

THE INFLUENCE OF COMPENSATION AND REWARDS ON EMPLOYEE PERFORMANCE IN PUBLIC UNIVERSITIES IN KENYA

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Abstract

The environment of public institutions is facing relentless and rapid change. These circumstances underscore the crucial role of leadership and management in maintaining morale, enhancing productivity, and helping staff at all institutional levels cope with momentous and rapid change. The Human Resource Management practices are meant to streamline efficiency and effectiveness of work in all organizations. The study sought to evaluate the influence of compensation and reward on employees' performance in public universities in Kenya. Descriptive survey research design was employed which allows the researcher achieve greater control of the study and to improve the validity of the study by examining the research problem. The target population included all the HR workers in selected public universities with a sample of 125 HR employees. Structured questionnaire was used as the main primary data collection instrument while secondary data was obtained from literature developed by scholars. The instrument was tested for validity and reliability before it was used for data collection. The data collected was filtered, coded and analysed using SPSS. A regression model was used to establish the relevant relationships. The findings of the study showed that most of the respondents were not sure that recruitment and selection as an HRM practice has contributed to employee performance in public universities in Kenya. The findings also showed that most of the respondents agreed or strongly agreed that employee training has contributed to employee performance in public universities in Kenya. It was also established that most respondents strongly agreed or agreed that good compensation and reward have contributed to employee performance. The study recommends that public universities should adhere all the guidelines stipulated in the HRM Practices to enhance employee performance and productivity.

Keywords: Compensation, Reward, Human Resource Practices, Public Universities

INTRODUCTION

Firms today face an increasingly competitive and rapidly changing environment characterized by a diverse labour market, advancement in information technologies, globalization, deregulation, continuous customer demands. To be successful, a firm must be able to improve performance by reducing costs, creating new products and processes, enhancing quality and productivity, and increasing speed to market (Luthans & Sommers, 2005). In this regard, organizations need to focus on the capabilities of their workforces.

According to Harter, Schmidt and Hayes (2002), effective management of a firm's human resources would be able to generate and increase knowledge, motivation, synergy, and commitment, resulting in a source of sustained competitive advantage for the firm. This suggestion is in tandem with that of Huselid (1995) who argued that HRM practices represent one avenue that can be used by organizations in shaping their employees' attitudes and behaviours. This is because HRM practices create conditions where employees become highly involved in the organization and work hard to accomplish the organization's goals.

According to Morrison (1996), how an organization manages its human resources establishes the tone and conditions of the employee-employer relationship. HRM involves the policies and practices for dealing with management's Human Resource (HR) aspects (Dessler, 2007). HRM is composed of policies, practices and systems influencing and affecting the behaviour, attitude and performance of employees in an organization (Gerhart, *et al.*, 2007). Strategic approach of HRM is used for acquiring, developing, motivating, managing and gaining the employee's dedication and organization's key resources (Ahmed, 1999). HRM concept is considered by some as the personnel management and by some as an approach for personnel management integration involving organization strategy (Storey, 1995). The employees are more committed to their work and they play their extra role for the benefit of organization.

According to Guest (2002) the impact of HR practices on performance of employees is also related to the response of employee towards HR practices because employees have their own perception regarding them. Shehzad *et.al.* (2008) explains that there are a number of HR practices which are related to employee performance. Teseema & Soeters (2006) discussed eight HR practices which include recruitment and selection practices, placement practices, training practices, promotion practices, grievance procedure and pension or social security.

Ethical issues have increased for managers and organizations, and reputation can help or hurt a firm's recruitment and retention (Vickers, 2005). Changes in laws mean that HRM practitioners must work to keep up (Adler, 2003). HRM practitioners are under pressure to show how they add value to the firm (Adler, 2003). Some suggest that this can occur through increased employee abilities and increased organizational capabilities (Losey, Meisinger, &

Ulrich, 2005). However, traditional HRM activities such as recruiting and career planning are devolving to line managers (Perry & Kulik, 2008), and the impact of HRM is increased for those HRM managers who collaborate with line managers (Losey, Meisinger, & Ulrich, 2005).

Human Resource Management attributes that the meaning employees attach to HRM practices vary depending on employees' interpretations of an employer's underlying motivation (Nishii et al., 2008). Employees respond positively if they believe that the employer is willing to implement HRM practices, but are less likely to exhibit positive behaviours if they perceive that the adoption of HRM practices is mostly a response to external forces. Kim and Wright (2011) employ Nishii et al.'s reasoning to propose that employees are more likely to believe that the adoption of HRM practices by firms is voluntary in a loosely regulated context where legal institutions do not severely restrict managerial autonomy.

Employees are more likely to interpret supportive HRM practices as a favour from their firms and tend to feel obligated to reciprocate the firm's favour by engaging in discretionary behaviours such as cooperation with co-workers. In a sample including different industries which Boselie, Paauwe, and Richardson (2003), show that HRM practices are more effective in a less-institutionalized sector than its more-institutionalized counterpart. Industrial regulation refers to constraints prescribed by the governmental policies on organizations.

Industrial regulations posed by governments include industry access control, new investment ratification, progress and pattern control of privatization or decentralization, and government involvement in business activities (Luo, 2003). Because governments may use regulations to strategically restrict vital industries, regulations can protect firms by creating barriers to new entry. Firms in a regulated environment often experience dependence on regulators who act as powerful constraints on existing business (Hambrick & Finkelstein, 1987). In our society, within which public universities exist, certain professions and occupations perform work activity of such a nature that if it is carried on in a negligent or fraudulent way, it can be dangerous to the public or contrary to the public interest. As a result, it has been the accepted practice to regulate the activities of groups such as doctors and nurses, engineers and lawyers, real estate and insurance brokers, carpenters and electricians and many other professions. Self-regulation is a privilege delegated to a professional or occupational group by the Legislature only when it is clear that the public can best be served by regulating the profession or occupation (Casey 2005).

The purpose of Professional Regulation is to assure the quality of professional services in the public interest. The regulation of a profession involves the setting of standards of professional qualifications and practice; the keeping of a Register of qualified persons and the award of titles; determining the conduct of registrants, the investigation of complaints and

disciplinary sanctions for professional misconduct. There is considerable public concern when professional practice falls short of expected standards or is judged not to be in the public interest (Ulrich & Brockbank, 2005).

There is an increasing public expectation that a professional should be competent to current standards. The public must have confidence in professionals to follow a Code of Conduct, maintain their competence and only undertake professional tasks for which they are competent. The professional standing of HRM has been on the spotlight worldwide. An example of this is the formalization of professional human resource management standards in countries like Canada and Germany. In South Africa, the South African Board for People Practices (SABPP) drafted the Human Resource Professions Bill in 2004 and revised it in 2006. It initiated much discussion about the merits of regulating the human resource (HR) profession.

One of the key points raised in these debates is whether one can regard HR management as a profession. Losey (1997) stated that human resource management is a profession. Ulrich and Eichinger (1998) maintained that HR must become more professional. Numerous researchers in the HR field (Losey, Meisinger & Ulrich, 2005) and various institutions (Harvard, Cornell & the American Business Association) use the term 'HR professionals' in their writings.

