. The upward-sloping line captures this general trend, indicating a fairly linear relationship between the two variables across the observed data range.

Figure 11

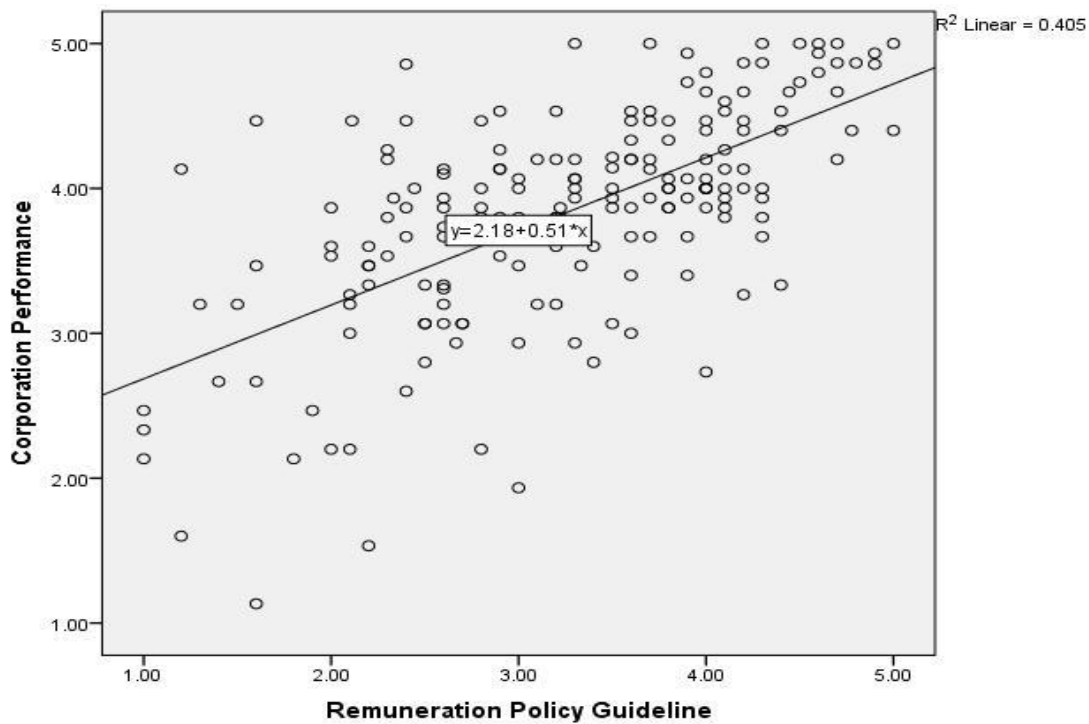
Health Benefits Policy and Remuneration Policy Guideline



This scatter plot shows a positive linear relationship between the remuneration policy guideline and the employees health benefits policy. The data points are scattered around a straight-line fit represented by the equation $y = 1.06 + 0.44x$. The overall pattern suggests that the positive changes in remuneration policy guidelines increases the employees health benefits policy. The upward sloping line captures this general linear trend across the observed data range. However, the R-squared value of 0.216 indicates a relatively weak linear fit.

Figure 12

Health Benefits Policy and Remuneration Policy Guideline



This scatter plot shows a positive linear relationship between the variables with data points scattered around a straight-line fit represented by the equation $y = 2.18 + 0.51x$. The overall pattern suggests that a positive change in remuneration policy guideline increases corporation performance. The upward sloping line captures this general linear trend across the observed data range. The R-squared value of 0.405 indicates a moderate linear fit.

4.7 Descriptive Statistics

In this section, various mean scores (M), standard deviation (SD), Skewness, and Kurtosis and ratings for all the measurement attributes related to the implementation of Employees Compensation Variables, Remuneration policy guidelines and State Corporate Performance are presented. Ratings are on the commercial state corporation's implementation of employees consolidated pay, employees facilitative allowance policy,

health benefits policy, retirement benefits policy, Salaries and Remuneration policy guideline, as well as performance, based on direction, execution, results measures and overall corporate direction.

4.7.1 Employees Consolidated Pay Remuneration Policy

The response variable of the study was Employees Consolidated Pay remuneration policy. The results are presented in Table 16 below. Participants were asked to rate 10 statements relating to employees consolidated pay based on a five-point Likert scale:

Table 16*Ratings on Employees Consolidated Pay*

Statement	SD	D	U	A	SA	Mean	Std. D
Our corporation's cons.pay remuneration policy has standardised basic compensation services	10 (5.3%)	30 (16%)	10 (5.3%)	93 (49.7%)	44 (23.5%)	3.70	1.153
Our corporation's cons.pay remuneration policy has simplified the compensation process	10 (5.4%)	28 (15.1%)	22 (11.8%)	92 (49.5%)	34 (18.3%)	3.60	1.112
Our corporation's cons.pay remuneration policy is following applicable laws	9 (4.8%)	11 (5.9%)	21 (11.3%)	86 (46.2%)	59 (31.7%)	3.94	1.051
Our corporation's cons.pay remuneration policy is competitive in the current labour market	34 (18.5%)	46 (25%)	17 (9.2%)	65 (35.3%)	22 (12%)	2.97	1.353
Our corporation's cons.pay remuneration policy attracts highly qualified and experienced employees	29 (15.7%)	46 (24.9%)	23 (12.4%)	62 (33.5%)	25 (13.5%)	3.04	1.326
Our corporation's cons.pay remuneration policy is consistent with employee's productivity and performance	21 (11.4%)	60 (32.6%)	38 (20.7%)	51 (27.7%)	14 (7.6%)	2.88	1.164
Our corporation's cons.pay remuneration policy is informed by job evaluation reports	20 (10.8%)	47 (25.4%)	39 (21.1%)	53 (28.6%)	26 (14.1%)	3.10	1.239
Our corporation's cons.pay remuneration policy clearly communicates remuneration plans to all the employees	21 (11.3%)	39 (21%)	28 (15.1%)	71 (38.2%)	27 (14.5%)	3.24	1.256
Our corporation's cons.pay remuneration policy has effective administration schemes	11 (6%)	30 (16.4%)	37 (20.2%)	80 (43.7%)	25 (13.7%)	3.43	1.101
Our corporation's cons.pay remuneration policy is based on performance related pay rise	34 (18.5%)	58 (31.5%)	33 (17.9%)	49 (26.6%)	10 (5.4%)	2.69	1.204
Aggregate Score						3.26	1.196

Key: SD = Strongly Disagree, D= Disagree, U= Unsure, A= Agree, and SA = Strongly Agree).

The results indicate that most respondents (73.2%) agreed that their corporation's consolidated remuneration policy has Standardised basic compensation services

($M=3.70$, $SD=1.153$). Besides standardised basic compensation services, most respondents (67.8%) agreed that their corporation's remuneration policy had simplified the compensation process ($M=3.60$, $SD=1.112$). These first two findings were the highest, and this underscored the importance of standardisation and simplification of compensation services and processes and is supported by (Bob, 2011; Kruse, 2022), who opined that remuneration processes and philosophies should be further broken down into policies and strategies, guiding principles, Structures and procedures for ease of understanding and implementation. The results further suggest most of the corporation's consolidated pay remuneration policies follow applicable laws ($M=3.94$, $SD=1.1051$). This finding is posited by the SRC policy guideline (2020), which underscores the legally binding nature of all instruments pertaining to remuneration in the entire public service, including the commercial state corporations, especially in compliance with the provisions of the Constitution of Kenya, 2010 and the Employment and Labour Relations Court, Act, 2011.

The results established most respondents (47.3%) agreed on the competitiveness of the consolidated pay remuneration policies in the current labour market ($M=2.97$, $SD=1.353$). This finding is supported by Ahmad and Muqaddas (2016), who opined that an organisation's performance can be enhanced through the provision of attractive remuneration, such as competitive salary and other forms of reward. Therefore, this finding could be attributed to the corporation's consolidated pay remuneration policy, where most of the respondents (47%) agreed that their corporation's consolidated pay remuneration policy attracts highly qualified and experienced employees ($M=3.04$, $SD=1.326$). This finding aligns well with Guadalupe and Doz (2019), who underscore the position of remuneration policy and employee competency qualifications as being key to an organisation's path to excellence.

The results also established that most respondents agreed that the corporation's consolidated pay remuneration policy is consistent with employee productivity and performance ($M=2.88$, $SD=1.164$). This result is aligned with the findings of Kim and Jang (2020), who assert that sound remuneration policies are a prerequisite for translating strategy into outstanding organisational performance. This could be attributed to the implementation of the job evaluation reports as indicated by most respondents (44.7%) who agreed that their corporation's consolidated pay remuneration policy is informed by job evaluation reports ($M=3.10$, $SD=1.239$). Most (52.7%) of participants agreed that consolidated pay remuneration policy in their corporations clearly communicates remuneration plans to all the employees ($M=3.24$, $SD=1.256$), and this could be attributed to the presence of effective administrative schemes in most of the corporations as revealed by 57.4 per cent of the participants who agreed that corporation's consolidated pay remuneration policy has effective administration schemes ($M=3.43$, $SD=1.101$).

The above three findings on compensation and job evaluation, clear communication of remuneration plans and effective administration of remuneration schemes align well with the findings of Rouen (2020) who underscored the dangers of unexplained disparities and opaque remuneration. In aggregate, the consolidated pay rating was above average ($M=3.258$, $SD=1.1958$). The results also showed that the standard deviation ranges from 1.051 to 1.326, with an overall standard deviation of ($SD=1.196$). This was evidence that the dispersion was distributed around the mean and hence depicted a normal distribution.

4.7.2 Employees Facilitative Allowances Policy

The response variable of the study was Employees facilitative allowances. The results are presented in Table 17.

Table 17*Ratings on Employee's Facilitative Allowances Policy*

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 employee's role and are 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 organization	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 are comparable to colleagues with similar qualifications in the organization	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 are 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 role are fair for the roles they undertake	17 (9.3%)	38 (20.8%)	30 (16.4%)	75 (41%)	23 (12.6%)	3.27	1.195
Aggregate Score						3.42	1.17

Key: SD = Strongly Disagree, D= Disagree, U= Unsure, A= Agree, and SA = Strongly Agree).

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 clearly stipulates the dates of the payments of the allowances (3.73 , $SD=1.074$).

Generally, the results in Table 16 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 its 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). The results also showed that 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.

4.7.3 Employees Retirement Benefits Policy

The response variable of the study was Employees Retirement benefits policy. The results are presented in Table 18.

Table 18*Ratings on Employee's Retirement Benefits*

Statement	SD	D	U	A	SA	Mean	Std. D
Our corporation's employees retirement benefits policy is a source of motivation to employees	13 (7%)	22 (11.9%)	28 (15.1%)	74 (40%)	48 (25.9%)	3.66	1.188
Our corporation's employees retirement benefits policy has a huge influence on the rate of employees turnover.	12 (6.5%)	43 (23.2%)	50 (27%)	55 (29.7%)	25 (13.5%)	3.21	1.138
Our corporation's employees retirement benefits policy has been a source of attraction to highly skilled employees	18 (9.7%)	39 (21.1%)	56 (30.3%)	54 (29.2%)	18 (9.7%)	3.08	1.132
Our corporation's employees retirement benefits policy has been developed on the basis of productivity of employees	24 (13%)	56 (30.4%)	51 (27.7%)	40 (21.7%)	13 (7.1%)	2.79	1.136
Our corporation's employees retirement benefits policy has attained employees loyalty reducing employee levels of their negligence.	15 (8.1%)	39 (21.1%)	59 (31.9%)	61 (33%)	11 (5.9%)	3.08	1.050
Our corporation's employees retirement benefits policy is supported by the existing legal framework.	5 (2.7%)	7 (3.8%)	15 (8.1%)	82 (44.3%)	76 (41.1%)	4.17	.928
Our corporation's employees retirement benefits policy is competitive comparatively in the larger public service.	11 (6%)	21 (11.5%)	39 (21.4%)	69 (37.9%)	42 (23.1%)	3.60	1.141
Our corporation's employees retirement benefits policy attracts highly qualified and experienced employees that achieve the corporation's performance	19 (10.3%)	40 (21.7%)	54 (29.3%)	53(28.8%)	18 (9.8%)	3.06	1.146
Our corporation's employees retirement benefits policy specifies the administration of the employees' pension benefits	4 (2.2%)	12 (6.5%)	23 (12.5%)	88 (47.8%)	57 (31%)	3.99	.947
Our corporation's employees retirement benefits policy is simple enough and therefore can be understood by the employees	8 (4.3%)	21 (11.4%)	29 (15.7%)	77 (41.6%)	50 (27%)	3.76	1.103
Aggregate Score						3.44	1.091

Key: SD = Strongly Disagree, D= Disagree, U= Unsure, A= Agree, and SA = Strongly Agree).

The results show that most respondents, about two thirds (65.9%) agreed that their corporation's employees retirement benefits policy is a source of motivation for employees ($M=3.66$, $SD=1.188$). Besides it being a source of motivation, most respondents (43.2%) agreed that their corporation's employees retirement benefits policy has a huge influence on the rate of employee turnover ($M=3.21$, $SD=1.138$). These findings on the central role played by retirement benefits in firm performance align well with the findings of Akomofale et al. (2018), who, in their study, find that retirement benefits, among other monetary offerings, exhibit a positive relationship with the Return on Assets (ROA) of manufacturing companies, with the study concluding that this benefit enhances the profitability of the manufacturing companies in Nigeria.

The results further suggest that the corporation's employees retirement benefits policy has been a source of attraction to highly skilled employees ($M=3.08$, $SD=1.132$). These findings align with the study findings of Papakyriakou (2023), who, in examining the relationship between pension benefit funding levels and firm performance, posits that better pension benefits are associated with better firm performance. Overall, results in Table 16 indicate that a large portion (38.9%) of the participants agreed that their corporation's employees retirement benefits policy has attained employees loyalty reducing employee levels of their negligence ($M=3.08$, $SD=1.136$), is competitive comparatively in the larger public service ($M=3.60$, $SD=1.141$), and that the employees retirement benefits policy attracts highly qualified and experienced employees that achieve the corporation's performance ($M=3.06$, $SD=1.146$). This could be attributed to the large proportion of corporation's retirement benefits policies that are supported by the existing legal framework ($M=4.17$, $SD=0.928$). These findings are supported by Kathula and Naomi (2022), who, in their study, opined that planning, performance and

proper management of retirement benefit schemes are central to employee and organisational performance. The aggregate employee's retirement benefits implementation rating was above average (M=3.44, SD= 1.091).

The results also showed that the standard deviation ranges from 0.928 to 1.188, with an overall standard deviation of (SD=1.058). This was evidence that the dispersion was distributed around the mean and hence depicted a normal distribution.

4.7.4 Employees Health Benefits Policy

The response variable of the study was Employees Health benefits. The results are presented in Table 19:

Table 19*Ratings on Employee's Health Benefits*

Statement	SD	D	U	A	SA	Mean	Std. D
Our corporation's employees health benefits policy is adequate to cover all aspects of employees health	20 (10.8%)	35 (18.9%)	19 (10.3%)	73 (39.5%)	38 (20.5%)	3.40	1.299
Our corporation's employees health benefits policy includes employees Ex-Gratia policy, with approvals determined by the Board of Directors.	15 (8.1%)	36 (19.5%)	31 (16.8%)	70 (37.8%)	33 (17.8%)	3.38	1.215
Our corporation's employees health benefits policy is based on reimbursements on cost included directly from employees expenses	27 (14.8%)	42 (23%)	27 (14.8%)	65 (35.5%)	22 (12%)	3.07	1.288
Our corporation's employees health benefits policy covers health service providers both in public and private health facilities	13 (7.1%)	11 (6%)	11 (6%)	92 (50%)	57 (31%)	3.92	1.116
Our corporation's employees health benefits policy has a dual contribution both from employees and the government	47 (25.4%)	43 (23.2%)	31 (16.8%)	47 (25.4%)	17 (9.2%)	2.70	1.337
Our corporation's employees health benefits policy is effective and meets employees expectations	25 (13.7%)	28 (15.3%)	22 (12%)	78 (42.6%)	30 (16.4%)	3.33	1.297
Our corporation's employees health benefits policy is efficient and delivers the results required	23 (12.4%)	23 (12.4%)	26 (14.1%)	81 (43.8%)	32 (17.3%)	3.41	1.261
Our corporation's employees health benefits policy is covered within the existing legislation.	10 (5.5%)	7 (3.8%)	26 (14.3%)	88 (48.4%)	51 (28%)	3.90	1.033
Our corporation's employees health benefits policy specifies the administration of the employees health covers	12 (6.5%)	11 (6%)	22 (12%)	93 (50%)	46 (25%)	3.82	1.081
Our corporation's employees health benefits policy has been the basis of productivity of employees	23 (12.4%)	35 (18.9%)	38 (20.5%)	68 (36.8%)	21 (11.4%)	3.16	1.221
Aggregate Score						3.41	1.215

Key: SD = Strongly Disagree, D= Disagree, U= Unsure, A= Agree, and SA = Strongly Agree).

The results revealed that most (60%) of the participants agreed that their corporation's employees health benefits policy is adequate to cover all aspects of employees health (M=3.40, SD=1.299). Similarly, most participants (55.6%) agreed that their corporation's employees health benefits policy includes employees Ex-Gratia policy, with approvals determined by the Board of Directors (M=3.38, SD=1.215). It was also indicated by most of respondents (81%) that their corporation's employees health benefits policy covers health service providers both in public and private health facilities (M=3.92, SD=1.116). This could have attributed to the response by 59 per cent of the participants who opined that their corporation's employees health benefits policy is effective and meets employees expectations (M=3.33, SD=1.297) and to the most of respondents (61.1%) who agreed that their corporation's employees health benefits policy is efficient and delivers the results required.