Human Resource Management Practices

Human resource management practices are concerned with the human side of the management of the organization. The purpose is to ensure that the employees of a company are used in such a way that the employer obtains the greatest possible benefit from the abilities and the employees obtain both material and psychological rewards from their work (Graham & Bennett 1998). Human resource management practices are sometimes referred to as a "soft" management skill, effective practice within an organization which requires a strategic focus to ensure that people resources facilitate the achievement of organizational goals. HRM is a specialist function of management which has the prime responsibility for the following: formulating, proposing and gaining acceptance for the personnel policies and strategies of the organization; advising and guiding the organizations managers on the implementation of personnel policies and strategies; providing personnel services for the organization to facilitate the recruitment, motivation and development of sufficient and suitable employees at all levels; advising the organizations managers of the human consequences of change. There are several elements that constitute HRM practices. They include: Recruitment and selection, Compensation and reward systems, training & development and employee relations (Cole

2004). As the globalization of world markets continues apace, comparative human resource management issues appear to be gaining momentum.

Both practitioners and academics in the field of human resource management are increasingly aware of the need to examine and understand the human resource management systems suitable to different sectors of the economy. They are interested in finding relevant human resource management policies and practices for different types of organizations, for example, public/private sector, manufacturing/service sector. Human resource management practices are central to improve the quality of services offered by organizations.

In the words of Pfeffer (1994), having good human resource management is likely to generate much loyalty, commitment or willingness to expend extra effort for the organizations' objectives". Moreover, Stone (1998) remarks that „human resource management is either part of the problem or part of the solution in gaining the productive contribution of people. The above quotes suggest that organizations need to effectively manage their human resources if they are to get maximum contribution of their employees and in turn return on their investment. Organizations in general face continuous challenges ranging from heightened national consciousness, employment and labour law requirements not to mention the need to ensure maximum utilization of their resources to their own advantage, a necessity for organizational survival. Since both indigenous and foreign companies operate in the same competitive and volatile environment in Kenya both are bound to readjust their management practices to boost their performance.

The current disposition of HRM is largely associated with the drastic expansion of businesses globally, technological innovations and fierce competition that characterizes the environment in which businesses operate today and the Kenyan business environment is no exception to this global development. In Kenya, the Human Resource Management Professionals Act (2012) was enacted in January, 2013 and it required that all human resource practitioners in Kenya be certified for them to practice.

According to the Kenya Gazette notice of March 2013, Human resource managers now need a practicing certificate to work in the sector. The Act, which received the President's assent on December 31, 2012, is expected to govern the entry and conduct of professionals in the management of human resource practices. The law also provides for disciplinary measures that HR professionals will be subjected to if they fail to conduct themselves in a professional manner. Under the Act, the Institute of Human Resource Management (IHRM) is required to register HR professionals and maintain high governance standards within the profession. The act also established the Human Resource Management Professionals Examinations Board, which is tasked with drawing-up a curriculum, and setting and administering examinations for

HR practitioners. The Board will thereafter issue professional qualifying certificates and other awards to candidates who satisfy examination requirements. It will also make and enforce rules pertaining to the examinations. According to the Institute of Human Resource Management (IHRM), a professional member's organization, has estimated that about half of Kenya's practicing HR officers do not have the relevant academic training.

The government since has embarked on facilitating the additional training necessary for certification for civil servants currently working as human resource officers. This is being done by awarding scholarships and setting up of the training revolving fund where study loans can be accessed. Since the enactment of Human Resource Management Professionals Act (2012) in January, 2013, HR managers are expected to align their functions with this act. Despite the fact that the act was enacted in the last four years, its impact is yet to be felt in the HRM practices. It is therefore a step in the right direction to view HRM practices in the Kenyan public universities and how they impact employee performance.

Employee Performance

Individual work performance is an issue that has not only bothered companies all over the world but also fuelled a great deal of researching in the fields of management, occupational health, work and organizational psychology. Numerous studies on individual work performance have been conducted. However, different approaches of studying individual work performance circulate in today's literature. Whereas the field of management has primarily occupied itself with how one can make an employee as productive as possible, Work and organizational psychologists, on the other hand, have an interest in the influence of determinants, such as work engagement, job satisfaction, and personality, on individual work performance. Performance is associated with quantity of output, quality of output, timeliness of output, presence or attendance on the job, efficiency of the work completed and effectiveness of work completed (Mathis & Jackson 2009). According to Mooney (2009) performance is not only related to results but it also relates with activities and behaviours of employees that they adopted to achieve their given goals. The traditional view that employees were regarded as a cost to the organization has been sharply contrasted to a fresh approach to human capital by Poisat (2006). He argues that there exists compelling evidence why organizations need to engage their employees in order to improve their performance and hence significantly contribute to the organization's bottom line.

According to Van Dyk and Herholdt (2004) disputed the organizations claim that people are their greatest asset, and is convinced that, even though possibly subconsciously, the belief still exists that people need the organization more than it needs them. He argues that in fact,

organizations and institutions have to market membership as much as, and perhaps more than, products and services. They asserted that institutions should attract people, retain people, recognize and reward people, motivate people, serve and satisfy people. Additionally, they argue that Performance is about behaviour or what employees do, not about what employees produce or the outcomes of their work. Perceived employee performance represents the general belief of the employee about his behaviour and contributions in the success of organization.

Employee performance may be taken in the perspective of three factors which makes possible to perform better than others, determinants of performance may be such as declarative knowledge, procedural knowledge and motivation (McCloy et al., 1994). Human Resource practices have positive impact on performance of individuals. Huselid (1995) argued that the effectiveness the HR practitioners will transfer on the behaviour of employees, which also proves a positive association. Teseema and Soeters (2006) have carried out study on eight HR practices including recruitment and selection practices, placement practices, training, compensation, employee performance evaluation, promotion, grievance procedure and pension or social security in relation with the perceived performance of employees. They concluded that these HR practices have positive and significant associations with the perceived performance of employees.

Employee satisfaction and retention have always been important issues for organizations and institutions of learning. High levels of absenteeism and staff turnover can affect the bottom line of the organization, as temps, recruitment and retraining take their toll. The term Employee Satisfaction refers to an individual's general attitude toward his or her job. A person with a high level of job satisfaction holds positive attitudes toward the job and tends to be more productive, creative and committed to their employers while a person who is dissatisfied with his or her job tends to hold negative attitudes about the job. Organizations that can create work environments that attract, motivate and retain hard-working individuals will be better positioned to succeed in a competitive environment that demands quality and cost-efficiency (Gibss, 2000).

According to Huselid (1995) recruitment procedures that provide a large pool of qualified applicants, paired with a reliable and valid selection regime, will have a substantial influence over the quality and type of skills new employees possess. An organization's human resource policies and practices represent important forces for shaping employee behaviour and attitudes. The selection practices will determine who is hired. If properly designed, it will identify competent candidates and accurately match them to the job. The use of the proper selection

device will increase the probability that the right person is chosen to fill a slot. When the best people are selected for the job, productivity increases.