The above findings align well with Tsolmon and Ariely (2022) who postulate that there are positive effects of health insurance policy on worker retention, worker productivity and firm performance. Similarly, 75 per cent of respondents agreed with the view that their corporation's employees health benefits policy specifies the administration of the employees health covers (M=3.82, SD=1.081), and this could be attributed to most respondents who agreed that their corporation's employees health benefits policy had been the basis of productivity of employees (M=3.16, SD=1.221). This finding aligns itself well with the study by Edwinah et al. (2021), who concluded that employee medical benefits enhance the overall growth of an organisation and increase productivity. The aggregate score for health benefit implementation was above average (M=3.41, SD= 1.215).

The results also showed that the standard deviation ranges from 1.033 to 1.337, with an overall standard deviation of (SD=1.185). This was evidence that the dispersion was distributed around the mean and hence depicted a normal distribution.

4.7.5 Performance of Commercial State Corporations

Table 20

Ratings of Direction Perspective of the Commercial State Corporations

Statement	SD	D	U	A	SA	Mean	Std. D
Our corporation has a well-developed vision, mission, values and purpose geared towards driving the corporation's business.	2 (1.1%)	3 (1.6%)	4 (2.2%)	70 (38.2%)	104 (56.8%)	4.48	.725
Our corporation has clear tools and mechanisms for all employees implementing the corporation's work plan arising from the strategic plan.	2 (1.1%)	11 (6.0%)	13 (7.1%)	89 (48.9%)	67 (36.8%)	4.14	.874
Our corporation has internal quality management system to deliver highly valued products and services	2 (1.1%)	15 (8.2%)	14 (7.7%)	102 (56.0%)	49 (26.9%)	3.99	.883
Our corporation has an internal business process for monitoring all aspects of our productivity and stakeholder management.	4 (2.2%)	16 (8.8%)	21 (11.6%)	98 (54.1%)	42 (23.2%)	3.87	.943
Our corporation's internal process is clearly driven by sound leadership and a culture of shared beliefs, attitudes and values leading to high organizational performance.	9 (5.0%)	20 (11.0%)	17 (9.4%)	84 (46.4%)	51 (28.2%)	3.82	1.113
Aggregate Scores						4.06	.908

Key: SD = Strongly Disagree, D= Disagree, U= Unsure, A= Agree, and SA = Strongly Agree).

From the above results, most of the respondents (95%) agreed that their corporation has a well-developed vision, mission, values and purpose geared towards driving the corporation's business (M=4.48, SD=0.725). The finding could be attributed to the presence of implementing the corporation's work plan where most of the respondents (85.7%) indicated that their corporation had clear tools and mechanisms for all

employees to implement the corporation's work plan arising from the strategic plan (M=4.14, SD=0.874). This finding on the central role played by offering direction through designing clear strategy, vision, mission, and values is postulated by Para-González et al. (2019) in their study findings, which establish that a leadership style that embraces a strategic approach contributes immensely to the success of the organisation. This finding also aligns itself with the study findings of Gilouri and Shafiezadeh (2021), who note that resourcing employees with adequate tools is one of the critical factors that contribute towards organisational performance. The results further established that (76.9%) of the respondents agreed the corporation has an internal quality management system to deliver highly valued products and services (M=3.99, SD=.883).

The results further suggest that a corporation's internal process is clearly driven by sound leadership and a culture of shared beliefs, attitudes and values, leading to high organisational performance (M=3.83, SD=1.113). This finding is aligned with the centrality of corporate strategy and culture on embracing internal process as averred by Menezes et al. (2022), who postulate that there are strong links established between achieving the organisation's strategy and executing within the agreed internal process framework. The aggregate score for the direction perspective of commercial state corporations was high (M=4.06, SD=0.908). The results also showed that the standard deviation ranges from 0.953 to 1.108, with an overall standard deviation of (SD=0.919). This was evidence that the dispersion was distributed around the mean and hence depicted a normal distribution. Results of Execution Perspective are presented in Table 19 below:

Table 21*Ratings on Performance Execution of Commercial State Corporations*

Statement	SD	D	U	A	SA	Mean	Std.D
Our corporation's support of quality policies by senior level management that engage stakeholders	6 (3.3%)	14 (7.7%)	16 (8.8%)	100 (55.2%)	45 (24.9%)	3.91	.970
Our corporation's employees are given chance to participate in decision making to increase participation	8 (4.4%)	23 (12.7%)	15 (8.3%)	96 (53%)	39 (21.5%)	3.75	1.071
Our corporation pay attention to customer as drivers of performance	8 (4.4%)	10 (5.5%)	10 (5.5%)	101 (55.5%)	53 (29.1%)	3.99	.983
Our corporation has a tool for profiling key stakeholders and their needs	13 (7.2%)	25 (13.9%)	33 (18.3%)	75 (41.7%)	34 (18.9%)	3.51	1.160
Our corporation has clarity for execution of performance indicators	11 (6.1%)	13 (7.2%)	18 (9.9%)	88 (48.6%)	51 (28.2%)	3.86	1.096
Aggregate Score						3.80	1.056

Key: SD = Strongly Disagree, D= Disagree, U= Unsure, A= Agree, and SA = Strongly Agree)

The results above show that a large majority (80.1%) of participants agreed that their corporation supports quality policies by senior-level management that engage stakeholders (M=3.91, SD=0.970). Similarly, most participants (74.5%) agreed that their corporation's employees are given a chance to participate in decision-making to increase participation (M=3.75, SD=1.071). These results align with the findings of Gilouri and Shafieezadeh (2021), who establish that sound management policy and stakeholder partnerships, among others, are central to organisational performance. Most respondents (59.6%) established that their corporations have a tool for profiling key stakeholders and their needs (M=3.51, SD=1.160).

This could contribute to most of the responses (84.6%) that their corporation pays attention to customers as drivers of performance ($M=3.99$, $SD=0.983$). This finding is supported by Wierzbic and Martusewicz (2019), who postulates that sound policies and customer focus contribute to profitability and increased value of shares at the stock exchange. In addition, the results also indicated that most of the respondents (76.8%) had clarity for the execution of performance indicators ($M=3.86$, $SD=1.096$). This finding is supported by Al-Majali and Almhira (2018), who postulate that clarity of performance milestones, continuous identification of performance weaknesses and putting in place intervention measures are key to clear performance execution. The aggregate score for the performance execution in commercial state corporations is above average ($M=3.80$, $SD=1.056$).

The results also showed that the standard deviation ranges from 0.970 to 1.160, with an overall standard deviation of ($SD=1.065$). This was evidence that the dispersion was distributed around the mean and hence depicted a normal distribution. Results of perspective are presented in Table 22.

Table 22*Ratings of Results Obtained Commercial State Corporations' Performance*

Statement	SD	D	U	A	SA	Mean	Std. D
Our corporation has a results-based tool for measuring performance indicators used to identify and prioritise improvement opportunities	7 (3.9%)	16 (8.8%)	21 (11.6%)	99 (54.7%)	38 (21%)	3.80	.997
Our corporation has a results-based tool for partnership, which is add-value to our customer/supplier chain	8 (4.4%)	27 (14.9%)	56 (25.4%)	79 (43.6%)	21 (11.6%)	3.43	1.023
Our corporation has clear creativity and innovation encouraged to develop competitive products and services	5 (2.8%)	39 (21.5%)	25 (13.8%)	78 (43.1%)	34 (18.8%)	3.54	1.108
Our corporation has developed an oriented customer survey tool to determine and enhance customer satisfaction	5 (2.8%)	33 (18.4%)	26 (14.5%)	80 (44.7%)	35 (19.6%)	3.60	1.084
Our corporation has a matrix for results monitoring and evaluation.	4 (2.2%)	19 (10.6%)	25 (14%)	97 (54.2%)	34 (19%)	3.77	.953
Aggregate Score						3.63	1.033

Key: SD = Strongly Disagree, D= Disagree, U= Unsure, A= Agree, and SA = Strongly Agree).

The analysis (Table 22) revealed that 75.7 per cent of the participants agreed with the statement that their corporation has a results-based tool for measuring performance indicators used to identify and prioritise improvement opportunities (M=3.80,

SD=0.997). This position is aligned with the studies by Asif et al. (2012), who concluded that results play a pivotal role in the organisation as they represent outcomes and impacts of the organisation's processes and outcomes. However, a small segment (12.7%) disagreed, while 11.6 per cent were unsure. On the partnership, 55.2 per cent of respondents agreed, while 19.3 per cent disagreed that their corporation has a results-based tool for partnership which is add-value to our customer/supplier chain (M=3.43, SD=1.023). This position is firmed up by Bukvič (2022) in his studies on the role of stakeholders and partnership in achieving results, where he posits that engaging stakeholders, integrating their feedback and collaborating with external stakeholders enables organisations to improve customer satisfaction and achieve better results in terms of quality and efficiency. Twenty-five-point-four per cent of the participants were unsure. The majority (64.3%) of participants agreed that their corporation has clear creativity and innovation encouraged to develop competitive products and services (M=3.54, SD=1.108), 21.2 per cent disagreed, while 14.5 per cent were unsure.

These findings align well with the findings of a study by Fonseca (2022), who underscores the link between creativity and innovation as key drivers in the development of new solutions, processes and improvements which directly impact organisations' outcomes, impact and results. Sixty-four point three of the participants indicated that their corporation had developed a result-oriented customer survey tool to determine and enhance customer satisfaction (M=3.60, SD=1.084), 21.2 per cent disagreed with the statement, while 14.5 per cent were not sure. Lastly, 73.2 per cent of respondents agreed with the statement that their corporation has a matrix for results monitoring and evaluation (M=3.77, SD=0.953). These findings align with studies by Rodríguez-González et al. (2020), who established the fundamental role played by the

use of the framework for Monitoring and Evaluation inclusive of self-assessment tools in identifying and implementing advancement initiatives. Notably, 14 per cent were unsure, while 12.8 per cent disagreed with the statement. The aggregate score for results obtained in state corporations was above average (M=3.63, SD=1.033). The results also showed that the standard deviation ranges from 0.953 to 1.108, with an overall standard deviation of that was evidence that the dispersion was distributed around the mean and hence depicted a normal distribution.

The performance of commercial state corporations was measured from three perspectives. Analysis of the extent of implementation was disaggregated per perspective. This section presents the aggregated scores. The aggregate performance is presented in Table 23 below.

Key: (1 = Strongly Disagree, 2= Disagree, 3= Unsure, 4 = Agree, and 5 = Strongly Agree).

Table 23

Aggregate Commercial State Corporations' Performance Score

Perspective	Mean	Std. Dev
Performance Execution of commercial state corporations	3.80	1.056
Results obtained commercial state corporations 'performance	3.63	1.033
Direction perspective of the commercial state corporations	4.06	.908
Aggregate commercial state corporation performance score	3.83	.999

From the results in Table 21 above, the direction perspective of the commercial state corporations had the highest scores and lowest dispersion (M= 4.06, SD = .908), followed by Performance Execution of commercial state corporations (M= 3.80, SD = 1.056), and lastly, Results perspective, of commercial state corporations' performance

(M=3.63, SD=1.033). This score translated to above average (M= 3.83, SD = .999) performance. This finding aligns well with the above individual analysis of respective findings.

4.7.6 Remuneration Policy Guideline

The response variable of the study was the Remuneration policy guideline. The results are presented in Table 24 :

Table 24

Ratings on Remuneration Policy Guideline Guide

Statement	SD	D	U	A	SA	Mean	Std. D
Our corporation salaries have been standardised from the advice from salaries and remuneration policy guidelines.	15 (8.1%)	24 (13.0%)	26 (14.1%)	74 (40.0%)	46 (24.9%)	3.61	1.221
Our corporation has applied salary scales recommended by Salaries and Remuneration policy guidelines.	12 (6.5%)	23 (12.4%)	29 (15.7%)	69 (37.3%)	52 (28.1%)	3.68	1.194
Our corporation has adjusted the pay structure of the employees bases on Salaries and Remuneration policy guidelines.	15 (8.1%)	25 (13.5%)	36 (19.5%)	65 (35.1%)	44 (23.8%)	3.53	1.220
Our corporation salaries have been subjected to employees job grading and salary structure as per Salaries and Remuneration policy guideline.	10 (5.4%)	26 (14.1%)	26 (14.1%)	75 (40.5%)	48 (25.9%)	3.68	1.162
Discrepancies in pay in the corporation have been harmonized based on the recommendations from Salaries and Remuneration policy guideline.	19 (10.3%)	33 (17.9%)	39 (21.2%)	57 (31.0%)	36 (19.6%)	3.32	1.263

Pay in our corporation has been successfully implemented based on fairness and equity as per the recommendations of salaries and Remuneration policy guideline.	21 (11.4%)	32 (17.3%)	41 (22.2%)	57 (30.8%)	34 (18.4%)	3.28	1.266
Our corporation's salary & remuneration review cycle has been successfully implemented based on Salaries and Remuneration policy guidelines.	23 (12.6%)	38 (20.9%)	39 (21.4%)	49 (26.9%)	33 (18.1%)	3.17	1.300
Our corporation has successfully conducted comparative salary surveys and made recommendations to the Salaries and Remuneration Commission for adjustments	21 (11.4%)	36 (19.6%)	47 (25.5%)	53 (28.8%)	27 (14.7%)	3.16	1.229
All employees in our corporation are satisfied by the Salaries and Remuneration Commission recommended policy guideline.	36 (19.6%)	56 (30.4%)	51 (27.7%)	30 (16.3%)	11 (6.0%)	2.59	1.151
The Salaries and Remuneration Commission policy guideline on employee remuneration is based on industry competitiveness	34 (18.4%)	34 (18.4%)	41 (22.2%)	56 (30.3%)	20 (10.8%)	2.97	1.289
Aggregate Score						3.30	1.230

Key: SD = Strongly Disagree, D= Disagree, U= Unsure, A= Agree, and SA = Strongly Agree).

Results from Table 24 establish that most respondents agreed that their corporation salaries had been standardised based on advice from the Salaries and Remuneration policy guideline (M=3.61, SD=1.221).

The results further indicated that most respondents (65.4%) corporations have applied salary scales recommended by the Salaries and Remuneration policy guidelines (3.68, 1.194). This could be attributed to the SRC policy intention of creating 100 per cent harmony of remuneration in the public service in the SRC's Fifth four-year remuneration review cycle starting the financial year 2028/2029 (SRC policy guideline, 2020). The results further indicated that most respondents (65.4%) of corporations applied salary scales recommended by the Salaries and Remuneration policy guideline (3.68, 1.194).

This finding aligns with the findings of Kim and Jang (2020), whose study underscores the central role played by remuneration policies in translating strategy to outstanding organisational performance. From the results, most respondents (50%) disagreed that all employees in their corporation are satisfied with the Salaries and Remuneration Commission's recommended policy guidelines (M=2.59, SD=1.151). This could be attributed to the findings that most of the respondent's corporations did not successfully conduct comparative salary surveys and made recommendations to the Salaries and Remuneration Commission for adjustments (M=3.16, SD=1.229), 25.5 per cent were not sure.

This finding is important as the move towards a remuneration structure devoid of disparities and discrepancies in the achievement of organisational success is underscored by the findings of a study by Rouen (2020). Generally, the results in Table 22 indicate that most of the respondents agreed that (M=3.53, SD=1.220) their corporation has adjusted the pay structure of the employees based on Salaries and Remuneration policy guidelines, with a further substantive number (45%) agreeing that their corporation's salary & remuneration review cycle has been successfully implemented based on

Salaries and Remuneration policy guideline (M=3.17, SD=1.300). Lastly, the analysis indicated that most of the participants agreed that the Salaries and Remuneration Commission policy Guideline on employee remuneration is based on industry competitiveness (M=2.97, SD=1.289). The aggregate score for salary and remuneration policy guideline guide implementation was above average (M= 3.30, SD = 1.230). The results also showed that the standard deviation ranges from 1.151 to 1.300, with an overall standard deviation of (SD=1.205. This was evidence that the dispersion was distributed around the mean and hence depicted a normal distribution.

4.8 Correlation Analysis

The nature and magnitude of the relationship between research variables is shown by correlation analysis (Bedford & Speklé, 2018.) Correlation analysis forms the foundation of regression analysis, making it crucial for establishing relationships in this study. This study established a correlation between variables by use of the Pearson product-moment correlation coefficient (r). Statistically, the correlation coefficient usually falls within the range of -1 to +1. Consequently, a positive correlation indicates a strong relationship, while a negative correlation signifies an inverse association between the variables.

4.8.1 Employees Consolidated Pay and Performance of Commercial State Corporations in Kenya

To evaluate the appropriateness of carrying out factor analysis, consolidated pay was subjected to Kaiser-Meyer-Olkin (KMO) and Bartlett's Test. These tests estimate sampling adequacy for individual components and simultaneously for the entire construct.

The results are presented in Table 25.

Table 25

Kaiser-Meyer-Olkin (KMO) and Bartlett's Test of consolidated pay

KMO Measure of Sampling		
Adequacy		.890
Bartlett's Test of Sphericity	Approx. Chi-Square	1294.195
	df	45
	Sig.	.000

The KMO test of sampling adequacy and the Bartlette test were 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 required KMO test of sampling adequacy of above 0.5 is considered sufficient to justify factor analysis (Glen, 2012). The results reveal a KMO test of 0.89, which is categorised as meritorious, based on the Kaiser Criterion, to warrant factor analysis of the data (Klein et al., 2020). Similarly, the chi-square-based Bartlett's test of sphericity ($X=1294.195$, $p=0.000$) confirms that the correlation matrix underlying the data is not an identity matrix. Thus, it was statistically acceptable to carry out a factor analysis of the data. Factor analysis to establish the number of factors and corresponding variables loaded in each was presented in the next section.

Table 26*Factor Analysis of Consolidated Pay Rem. Policy*

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	6.03679	4.91272	0.6037	0.6037
Factor2	1.12407	0.24352	0.1124	0.7161
Factor3	0.88055	0.4387	0.0881	0.8041
Factor4	0.44186	0.04307	0.0442	0.8483
Factor5	0.39879	0.10931	0.0399	0.8882
Factor6	0.28947	0.02046	0.0289	0.9172
Factor7	0.26901	0.04339	0.0269	0.9441
Factor8	0.22562	0.0467	0.0226	0.9666
Factor9	0.17892	0.02402	0.0179	0.9845
Factor10	0.15491	.	0.0155	1

LR test: independent vs. saturated: $\chi^2 (45) = 1301.77$ Prob> $\chi^2 = 0.0000$

According to the Eigenvalue criterion, the number of factors selected for further analysis are those with a value greater than one (Fincham et al., 2008). In the analysis, the first two factors have an Eigenvalue of above 1 and cumulatively explain a 71.6 per cent proportion of variance in the data. The first factor explains 60.3 per cent of the variation in the data, while the second factor explains 11.2 per cent of variation. 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 two factors loading and subjected to varimax rotation are presented hereunder.

Table 27*Rotated Component Matrix of Consolidated Pay Rem.Policy*

Variable			Factor	Factor
	Factor 1	Factor 2	Uniqueness	Commonality
Standardised basic compensation services	0.7281	0.3721	0.3314	0.6686
Simplified the compensation process	0.8434	0.2644	0.2188	0.7812
Compliance with applicable laws	0.8491	0.2225	0.2294	0.7706
Competitive in the current labour market	0.2718	0.8227	0.2494	0.7506
Attracts highly qualified and experienced employees	0.233	0.851	0.2215	0.7785
Consistent with employee productivity and performance	0.3409	0.827	0.1998	0.8002
Informed by job evaluation reports	0.4617	0.6842	0.3187	0.6813
Clearly communicates remuneration plans to all the employees	0.7356	0.3737	0.3192	0.6808
Has effective administration schemes	0.7645	0.3536	0.2905	0.7095
Is based on performance-related pay rise	0.3124	0.6648	0.4604	0.5396

The results present the loading of two retained factors using the Principal Component Factor (PCF) method. Orthogonal varimax rotation based on Kaiser normalisation was done to reduce the chances of variables loading in more than one factor. As shown, the standardisation of basic compensation services, simplification of the compensation process, compliance with applicable laws, clear communication of remuneration plans to all employees, and effective administration schemes have a high load on factor 1. Similarly, the competitiveness of compensation pays in the current labour market, attracting highly qualified and experienced employees, consistency with employee productivity and performance, and basing pay on evaluation reports and performance have

a high loading on factor 2. Notably, Uniqueness results show that all factors have a uniqueness of less than 50 per cent and a commonality of above 50 per cent. The study proceeded to assess the association between employees consolidated pay and commercial state corporation performance through regression analysis.

Table 28

Model Summary of Employees Consolidated Pay Policy and Commercial State Corporation Performance

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.637 ^a	.405	.402	.57310

a. Predictors: (Constant), Employee's Consolidated Pay rem.policy

The results in Table 26 presents the model summary of the univariate regression analysis between consolidated pay and performance of commercial state corporations. It indicates that the adjusted R-square is 0.402 i.e., 40.2 per cent. The implication of this finding was that the consolidated pay explains 40.2 per cent of the variations in performance of commercial state corporations.

Table 29

ANOVA^a of Employees Consolidated Pay Policy and Commercial State Corporation Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.766	1	40.766	124.120	.000 ^b
	Residual	59.777	182	.328		
	Total	100.543	183			

a. Dependent Variable: Corporation Performance

b. Predictors: (Constant), Employee's Consolidated Pay rem.policy

Table 27 above 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 ($F= 124.120$, $p=0.000$) relationship between commercial state corporation performance and consolidated pay rem.policy.

Table 30

Coefficients of Employees Consolidated pay and Commercial State Corporation Performance

Model		Unstandardised		Standardised		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.177	.155		14.069	.000
	Employee's consolidated pay rem.policy	.509	.046	.637	11.141	.000

a. Dependent Variable: Corporation Performance

Table 30 above illustrates the regression coefficients representing the predictor variable within the model. The column “t” signifies the significance of the predictor in the model, testing the regression null hypothesis that there’s no significant relationship between employees’s consolidated pay and the performance of commercial state corporations. The fitted linear regression model is as follows:

$$(40.2\%) = 2.177 + 0.637X_1 \text{ Where;}$$

$Y =$ Performance of commercial state corporations $X_1 =$ Employees consolidated pay rem policy

Hypothesis 1: Employees consolidated pay remuneration policy has no statistically significant effect on the performance of commercial state corporations in Kenya.

Based on the results of the study and as shown, employees consolidated pay rem. policy has a significant positive ($t=11.141$, $p=0.000$) with the performance of commercial state corporations; thus, the null hypothesis is rejected. From the regression model, when consolidated pay is not factored, state performance stands at 2.177. If consolidated pay rem.policy increases by one per cent, commercial state corporation performance increases by 0.637. This finding aligns itself and is supported by the findings of Chang et al. (2023), Bomm and Kaimann (2022), Kruse (2022), Liguyani et al. (2019), Kayode et al. (2019), Hulland et al. (2018) and Leite et al. (2019) who established that consolidated pay positively affects organisational performance.

Employees consolidated pay remuneration policy practices are important tenets in determining optimal consolidated pay. This study established that, based on the mean scores, compliance with the law, standardisation of basic compensation services and simplification of the compensation process, in that order, have been highly prioritised in the remuneration policy of commercial state corporations in Kenya. This adherence to legal and procedural issues may help in managing the wage burden by embracing remuneration reforms but may also result in lowering employees morale. This outcome aligns with Civera et al. (2021) findings that changes in compliance in line with the legal and procedural reforms have adverse effects on pay structure and, in the long run, impact the corporation's performance. The researcher argues that wage consolidation, especially as an austerity measure, leads to inequality and demotivation and affects organisational performance.

Proper employee compensation supports the achievement of the organisational strategic goals and objectives by ensuring the attraction and retention of a skilled and motivated workforce, thereby leading to organisational success (Abdullah et al., 2021). The results of this study also show that the effectiveness of administrative schemes, communication

of remuneration plans, focus on job evaluation recommendations, and attracting highly qualified and experienced employees are of moderate importance to the remuneration policy of commercial state corporations in Kenya. Important to note is that the results show compensation policies for commercial state corporations have consideration for attracting and retaining highly qualified staff. However, since this is moderately considered, it has a toll on staff turnover rates in these corporations. Participants pointed out that these corporations have experienced stiff competition from multinational corporations (MNCs), which target experienced and well-trained personnel from commercial state corporations. This impacts salary increments as the limited funds received from the government exchequer (Treasury) are channelled towards training new personnel to replace those that have been hired by MNCs.

Finally, the results show that compensation competitiveness in the current labour market, consistent with employee productivity and performance and performance-related pay raises, is of the least importance to remuneration policies of commercial state corporations in Kenya. Participants expounded this, noting that since their salary increment and review is subject to Acts of Parliament and is pegged on approval by the government, they frequently suffer from low consolidated pay that is exacerbated by inadequate funds from the exchequer. They also felt that the regular employees and job surveys do not engage employees to adequately measure performance in a manner that properly informs the provision of incentives to high-performing and dedicated employees. This finding aligns well with Kruse (2022) findings that established that higher employee participation and extensive use of a group-based pay structure create a positive work culture and overall performance.

In addition, the respondents pointed out that remuneration policy in the commercial state corporation also promotes irregular consolidated pay for some positions within the

department or lower than industry value for such positions. Consolidated pay remuneration policy practices for employees are important principles in determining optimal compensation structures and compliance with the law; standardisation of basic compensation services and simplification of the compensation process is highly prioritised in the remuneration policies (Murthy, 2021). Generally, the competitiveness of a consolidated pay package in the labour market creates a positive linkage of pay to employee productivity and performance, as well as performance-related pay raises.

Further, participants opined that the Salaries and Remuneration Commission (SRC) does not adequately address the proper consolidated pay to cushion employees from the high cost of living. This, they note, is compounded by ineffective implementation of SRC's pay recommendation, especially when such involves a rise in the overall country's wage bill. Lack of goodwill from the corporations' management, unresponsive HR procedures, technology and performance rating cards contribute to poor implementation of progressive consolidated pay policies. The findings validate Kristal et al.'s (2020) view that compensation determination is more organisationally embedded because workplaces have greater ability and incentive to alter the policy structure. Similarly, the results echo Bon and Simon's (2022) findings that compensation practices, including basic pay and mandatory allowances, had a significant effect on firm productivity.

4.8.2 Employees Facilitative Allowance policy and Performance of Commercial State Corporations in Kenya

To assess the suitability of conducting factor analysis on facilitative allowance, the Kaiser-Meyer-Olkin (KMO) and Bartlett's Test 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 31*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
	d	45
	Sig.	.000

The KMO test of sampling adequacy and the Bartlette test were carried out on the data to ascertain that the matrix is not an identity matrix, which is 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 Glen (2012) and Klein et al. (2020). 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 32*Factor Analysis of Facilitative Allowance Policy*

Factor	Eigen value	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% 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 33*Rotated Component Matrix of Facilitative Allowance Policy*

Variable	Factor1	Factor2	Factor Uniqueness	Factor Commonality
Standardised basic compensation services	0.7281	0.3721	0.3314	0.6686
Simplified the compensation process	0.8434	0.2644	0.2188	0.7812
Compliance with applicable laws	0.8491	0.2225	0.2294	0.7706
Competitive in the current labour market	0.2718	0.8227	0.2494	0.7506
Attracts highly qualified and experienced employees	0.233	0.851	0.2215	0.7785
Consistent with employee's productivity and performance	0.3409	0.827	0.1998	0.8002
Informed by job evaluation reports	0.4617	0.6842	0.3187	0.6813
Clearly communicates remuneration plans to all the employees	0.7356	0.3737	0.3192	0.6808
Has effective administration schemes	0.7645	0.3536	0.2905	0.7095
Is based on performance related pay rise	0.3124	0.6648	0.4604	0.5396

The outcomes showcase the loadings of two preserved factors obtained using the Principal Component Factor (PCF) technique. An orthogonal varimax rotation with Kaiser normalisation was applied 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, clear stipulation of the dates of the payments of the allowances, 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 50 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 34

Model summary of Employees Facilitative Allowance Policy 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 policy

The results shown on Table 32 present the model summary of the univariate regression analysis between employees' facilitative allowance and performance of commercial state corporations. It indicates that the adjusted R-square is 0.315. The implication of this finding was that the facilitative allowance explains 31.5 per cent of the variations in performance of commercial state corporations.

Table 35

ANOVA^a of Employees Facilitative Allowance Policy 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 policy

Table 35 above 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 policy.

Table 36

Coefficients ^aEmployees Facilitative Allowance Policy and Commercial State Corporation Performance

Model	Unstandardised coefficients		Standardised coefficients		
	B	Std. Error	Beta	t	Sig.
1 (Constant)	2.271	.176		12.890	.000
Employees Facilitative policy Allowances	.456	.050	.565	9.180	.000

a. Dependent Variable: Corporation Performance

Table 36 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:

$$Y (31.5\%) = .271 + 0.5657X_1$$

Where;

Y= Performance of commercial state corporations X₁ = Employees facilitative allowance policy

Hypothesis 2: Employees facilitative allowances policy has no statistically significant effect on the performance of commercial state corporations in Kenya.

From the results, employees facilitative allowances policy have a significant ($t=9.180$, $p=0.000$) linear relationship with the performance of commercial state corporations; thus, the null hypothesis is rejected. The regression model also shows that when facilitative allowance policy is not factored in, state performance stands at 2.271. If facilitative allowance policy 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 policy positively affects organisational performance.

Hypothesis 2 test thus confirmed that employee's facilitative allowances policy significantly affects the output of commercial state corporations in Kenya. Change in employees facilitative allowances policy is associated with a change in the performance of commercial state corporations. According to 180 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 policy 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 policy. Facilitative allowances policy has 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 policy 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 own 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 underscore the importance of developing and implementing remuneration policy guidelines in, which are ingrained components that espouse timeliness and fairness (Saman, 2020).

4.8.3 Employees Retirement Benefits Policy and Performance of Commercial State Corporations in Kenya

The suitability for conducting factor analysis on retirement benefits was evaluated using the Kaiser-Meyer-Olkin (KMO) and Bartlett’s Test. These tests gauge the sampling adequacy for each individual component and the overall construct. The outcomes are presented in Table 37.

Table 37

Kaiser-Meyer-Olkin (KMO) and Bartlett’s test of Employees Retirement Benefits Policy

KMO Measure of Sampling Adequacy		
Adequacy		.892
Bartlett’s Test of Sphericity		
	Approx. Chi-Square	1087.682
	df	45
	Sig.	.000

The KMO test of sampling adequacy and the Bartlette test were carried out on the data to ascertain that the matrix is not an identity matrix, which is a prerequisite test to enable factor analysis on the data. The KMO test yielded a value of 0.892 for sample adequacy, which meets the criteria proposed by Glen (2012) and Klein et al. (2020). 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 isn’t 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 38

Factor Analysis of Employees Retirement Benefits Policy

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	5.3833	4.08919	0.5383	0.5383
Factor2	1.2941	0.38865	0.1294	0.6677
Factor3	0.90546	0.29251	0.0905	0.7583
Factor4	0.61295	0.13657	0.0613	0.8196
Factor5	0.47637	0.09858	0.0476	0.8672
Factor6	0.37779	0.0801	0.0378	0.905
Factor7	0.29769	0.04726	0.0298	0.9348
Factor8	0.25043	0.00383	0.025	0.9598
Factor9	0.2466	0.09129	0.0247	0.9845
Factor10	0.15531	.	0.0155	1

LR test: independent vs. saturated: $\chi^2(45) = 1093.90$ $\text{Prob}>\chi^2 = 0.0000$

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 66.8 per cent of the variance in the dataset. The first factor elucidates 53.8 per cent of the variation, while the second factor explains 12.9 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 39

Rotated Component Matrix of Retirement Benefits Policy

Variable	Factor		Factor	Factor
	Factor 1	Factor 2	Uniqueness	Commonality
A source of motivation for employees	0.5945	0.5904	0.298	0.702
Has a huge influence on the rate of employees turnover	0.4464	0.565	0.2035	0.7965
Has been a source of attraction to highly skilled employees	0.7797	0.4106	0.2235	0.7765
Has been developed on the basis of productivity of employees	0.8511	-0.0174	0.2754	0.7246
Has attained employees loyalty by reducing Employee levels of their negligence.	0.8181	0.244	0.2711	0.7289
It is supported by the existing legal framework	0.1948	0.7868	0.343	0.657
Is competitive comparatively in the larger public service	0.5743	0.6198	0.286	0.714
Attracts highly qualified and experienced Employees that achieve the corporation's performance	0.8379	0.351	0.1747	0.8253
Specifies the administration of the employees pension benefits	0.0908	0.8164	0.3252	0.6748
It is simple enough and therefore can be understood by the employees	0.3231	0.7527	0.3291	0.6709

The analysis highlights the loadings of two selected factors obtained using the Principal Component Factor (PCF) technique. An orthogonal varimax rotation with Kaiser normalisation was applied to minimise the likelihood of variables loading onto multiple factors. The results reveal that retirement benefits, as a source of motivation to

employees and attraction to highly skilled employees, exhibit a substantial loading on factor 1. Also, loading on factor 1 includes the view that retirement benefits developed on the basis of employee productivity, helping attain employees loyalty, reducing employee levels of negligence, and attracting highly qualified and experienced employees that achieve the corporation's performance. On the other hand, retirement benefits having a huge influence on the rate of employee turnover, being supported by the existing legal framework, competitive comparatively in the larger public service and being simple enough and therefore can be understood by the employees, 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 relationship between employees retirement benefits and the performance of commercial state corporations using regression analysis.

Table 40

Model Summary for the Employees Retirement Benefits Policy and Commercial State Corporation Performance

				Std. Error of the estimate	
Model	R	R Square	Adjusted R Square		
1		.558 ^a	.312	.308	.61833

a. Predictors: (Constant), Employees Retirement Benefits policy

The results present the model summary of the univariate regression analysis between employees retirement benefits and performance of commercial state corporations. It indicates that the adjusted R-square is 0.308. This implies that the retirement benefits policy explains 30.8 per cent of the variations in the performance of commercial state corporations.

Table 41

ANOVA^a Employees Retirement Benefits Policy and Commercial State Corporation Performance

Model		Sum of squares	df	Mean Square	F	Sig.
1	Regression	31.313	1	31.313	81.900	.000 ^b
	Residual	69.203	181	.382		
	Total	100.516	182			

a. Dependent Variable: Corporation Performance

b. Predictors: (Constant) Employees Retirement Benefits policy

The above table presents the Analysis of Variance (ANOVA), illustrating the sum of squares and analysis of the overall significance of the regression model through the f-test. The presented data demonstrates a highly statistically significant (F= 81.900, p=0.000) relationship between commercial state corporation performance and retirement benefits.

Table 42

Co-efficient of Employees Retirement Benefits Policy and Commercial State Corporation Performance

Model 1	Unstandardised coefficients		Standardised coefficients		Sig.
	B	Std. Error	Beta	T	
(Constant)	2.025	.205		9.869	.000
Employees Retirement Benefits policy	.527	.058	.558	9.050	.000

a. Dependent Variable: Corporation Performance

Table 42 presents the regression coefficients depicting the dependent variable 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 retirement benefits and the performance of commercial state corporations.

The fitted linear regression model is described below:

$$Y (30.8\%) = .025+0.558X_1$$

Where;

Y= Performance of commercial state corporations X_1 = Employees retirement benefits policy

Hypothesis 3: Employees retirement benefits policy has no statistically significant effect on the performance of commercial state corporations in Kenya.

From the results, employees retirement benefits policy have a significantly positive effect ($t=9.050$, $p=0.000$) on the performance of commercial state corporations; thus, the null hypothesis is rejected. The regression model also shows when retirement benefits are not factored, commercial state corporation performance stands at 2.025. If retirement benefit policy increases by one per cent, commercial state corporation performance increases by 0.558. This finding is also averred by Papakyriakou (2023) and Kong et al. (2023), who established that retirement benefits positively affect organisational performance.