According to Robbins (2003), a dissatisfied employee can still be a loyal employee where such an employee will be passively waiting for conditions to improve. In addition, such an employee can also express their dissatisfaction by terminating their relationship with the organization, actively making their opinion heard in an attempt to improve matters, or by passively allowing conditions to worsen through neglect. He further emphasizes the importance of employee job satisfaction as a factor influencing, amongst others, employee work performance. He argues that happy workers aren't necessarily productive workers. This argument is in line with Poisat's deduction (2006) that satisfied employees are not necessarily productive employees.

He further suggests that the opposite might be more accurate; that productivity will probably lead to satisfaction. The enactment of the HRMP Act 2012 implies that HR practitioners adopt new approaches on employee recruitment and retention, training, compensation and performance and employee relations. These changes in the long run impacts on the job outcomes of the employees and the productivity of organizations. This study intends to assess the influence of HRM practices on employee performance in selected public universities in Kenya.

Public Universities in Kenya

Higher education in Kenya can be traced back to 1922 when the then Makerere College in Uganda was established as a small technical college which was then expanded to meet the needs of the three East African countries; Kenya, Uganda and Tanganyika and Zanzibar, as well as Zambia and Malawi. In the 1940s and early 50s it was the only college that was providing university education in East Africa. This lasted until 1956 when the Royal Technical College was established in Nairobi.

In 1963, the Royal Technical College became the University College, Nairobi, following the establishment of the University of East Africa with three constituent colleges in Nairobi, Dar es Salaam and Kampala (Makerere). The University of East Africa offered programs and degrees of the University of London till 1966. In 1970, the University of East Africa was dissolved to create three autonomous universities of Nairobi, Dar es Salaam and Makerere.

The University of Nairobi was thus established as the first university in Kenya. Kenya placed considerable importance on the role of education in promoting economic and social development after the achievement of independence in 1963 (Sifuna, 1998). This resulted in the rapid expansion of the education system to provide qualified persons for the growing economic

and administrative institutions, and to undertake some reforms to reflect the aspirations of an independent state (Court & Ghai, 1974). Throughout 1970s the Kenyan government strengthened and expanded the University of Nairobi, the only one then, as a conscious effort to provide university education to all qualified Kenyans and as a move to develop the necessary human resource for the private and public sectors.

As years went by, the number of Kenyans seeking university education exceeded the capacity of University of Nairobi. This led to the establishment of Moi University in 1984 as the second university in Kenya. This was in line with recommendations of the Presidential Working Commission (Mackay Report, 1981). The commission collected views from many people and found an overwhelming support by Kenyans for the establishment of a second and technologically oriented university in the country and recommended the establishment of a second university. From then, university education in Kenya has expanded with a rise in student enrolments, expansion of universities, diversity of programs and setting up of new universities and campuses. Kenyatta University which had operated as a constituent college of the University of Nairobi since 1972 became a full-fledged university in 1985. A previous agricultural college also gave way to Egerton University in 1988. Those in higher education management and leadership positions are finding it essential that they understand shifting demographics, new technologies, and the commercialization of higher education, the changing relationships between institutions and governments and the move from an industrial to an information society.

Particularly in the developing world, higher education institutions must be poised to create the human capital necessary to keep pace with the knowledge revolution. Current leaders must be trained, new leaders prepared, and students identified who will both lead and study higher education for the future. As such, the study opens a new paradigm shift and the HR teams in the universities need to keep up with the requirement of all the HRM practices in dealing with the employees in the universities.

Statement of the Problem

Institutions of higher learning are facing relentless and rapid changes. These circumstances underscore the crucial role of leadership and management in maintaining morale, enhancing productivity, and helping staff at all institutional levels cope with momentous and rapid change. Organizations all over the world are striving to improve service delivery and quality of products through a number of strategies. Employers from all walks of life are practicing human resource management. Schuler (1994) asserts that effective firms in highly competitive environments in the future will have world –class HRM departments. He notes that world-class HRM departments are heavily involved in linking HRM practices to the strategic goals of the business.

Relationships between human resource management practices and performance has been studied from different perspectives which emphasize the important role played by the human component in the competitiveness and response capacity of organizations, and this is reflected in numerous publications and research studies that have appeared in recent years (Barney 1991; Barney and Wright 1998; Wright et al., 1994). According to this view, human capital is proposed as one of the key resources on which companies build their competitive advantage (Becker and Gerhart 1996; Boxall 1996; Tyson 1995). Hansen–Thompson (2007), on HRM Practices in the Ghanaian public sector”, highlights in her findings that organizations are likely to adopt more strategic HRM practices in the face of intense competition

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The Kenyan government enacted the HRMP Act in 2012 to enable managers become HR professionals and to be effective in implementing HRM the practices. It is largely the responsibility of human resource practitioners to implement labour legislation on human resource management practices in public universities. The environment of public universities therefore requires an understanding and knowledge of how well the human resource practices can be utilized to create a high performance workplace. It is an area of HR management that requires specialized and continually updated knowledge, expertise and competence. In public universities. Just like any other business enterprises sharpening of strategies to attract, retain and motivate employees is necessary. The study therefore sought to examine the influence of the HRM Practices on the performance of employees in public universities in Kenya.

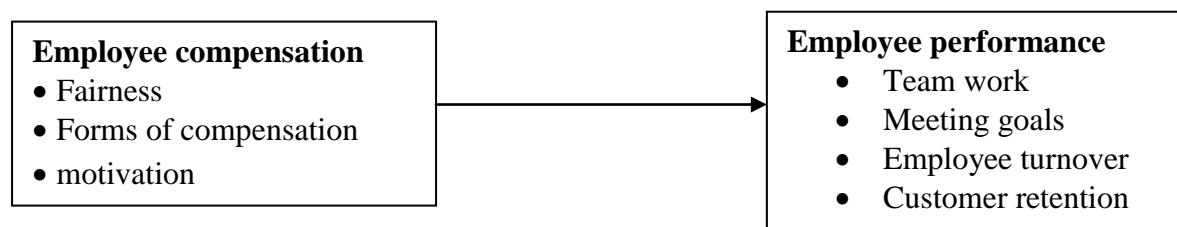
Objective of the Study

The study aimed to evaluate the influence of compensation and reward on employees' performance in public universities in Kenya.

Hypothesis of the study

H₀: Compensation and reward have no significant influence on employees' performance in public universities in Kenya.

Figure 1: Conceptual Framework



The researcher faced various challenges especially in the data collection stage. First and foremost, financial constraints were evident especially when paying the data collection assistants since it took more days than expected. Therefore, this became costlier than the budget stated. However this did not affect the study. Secondly, time was another constraint since the respondents took long to give their responses in the questionnaire. This was accrued by busy schedules that the respondents had. The respondents needed enough time to comprehend what was in the questionnaire in order to give the right answers to the questions but this was not a constraint to the study since they were given more time.