The results of Hypothesis 3 thus held that employees retirement benefits policy significantly affect performance of commercial state corporations in Kenya. Change in employees retirement benefits policy is associated with change in performance of commercial state corporations in the same direction. This validates Muema and Ngeno (2022) findings that organisational performance is explained by availability of retirement benefits policy.

Similarly, this study's results relate to Agubata et al.(2022) results, which showed that, among others, retirement benefits policy had a statistically significant impact on

organisational performance. The results established that anchoring employees retirement benefit policies on the existing legal framework in commercial state corporations are of top priority consideration. This is followed by the specification of the administration of the employees' pension benefits and simplification of the retirement benefit process in a manner that is easily understood by employees who are considered second and third in the prioritisation rank by the commercial state corporations. The findings also revealed that employees retirement benefit policy as a source of employees motivation and as a tool for competitiveness compared to the larger public service in commercial state corporations is moderately considered.

According to participants, this is exacerbated by low remuneration, poor communication on the retirement benefits policy, and the performance of the economy, which results in low investment returns and ultimately hampers the amount received from the retirement policy. Equally given this moderate consideration, it is the view that employees retirement benefits policy has a significant influence on the rate of employee turnover. This finding is aligned with the findings of Muema and Ng'eno (2022), who established that equitable provision of retirement benefits and an attractive retirement benefit plays a major role in boosting employees satisfaction and consequently enhancing the performance of an organisation. Participants stated that most corporations rely heavily on stipulation and guidance of National Treasury Guidelines, whose terms and conditions have remained stagnant over the years.

This delays the release of retirement benefits, or at times, the release is fragmented, thus not benefiting retirees as desired. One participant noted that 'retirement benefits should be equal to 80 per cent of last pay, on the income replacement ratio (IRR)'. This supports Kathula and Naomi's (2022) study findings that ascertained that the planning of retirement benefits schemes and the management of retirement benefits schemes are

important as they are primarily related to the benefits payable and play a major role in motivating employees and thereby enhancing organisational performance. Kathula and Naomi (2022) further averred that the relationship between management functions and retirement benefit schemes indicates that planning and performance of retirement benefit schemes are primarily related.

Organisations should understand the best methods of benefit packages that motivate employees and improve productivity, which can contribute positively to the overall success of the organisation (Sreenath et al., 2019). In this study, the least considered aspect of retirement benefits policies in commercial state corporations is setting the policies on the basis of employees productivity and attracting highly qualified and experienced staff required to achieve anticipated corporate performance. Others least considered by retirement benefits policies include packaging them in a manner that creates an avenue towards attaining employees loyalty to reduce their levels of negligence. This concurred with Lin et al. (2019) and Bossey's (2022) findings that employee retirement benefits have a bearing on their efficiency and effectiveness. The strength of this relationship is impacted by the psychological impact of the benefits on employees, leading to positive attitudinal and behavioural outcomes. The findings further suggest that specifying the administration of employees pension benefits and simplifying the retirement benefit process in a manner that is easily understood by employees is of high priority.

4.8.4 Employees Health Benefits policy and Performance of Commercial State Corporations in Kenya

The appropriateness of conducting factor analysis on health benefits was evaluated using the Kaiser-Meyer-Olkin (KMO) and Bartlett's Tests. These tests determine the adequacy of sampling for each individual component as well as for the overall

construct. The findings are detailed in the table below.

Table 43

Kaiser-Meyer-Olkin (KMO) and Bartlett's test of Employees Health Benefits Policy

KMO Measure of Sampling Adequacy		.887
Bartlett's Test of Sphericity	Approx. Chi-Square	1178.388
	df	45
	Sig.	.000

The KMO test of sampling adequacy and the Bartlette test were carried out on the data to ascertain that the matrix is not an identity matrix, which is a prerequisite test to enable factor analysis on the data. The KMO test yielded a value of 0.887 for sample adequacy and thus met the criteria proposed by Glen (2012) and Klein et al. (2020). This value, considered commendable according to the Kaiser criterion, justifies the application of factor analysis to the dataset. Additionally, Bartlett's test of sphericity ($X=1178.388$, $p=0.000$) affirms that the correlation matrix of the data isn't an identity matrix, justifying 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 44*Factor Analysis of Employees Health Benefits Policy*

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	5.5622	4.35271	0.5562	0.5562
Factor2	1.20949	0.41965	0.1209	0.6772
Factor3	0.78984	0.13459	0.079	0.7562
Factor4	0.65525	0.17471	0.0655	0.8217
Factor5	0.48054	0.07413	0.0481	0.8697
Factor6	0.40641	0.06345	0.0406	0.9104
Factor7	0.34296	0.07308	0.0343	0.9447
Factor8	0.26988	0.07619	0.027	0.9717
Factor9	0.1937	0.10397	0.0194	0.991
Factor10	0.08973	.	0.009	1

LR test: independent vs. saturated: $\chi^2(45) = 1185.21$ 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 67.7 per cent of the variance in the dataset. The first factor explains 55.6 per cent of the variation, while the second factor explains 12.1 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 45*Rotated Component Matrix of Employees Health Benefits Policy*

Variable	Uniqueness		Factor	Factor
	Factor 1	Factor2	Uniqueness	Commonality
Is adequate to cover all aspects of employees health	0.8541	0.0942	0.2616	0.7384
Includes employees Ex-Gratia policy with Approvals determined by the Board of Directors.	0.7073	0.2755	0.4239	0.5761
It is based on reimbursements for cost Included directly from employees expenses	0.2231	0.7578	0.376	0.624
Covers health service providers both in public and private health facilities	0.6901	0.2478	0.4623	0.5377
Has a dual contribution both from employees and the government	0.0594	0.8646	0.249	0.751
Is effective and meets employees expectations	0.8922	0.1083	0.1922	0.8078
Is efficient and delivers the results required	0.8792	0.1573	0.2023	0.7977
It is covered within the existing legislation.	0.8335	0.0692	0.3005	0.6995
Specifies the administration of the employees health covers	0.8174	0.1386	0.3126	0.6874
Has been the basis of the productivity of employees	0.6702	0.3207	0.448	0.552

The results of the loadings of two factors were retained using the Principal Component Factor (PCF) technique. An orthogonal varimax rotation with Kaiser normalisation was applied to minimise the likelihood of variables loading onto multiple factors. The results reveal the adequacy of health benefits to cover all aspects of employees health, the inclusion of employees Ex-Gratia policy, with approvals determined by the Board of

Directors, covering health service providers both in public and private health facilities, effectiveness in meeting employees expectations and efficiency in delivering results exhibit a substantial loading on factor 1.

Other variables loading to factor 1 include having health benefits covered within the existing legislation, administration of employees health cover specification and using health benefits as a basis for the productivity of employees. The results also show that having dual contributions both from employees and the government and basing health benefits on reimbursements on cost included directly from employees expenses aptly load in 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 proposed to examine the relationship between employees health benefits and the performance of commercial state corporations using a regression analysis.

Table 46

Model Summary of Employees Health Benefits Policy and Commercial State Corporation Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.524 ^a	.275	.271	.63466

a. Predictors: (Constant), Employees Health Benefits policy

The findings from the model summary of the univariate regression analysis between employees health benefits and performance of commercial state corporations yielded adjusted R-square of 0.271. The implication of this finding was that health benefits policy explain 27.1 per cent of the variations in performance of commercial state corporations.

Table 47

ANOVA^a of Employees Health Benefits Policy And Commercial State Corporation Performance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	27.610	1	27.610	68.546	.000 ^b
Residual	72.906	181	.403		
Total	100.516	182			

a. Dependent Variable: Corporation Performance

b. Predictors: (Constant) Employees Health Benefits policy

The above table presents the Analysis of Variance (ANOVA), showing 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= 68.546, p=0.000) relationship between commercial state corporation performance and employees health benefits policy.

Table 48

Coefficients^a of Employees Health Benefits Policy And Commercial State Corporation Performance

Model 1	Unstandardised		Standardised		
	B	Std. Error	Beta	T	Sig.
(Constant)	2.349	.186		12.653	.000
Employees Health Benefits policy	.436	.053	.524	8.279	.000

a. Dependent Variable: Corporation Performance

Table 46 presents the regression coefficients showing 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 health benefits and the performance of commercial state corporations. The fitted linear regression model is described below:

$$Y (27.1\%) = 2.349 + 0.524X_1 \text{ Where;}$$

Y = Performance of commercial state corporations X_1 = Employees health benefits policy

Hypothesis 4: Employees health benefits policy has no statistically significant effect on the performance of commercial state corporations in Kenya.

From the results, employees health benefits policy have a significant ($t=8.279$, $p=0.000$) linear relationship with the performance of commercial state corporations; thus, the null hypothesis is rejected. The regression model also shows when health benefits policy are held constant, state performance stands at 2.349. If health benefits policy increase by one per cent, commercial state corporation performance has an increase of 0.524. This finding is also averred by N'geno (2020) and Mustar and Yanar (2023), who established that health benefits positively affect organisational performance.

The results of Hypothesis 4, thus, showed that employees health benefits policy significantly affect performance of commercial state corporations in Kenya. Change in employees health benefits policy relates to change in performance of commercial state corporations in the same direction. This confirms the conclusion derived from Tsolmon and Ariely (2022) that established a significant positive effects of health insurance policy and ultimate firm performance.

On employees health benefits policy, covering employees with health service providers both in public and private health facilities, ensuring policy is covered within the existing legislation and specifying the administration of the employees health covers are given the greatest attention by commercial state corporations. However, some participants opined that frequent breakdown of NHIF networks, poor and irregular procurement of medical

items, poor management and governance and lack of adequate accredited hospitals by the provider across the country hamper the quality and rigorous benefit from the health schemes, both private and public facilities, to the corporations' employees, leading to demotivation. This finding is aligned with Tsolmon and Ariely (2022), who observed that health insurance has positive effects on worker retention, worker productivity, and firm performance.

The findings also show that efficiency and ensuring delivery of results required, adequacy of covering all aspects of employees health, including employees Ex-Gratia policy, with approvals determined by the Board of Directors and effectiveness in meeting employees expectations are moderately considered by health benefits policy in commercial state corporations. Nevertheless, participants opined that the health insurance covers are relatively expensive and do not cover all illnesses, especially for outpatients. Similarly, they noted that in some cases, prolonged illnesses exhaust the annual or periodical provisions of the cover, resulting in employees contributions to the medical bills. From this, commercial state corporations appear to follow Liu et al.'s (2022) findings that revealed a relationship between the payment rate for social health benefits and the total factor productivity of a firm. According to the study, a reduction in employers' contribution rate leaves resources needed to broaden firm investment in technology that promotes overall organisational productivity, hence creating a need to balance the benefit and organisational operational priorities.

The study also observed the effect of employee social benefits on organisational factor productivity. Papakyriakou (2023) established that higher levels of social benefits funding are associated with better firm performance and higher financial gains. Similarly, Mustar and Yanar (2023) noted that averting employees health challenges, including disabling work-related injury and illness, leads to employee retention and morale,

improved production quality, and strengthened corporate reputation, hence leading to better organisational performance. Thus, from the results of this study, low investment in employee health benefits by these commercial state corporations has the potential of lowering overall productivity in commercial state corporations.

From the results, the least considered aspects in commercial state corporations' health benefits policy include the productivity of employees, reimbursements on cost included directly from employees expenses and having dual contributions both from employees and the government. Participants felt that the CBA agreements between the employer, government, and NHIF are unclear, causing a lot of uncertainty in terms of benefits, the release of funds, and coverage. Employees hired on short term or temporary basis significantly contribute towards corporation performance are left out of corporation specific health benefits i.e., health insurance and medical health covers and are only entitled to the statutory health benefit. Respondents noted that the recent suggestion to change National Health Insurance Fund cover to the Social Health Insurance Fund has created a lot of uncertainties on the future of employees health cover.

In addition, as a new scheme, the Social Health Insurance Fund is not well understood by the contributors and the employers. This may affect its efficiency as established by Kong et al. (2023) findings that corporate expenditure on social benefits manifests an inverted U-shaped association with organisation sustainability performance. The study further established that excessive social benefit burden could negatively affect internal value creation and environmental performance. However, Edwinah et al. (2021) findings depart from this postulation. The study established a positive relationship between employee benefits and the growth of an organisation noting that employee medical benefits and insurance covers enhance the overall growth of an organisation and increase productivity. The researchers note that using such benefits and integrating them with other incentives

contributes to a firm's growth and long-term performance outcomes. They added that while designing these benefits, employee engagement should be a key ingredient in the process to make them more responsive thus yielding broad-based organisational outcomes.

4.8.5 Performance of Commercial State Corporations in Kenya

Kaiser-Meyer-Olkin (KMO) and Bartlett's Tests were conducted to evaluate the appropriateness of carrying out factor analysis performance of commercial state corporations. These tests estimate sampling adequacy for individual components and simultaneously for the entire construct. The results are presented in Table 49.

Table 49

Kaiser-Meyer-Olkin (KMO) and Bartlett's Test Of Commercial State Corporations' Performance

KMO Measure of Sampling Adequacy		.922
Bartlett's Test of Sphericity	Approx. Chi-Square	1748.774
	df	105
	Sig.	.000

The KMO test of sampling adequacy and the Bartlette test were 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. Since the required KMO test of sampling adequacy of above 0.5 is considered sufficient to justify factor analysis (Glen, 2012; Klein et al., 2020), the 0.922 KMO score is indeed meritorious to warrant factor analysis as per the Kaiser criterion. Similarly, the chi-square-based Bartlett's test of sphericity ($X=1748.774$, $p=0.000$) confirms that the correlation matrix underlying the data is not an identity matrix. Thus, it is statistically acceptable to carry out a factor analysis of the data. Factor analysis to establish the number of factors and corresponding variables loaded in each was presented in the next section.

Table 50*Factor analysis of Performance of Commercial State Corporations*

Factor	Eigen value	Difference	Proportion	Cumulative
Factor1	8.20278	7.14209	0.5469	0.5469
Factor2	1.06069	0.02396	0.0707	0.6176
Factor3	1.03673	0.18691	0.0691	0.6867
Factor4	0.84982	0.22505	0.0567	0.7433
Factor5	0.62477	0.04747	0.0417	0.785
Factor6	0.5773	0.12498	0.0385	0.8235
Factor7	0.45232	0.04372	0.0302	0.8536
Factor8	0.4086	0.05369	0.0272	0.8809
Factor9	0.35491	0.02019	0.0237	0.9045
Factor10	0.33472	0.0446	0.0223	0.9268
Factor11	0.29012	0.03267	0.0193	0.9462
Factor12	0.25744	0.04948	0.0172	0.9633
Factor13	0.20797	0.01049	0.0139	0.9772
Factor14	0.19747	0.05312	0.0132	0.9904
Factor15	0.14435	.	0.0096	1

LR test: independent vs. saturated: $\chi^2(45) = 1759.30$ Prob> $\chi^2 = 0.0000$

According to the Eigenvalue criterion, the number of factors selected for further analysis are those with a value greater than one (Fincham et al, 2008). In the analysis, the first three factors have an Eigenvalue of above 1 and cumulatively explain 68.7 per cent proportion of variance in the data. The first factor explains 54.7 per cent of the variation in the data; the second explains 7.1 per cent, and the third factor explains 6.9 per cent of the variation. 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 three factors loading was subjected to varimax rotation, and results are presented in the next section.

Table 51*Rotated Component Matrix Of Performance of Commercial State Corporations*

Variable	Factor1	Factor2	Factor3	Factor Uniqueness	Factor Commonality
Support of quality policies by Senior level management that engage stakeholders	0.7954	0.2677	0.1622	0.2694	0.7306
Employees are given chance to participate in decision making to increase participation	0.8598	0.2427	0.102	0.1915	0.8085
Pay attention to customer as drivers of performance	0.7511	0.2479	0.3584	0.2459	0.7541
Has a tool for profiling key stakeholders and their needs	0.5247	0.3255	0.3723	0.4801	0.5199
Has clarity for execution of performance indicators	0.7522	0.4355	0.2321	0.1906	0.8094
Has a results-based tool for measuring performance indicators used to identify and prioritize improvement opportunities	0.5081	0.6666	0.1489	0.2753	0.7247
Has a results-based tool for partnership which is add-value to our customer / supplier chain	0.4331	0.6489	0.2036	0.3499	0.6501
Has clear creativity and innovation encouraged to develop competitive products and services	0.4197	0.7145	0.0046	0.3133	0.6867
Has developed result oriented customer survey tool to determine and enhance customer satisfaction	0.2979	0.6855	0.116	0.4279	0.5721
Has a matrix for results monitoring and evaluation.	0.2717	0.7248	0.2396	0.3434	0.6566
Has well developed vision, mission, values and purpose geared towards driving corporation's business.	0.2799	-0.0098	0.7932	0.2924	0.7076
Has clear tools and mechanisms for all employees implementing the corporation's work plan arising from the strategic plan.	0.5627	0.2412	0.5469	0.3261	0.6739
Has internal quality management system to deliver highly valued products and services	0.0786	0.5201	0.6468	0.3049	0.6951
Has internal business process for monitoring all aspects of our productivity and stakeholder management.	0.2082	0.601	0.544	0.2996	0.7004
Has internal processes that are clearly driven by sound leadership and a culture of shared beliefs, attitudes and values leading to high organizational performance.	0.4209	0.5622	0.3423	0.3896	0.6104

The results present the loading of two retained factors using the Principal Component

Factor (PCF) method. Orthogonal varimax rotation based on Kaiser normalisation was done to reduce the chances of variables loading in more than one factor. Supporting quality policies by senior level management that engage stakeholders, giving employees a chance to participate in decision-making to increase participation, paying attention to customers as drivers of performance and having a tool for profiling key stakeholders and their needs as well as having clarity for execution of performance indicators had a substantial loading on factor 1. Equally on factor 1 loading was having clear tools and mechanisms for all employees implementing the corporation's work plan arising from the strategic plan.