THEORETICAL REVIEW

Equity Theory

Equity Theory as proposed by Adams (1963), underlines the principle of fairness. According to the principles of the Equity Theory, the best recruitment and selection criteria in the organization is that which portrays the firm as Equal Opportunity Employer. For companies to strive to adapt their equal opportunity policies (EOP) to their recruitment and selection programs, Straw (1989) identified three levels of equal opportunity policies: Equal opportunity as equal chance (non-discriminatory), Equal opportunity as equal access (fair procedures) and Equal opportunity as an equal share (outcomes and positive action). Healy (1993) further provides a typology of organizations according to their approach to equal opportunity.

Negative organizations are those that have no knowledge of EOP and also no knowledge of legislative requirements. This is based on the assumption that the organization does not discriminate whereas they might consciously discriminate. Minimalist/Partial organizations are those with espoused EOP. Here, equal opportunity has a low priority or profile focus on informality as the method to management; Complaint organizations take a more conscious and professional approach to EOP and fulfils legal obligations; comprehensive organizations have a dynamic approach to EOP but will have more of the features of the complaint organizations.

However, the expectation is that, this equity approach should be implemented in a way to promote the organization by making it a desirable workplace for all future employees. This implies an appropriate application of the diversity policies. The Chartered Institute of Personnel and Development - CIPD (2011) factsheet on Good Employment Practices and diversity management in the workplace argues that, organizations should ensure that recruitment and selection processes are fair and diversity friendly. They should be careful in drafting advertisements in a manner that will avoid discrimination and stereotyping through either language or images and should aim to attract candidates from diverse backgrounds. Organizations should strive to operate transparent and consistent appraisal and performance management processes. They should have clear career pathways including promotion and training opportunities for all categories of employees. For this to be feasible, organizations should be able to create a culture of respect and dignity of all employees through effective implementation of well-designed policies and procedures which support both individual and business needs.

Secondly, the fostering of respect to realize different perspectives matter, and that diversity is everyone's responsibility. Organizations should make the business case for diversity be seen as an opportunity and strength, rather than a threat (Oliver, 1997). Furthermore, management should think inclusively when designing diversity policies and procedures to ensure they are transparent, fair and address different needs and also make sure that there are continuous checks to make sure that policies and practices are bias free and working across the organization. This will help to enhance the effectiveness in the practice of such policies.

In his study of a large manufacturing company, Omanovic (2009) notices that diversity management does not only entail the attitude of organizations to welcome many different "types" of participants because there is likelihood for contradictions to occur in the production of diversity especially when conflicting or opposite ideas and interest meet. In which case, such controversies or tensions cannot be resolved through the elimination of one side of the interest in diversity. Therefore, it is important to take cognizance of the process through which different ideas or interest are socially produced and maintained in an organization. However, what is

important to note here is that managing diversity does not entail a focus on appreciating, leveraging or even understanding the concept itself, but it is a way to obtain from a heterogeneous workforce the same commitment, productivity, quality and profits that organizations obtain from their homogenous workforces, (Omanovic, 2009).

Assuming that the organizations of today are constantly changing, it is essential therefore to have employees that are willing to change, adapt to new ways of work and always ready to learn new things. Also, because of the changing forces in the labour market, it is important to look for people with core values that correspond with the organizations. As envisioned by Boxall & Purcell (2008), the fitness of HR strategies and the organization of work and handling workers in a proper way which is the basic premise in the best fit or the contingency theory is what organizations should strive to achieve. The human resource professionals will learn from this theory that there should be equal opportunities and equal pay. It condemns biasness in employment and in their workplace. As such it is significant in the study as far as employee relations is concerned.

Employee Compensation and Reward as HRM Practices

Human resources are the most vital resources for any organization. It is responsible for each and every decision taken, each and every work done and each and every result. Compensation is the remuneration received by an employee in return for his/her contribution to the organization. It is an organized practice that involves balancing the work-employee relation by providing monetary and non -monetary rewards to employees.

Compensation management is an integral part of human resources management which helps in motivating the employees and improving organizational effectiveness (Naukrihub, 2009). According to Holmstorm in, Folayan (2006), Compensation management should be based on performance measured relative to the performance- of all firm or firms in the same industry rather than absolute measure of firm performance. Employees are compensated for their services and efforts they exert in their work.

Harrison and Liska, (2008) in their study affirm that reward is the centre pieces of the employment contract-after all it is the main reason why people work. This includes all types of rewards, both intrinsic and extrinsic, that are received as a result of employment by the employee. Intrinsic rewards include rewards within the job such as responsibility, autonomy appreciation from the boss and feelings of accomplishment among others. Extrinsic rewards are tangible rewards like pay bonuses and fringe benefits. Salary has been viewed as an important determinant factor for employee increased performance and have been shown to influence an employee decision to leave or to stay in the organization (Kline & Hsieh, 2007). Performance

based payments have an effective relationship with performance improvements. Every worker wants to earn more so they put extra effort to produce more units. Performance based payments stimulate and motivate workers to be more creative in generating more efforts. Due to performance based payments capable workers earn more than ordinary workers (Lazear, 1999). Robbins (2001) stated that when employees feel their efforts are appreciated and the company introduced a system of fair compensation and satisfaction, the company will have optimized motivation and hence increased employee performance.

According to Zaman et al (2011) there is a significant and positive relationship between extrinsic rewards and employee motivation and hence performance; but the challenge is that employers are not offering fair and adequate financial rewards to their employees. If employees feel that their effort is appreciated and the company has a good compensation structure based on job evaluation, the employee's motivation and commitment will improve and hence performance. The greater the rewards offered to the employee the greater the levels of their performance. Bates & Holton (1995) defines performance as a multi-dimensional construct, the measurement of which varies, depending on a variety of factors. They add that it is important to determine whether the measured objective is to assess' performance outcomes or behaviour.

In the study conducted by Probst & Brubaker, (2001) it indicated that the difference between job satisfaction and dissatisfaction lies in the employees and the amount and type of rewards that the employee expects. Employees expect that their contribution and efforts should be valued and given importance in the same way they value their job and work towards accomplishing the tasks assigned. Prasetya and Kato (2011) in their analysis revealed that there are significant influences from both financial and non-financial compensation packages on the employee performance. Javed et al. (2010) examined relationship between compensation and performance. The study results showed that compensation has significant effect on organization performance. Research by Siswanto (2001) examined the effect of compensation on motivation and lecturer performance at Economics Faculty at some private colleges in Kediri. Study results showed that first, financial and non-financial compensation significantly affect lecturer's motivation in their work and secondly, Financial and non-financial compensation and intrinsic motivation have a significant effect on lecturer performance.

Sohrab Ahmad and Khurram Shezad (2011) did a study on the impact of compensation, promotion and performance evaluation practices on the performance of university teachers of Azad Jammu and Kashmir. Authors concluded that compensation has strong and positive impact on performance of university teachers. Compensation is the major element to influence teachers. The more teachers are compensated fairly the more they will perform better. On the other hand, the performance evaluation and promotion practices were insignificant with the

performance of university teachers. The reason for this is most promotion and performance evaluation procedures are vague and not properly practiced.

Baloch et al. (2010) did a study about the HRM practices in order to examine their relationship with the perceived performance of employees in private and public sector banks. Compensation, promotion and performance evaluation practices were significantly found to be correlated with employee performance. Banks are encouraged to pay proper attention to these three practices. Tahir Masood Qureshi et al. (2010) did an empirical study on the impact of HRM practices on financial performance of banks which were selection, training, performance appraisal system, compensation system, career planning system and employee participation. All the practices were positively related to financial performance. But selection training, compensation and employee participation have stronger influence on financial performance of banks. A Research by Muhammad Asif Khan (2010), empirically investigated the effects of HRM practices on organizational performance in oil and gas industry in Pakistan. He observed that recruitment and selection, training and development, performance appraisal, compensation and employee relations, all were associated with organizational performance and they do impact on organizational performance in oil and gas industry in

Pakistan. Shezad et al. (2008) did a study on impact HRM practices on perceived performance of university teachers of Pakistan. It was hypothesized that compensation, promotion and performance evaluation practices are significantly and positively related to perceived performance of university teachers of Pakistan. Compensation and promotion practices were found to be significantly correlated with perceived performance of university teachers of Pakistan. Performance evaluation practice was found to be insignificantly correlated with the performance of university teachers of Pakistan.

Employee Relations as a HRM Practice

The interrelation between employee relations and customer relations has long been a research interest in various organizational disciplines. The basic premise is that in order for an organization to develop positive relationships with its customers, the organization should have positive relationships with employees who interact with those customers (Kiger,2002). In recent years, relationships between an organization and its publics have been the focal interest in public relations research and practice (Bruning & Ledingham, 2000). Employee relations examine the various aspects on how people at work inter-relate. Employee relations, therefore, is the interaction between employees themselves and also with their employers. Such interaction can either be formal or informal. It encompasses all areas of management that may

include labour relations, employee involvement and participation, employee communication and industrial relations (Armstrong, 2008).

A study by Akhaukwa *et al.*, (2013) sought to establish the effect of collective bargaining process on industrial relations environment in public universities in Kenya. The study found that academic staff felt that union and management did not cooperate well neither did they have mutual regard of each other nor were they willing to confer. Besides, management did not facilitate union's operation and its attitude to the union was not favourable. Hence, the industrial relations environment in the three public universities where the study was conducted was found to be poor. Academic staffs were also discontented with the spirit of willingness to give and take, the degree of members' participation and feedback. The study further revealed that collective bargaining process had a significant effect on industrial relations environment in public universities in Kenya.

Collective bargaining also made a significant (and positive) contribution to industrial relations environment. This implies that a flawed process that is perceived to be unfair is likely to result in poor industrial relations environment and vice versa. In marketing, scholars point out that you need satisfied and motivated employees in order to provide quality service to customers. Berry (1981) explained that employees are the internal customers and jobs are internal products that satisfy the needs and wants of internal customers while addressing objectives of the organization. Berry further suggested using internal marketing to increase employee satisfaction and motivation. More recently, the notion of internal branding began to emerge as an alternative to internal marketing. Proponents of internal branding argue that a company must first gain employees' support in its brand (Mitchell, 2002). All organizations which aim at high performance need to have policy agenda to create relationship with the employees or working people, which support their business objectives what this calls for, is to have some employee management relations (Sultan, 1997).

The employment relationship is also contradictory for those who have to manage it. Employees represent both a cost and an investment, which means constantly making compromises. Motivating employees to do what managers want is also far from being a straightforward matter According to Edwards' (2003) managements have to pursue the objectives of control and releasing creativity and the problem is that these involve very different and conflicting strategies. Very tight monitoring is not only costly, but also can reduce the prospects of employees using their initiative. But lax control can mean that different groups and/or individuals may pursue aims and objectives that are incompatible with one another.

Employee-employer relations can be improved if the organization implements effective HRM practices. Tzafirir *et al.* (2004) conducted a survey to find out the consequences of

effective human resource management practices on employees trust. The result indicated a positive and significant influence of empowerment, organizational communication and procedural justice as determinants of employees trust in their managers. The result also indicated that procedural justice mediates the impact of employee development on their trust in their managers. The HRM practices help the organization to increase mutual understanding between the employees and the employer. Guzzo and Noonan (1994) considered HRM practices as a communication channel between employer and employees. Rousseau and Greller (1994) proposed HRM practices as contract-shaping events. The requirement of employees and employers to act and see themselves as a group seeking the same objectives holds its own challenges. Dunlop (1967) addresses this matter by stating that another characteristic of collective bargaining involves the determination of priorities within each party of the bargaining process. The view that a homogeneous union negotiates with a homogeneous management or association is erroneous and mischievous.

Collective bargaining is about compromise and assessment of priorities within each side. Venter, Levy, Holtzhausen, Conradie, Bendeman & Dworzanowski-Venter (2011) point out that Collective bargaining is premised on the joint regulation of the employment relationship through co-operation, commonality, trust and compromise. According to Boldman and Deal (2003), by encouraging employees to work in teams, they become more competent, motivated and flexible enough to undertake multiple tasks as well as deliver outstanding products and services required by the customers.

According to Fair weather (2005), employees will feel happier and work better if they perceive their employer as reasonable and fair. Cory (2006) contends that when workers perceive inequity, they will try to re-establish equitable changes. Leaders who develop and communicate a compelling vision of their organization can make a profound impact on employee motivation (Afful Broni, 2004). Employees crave for a job well done including being noticed and acknowledged when they do something well (Blanchard & Witts, 2009). Yet what typically happens is nothing or worse yet, the assignment of more work. Blanchard and Witts (2009) posit that when firms do not take the time to actively reward the recognized good performance, the passion for the job diminishes with every unrecognized accomplishment. Employees are motivated by performance feedback with the desire to do well. According to Haizlip (2008) involving employees in decisions that affect them not only increase their personal commitment, but also motivates them to be advocates for their decisions.

Supporting this assertion, Agarwal (2008) contends that when employees are involved in making decisions and planning the implementation of changes that affect them, they implement changes faster with higher performance than employees who are merely communicated to

about the change. He further asserts that employees greatly desire to have the tools, training, support and authority to make decisions and perform their jobs correctly.

Employee Performance

Human resources are considered the most important asset of an organization, but very few organizations are able to fully harness its potential. According to Lado and Wilson (1994) human resource is seen as a system consisting of a set of distinct but interrelated activities, functions, and processes that are directed at attracting, developing, and maintaining (or disposing of) a firm's human resources. Traditionally, management of this system has gained more attention from service organizations than from manufacturing organizations. However, to enhance operational performance, effectively managing this system is equally important in both types of organizations. Needless to say, sophisticated technologies and innovative manufacturing practices alone can do very little to enhance operational performance unless the requisite human resource management (HRM) practices are in place to form a consistent socio-technical system. For this reason, organizations need to carefully evaluate their existing HRM practices and modify them, if needed, so that employees can effectively contribute to operational performance improvement. The widely accepted theoretical basis for the relationship between human resource management and organizational performance is the high performance work system framework provided by Appelbaum et.al. (2000). At the core of a high performance work system, according to Appelbaum et.al., is an organization that enables non-managerial employees to participate in substantive decisions.