Seven variables substantially loaded on factor two, including having a results-based tool for measuring performance indicators used to identify and prioritise improvement opportunities, having a results-based tool for partnership which is add-value to our customer/supplier chain, developing a result-oriented customer survey tool to determine and enhance customer satisfaction and having a matrix for results monitoring and evaluation. Other variables include having an internal quality management system to deliver highly valued products and services, having an internal business process for monitoring all aspects of our productivity and stakeholder management and an internal process that is clearly driven by sound leadership and a culture of shared beliefs, attitudes and values leading to high organisational performance.

Finally, the results show that having a well-developed vision, mission, values and purpose geared towards driving corporation's business and having an internal quality management system to deliver highly valued products and services significantly loaded on factor 3. In the performance execution of commercial state corporations, paying attention to customers as drivers of performance and supporting quality policies by senior-level management that engage stakeholders are considered of ultimate importance

(Schneider, 2021). The clarity for the execution of performance indicators and employees participation in decision-making are moderately considered while profiling key stakeholders and their needs are of least performance execution priorities.

The results obtained on commercial state corporations' performance established that having a results-based tool for measuring performance indicators, used to identify and prioritise improvement opportunities, and a matrix for results monitoring and evaluation are highly regarded in commercial state corporations. Gakpo (2021) postulates that although the objective of commercial state corporations is not primarily profit-oriented, they are expected to achieve performance measures based on key performance indicators geared towards citizen service provision. On the other hand, having a result-oriented customer survey tool to determine and enhance customer satisfaction and a clear creativity and innovation encouragement to develop competitive products and services are moderately regarded, while a results-based tool for partnership, which adds value to our customer/supplier chain, is least regarded. As further reported, most of the commercial state corporations do not have discretionary power to make decisions at the corporate level. For instance, the bureaucratic procurement process delays quick decision-making, and weak performance management frameworks are implemented, hence hampering the performances of the corporations.

From the perspective of the commercial state corporations, the findings reveal that having a well-developed vision, mission, values and purpose geared towards driving the corporation's business and having clear tools and mechanisms for all employees implementing the corporation's workplan arising from the strategic plan have been highly considered in commercial state corporations. This is aligned with the finding of Para-González et al. (2019), who postulate that organisations that follow strategy and effective leadership post consistent positive organisational performance.

Internal quality management systems to deliver highly valued products and services and internal business processes for monitoring all aspects of productivity and stakeholder management are moderately regarded while having internal processes that are clearly driven by sound leadership and a culture of shared beliefs, attitudes, and values leading to high organisational performance was least considered in commercial state corporation performance policies. On this finding, Turisova et al. (2021) postulate the central role played by effective implementation of internal organisational processes towards the achievement of excellence. Participants pointed out that an ethical appointment, the culture of the organisation, government/political interference, irregular reward, and constant changes in leadership affect continuity and focus on the mandate, thus affecting the performance of corporations.

In general, the performance of commercial state corporations has given the greatest attention to the implementation of direction perspective, followed by performance execution and results obtained. It's worth noting that over-reliance on the Government through the National Treasury to fund performance execution and, considering the regular financial strain of Government funding, affects performance results obtained. Martusewicz et al. (2022) suggests that the delicate balance between the need not to pursue pure profit maximisation and the need to provide affordable crucial products and services to citizens may compromise the financial stability and independence of these corporations. Poor communication of performance policies, strategic plans, motivation to perform, late adaptation of technology, and historically poor management and employee practices hamper performance.

4.8.6 Remuneration Policy Guideline in Commercial State Corporation

This is a transition section that assesses whether Remuneration policy guidelines have a relationship with performance. Remuneration policy guideline data was subjected to

Kaiser-Meyer-Olkin (KMO) and Bartlett's Tests to guide a decision on whether carrying out factor loading will be non-erroneous. These tests estimated sampling adequacy for individual components and simultaneously for the entire construct. The results are presented in Table 52.

Table 52

Kaiser-Meyer-Olkin (KMO) and Bartlett's test of Remuneration Policy Guideline

KMO Measure of Sampling Adequacy		.908
Bartlett's Test of Sphericity	Approx. Chi-Square	1696.605
	Df	45
	Sig.	.000

The KMO test of sampling adequacy and the Bartlette test were 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. KMO test of sampling adequacy of above 0.5 is considered sufficient to justify factor analysis (Glen, 2012). The results reveal a KMO test of 0.908, which is excellent, based on the Kaiser criterion, to warrant factor analysis of the data (Klein et al., 2020). Similarly, the chi-square-based Bartlett's test of sphericity ($X=1696.605$, $p=0.000$) confirms that the correlation matrix underlying the data is not an identity matrix. Thus, it is statistically acceptable to carry out a factor analysis of the data. Factor analysis to establish the number of factors and corresponding variables loaded in each was presented in the next section.

Table 53*Factor Analysis of Remuneration Policy Guideline*

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	6.55098	5.27559	0.6551	0.6551
Factor2	1.27539	0.74642	0.1275	0.7826
Factor3	0.52897	0.02913	0.0529	0.8355
Factor4	0.49985	0.16819	0.05	0.8855
Factor5	0.33165	0.10647	0.0332	0.9187
Factor6	0.22518	0.00594	0.0225	0.9412
Factor7	0.21924	0.04487	0.0219	0.9631
Factor8	0.17437	0.06006	0.0174	0.9806
Factor9	0.11431	0.03425	0.0114	0.992
Factor10	0.08006	.	0.008	1

LR test: independent vs. saturated: $\chi^2(45) = 1706.37$ Prob> $\chi^2 = 0.0000$

The eigenvalue criterion requires the number of factors selected for further analysis to be those with a value greater than one (Fincham et al., 2008). In the analysis, the first two factors have an Eigenvalue of above 1 each and cumulatively account for 78.3 per cent proportion of variance in the data. The first factor explains 65.5 per cent of the variation in the data, while the second factor explains 12.8 per cent of the variation. 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 two factors loading and subjected to varimax rotation are presented in the table below.

Table 54*Rotated Component Matrix of Remuneration Policy Guideline*

Variable			Factor	Factor
	Factor1	Factor2	Uniqueness	Commonality
Salaries have been standardised from the advice from Salaries and Remuneration policy guidelines.	0.8528	0.276	0.1966	0.8034
Has applied salary scales recommended by Salaries and Remuneration policy guidelines.	0.9182	0.1561	0.1325	0.8675
Has adjusted pay structure of the employees bases on Salaries and Remuneration policy guidelines.	0.9172	0.2278	0.1068	0.8932
Salaries have been subjected to employees job grading and salary structure as per Salaries and Remuneration policy guideline.	0.8192	0.1983	0.2896	0.7104
Discrepancies in pay have been harmonised based on the recommendations from Salaries and Remuneration policy guidelines.	0.7957	0.3594	0.2376	0.7624
Pay has been successfully implemented based on fairness and equity as per the recommendations of salaries and Remuneration policy guideline.	0.7883	0.4419	0.1834	0.8166
Salary & remuneration review cycle has been successfully implemented based on Salaries and Remuneration policy guidelines.	0.714	0.503	0.2373	0.7627
Has successfully conducted comparative salary surveys and made recommendations to the Salaries and Remuneration Commission for adjustments	0.2948	0.7256	0.3866	0.6134
All employees are satisfied by the Salaries and Remuneration Commission recommended policy guideline.	0.2505	0.8811	0.1608	0.8392
The Salaries and Remuneration Commission policy guideline on employee remuneration is based on industry competitiveness	0.2392	0.8369	0.2425	0.7575

The results present the loading of two retained factors using the Principal Component Factor (PCF) method. Orthogonal varimax rotation based on Kaiser normalisation was done to reduce the chances of variables loading in more than one factor. As shown, standardising salaries based on the advice from Salaries and Remuneration policy guidelines, applying salary scales recommended by Salaries and Remuneration policy guideline, adjusting the pay structure of the employees based on Salaries and Remuneration policy guideline and subjecting salaries to employees job grading and salary structure as per Salaries and Remuneration policy guideline significantly load in factor 1. Others loading in factor 1 includes harmonising discrepancies in pay based on the recommendations from Salaries and Remuneration policy guidelines, successful implementation of pay based on fairness and equity as per the recommendations of salaries and Remuneration policy guideline, as well as adequately reviewing and implementing salaries and remuneration based on Salaries and Remuneration policy guideline exhibit substantial loading in factor 2. Notably, Uniqueness results show that all factors have a uniqueness of less than 50 per cent and a commonality of above 50 per cent. The study proceeded to assess the association between employees consolidated pay and commercial state corporation performance through regression analysis.

Table 55

Model Summary of Remuneration Policy Guideline and Commercial State Corporation Performance

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.582 ^a	.339	.335	.60423

a. Predictors: (Constant), Remuneration policy guideline

The results above present the model summary of the univariate regression analysis between remuneration policy guideline and performance of commercial state corporations. It yields an adjusted R-square is 0.335 i.e., 33.5 per cent. This finding implied that remuneration policy guideline explains 33.5 per cent of the variations in performance of commercial state corporations.

Table 56

ANOVA^a of Remuneration Policy Guideline and Commercial State Corporation Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.866	1	33.866	92.759	.000 ^b
	Residual	66.082	181	.365		
	Total	99.948	182			

a. Dependent Variable: Corporation Performance

b. Predictors: (Constant), Remuneration policy guideline

The results show the Analysis of Variance (ANOVA), illustrating the sum of squares and evaluating the overall significance of the regression model through the f-test. The presented analysis demonstrates a highly statistically significant (F= 92.759, p=0.000) relationship between commercial state corporation performance and remuneration policy guideline.

Table 57

Coefficients of Remuneration Policy Guideline and Commercial State Corporation Performance

	Unstandardised		Standardised		Sig.
	B (Constant)	Std. Error	Beta	T	
Model 1	1.707	.226		7.551	.000
Remuneration policy guideline	.563	.058	.582	9.631	.000

a. Dependent Variable: Corporation Performance

Table 57 shows the regression coefficients representing the predictor variable within the model. The column “t” signifies the significance of the predictor in the model, testing the regression null hypothesis that there’s no significant relationship between remuneration policy guidelines and the performance of commercial state corporations. The fitted linear regression model is as follows:

$$Y (33.5\%) = 1.707 + 0.582X_1$$

Where;

Y = Performance of commercial state corporations X_1 = Remuneration policy guideline

H₀₅: The remuneration policy guideline does not have a statistically significant moderating effect on the relationship between employee compensation and the performance of commercial state corporations in Kenya.

The results indicate that the Remuneration policy guideline significantly moderates the relationship between employee compensation and organisational performance ($t=9.631$, $p=0.000$), meaning that as the Remuneration policy guideline is enhanced, the positive impact of employee compensation on performance increases. Thus, the null hypothesis, which stated that Remuneration policy guidelines do not have a statistically significant moderating effect on the relationship between employee compensation and the performance of commercial state corporations in Kenya, is rejected. This is in favour of the premise that a well-defined remuneration policy guideline enhances the effectiveness of employee compensation by enhancing organisational performance.

From the regression model, holding remuneration policy guideline constant, state corporation performance stands at 1.707, and further, a change in Remuneration policy guideline by one per cent leads to the performance of commercial state corporation performance increase of 0.582. This analysis, therefore, demonstrates that improvement

in Remuneration policy guidelines leads to a measurable increase in the performance of commercial state corporations, hence underscoring the critical role played by the SRC Remuneration policy guideline in driving commercial State Corporation's performance.

This finding aligns with previous research by Abdelfattah et al. (2021) and Lemma et al. (2020), which also established that the remuneration policy guideline has a positive moderating effect on organisational performance. It emerged from the results that carrying out employees job grading and salary structure by applying the salary scales recommended by SRC's Remuneration policy guideline and standardising salaries based on the advice from SRC's Remuneration policy guideline are highly regarded by commercial state corporations. Kim and Jang (2020) assert the need to have sound remuneration policy guidelines in order to translate strategy into outstanding organisational performance. In the above study, the implementation of SRC remunerations policy guidelines was found to positively affect organisational performance. However, in some corporations in this study, salaries have not been harmonised, leaving some unionised staff who are bound by the terms and conditions of their Collective Bargaining Agreements earning more than some management cadre staff. In other corporations, the jobs do not match the desired remunerations as required by the law, a finding supported by SRC (2020).

The findings also revealed that adjusting the pay structure of the employees based on Salaries and Remuneration policy guideline, harmonising discrepancies and successful implementation of fair and equitable pay, based on recommendations of SRC's Remuneration policy guideline are moderately regarded by commercial state corporations. This aligns with the findings of Rouen (2020), which revealed a negative relationship between unexplained pay disparities and true firm performance, concluding that remuneration policy guidelines are important in sealing pay disparities in

organisations and hence leading to enhanced organisational performance. Notably, in commercial state corporations, disparities in remuneration are made worse, with many employees on temporary contracts and historical bureaucracies affecting the review of remuneration structures.

It was also observed from the findings that implementation of four -a four-year salary review cycle based on SRC's policy guideline, conducting comparative salary surveys, and basing employee remuneration on industry competitiveness and employee satisfaction were least regarded by commercial state corporation existing remuneration policy guidelines. This may affect firm performance, as established by Chang et al. (2023), which states that aligning the remuneration structure to address disparities across different cadres and sectors positively affects organisational performance and the achievement of strategic goals. According to the researchers, the structure of harmonised remuneration policies has the potential to go a long way in improving corporate reputation and performance. Further, Verma (2019) confirmed that streamlining the compensation system boosts efficiency and overall organisational performance. As indicated above, the findings above are consistent with the findings of existing literature which further validates the positive place of SRC Remuneration policy guideline in enhancing the performance of commercial state corporations. This indicates that the effects observed are not isolated but are supported by empirical evidence.

4.9 Multiple Linear Association between Employee Compensation Variables and Performance

This section presents the results of association between commercial state corporation performance and components of employee compensation i.e. consolidated pay, facilitative allowance, retirement benefits, and health benefits simultaneously. The analysis of the moderating effect of remuneration policy guideline on the relationship

between the variables is also included in the presentation. Statistical tools used to measure relationship and significance include; Pearson product moment correlation coefficient, hierarchical analysis of coefficient of determination (r^2) Analysis of Variance (ANOVA) and regression model.

4.9.1 Pearson Product Moment Correlation Coefficients

This measures the linear relationship between dependent variable and independent variables in the study. The results are presented in Table 58.

Table 58

Pearson Moment Correlations Coefficients

		Employee's Consolidated Pay rem.policy	Employees Facilitative Allowances policy	Employees Retirement Benefits policy	Employees Health Benefits policy	Corporation Performance policy	Remuneration policy guideline
Employee's Consolidated Pay rem policy	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	187					
Employees Facilitative Allowances policy	Pearson Correlation	.665**	1				
	Sig. (2-tailed)	.000					
	N	184	184				
Employees Retirement Benefits policy	Pearson Correlation	.615**	.634**	1			
	Sig. (2-tailed)	.000	.000				
	N	185	184	185			
Employees Health Benefits policy	Pearson Correlation	.465**	.549**	.540**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	185	184	185	185		
Corporation Performance	Pearson Correlation	.637**	.565**	.558**	.524**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	184	182	183	183	184	
Remuneration policy guideline	Pearson Correlation	.675**	.544**	.624**	.406**	.477**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	185	183	184	184	184	185

The correlation analysis was two tailed at 95 per cent confidence level. As shown (Table 56) all bivariate correlations are significant at $p=0.000$ level. The results also show that corporate performance had strongest correlation ($r=.637$, $p=0.000$) with consolidated pay, followed by employees facilitative allowance ($r=.565$, $p=0.000$), employees retirement benefits ($r=.558$, $p=0.000$) and employees health benefits ($r=.524$, $p=0.000$).

Similarly, Remuneration policy guideline (moderating variable) had the highest correlation ($r=.675$, $p=0.00$) followed by employees retirement benefits ($r=.624$, $p=0.000$). Notably, although the correlations were significant, Remuneration policy guideline had weak correlation with employees health benefits ($r=.406$, $p=0.000$) and corporate performance ($r=.477$, $p=0.000$).

The details are discussed below as follows:

Strong Correlation with Consolidated Pay rem. policy: The significant positive correlation between employees consolidated pay and corporate performance ($r = .637$, $p = 0.000$) suggests that higher consolidated pay is associated with better performance. This underscores the importance of adequately compensating employees to boost organisational outcomes. In this study, consolidated pay comprised the direct compensation of basic salary and house allowances. This has a more substantial and direct impact on an employee's overall financial well-being because several other benefits such a level of health and retirement benefits are pegged to the basic salary. Additionally, this component of compensation is static once awarded and can only move higher, serving as a high motivator compared to individual components like allowances or benefits(Gerhart & Rynes, 2021).

Greater total compensation in basic pay immediately stimulates workers, improving productivity and motivation. Employees are more likely to feel appreciated and

motivated when a sizable amount of their income is included in their regular paychecks. In terms of financial security, consolidated pay offers more financial stability and psychologically lowers employees stress levels as it provides pay assurance, hence improving their ability to concentrate on their tasks. Further, while health insurance or retirement plans have a longer-term effect, consolidated pay has an immediate effect on employees disposable income, and consequently, the short-term financial effect of consolidated pay is likely to lead to a faster and more noticeable impact of employee performance enhancement (Milkovich & Newman, 2021).

Facilitative Allowances policy ($r = .565$, $p = 0.000$): The positive correlations between corporate performance and employees facilitative allowances ($r = .565$, $p = 0.000$) indicates that allowances which support employees to achieve their daily duties play a significant role in enhancing job satisfaction and productivity. Employees are more likely to be motivated and committed to their roles when they feel supported in managing their personal and professional lives through facilitative (Gerhart & Rynes, 2021). This is likely to enhance employee engagement. Policy makers should ensure that remuneration policy guidelines emphasise the importance of equitable facilitative allowances in employee compensation structures with regular reviews, and further ensuring that these allowances are standardised and comprehensive enough to enhance overall job satisfaction and productivity.