The high performance work system also requires supportive human resource practices that enhance worker skills and that provide incentives for workers to use their skills and participate in decisions. Appelbaum et.al (2000) showed how these three elements of a high performance work system: opportunity to participate, skills and incentives contributed to productivity in three manufacturing industries. Regarding the effects of HR practices on organizational outcomes, Deng, Menguc, and Benson (2003) reported that in their sample of SOEs, a bundle of HR practices had a substantial impact on export performance.

Yu and Egri (2005) found that several HR practices were related to job satisfaction and affective organizational commitment of employees working in a JV and an SOE. Bjorkman and Fan (2002) reported that HR practices that focus on individual performance and employment motivation were strong predictors of firm performance in FIEs. According to Usyal and Koca (2009) research on HRM practices and organizational performance, HRM practices have a positive outcome on organizational performance but a weak relationship with market performance. Uysal and Koca (2009) further found that performance-based pay, training and

recruitment have a strong positive relationship with organizational performance. Khan (2010) found that there is a positive relationship between compensation, employee relations, training and development, and recruitment and selection by themselves and also on organizational performance. In Kenya, a new law was passed to have all HR practitioners be certified in order to work in the profession. This came as a result of some organizations not adhering to the requirements of standards, qualifications and skill required for a person to practice HR.

An example of an organization whereby a store keeper was moved to HR when a vacancy arose (Maurer, 2013). This is evidence of how organizations don't fully grasp the benefits of HR practices to their overall performance. We see these types of promotions in many organizations; people are put in HR positions without having the required certification and skills. According to Sarkar and Kumar (2007) organizational performance is hinged on the approach which the organization adopts in the recruitment and selection of employees. To this end, Sarkar and Kumar (2007) spoke of a holistic model of recruitment i.e. emphasizing the importance of the whole process of recruitment and the interdependence of its parts (Sinha & Thaly, 2013).

In other professions such as accounting, the East African Community Institutes of Accountants and the Institute of Certified Public Accountants of Kenya (ICPAK) ensures that the nation not only has professionally trained accountants, but also that the organizations in the country follow strict financial rules and regulations, including adherence to the international financial reporting standards. In this study the influence of the new law on the performance of HR practitioners will be established.

Critique of Reviewed Literature Relevant to the Study

A study was done in the county government of Nakuru to establish the influence of human resource management professional act on the performance of human resource functions (Apwoka & Kwasira, 2015). The study established that there was a strong positive significant relationship between training strategies and the performance of HR functions in the county government of Nakuru, Kenya. However little or no research has been done on the influence of HRM practices on employee performance public universities in Kenya. This study sought to examine the influence of HRM practices on employee performance in public universities in Kenya since Institutions need professional human resource practitioners in order to achieve the desired performance.

A study by Akhaukwa *et al.*, (2013) conducted a study to establish the effect of Human resource function employee performance in public universities in Kenya. The study found that academic staff felt that the human resource practitioners do not have the required standards to

be in the offices where they are. The study showed that they did not have mutual regard for the junior employees and therefore the employees were demotivated in their work leading to poor performance. Besides, management did not facilitate Hence, the employee relations climate in the three public universities where the study was conducted was found to be poor.

Academic staffs were also discontented with the spirit of willingness to give and take, the degree of members' participation and feedback. The study further revealed that the human resource functions had a significant effect on employee relations in public universities in Kenya. This implies that all human resource professional should meet the standards in order for them to practice in any office. This will enable high performance of employees in public universities in Kenya. In Human Resource Management, scholars point out that you need satisfied and motivated employees in order to provide quality service to customers.

Summary of Reviewed Literature

Recruitment, selection and retention of personnel (HR) are fundamental functions for successful running of the organization and as such adequate attention is being paid to recruitment, selection, motivation, and retention of employees (Williamson, 2000; Williamson, Cable & Aldrich, 2002; Hornsby & Kuratko, 2003). It is significantly about aligning the employees with the strategic and operational needs of the organization and ensuring full utilization of the resources.

Armstrong (2001) notes further that it goes beyond obtaining and keeping the number and quality of the required personnel, but also deals with selecting and promoting people who 'fit' the culture and the strategic needs of the organization. According to Mathis and Jackson (2010), humans are the glue that binds the other resources useful to an organization. This implies that, without the right personnel, organizations will be found wanting in terms of performance. Spencer (2004), agreeing with Mathis and Jackson (2010), state that effective recruitment and selection are strategically important to any firm. Recruiting and selecting the wrong candidates can have extensive negative cost implications, while effective processes can contribute to a reduction in turnover and therefore increase in productivity. Training is required to develop the desired knowledge, skills and abilities of the employees in improving their job performance, motivation and commitment (Meyer & Allen, 1991). In preparing workers to do their job as desired, organizations provide training as to optimize their employee's potential.

Most of the firms, by applying long term planning, invest in the building of new skills by their workforce, enabling them to cope with the uncertain conditions that they may face in future, thus, improving the employee performance through superior level of motivation and commitment. When employees recognize their organization interest in them through offering training programs, they in turn apply their best efforts to achieve organizational goals, and show

high performance on the job. Due to fast pace global and technological development the firms are now facing new changes as well as challenges.

Compensation management is an integral part of human resources management which helps in motivating the employees and improving organizational effectiveness (Naukrihub 2009). According to Holmstorm in, Folayan, (2006), Compensation management should be based on performance measured relative to the performance- of all firm or firms in the same industry rather than absolute measure of firm performance. Performance based payments have an effective relationship with performance improvements. Every worker wants to earn more so they put extra effort to produce more units. Performance based payments stimulate and motivate workers to be more creative in generating more efforts. Due to performance based payments capable workers earn more than ordinary workers (Lazear, 1999). Robbins (2001) stated that when employees feel their efforts are appreciated and the company introduced a system of fair compensation and satisfaction, the company will have optimized motivation and hence increased employee performance. More recently, the notion of internal branding began to emerge as an alternative to internal marketing. Proponents of internal branding argue that a company must first gain employees' support in its brand (Mitchell, 2002). All organizations which aim at high performance need to have policy agenda to create relationship with the employees or working people, which support their business objectives what this calls for, is to have some employee management relations (Sultan, 1997).

RESEARCH METHODOLOGY

Research Design

The study employed a descriptive survey research design. According to Burns & Grove (2003), the purpose of research design is to achieve greater control of the study and to improve the validity of the study by examining the research problem. The study sought to obtain descriptive and self-reported information from the HR employees in public universities in Kenya. The design allows the researcher to expose the respondents to a set of questions to allow comparison. A survey design was appropriate for this study because it allows collection of information for both independent and dependent variables using questionnaires (Orodho, 2005).

This design allows the researcher to combine both qualitative and quantitative research approaches. According to Kothari (2009) qualitative approaches provide verbal descriptions rather than numerical descriptions. Descriptive Survey research design was successfully used by Ghansah (2011) on the role of employee retention on job performance in Accra Brewery Company Limited. The researcher sought to obtain both primary and secondary data which necessitated the choice of descriptive survey.

Target Population

This study focused on all HR professionals employed in public universities in Kenya. The target population of the study included HR employees from selected public universities in Kenya. Kenya has a total of 22 public universities distributed across the country. The study purposely targeted 8 of the universities HR employees to participate in the study. There are a total of 280 HR employees in the selected public universities. These formed the target population for the study.

Sampling Frame

A sampling frame is a list of population from which a sample was drawn (o'Leary,2001). It is a source material or devise from which list all elements within a population that can be sampled is drawn (Sarndal,Swenson& Wretman 1992) and may include individual households or institutions. It is a published list in which there is a set of directions for identifying a population (Gall, Gall& Borg 2007).

Determination of Sample Size

The sample for the study was designed to produce a representation of the HR employees working in public universities in Kenya. To arrive at a sample size, the study adopted a formula by Nassiuma (2009), as shown in equation below, for estimating a sample size, n (125), from a known population size, N (280) and a coefficient of variation (V.C) of 30%. In the equation, N is population size; C (0.3) is coefficient of variation, and e (0.02) is error margin.

$$n = \frac{NC^2}{C^2 + (N-1)e^2}$$

Sampling Technique

To arrive at the above sample size, the study adopted purposive sampling technique in the first stage to select eight universities in the country. In this respect, it was assumed that HR professionals have similar characteristics. In this case Moi University, Laikipia university, Egerton university, JKUAT, South Eastern university of Kenya, Maseno university, Jaramogi Oginga Odinga University of Science and Technology and Kisii university were selected since they meet the criteria for selection. Lee, Forthofer and Lorimer (1989), considered random sampling technique as a more practical approach because it offers no biasness by providing every element with equal chance of being selected. In the second stage simple random

sampling technique suggested by Vuuren and Maree (2002) was adopted to select the portion of the sample by dividing the total number of HR officers in that university by the total number of all HR officers in the eight selected universities and then multiplied by the sample size (125).

Data collection Instruments

The study used structured questionnaires that were distributed to all the HR workers. Questionnaires were used to cope with the constraints of limited time and budget as they help to obtain more responses from a large number of respondents in a short time and obtain structured responses. Questionnaires are generally convenient in data analysis (Cooper & Schindler, 2003). The questionnaire contained various items that sought different information from the targeted respondents. The questionnaires contained a five point Likert scale (5-strongly agree, 4-agree, 3-neutral, 2-disagree and 1-strongly disagree) to measure the variables under the study.

Data Collection Procedure

The researcher proceeded to collect data from the selected respondents after receiving permission from the relevant authorities. The researcher visited the area of study before actual data collection for familiarisation and acquaintance. During this visit, the researcher informed the administrators about the purpose of the study and book appointments for data collection. After familiarisation, data was collected using the mentioned instrument. The completed instruments were verified and collected on the same day of distribution.

Pilot Testing

In conducting the pilot study, the researcher was interested in establishing whether the respondents have understood the questions and thus offer the information required. Mugenda and Mugenda (2003) argue that conducting a pilot study is important before the main study. The pilot testing was done using 10% of the sample population who were later excluded during data collection stage. This enabled the researcher to conduct reliability tests and familiarize herself with the research environment. This also was important in checking the suitability and the clarity of questions on the instruments designed, relevance of the information being sought, the language used and the content validity of the research instrument.

Validity of the Questionnaire

According to Mugenda and Mugenda (2003), Validity is the accuracy and meaningfulness of inferences, which are based on the research results. For a data collection instrument to be

considered valid, the content selected and included must be relevant to the need or gap established. The research instruments were tested for validity to ascertain whether they measure the variables under study. According to Borg and Gall (1999), validity of an instrument is improved through expert judgment. As such, the content validity was ascertained by engaging the research supervisor to check and assess the frequency of errors and the accuracy of data expected. The process of validation enabled the researcher to test the suitability of the questions, the adequacy of the instructions provided, the appropriateness of the format and sequence of questions. Some corrections were made to the questionnaires and the final version was printed out.

Reliability of the Questionnaire

According to Kohl (2005) reliability is the ability of a test to consistently yield same results when repeated measurements are taken of the same individual under the same conditions. Trial testing of the measuring instruments should be undertaken using a few subjects whose characteristics are similar to those in the sample to ascertain the feasibility of the study (Nkpa, 1997). The reliability of the research questionnaire for this study will be determined through half split technique. The questionnaire was piloted by taking 10% in the sample population who will later be excluded in the actual data collection process. Reliability coefficient values were computed using Cronbach alpha coefficient method. Cronbach's alpha reliability coefficient normally ranges between 0 and 1. Values above 0.7 were assumed to indicate that the instrument is reliable.

Data Analysis and Presentation

Data collected was processed and analysed based on the objectives and research hypotheses using Statistical Package for Social Sciences (SPSS) version 24. This was done using both descriptive and inferential statistics. Descriptive statistics (percentages, frequencies, standard deviation and means) presented in tables was used to organize and summarize data and to describe the characteristics of the sample while Pearson correlation coefficient was used to test all hypotheses. A regression analysis was done to fit the model as shown in equation below:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \varepsilon$$

Where, Y – Employee performance (dependent variable)

X_1 – Recruitment and selection

X_2 – Employee training

X_3 – Employee compensation

X_4 – Employee relations

b_0 – Intercept

b_1, b_2, b_3, b_4 – Are parameter estimates

ε – Error term for the regression

ANALYSIS AND FINDINGS

Response Rate

A total of 125 questionnaires were distributed to the respondents across the selected public universities. From these, 120 questionnaires were returned. This represented a response rate of 92.8 % which was classified as a very good response rate according to Babbie (1990). After sorting out the returned questionnaires, 116 questionnaires were found to be appropriate for data analysis since they were completely filled and they had no multiple entries.

Descriptive Statistics

The study sought the respondents' perceptions towards the various variables under the study. Their level of agreement or disagreement was assessed through a Likert scales of 1 to 5 ranging from strongly disagree to strongly agree. The findings were presented relative to the study variables as discussed hereafter.

Employee Compensation and Employee Performance

The findings on the respondents' views as to whether the university compensates and rewards employees without bias in Table 1.

Table 1. Responses on compensation and reward

	n	SA	A	U	D	SD
1. The university management Compensates employees according to job grades and structures	116	6.2	32.8	14.7	37.9	7.8
2. Compensation management is based on performance measured relative to the performance of all universities.	116	11.2	18.1	19.8	41.4	9.5
3. Employee compensation is commensurate to their services and the efforts they exert in their work.	116	11.2	30.2	16.4	35.3	6.9

4. Performance based pay have led to improved institutional performance	116	15.5	19	25.9	33.6	6.0
5. Performance based compensation have led to the enhancement of employee commitment.	116	11.2	33.6	21.6	25.9	7.8
6. Employee contribution and efforts is valued and given importance which is replicated in attractive compensation packages.	116	9.5	28.4	26.7	26.7	8.6
7. Non-financial compensation has also improved employee motivation in the university.	116	12.9	23.3	21.6	35.3	6.9
8. Employee compensation have the greatest influence on the university performance	116	12.1	29.3	15.5	40.5	2.6
9. Employees in the university exhibit greater desire for promotion as a form of compensation.	116	16.4	20.7	23.3	30.2	9.5
10. The more the employees perceive fairness in their compensation the more they perform thus improving institutional performance.	116	12.9	27.6	19.8	34.5	5.2
Valid n (listwise)	116					

The findings showed that 39% of the respondents agreed and or strongly agreed while 45.7% disagreed and or strongly disagreed that the university management compensates according to job grades and structures. About 50.9% of the respondents disagreed and or strongly disagreed that compensation management is based on performance measured relative to the performance of all universities. Only 29.3% of the respondents were of the view that compensation management is based on performance measured relative to the performance of other universities.