Retirement benefits policy ($r = .558$, $p = 0.000$): Retirement benefits are crucial for long-term planning and employee retention ($r = .558$, $p = 0.000$). These incentives are important in raising employee loyalty and general job satisfaction, which raises performance even though their financial impact is not immediate. Employees who have faith in the financial stability of their retirement schemes are more guaranteed of a financially stable retirement life and are therefore inclined to remain loyal to employers.

This is likely to build a more stable workforce of committed employees, because contented and devoted workers are often more productive and invested in their jobs. This stability greatly improves organisational performance. Research showing the beneficial effects of complete compensation packages on employee performance, supports the significance of long-term benefits for staff retention and satisfaction (Kwon & Hein, 2020).

Health benefits policy ($r = .524$, $p = 0.000$) also suggest a substantial influence on enhanced performance. By ensuring workers' health and well-being, these benefits reduce absenteeism and increase output overall. Employees who have access to quality health benefits are less likely to feel stress connected to medical expenses and are more likely to stay well, which reduces the need for sick days and increases productivity. This correlation is consistent with study findings that having comprehensive health benefits is essential to keeping a staff that is driven and effective (Lepak & Gowan, 2019).

Remuneration policy guideline (moderating variable) had the highest correlation ($r=.675$, $p=0.00$) followed by employees retirement benefits ($r=.624$, $p=0.000$). Notably, although the correlations were significant, Remuneration policy guideline had weak correlation with employees health benefits ($r=.406$, $p=0.000$) and corporate performance ($r=.477$, $p=0.000$). According to the study's findings, employees retirement benefits ($r = .624$, $p = 0.000$) and compensation policy guideline ($r = .675$) had the strongest correlations with their consolidated pay as moderating variables. This substantial link indicates that the impact of consolidated pay and retirement benefits on organisational performance is largely determined by the remuneration policy guideline. Remuneration policy guideline guarantees that employees receive fair compensation by offering a defined framework, which raises job satisfaction and productivity. Remarkably, there was less of a correlation between the remuneration policy guideline and organisational performance (r

=.477, $p = 0.000$) and employees health benefits ($r = .406$, $p = 0.000$). This suggests that the Guideline has less of an effect on health benefits and overall performance, even if it is essential for structuring direct and long-term financial rewards for the corporations (Rouen, 2020). This might be because health benefits have a longer-term and less immediate effect on employee performance than consolidated pay and retirement benefits, which are immediate and concrete. The results align with the research conducted by, which underscored the significance of a well-structured remuneration policy in augmenting job contentment and productivity, and which focused on the function of remuneration guidelines in availing all-inclusive compensation packages and in propelling organisational success (Armstrong & Taylor, 2020).

4.9.2 Coefficient of Variables

The R squared results Table 59 shows that the four employees compensation variables explain 49.3 per cent of the variations in state corporate performance.

Table 59

Model Summary of Employees Compensation and Corporation Performance

				Std. Error of the estimate
Model	R	R Square	Adjusted R Square	
1	.702 ^a	.493	.481	.53653

a. Predictors: (Constant), Employees Health Benefits, Employee's Consolidated Pay, Employees Retirement Benefits, Employees Facilitative Allowances

The Analysis of Variance (ANOVA) was conducted to evaluate whether there are significant differences in means of the dependent and independent variables. The F statistics measures the overall significance of the regression model. The results show that the linear relationship is significant ($F=42.966$, $p=0.000$).

Table 60*ANOVA^a of Employees Compensation and Corporation Performance*

Model1	Sum of Squares	df	Mean Square	F	Sig.
Regression	49.474	4	12.368	42.966	.000 ^b
Residual	50.953	177	.288		
Total	100.427	181			

a. Dependent Variable: Corporation Performance

b. Predictors: (Constant), Employees Health Benefits policy, Employee's Consolidated Pay rem.policy, Employees Retirement Benefits policy, Employees Facilitative Allowances policy.

Table 61*Regression Coefficients^a of Employees Compensation and Corporation Performance*

Model1	Unstandardised		Standardised		Sig.
	B	Std. Error	Beta	t	
(Constant)	1.483	.194		7.638	.000
Employee's Consolidated Pay rem.policy	.307	.061	.383	5.052	.000
Employees Facilitative Allowances policy	.080	.065	.099	1.226	.002
Employees Retirement Benefits policy	.138	.072	.146	1.920	.017
Employees Health Benefits policy	.177	.056	.212	3.150	.011

a. Dependent Variable: Corporation Performance

This study aimed at evaluating the relationship between the employee compensation variables and commercial state corporation performance variables. Thus, the model fitting in this section focused on the relationship that includes all employees compensation variables but excludes Remuneration policy guideline. The linear

regression model was fitted as follows:

Model 1: Excluding Remuneration policy guideline

$$Y (48.1\%) = 1.483 + 0.383X_1 + 0.099X_2 + 0.146X_3 + 0.212X_4$$

Where;

Y = Performance of commercial state corporation

X₁ = Employee's Consolidated Pay rem. policy

X₂ = Employee's Facilitative Allowance policy

X₂ = Employees Health Benefits policy

X₃ = Employees Retirement Benefits policy

From the model fitted above, the three independent variables explain 49.3 per cent of the variations in commercial state corporation performance.

The key findings from the model are that:

48.1 per cent of the variation in the performance of commercial state firms (Y) can be explained by the regression model. This suggests that the compensation variables (X₁, X₂, X₃, X₄) included account for almost half of the variation in corporation's performance, highlighting the important role these variables play in determining organisational results. This conclusion is supported by the literature, which highlights the importance of well-designed remuneration policies and plans for raising employee productivity and organisational effectiveness (Milkovich & Newman, 2020)

The constant (Intercept) value of 1.483 indicates that the baseline performance of the commercial state corporations would be 1.483 when all the independent variables (components of employee remuneration) are zero. This baseline represents the impact of additional variables that the model does not account for, such as external economic

conditions, organisational culture, and leadership efficacy (Armstrong & Taylor, 2020).

Consolidated Pay rem.policy for Employees (X_1) has a significant t-value ($t = 5.052$, $p = 0.000$) and a coefficient of 0.383. This shows that the greatest predictor among the variables is a unit rise in consolidated pay, which is linked to an improvement in corporate performance of 0.383. This result is in line with previous research that shows consolidated payrem.policy , as a direct and important component of remuneration, acts as an employee's main source of motivation, having a direct impact on their engagement and productivity (Gerhart & Rynes, 2021).

Facilitative Allowances policy for Employees (X_2) have a coefficient of 0.099 ($t = 1.226$, $p = 0.002$), indicating that there is a 0.099 rise in corporate performance for every unit increase in facilitative allowances. While there is a favourable impact, it is not as substantial as other variables, indicating that although allowances have some influence on performance, it is not very great. Research shows that although allowances are useful for satisfying certain demands, they have less of an effect on long-term performance than consolidated compensation (Gerhart & Rynes, 2021).

Benefits for Employee Retirement (X_3) indicates that an increase in retirement benefits policy is associated with a 0.146 improvement in business performance, according to the coefficient for employee retirement benefits, which is 0.146 ($t = 1.920$, $p = 0.017$). This illustrates how crucial long-term gains are to the success of an organisation, especially when it comes to boosting employee loyalty and retention. According to research, retirement benefits are essential for sustaining long-term employee commitment and satisfaction, which in turn promotes improved organisational performance (Kwon & Hein, 2020).

The Employee Health policy (X_4) benefits coefficient for employees is 0.212 ($t = 3.150$, $p = 0.011$). This shows that there is a considerable correlation between health benefits policy and corporate performance, with a 0.212 rise in performance for every unit increase in health benefits policy. This is consistent with research showing how health benefits lower absenteeism, increase well-being and boost worker productivity (Lepak & Gowan, 2019).

Overall, the implications of the regression model are that a number of employee remuneration factors have a big impact on how well commercial state corporations' function. Consolidated employee salary is the most important component, followed by retirement and health benefits; facilitative allowances have a lesser but still beneficial effect. These results highlight the significance of an all-encompassing compensation plan and remuneration policy that supports long-term employee well-being and job satisfaction in addition to direct pay and benefits (Rouen, 2020). Strong remuneration policies are critical to attracting, motivating and retaining talent, which in turn promotes organisational performance (Armstrong & Taylor, 2020).

4.9.3 Moderating Effect of Remuneration Policy Guideline on the Relationship between Employees Compensation and Performance of Commercial State Corporations

Remuneration policy guidelines were included in the model, explaining the relationship between employees compensation variables and the performance of commercial state corporations to evaluate its effect on the model and direction.

The results of the coefficient of determination (r-squared) are presented in Table 60. The results in Table 60 are presented hierarchically to measure the change in the proportion of variations that explain the performance of a commercial state corporation when an

independent variable is added to the model. As shown, adjusted R square changes from 47.9 per cent when the remuneration policy guideline model was not included in the 60.6 per cent when the model containing all variables is entirely fitted. Observing the change in R square, remuneration policy guideline increases the proportion of explanation of variations in the performance of commercial state corporations by 12.7 per cent.

Table 62

Hierarchical Coefficient of Determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.701 ^a	.491	.479	.53749
2	.786 ^b	.617	.606	.46723

a. Predictors: (Constant), Employees Health Benefits policy, Employee's Consolidated Pay rem.policy, Employees Retirement Benefits policy, Employees Facilitative Allowances policy

b. Predictors: (Constant), Employees Health Benefits policy, Employee's Consolidated Pay policy, Employees Retirement Benefits policy, Employees Facilitative Allowances policy, Remuneration policy guideline

The Analysis of Variance (ANOVA) was conducted to evaluate whether there are significant differences in means of the dependent and independent variables after inclusion of remuneration variables. The results were presented in Table 63.

Table 63*Hierarchical Analysis of Variance*

Model 1	Sum of Squares	df	Mean Square	F	Sig.
Regression	48.990	4	12.247	42.394	.000 ^b
Residual	50.846	176	.289		
Total	99.835	180			
2 Regression	61.632	5	12.326	56.464	.000 ^c
Residual	38.203	175	.218		
Total	99.835	180			

a. Dependent Variable: Corporation Performance

b. Predictors: (Constant), Employees Health Benefits policy, Employee's Consolidated Pay rem.policy

c. Predictors: (Constant), Employees Health Benefits policy, Employee's Consolidated Pay rem.policy, Employees Retirement Benefits policy, Employees Facilitative Allowances policy, Retirement Benefits policy, Employees Facilitative Allowances policy, Remuneration policy guideline

The results are presented hierarchically to show the extent each of the independent variables account for variations in corporate performance. The F statistic tests the overall significance of the regression model. The ANOVA test yielded F-values that were significant at $p=0.000$ for all the two models in the hierarchy.

This section presents the results of hierarchical regression coefficients of the moderator.

Table 64*Hierarchical Regression Coefficients*

Model	Unstandardised Coefficients		Standardised Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.493	.195		7.648	.000
Employee's Consolidated Pay rem.policy	.308	.061	.385	5.049	.000
Employees Facilitative Allowances policy	.078	.065	.097	1.195	.002
Employees Retirement Benefits policy	.138	.072	.146	1.916	.017
Employees Health Benefits policy	.176	.056	.212	3.131	.011
(Constant)	.561	.209		2.678	.008
Employee's Consolidated Pay rem.policy	.259	.053	.324	4.860	.000
Employees Facilitative Allowances policy	.062	.057	.077	1.090	.017
Employees Retirement Benefits policy	.124	.063	.132	1.980	.049
Employees Health Benefits policy	.115	.050	.138	2.322	.021
Remuneration policy guideline	.370	.049	.382	7.610	.000

a. Dependent Variable: Corporation Performance

The table above presents the results of four regression models. The regression coefficients of each predictor (also independent) variable in the model. The t column tests the significance of independent variables in each model, i.e., tests the regression null hypothesis of no significant linear relationship between the performance of commercial state corporations and employees compensation variables. The regression model will help in testing the study's fifth hypothesis. After including remuneration policy guidelines, the new regression model was fitted as follows:

$$Y (60.6\%) = 0.561 + 0.324X_1 + 0.077X_2 + 0.132X_3 + 0.138X_4 + 0.382X_5$$

Where;

Y = Performance of commercial state corporation

X₁ = Employees Consolidated Pay remuneration policy

X₂ = Employees Facilitative Allowance policy

X₃ = Employees Health Benefits policy

X₄ = Employees Retirement Benefits policy

X₅ = Remuneration policy guideline

Hypothesis 5: Remuneration policy guideline does not have a statistically significant moderating effect on the relationship between employee compensation and the performance of commercial state corporations in Kenya.

The model explains 60.6 per cent of the variations in performance of commercial state corporations, after inclusion of remuneration policy guidelines, an increase of 12.7 per cent. The effect is significant ($t=7.652$, $p=0.000$), thus the null hypothesis is rejected.

Notably, the relationship between the performance of commercial state corporations and other employees compensation variables remains significantly positive after the inclusion of remuneration policy guidelines. If employees consolidated pay changes by one per cent, the performance of the commercial state corporation changes by 0.324 in the same direction; a one per cent change in employees facilitative allowance, the performance of the commercial state corporation increases by 0.077, a one per cent change in employees health benefits, the performance of commercial state corporation changes by 0.132 in the same direction and if employee retirement benefits changes by one per cent, performance of commercial state corporation changes by 0.138 in the same direction.

The relationship between the performance of a commercial state corporation and other employees compensation variables remains significantly positive after the inclusion of remuneration policy guidelines. These results are similar to Kayode et al. (2019) study that established a significant relationship between remuneration packages and firm productivity. Equally, while examining whether remuneration policy guidelines dealing with directors' compensation affect performance Lemma et al. (2020) established a positive impact on an entity's financial performance. Khudhair et al. (2020), in a research study, also established similar results, noting that there is a positive connection between the remuneration strategy and organisational performance.

Thus, the adoption of structured and responsive remuneration policy guidelines contributes to the enterprise's short and long-term success. This implies that effective remuneration policy guidelines encourage business stability and growth and the need for transparency in executive pay to build employees trust (Abdelfattah et al., 2021). The design of the remuneration policy guideline affects the organisation's performance and productivity. Noting that there are a number of variables involved in employee remuneration that should be considered to establish a fair remuneration policy guideline, Oluun (2020) reveals that ineffective remuneration policy guidelines affect organisational performance negatively since employees feel they are not adequately remunerated and that the remuneration policy favours only top cadre staff.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of study findings, conclusion and recommendations with reference to the specific research objectives, namely: To determine the effect of employees consolidated pay remuneration policy on the performance of commercial state corporations in Kenya; To assess the effect of employees facilitative allowances policy on the performance of commercial state corporations in Kenya; To evaluate the effect of employees retirement benefits policy on the performance of commercial state corporations in Kenya; To examine the effect of employees health benefits policy on the performance of commercial state corporations in Kenya, and; To establish the moderating effect of Remuneration policy guideline on the relationship between employee compensation and performance of commercial state corporations in Kenya.

5.2 Summary of the Findings

The main objective of the study was to establish the moderating effect of Remuneration policy guidelines on the relationship between employee compensation and the performance of commercial state corporations in Kenya. Hypotheses testing was done using the regression model approach. In addition, the hierarchical regression model 3 was used to test the moderating effect.

The theories that guided the study are the Equity theory of motivation, principal-agency theory, Dynamic capability theory, Expectancy Theory of motivation and the Resource-based view theory. The findings reported in this study were obtained from 242 managers from 68 commercial state corporations. The respondents displayed diverse demographic characteristics in terms of gender, age, years worked in the corporations, and level of

education. The researcher selected these characteristics based on their anticipated functions in explaining the phenomenon under investigation.

It was subsequently established that employee compensation (consolidated pay remuneration policy, facilitative allowances policy, retirement benefits policy, health benefits policy) influenced the performance of commercial state corporations. In addition, the results revealed that the relationship between employees compensation and the performance of commercial state corporations is moderated by the SRC Remuneration policy guideline. The theoretical foundation and empirical results based on study objectives and hypotheses formulated are discussed in detail as follows:

5.2.1 Relationship between Employees Consolidated Pay Remuneration policy and Performance of commercial state corporations in Kenya

The first objective of the study was to determine the effect of employees consolidated pay remuneration pay on the performance of commercial state corporations in Kenya. The hypothesis of this objective was: H_{01} : Employees consolidated pay remuneration policy has no statistically significant effect on the performance of commercial state corporations in Kenya. The study results reported a positive and significant effect between Employees consolidated pay remuneration policy and Performance of commercial state corporations in Kenya ($\beta = .637, \rho = 0.000, \rho < .05$). Generally, these findings suggest that consolidated pay plays a positive and significant role in the performance of commercial state corporations.

5.2.2 Relationship between Employees Facilitative Allowances policy and Performance of Commercial State Corporations in Kenya

The second objective of the study was to assess the effect of employees facilitative allowances policy on the performance of commercial state corporations in Kenya. The

hypothesis of this objective was: **H₀₂**: Employees facilitative allowances policy has no statistically significant effect on the performance of commercial state corporations in Kenya.

The study findings reported a positive and significant effect between employees facilitative allowances policy and the performance of commercial state corporations ($\beta = .5657, \rho = 0.000, \rho < .05$). These findings suggest that facilitative allowances policy is of high priority to commercial state corporations' employees and therefore, for commercial state corporations to perform well, facilitative allowances policy must be an integral part of their employees pay.

5.2.3 Relationship between Employees Retirement Benefits policy and Performance of Commercial State Corporations in Kenya

The third objective of the study was to evaluate the effect of employees retirement benefits policy on the performance of commercial state corporations in Kenya. The hypothesis of this objective was: **H₀₃**: Employees retirement benefits policy has no statistically significant effect on the performance of commercial state corporations in Kenya.

The study results reported a positive and significant effect between Employees retirement benefits policy and the Performance of commercial state corporations ($\beta = .558, \rho = 0.000, \rho < .05$). These findings generally show that retirement benefits policy is of high priority for employees in commercial state corporations and therefore, for commercial state corporations to perform well, retirement benefits should be incorporated as part of their employees pay.

5.2.4 Relationship between Employees Health Benefits policy and Performance of Commercial State Corporations in Kenya

The fourth objective of the study was to examine the effect of employees health benefits policy on the performance of commercial state corporations in Kenya. The hypothesis of this objective was: **H₀₄**: Employees health benefits policy has no statistically significant effect on the performance of commercial state corporations in Kenya.

The study results reported a positive and significant effect between Employees Health Benefits policy and the Performance of commercial state corporations ($\beta = .524$, $p=0.000$, $\rho < .05$). These study findings imply that employee health benefits policy significantly influence the performance of commercial state corporations and consequently, for commercial state corporations to perform well, health benefits policy should be prioritised as a critical part of their employees pay.

5.2.5. Moderating Effect of Remuneration Policy Guideline on the Relationship between Employees Compensation and Performance of Commercial State Corporations

The fifth objective of the study was to establish the moderating effect of Remuneration policy guideline on the Relationship between Employee compensation and the performance of commercial state corporations in Kenya. The hypothesis of this objective was that **H₀₅**: Remuneration policy guideline does not have a statistically significant moderating effect on the relationship between employee compensation and the performance of commercial state corporations in Kenya.

The relationship between commercial state corporation performance and other employee compensation variables remains significantly positive after including Remuneration policy guideline. Generally, the results reported that the model explains 60.6 per cent of

the variations in the performance of commercial state corporations, and after the inclusion of Remuneration policy guidelines, there was an increase of 12.7 per cent. The effect was significant ($t=7.652$, $p=0.000$); thus, the null hypothesis was rejected.

Notably, after the inclusion of the Remuneration policy guidelines, the relationship between the performance of commercial state corporations and other employee compensation variables remains significantly positive. If employees consolidated pay remuneration policy changes by one per cent, the performance of the commercial state corporation changes by 0.324 in the same direction; a one per cent change in employees facilitative allowance policy, the performance of the commercial state corporation increases by 0.077, a one per cent change in employees health benefits policy, the performance of commercial state corporation changes by 0.132 in the same direction and if employee retirement benefits policy changes by one per cent, performance of commercial state corporation changes by 0.138 in the same direction.

Generally, these findings revealed that Remuneration policy guideline has a moderating effect on the relationship between employee compensation and the performance of commercial state corporations in Kenya.

5.3 Conclusions

Based on the findings of the study, the following conclusions were made;

The study results reported a positive and significant effect between Employees consolidated pay remuneration policy and the Performance of commercial state corporations in Kenya ($\beta = .637$, $\rho = 0.000$, $\rho < .05$).

The study, therefore, concludes that consolidated pay remuneration policy practices for employees are necessary and integral for improving the performance of commercial state corporations and should be optimised in their remuneration policies for purposes of

ensuring the achievement of their corporate objectives. Efficient remuneration policies that have consolidated pay remuneration policy and practice will attract and retain talent, which will directly contribute to productivity and the attainment of strategic objectives. On the other hand, the absence of proper remuneration policy guidelines may result in low output and impede the attainment of company objectives. In view of the above, therefore, the achievement and maintenance of long-term impactful performance in commercial state businesses requires the development of strong remuneration policy guidelines that embrace consolidated pay practices.

The study findings reported a positive and significant effect between employees facilitative allowances policy and the performance of commercial state corporations ($\beta = .5657, \rho = 0.000, \rho < .05$).

The study, therefore, concludes that employee performance is higher in commercial state corporations that provide significant facilitative allowances, leading to the improvement of overall organisational performance. This concludes, therefore, that commercial state corporations should incorporate facilitative allowances policy as part of their employee remuneration policy guidelines for better achievement of their corporate performance. State corporations that seek to improve their performance should embrace the principles of facilitative allowances policy since they reduce the potential danger of employee demonization and the detrimental effects it would have on the success of the corporation. Consequently, and in view of this, it is imperative that commercial state corporations set up facilitative allowance practices in their remuneration policy guidelines that ensure transparency and equity. Setting these priorities is essential to maintaining good performance and accomplishing organisational objectives.

The study results reported a positive and significant effect between Employees retirement benefits policy and the Performance of commercial state corporations ($\beta = .558, \rho =$

0.000, $\rho < .05$). The study, therefore, concludes that it is imperative for commercial state corporations to incorporate retirement benefits as part of their employee remuneration policy guidelines for better achievement of their corporate performance. In doing so, these corporations should ensure that their employees are adequately informed about their retirement benefit policies and that these policies are anchored within the current legislative framework. This strategy not only keeps new employees well informed and empowered in terms of the security of their future post-employment, but it also improves organisational performance by encouraging productivity and efficacy. Consequently, retirement benefits policy should be a priority of commercial state corporations in their remuneration policy guidelines as they are a major source of employee motivation and eventually boost organisational performance.

The study results reported a positive and significant effect between Employees Health Benefits policy and the Performance of commercial state corporations ($\beta = .524$, $p=0.000$, $\rho < .05$). The study, therefore, concludes that for commercial state corporations to enhance employee morale and increase performance, a strong health benefits policy is essential. Commercial state corporations that integrate comprehensive health benefits into their remuneration policies have a higher probability of improving productivity as a whole. On the other hand, the performance of an organisation can be compromised greatly by a lack of remuneration policy that does not integrate health benefits. The results indicate that while inadequate investment in employee health can lower productivity, higher levels of health benefit investment are correlated with improved corporation performance. In offering this benefit, commercial state corporations must ensure compliance with current laws by offering complete health coverage through both public and private providers in order to reduce these risks. Future policy initiatives should concentrate on routinely reviewing and revising health benefit plans in order to

stay up to date with evolving employee demands and regulatory obligations.

The study findings reported that the relationship between commercial state corporation performance and other employee compensation variables remains significantly positive after including Remuneration policy guidelines, noting that the model explains 60.6 per cent of the variations in performance of commercial state corporations and after the inclusion of Remuneration policy guideline, there was an increase of 12.7 per cent.

This study, therefore, concludes that the association between employee compensation and organisational performance is considerably moderated in commercial state enterprises when the SRC Remuneration policy guideline is used. State corporations that successfully use the Remuneration policy guideline experience performance improvement in three important areas: Direction, Execution, and Results, with this improvement ultimately leading to enhanced performance and achievement of corporate strategic objectives. The Remuneration policy guideline plays a key role in increasing the corporation's potential for improved performance. Commercial state organisations, therefore, should adopt and continuously follow the SRC Remuneration Policy Guideline in order to fully reap the benefits of their long-term growth and organisational efficacy.

5.4 Recommendations

This section covered theoretical and practical policy implications, limitations, and recommendations for further research.

5.4.1 Policy Recommendations

Based on the above conclusions, the broad policy recommendation made is that commercial state corporations in Kenya should adopt a holistic approach to their respective remuneration pay practices by implementing the Salaries and Remuneration Commission's Remuneration Policy Guideline. This policy is comprehensive and entails

a consolidated pay component, facilitative allowances that support employees in executing their roles, and a solid component of health and retirement benefits geared towards the improvement of employee satisfaction and retention, leading to enhanced organisational performance. Ensuring that this remuneration package is comprehensive and competitive within the industry will contribute to long-term organisational success.

Doing so will greatly enhance respective organisational performance through strategic alignment of compensation practices with strategic organisational goals, employee productivity, and legal requirements. Implementation of the above Remuneration policy guideline requires a comprehensive strategic framework that is followed by the following specific recommendations:

Sensitise Employees on SRC Remuneration Policy Guideline: Implement sensitisation and training programs for employees of commercial state corporations on the SRC Remuneration Policy Guideline and how it influences competitive compensation packages with an emphasis on making employees aware of the Policy's implications and how it enhances organisational performance.

Develop and Implement Competitive Compensation Packages: Arising from the feedback from the sensitisation programmes and the tenets of the SRC Remuneration policy guideline, create and execute remuneration complements respective corporation objectives and strategies. Further, to improve total employee engagement and productivity, the remuneration arising from these sessions should cover all essential elements, including adherence to updated and relevant consolidated salary remuneration policies, facilitative allowances policies, retirement benefits policies, and health benefits policies.

Regularly Review and Update Compensation Policies: Further, to ensure that corporations' pay policies stay current and aligned with their organisational, legal, and industry developments, commercial state corporations should set up a regular review, monitoring and evaluation mechanism. This will support the policies' continued applicability and efficiency in accomplishing strategic goals.

5.4.2 Recommendation for Further Research

This research study was not without limitations, some of which provide an avenue for future research. Firstly, the study focused only on a few aspects of employee compensation, linking it to commercial state corporations' performance. Other factors that influence employee compensation, such as profit sharing, should be looked at in the future. Secondly, future studies may examine other methods of measuring commercial state corporations' performance dimensions, such as benchmarking and Key Performance indicators. Thirdly, since this study was cross-sectional, future scholars may use a longitudinal approach to understand the moderating effect of Remuneration policy guidelines on the relationship between employee compensation and the performance of commercial state corporations in Kenya.

Further, environmental variables and employee characteristics and how they could affect organisational performance were not considered in this study. This may be considered for future research. Finally, this study collected data on employee compensation and organisational performance from commercial state corporations from management staff as the respondents. Future research should engage external stakeholders such as the shareholder, (Government) suppliers, relevant development partners, and all other non-management employees, using a three-sixty-degree approach.

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Appendix II: Questionnaire

The information provided will be used strictly for academic purposes only and will be treated with utmost confidence. Kindly tick (√) and fill where appropriate to your view on the propositions provided.

Section A: General Information

Gender Male []

Female []

Age Bracket 25 years and below []

25- 35 years []

36- 45 years []

46- 55 years []

Over 55 years []

Highest educational level attained.

Diploma []

Degree []

Masters Degree []

Doctorate Degree []

Work Experience

Below 2 years []

2- 5 years []

6- 10 years []

Above 10 years []

Are you aware of different employees' remuneration in your organization?

Yes [] No []

If your answer to question 5 above is yes, how important is employees' compensations to the performance of Commercial State Corporations in Kenya in your organization?

Very Important []

Important []

Not Important []

Least Important []

Section B: Employees’ Consolidated Pay

Using the scale provided, kindly give your opinion on employees’ consolidated pay in your organization. (1- Strongly Disagree, 2-Disagree, 3-Unsure, 4. Agree, 5-Strongly Agree).

SNO	Statement	1	2	3	4	5
1	Our corporation’s compensation policy has Standardized basic compensation services					
2	Our corporation’s compensation policy has simplified the compensation process					
3	Our corporation’s compensation policy is in compliance with applicable laws					
4	Our corporation’s compensation policy is competitive in the current labour market					
5	Our corporation’s compensation policy attracts highly qualified and experienced employees					
6	Our corporation’s compensation policy is consistent with employees productivity and performance					
7	Our corporation’s compensation policy is informed by job evaluation reports					
8	Our corporation’s compensation policy clearly communicates remuneration plans to all the employees					
9	Our corporation’s compensation policy has effective administration schemes					
10	Our corporation’s compensation policy is based on performance related pay rise					

Kindly suggest some other issues that hamper employees’ consolidated pay in your corporation.

.....

.....

.....

Based on the issues suggested above, in your view, how would they best be addressed?

.....

.....

Section C: Employees’ Facilitative Allowances

Using the scale provided, kindly give your opinion on employees’ facilitative allowances in your organization. (1- Strongly Disagree, 2-Disagree, 3-Unsure, 4. Agree, 5-Strongly Agree).

SNO	Statement	1	2	3	4	5
1	Our corporation’s employees’ facilitative allowances policy promotes fair allowances paid for the roles employees undertake					
2	Our 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					
3	Our corporation’s employees’ facilitative allowances policy is sensitive to the amount of allowances payable in their role and is comparable to colleagues with similar qualifications in the organization					
4	Our corporation’s employees’ facilitative allowances policy is sensitive to the different allowances payable for their role are comparable to colleagues with similar qualifications in the organization					
5	Our corporation’s employees’ facilitative allowances policy clearly stipulates the dates of the payments of the allowances					
6	Our corporation’s employees’ facilitative allowances policy are efficiently managed and motivates employees					
7	Our corporation’s employees’ facilitative allowances policy is effective in their intent and motivates employees					
8	Our corporation’s employees’ facilitative allowances policy addresses leave allowances					
9	Our corporation’s employees’ facilitative allowances policy addresses employee education allowances					
10	Our corporation’s employees’ facilitative allowances policy on different allowances payable for employees’ role are fair for the roles they undertake					

Kindly suggest some other issues that hamper employees’ facilitative allowances in your corporation.

.....

.....

.....

In the issues suggested above, in your view, how best would they be addressed?

.....

Section D: Employees’ Retirement Benefits

Using the scale provided, kindly give your opinion on employees’ retirement benefits in your organization. (1- Strongly Disagree, 2-Disagree, 3-Unsure, 4. Agree, 5-Strongly Agree).

SNO	Statement	1	2	3	4	5
1	Our corporation’s employees’ retirement benefits policy is a source of motivation to employees					
2	Our corporation’s employees’ retirement benefits policy has a huge influence on the rate of employees’ turnover.					
3	Our corporation’s employees’ retirement benefits policy has been a source of attraction to highly skilled employees					
4	Our corporation’s employees’ retirement benefits policy has been developed on the basis of productivity of employees					
5	Our corporation’s employees’ retirement benefits policy has attained employees’ loyalty reducing employee levels of their negligence.					
6	Our corporation’s employees’ retirement benefits policy is supported by the existing legal framework.					
7	Our corporation’s employees’ retirement benefits policy is competitive comparatively in the larger public service.					
8	Our corporation’s employees’ retirement benefits policy attracts highly qualified and experienced employees that achieve the corporation’s performance					
9	Our corporation’s employees’ retirement benefits policy specifies the administration of the employees’ pension benefits					
10	Our corporation’s employees’ retirement benefits policy is simple enough and therefore can be understood by the employees					

Kindly suggest some other issues that hamper employees' retirement benefits in your corporation.

.....

In the issues suggested above, in your view, how best would they be addressed?

.....

Section E: Employees' Health Benefits

Using the scale provided, kindly give your opinion on employees' health benefits in your organization. (1- Strongly Disagree, 2-Disagree, 3-Unsure, 4. Agree, 5-Strongly Agree).

SNO	Statement	1	2	3	4	5
1	Our corporation's employees' health benefits policy is adequate to cover all aspects of employees' health					
2	Our corporation's employees' health benefits policy includes employees Ex-Gratia policy, with approvals determined by the Board of Directors.					
3	Our corporation's employees' health benefits policy is based on reimbursements on cost included directly from employees' expenses					
4	Our corporation's employees' health benefits policy covers health service providers both in public and private health facilities					
5	Our corporation's employees' health benefits policy has a dual contribution both from employees and the government					
6	Our corporation's employees' health benefits policy is effective and meets employees' expectations					
7	Our corporation's employees' health benefits policy is efficient and delivers the results required					
8	Our corporation's employees' health benefits policy is covered within the existing legislation.					

9	Our corporation's employees' health benefits policy specifies the administration of the employees' health covers					
10	Our corporation's employees' health benefits policy has been the basis of productivity of employees					

Kindly suggest some other issues that hamper employees' health benefits in your corporation.

.....

.....

.....

In the issues suggested above, according to you how best would they be addressed?

.....

.....

.....

Section F: Performance of Commercial State Corporations in Kenya

Using the scale provided, kindly give your opinion on performance of Commercial State Corporations in Kenya based on performance execution, results obtained and efficiency in the internal process in your organization. (1- Strongly Disagree, 2-Disagree, 3-Unsure, 4. Agree, 5-Strongly Agree).

SNO	performance of Commercial State Corporations in Kenya	1	2	3	4	5
Performance Execution of Commercial State Corporations in Kenya						
1	Our corporation's support of quality policies by Senior level management that engage stakeholders					
2	Our corporation's employees are given chance to participate in decision making to increase participation					
3	Our corporation pay attention to customer as drivers of performance					
4	Our corporation has a tool for profiling key stakeholders and their needs					

5	Our corporation has clarity for execution of performance indicators					
Results Obtained from performance of Commercial State Corporations in Kenya						
1	Our corporation has a results-based tool for measuring performance indicators used to identify and prioritize improvement opportunities					
2	Our corporation has a results-based tool for partnership which is add-value to our customer / supplier chain					
3	Our corporation has clear creativity and innovation encouraged to develop competitive products and services					
4	Our corporation has developed result oriented customer survey tool to determine and enhance customer satisfaction					
5	Our corporation has a matrix for results monitoring and evaluation.					
Direction perspective of the Commercial State Corporations in Kenya						
1	Our corporation has well developed vision, mission, values and purpose geared towards driving corporation's business.					
2	Our corporation has clear tools and mechanisms for all employees implementing the corporation's work plan arising from the strategic plan.					
3	Our corporation has internal quality management system to deliver highly valued products and services					
4	Our corporation has internal business process for monitoring all aspects of our productivity and stakeholder management.					
5	Our corporation's internal process are clearly driven by sound leadership and a culture of shared beliefs, attitudes and values leading to high organizational performance.					

Kindly suggest some other issues that hamper performance of Commercial State Corporations in Kenya, but specific to your corporation.

.....

In the issues suggested above, in your view, how best would they be addressed?

.....

Section G: Remuneration Policy Guideline

Using the scale provided, kindly give your opinion on how your corporation applies Salaries and Remuneration (SRC) policy guideline. (1- Strongly Disagree, 2-Disagree, 3-Unsure, 4. Agree, 5-Strongly Agree).

SNO	Statement	1	2	3	4	5
1	Our corporation salaries have been standardized from the advice from Salaries and remuneration policy guideline.					
2	Our corporation has applied salary scales recommended by Salaries and remuneration policy guideline.					
3	Our corporation has adjusted pay structure of the employees bases on Salaries and remuneration policy guideline.					
4	Our corporation salaries have been subjected to employees job grading and salary structure as per Salaries and remuneration policy guideline.					
5	Discrepancies in pay in the corporation have been harmonized based on the recommendations from Salaries and remuneration policy guideline.					
6	Pay in our corporation has been successfully implemented based on fairness and equity has per the recommendations of salaries and remuneration policy guideline.					
7	Our corporation’s salary & remuneration review cycle has					

	been successfully implemented based on Salaries and remuneration policy guideline.					
8	Our corporation has successfully conducted comparative salary surveys and made recommendations to the Salaries and Remuneration Commission for adjustments					
9	All employees in our corporation are satisfied by the Salaries and Remuneration Commission recommended policy guideline.					
10	The Salaries and Remuneration Commission policy guideline on employee remuneration is based on industry competitiveness					

Kindly suggest some other issues that hamper the application of Salaries and remuneration policy guideline.....

.....

.....

In the issues suggested above, according to you how best would they be addressed?

.....

.....

.....

Appendix III: Pay Review Taskforces, Commissions and Committees, 1963-2004

Year	Taskforces, Commissions and Committees	Scope of Work
1963	L. J. Pratt	Review salary structure for Civil Service, teaching staff and public sector
1967	H. Millar-Craig	Review salaries for Civil Service with specific reference to professional and technical personnel
1970-1971	D.N. Ndegwa	Comprehensive review of Public Service structure and remuneration
1979-1980	S.N. Waruhiu	Harmonization of salaries for Civil Service with other public services and the private sector
1985	T.J. Ramtu	Development of schemes of service for all civil servants
1987-1988	S. H. Ominde	Remuneration and benefits for the Police and Prison Officers
1990	P.M. Mbithi	Remuneration and benefits for the Civil Service
1992	E. Kotut	Inquire into the salary structure, terms and conditions of service and related benefits for the Judiciary separate from the civil service.
1995	W.O. Omamo	Remuneration and benefits for the Local Authorities
1996	P. Nyakiamo	Remuneration and benefits for the National Assembly
1996-1997	K. Ng'eny	Police and National Youth Service
1997	P.M. Munene	Examine the salary structure and other terms and conditions of service for the Civil Service
1997	E. Mwakio	Examine and review the remuneration structure and benefits and terms and conditions of service for public universities staff
1998-1999	B. K. Kipkulei	Harmonization of remuneration and benefits structure for the entire Public Service
2003-2004	H. Mule	Public Sector Wage Policy Study: A Review of Recent Developments on Wage Structure and Policies with Particular Reference to the Public Sector in Kenya

Source: Mule, Ryan, Ndi (2004) and Pay Policy for the Public Service, (2006)

Appendix IV: Performance Evaluation Scores for State Corporations

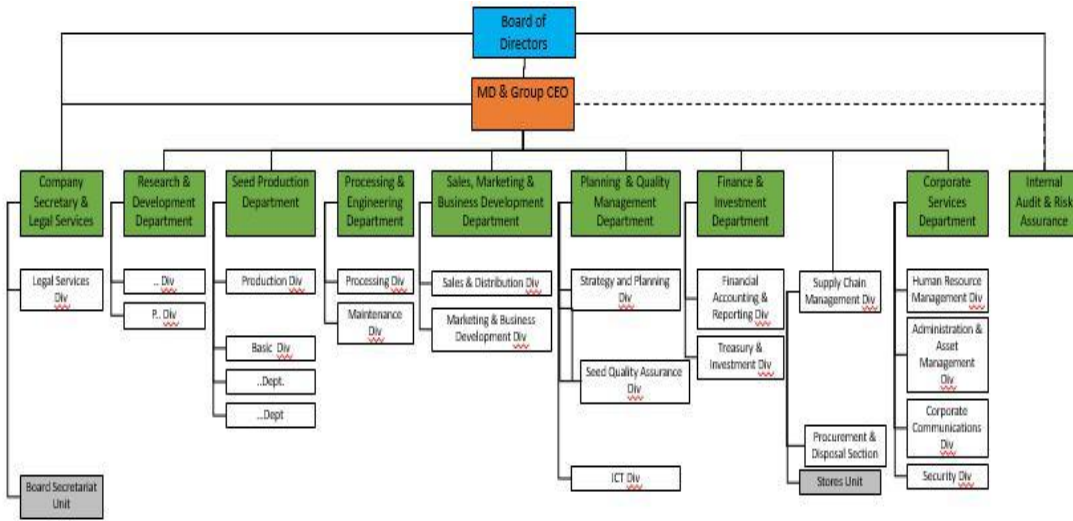
S/No	Institution	FY2019/2020	FY2020/2021
1.	Kenya National Trading Corporation	3.1527	2.8403
2.	Kenya Development Corporation (KDC)*	3.5037	3.6174
3.	Kenya Electricity Generating Company (KenGen)	3.0492	2.8851
4.	Kenya Ports Authority	3.0904	2.9752
5.	Kenya Animal Genetic Resources Centre	3.0629	3.0387
6.	Kenya Literature Bureau	3.2828	3.7143
7.	Nyayo Tea Zones Development Corporation	3.1821	3.2150
8.	Capital Markets Authority	2.5996	3.0557
9.	National Environment Management Authority	3.5340	3.2219
10.	Kenya Medical Training College	2.9091	2.7629
11.	Bukura Agricultural College	3.5723	3.1283
12.	Coast Development Authority	3.0515	3.1171
13.	Kenya Civil Aviation Authority	3.0803	2.8577
14.	Kenya National Shipping Line	3.3011	3.6156
15.	National Housing Corporation	3.2812	3.2578
16.	Kenya Pipeline Company	3.4956	2.9017
17.	Kenya Seed Company	2.909	2.8122
18.	Kenya Airports Authority	3.8863	3.4926
19.	Kenya Bureau of Standards	3.2431	3.2428
20.	Kenya Revenue Authority	3.1133	2.9582
21.	Kenya Marine and Fisheries Research Institute	2.9024	2.9243
22.	KIPPRA	3.0666	3.1454
23.	Agriculture and Food Authority (AFA)	3.1546	3.6151
24.	Nuclear Power and Energy Agency (NuPEA)	3.1261	3.1078

Appendix V: List of Commercial State Corporations

S/No.	Commercial State Corporation	location
1.	East African Portland Cement Company Ltd	Machakos
2.	Kenya Electricity Generating Company	Kenya
3.	Kenya Power and Lighting Company Ltd	Kenya
4.	Kenya Re-Insurance Corporation	Nairobi
5.	Agricultural Finance Corporation	Kenya
6.	Industrial and Commercial Development Corporation	Nairobi
7.	Kenya Airports Authority	Kenya
8.	Kenya Development Corporation	Nairobi
9.	Kenya Literature Bureau	Nairobi
10.	Kenya Pipeline Corporation	Kenya
11.	Kenya Ports Authority	Mombasa
12.	Kenya Railways Corporation	Kenya
13.	National Hospital Insurance Fund	Kenya
14.	National Social Security Fund	Kenya
15.	New Kenya Co-operative Creameries	Kenya
16.	Public Service Superannuation Fund Board	Nairobi
17.	Kenya National Assurance Co. (2001) Ltd	Nairobi
18.	Kenya Seed Company Limited	Kitale
19.	Kenya Shipyard Limited	Kenya
20.	Kenyatta International Convention Centre	Nairobi
21.	Local Authorities Provident Fund	Nairobi
22.	Local Authority Pension Trust Fund	Nairobi
23.	National Cereals and Produce Board	Nairobi
24.	National Housing Corporation	Nairobi
25.	Numerical Machining Complex	Nairobi
26.	Postal Corporation of Kenya	Kenya
27.	Rivatex East Africa Limited	Eldoret
28.	Kenya Broadcasting Corporation	Nairobi
29.	Kenya Ordinance and Factories Corporation (KOFC)	Eldoret
30.	Kenya Veterinary Vaccine Production Institute(KEVEVAPI)	Nairobi
31.	National Mining Corporation	Nairobi
32.	National Oil Corporation of Kenya (NOCK)	Nairobi
33.	Consolidated Bank	Nairobi
34.	Agro-Chemical and Food Company	Kisumu
35.	Development Bank of Kenya Ltd.	Nairobi
36.	Mombasa Beach Hotel	Mombasa
37.	JKUAT Enterprise Services	Nairobi
38.	Jomo Kenyatta Foundation	Nairobi
39.	Jomo Kenyatta University Enterprises Ltd.	Nairobi
40.	Kenya Fishing Industries Corporation	Mombasa
41.	Kenya Industrial Estate	Nairobi
42.	Kenya Meat Commission	Athi River

43.	Kenya National Shipping Line	Mombasa
44.	Kenya National Trading Corporation Ltd	Nairobi
45.	Kenya Petroleum Refineries Limited	Mombasa
46.	Kenya Post Office Savings Bank	Kenya
47.	University of Nairobi Enterprises and Services Limited	Nairobi
48.	Bomas of Kenya	Nairobi
49.	Chemilil Sugar Company Ltd	Kisumu
50.	Golf Hotel Kakamega	Kakamega
51.	Kabarnet Hotel Ltd	Baringo
52.	Kenya Safari Lodges and Hotels Ltd	Mombasa
53.	Mt. Elgon Lodge	Kitale
54.	Muhoroni Sugar Company Ltd	Kisumu
55.	Nzoia Sugar Company	Bungoma
56.	School Equipment Production Unit	Nairobi
57.	South Nyanza Sugar Company Limited (SONY)	Awendo
58.	Sunset Hotel Kisumu	Kisumu
59.	Simlaw Seeds Kenya Ltd	Nairobi
60.	Simlaw Seeds Tanzania	Tanzania
61.	Simlaw Seeds Uganda Ltd.	Uganda
62.	Ngulia Lodge	Voi
63.	Pyrethrum Processing Company of Kenya	Nakuru
64.	Kenya National Multi Commodities Exchange Ltd	Nairobi
65.	Kenya BioVax Institute	Nairobi
66.	Western Kenya Rice Mills Ltd	Kisumu
67.	University of Nairobi Press	Nairobi
68.	Agri and Cooperative Training & Consultancy Services Ltd	Nairobi
69.	Kipchabo Tea Factory	Nandi
70.	Gatitu Tea Factory	Kirinyaga
71.	JKUAT Industrial Park Limited	Nairobi
72.	Mwea Rice Mills	Kirinyaga

Appendix VI: Model Organogram and Grading Structure for a Commercial State Corporation



Source: State Corporations Advisory Committee (2023)

Appendix VII: XYZ Limited Grading Structure

Grade	Designation
KSC 1	Managing Director
KSC 2	General Manager
KSC 3	Manager
KSC 4	Senior Principal Officer
KSC 5	Principal Officer
KSC 6	Senior Officer
KSC 7	Officer
KSC 8	Senior Assistant Officer
KSC 9	Assistant Officer
KSC 10	Senior Artisan/Principal Driver

Appendix VIII: KUREC Ethical Clearance Letter



KABARAK UNIVERSITY RESEARCH ETHICS COMMITTEE

Private Bag - 20157
KABARAK, KENYA
Email: kurec@kabarak.ac.ke

Tel: 254-51-343234/5
Fax: 254-051-343529
www.kabarak.ac.ke

OUR REF: KABU01/KUREC/001/05/09/23

Date: 12th September, 2023

Anne Gitau,
REG No. GDB/M/0096/01/22
Kabarak University,

Dear Anne,

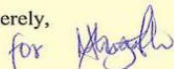
RE: MODERATING EFFECT OF REMUNERATION POLICY GUIDELINE ON THE RELATIONSHIP BETWEEN EMPLOYEE COMPENSATION AND PERFORMANCE OF COMMERCIAL STATE CORPORATIONS IN KENYA

This is to inform you that **KUREC** has reviewed and approved your above research proposal. Your application approval number is **KUREC-050923**. The approval period is **11/09/2023 – 11/09/2024**.

This approval is subject to compliance with the following requirements:

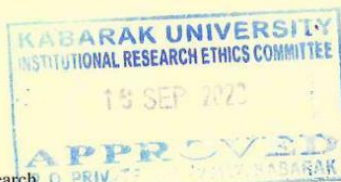
- i. All researchers shall obtain an introduction letter to NACOSTI from the relevant head of institutions (Institute of postgraduate, School dean or Directorate of research)
- ii. The researcher shall further obtain a RESEARCH PERMIT from NACOSTI before commencement of data collection & submit a copy of the permit to **KUREC**.
- iii. Only approved documents including (informed consents, study instruments, MTA Material Transfer Agreement) will be used
- iv. All changes including (amendments, deviations, and violations) are submitted for review and approval by **KUREC**.
- v. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **KUREC** within 72 hours of notification;
- vi. Any changes, anticipated or otherwise that may increase the risk(s) or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to **KUREC** within 72 hours;
- vii. Clearance for export of biological specimens must be obtained from relevant institutions and submit a copy of the permit to **KUREC**;
- viii. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal and;
- ix. Submission of an executive summary report within 90 days upon completion of the study to **KUREC**

Sincerely,

for 

Prof. Jackson Kitetu Ph.D.
KUREC-Chairman

Cc Vice Chancellor
DVC-Academic & Research
Registrar-Academic & Research
Director-Research Innovation & Outreach
Institute of Post Graduate Studies



As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord.

(1 Peter 3:15)



Kabarak University is ISO 9001:2015 Certified

Appendix X: Evidence of Conference Participation



KABARAK UNIVERSITY

Certificate of Participation

Awarded to

ANN RWAMBA GITAU

For successfully participating in the 14th Annual Kabarak University International Research Conference held on 2nd-4th July 2024 and presented a paper entitled *“moderating effect of enumeration policy guideline on the relationship between employee compensation and the performance of commercial State Corporation in Kenya.”*

Conference Theme

Empowering innovation; Nurturing Futures Through Business Incubation

Dr. Patrick Kibati
Dean, School of Business &
Economics

Dr. Phillip Nyawere
Ag. Director - Research,
Innovation and Outreach

Kabarak University Moral Code

As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord.

(1 Peter 3:15)



Kabarak University is ISO 9001:2015 Certified

Appendix XI: List of Publications



Journal of Business and Entrepreneurship

[ISSN 2958-1125]
Volume: 03 Issue: 01 | May-2024

JBE

The Effect of Employees' Health Benefits on the Performance of Commercial State Corporations in Kenya

Authors

Anne Rwamba Njagi Gitau⁽¹⁾; Ronald K. Chepkilot⁽²⁾; Simon Kipchumba⁽³⁾

Main author email: agitau@src.go.ke

(1,2,3) Kabarak University, Kenya.

Cite this article in APA

Gitau, A. R. N., Chepkilot, R. K., & Kipchumba, S. (2024). The effect of employees' health benefits on the performance of commercial state corporations in Kenya. *Journal of business and entrepreneurship*, 3(1), 15-24. <https://doi.org/10.51317/jbe.v3i1.521>



A publication of Editon Consortium Publishing (online)

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Scan this QR to read the paper online



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Abstract

This study sought to assess the effect of employees' health benefits on the performance of Commercial State Corporations in Kenya. Commercial state corporations are established by the government to offer efficient and effective citizen service delivery whilst surrendering back investment income at the end of each financial year. Despite this, most of them have performed dismally over the years, questioning their justification for continued existence. A survey research design was used to conduct this study, targeting 612 managers of various cadres in the 68 commercial state corporations in Kenya. The Yamane sampling formula was used to arrive at a sample size of 242 managers in these corporations. Data collected through structured questionnaires was analysed using both inferential and descriptive statistics. Multiple regression models and Hierarchical regression were used to test hypotheses for moderation. The outcomes of the hierarchical regression model on all the variables revealed that employees' health benefits ($\beta = 0.138, p = 0.000, p < 0.05$) had a significant positive relationship with the performance of commercial state corporations. These findings contribute novel insights into the influence of employee compensation on the performance of commercial state corporations. The study concluded that employee compensation affects the performance of commercial state corporations and that remuneration policy guidelines strengthen the positive linkage between employee compensation and performance outcomes. The study recommended that commercial state corporations should give higher priority to employee's health benefits and Remuneration policy guidelines as they are crucial in enhancing their performance.

Key terms: commercial state corporation, employees, employee compensation, health benefits, public sector performance.

15

Journal url: <https://journals.editononline.com/>





The Effect of Employees’ Health Benefits on the Performance of Commercial State Corporations in Kenya

Authors

Anne Rwamba Njagi Gitau⁽¹⁾; Ronald K. Chepkilot⁽²⁾; Simon Kipchumba⁽³⁾

Main author email: agitau@src.go.ke

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Abstract
This study sought to assess the effect of employees’ health benefits on the performance of Commercial State Corporations in Kenya. Commercial state corporations are established by the government to offer efficient and effective citizen service delivery whilst surrendering back investment income at the end of each financial year. Despite this, most of them have performed dismally over the years, questioning their justification for continued existence. A survey research design was used to conduct this study, targeting 612 managers of various cadres in the 68 commercial state corporations in Kenya. The Yamane sampling formula was used to arrive at a sample size of 242 managers in these corporations. Data collected through structured questionnaires was analysed using both inferential and descriptive statistics. Multiple regression models and Hierarchical regression were used to test hypotheses for moderation. The outcomes of the hierarchical regression model on all the variables revealed that employees’ health benefits ($\beta= 0.138, p= 0.000, p<0.05$) had a significant positive relationship with the performance of commercial state corporations. These findings contribute novel insights into the influence of employee compensation on the performance of commercial state corporations. The study concluded that employee compensation affects the performance of commercial state corporations and that remuneration policy guidelines strengthen the positive linkage between employee compensation and performance outcomes. The study recommended that commercial state corporations should give higher priority to employee’s health benefits and Remuneration policy guidelines as they are crucial in enhancing their performance.

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