The finding therefore did not ascertain the view that compensation management should be based on performance measured relative to the performance of all firm or firms in the same industry rather than absolute measure of firm performance since 41.4% disagreed and 9.5% strongly disagreed respectively. On the other hand, 41.4% of the respondents agreed and or strongly agreed while 42.2% disagreed and or strongly disagreed that employee compensation is commensurate to their services and the efforts they exert in their work.

According to Harrison and Liska, (2008), they affirm that reward is the centre pieces of the employment contract thus employees are compensated for their services and efforts exerted

in their work. In addition, 33.6% of the respondents disagreed while 25.9% of the respondents remained undecided on whether performance based pay have led to improved institutional performance. Kline and Hsieh (2007) observed that salary has been viewed as an important determinant factor for employee increased performance and have been shown to influence an employee decision to leave or to stay in the organization. Robbins (2001) further observes that when employees feel their efforts are appreciated and the company introduced a system of fair compensation and satisfaction, the company will have optimized motivation and hence increased employee performance. On the other hand, about 33.6% agreed, 25.9% disagreed and 21.6% were undecided on whether performance based compensation have led to the enhancement of employee commitment to the university. About 28.4% of the respondents agreed and an equal number of 26.7% were undecided and or disagreed with the assertion that employee's contribution and efforts is valued and given importance which is replicated in attractive compensation packages. This implies that effort is equivalent to attractive packages in public universities in Kenya.

The findings further indicated that 35.3% of the respondents disagreed, 23.3% agreed while a further 21.6% were undecided on whether non-financial compensation has also improved employee motivation in the university. The findings could not ascertain Prasetya and Kato (2011) findings which revealed that there are significant influences from both financial and non-financial compensation packages on the employee performance. About 40.5% of the respondents disagreed that employee compensation have the greatest influence on the university performance whereas 29.3% agreed and 15.5% were undecided.

The findings to some extent negate Sohrab et.al (2011) findings which indicated that compensation has a strong and positive impact on performance of university lecturers. The analysis above shows that there are big disparities between those employees who strongly agreed and those who strongly disagreed. The means and standard deviation values were derived to help in making relevant inferences. The findings from the analysis are as presented in Table 2.

Table 2 : Descriptive Statistics on Compensation and Reward

	n	Min	Max	Mean	Std. Dev
1. The university management compensates employees according to grades and structures.	116	2	4	2.93	1.140
2. Compensation management is based on performance measured relative to the performance of all universities.	116	1	5	2.80	1.181

3. Employee compensation is commensurate to their services and the efforts they exert in their work.	116	2	5	3.03	1.179
4. Performance based pay have led to improved institutional performance	116	1	5	3.04	1.182
5. Performance based compensation have led to the enhancement of employee commitment to the university.	116	1	4	3.15	1.159
6. Employee contribution and efforts is valued and given importance which is replicated in attractive compensation packages.	116	2	5	3.03	1.134
7. Non-financial compensation has also improved employee motivation in the university.	116	1	5	3.00	1.180
8. Employee compensation have the greatest influence on the university performance	116	1	5	3.08	1.136
9. Employees in the university exhibit greater desire for promotion as a form of compensation.	116	1	4	3.04	1.247
10. The more the employees perceive fairness in their compensation the more they perform thus improving institutional performance.	116	1	5	3.09	1.161
Valid n (listwise)	116				

Respondents were not sure that the university management the university management compensates employees according to grades and structures registering a mean of 2.93. They remained non-committal on whether performance based pay have led to improved institutional performance registering a mean of 3.04, they were not committal on whether performance based compensation have led to the enhancement of employee commitment to the university with a mean of 3.15 and on whether employee contribution and efforts is valued and given importance which is replicated in attractive compensation packages with a mean of 3.03. In addition, respondents were not conclusive on the assertions that non-financial compensation has also improved employee motivation in the university registering a mean of 3.00.

The respondents also were not committed that employee compensation has the greatest influence on the university performance and that employees' in the universities exhibit greater desire for promotion as a form of compensation with a mean of 3.08. Finally, they could not conclusively say that the more the employees perceive fairness in their compensation, the more they perform thus improving institutional performance registering a mean of 3.09. The researcher however noted that respondents had very diverse views as far as employee compensation was concerned registering standard deviation values greater than 1.

Employee Performance

Analysis was further done to establish the perceptions of the respondents towards employee performance in regard to HRM practices. In this regard, the trend in responses was sought by showing the frequencies and percentages of the responses as in Table 3.

Table 3: Distribution of responses on employee performance

	n	SA	A	U	D	SD
11. The management enables non-managerial employees to participate in decision making.	116	4.3	25.9	12.9	52.6	4.3
12. Performance in this institution has been enhanced by high employee motivation.	116	5.2	23.3	20.7	45.7	5.2
13. The performance of this institution has been improved due to better reward system in the institution.	116	10.3	31.9	12.1	40.5	6
14. Adherence to regulations and legislation guides the employee performance of this institution.	116	10.3	31	28.4	24.1	6
15. Hiring of qualified human resources has enhanced the employee performance of the institution.	116	12.9	33.6	19	29.3	5.2
16. The institution has performance reviews and appraisal systems in place.	116	8.6	34.5	29.3	23.3	4.3
17. As a result of improved employee performance, institutional infrastructure has expanded to accommodate more customers.	116	12.9	31	22.4	25.9	7.8
Valid N (listwise)	116					

The findings showed that 56.9% of the respondents disagreed and or strongly disagreed that the management enables non-managerial employees to participate in decision making. This is contrary to Appelbaum et.al (2000) who observed that at the core of a high performance work system is an organization that enables non-managerial employees to participate in substantive decisions. 25.9% disagreed with the foregoing statement while 12.9% were undecided. About 50.9% of the respondents disagreed and or strongly disagreed, 23.3% agreed and 20.7% were undecided on whether the performance in their institution has been enhanced by high employee motivation. The high percentage of respondents disagreeing with this statement indicates that

the universities have not invested in employee motivation. Studies have shown that HR practices that focus on individual performance and employee motivation were strong predictors of organizational performance (Bjorlman & Fan, 2002). Further 40.5% of the respondents disagreed while 31.9% agreed that the performance of their institution has been improved due to better reward system in the institution.

According to Uysal and Koca (2009), performance based pay; training and recruitment had a strong positive relationship with organizational performance. The findings therefore could not ascertain whether the universities are able to match employees reward system with their performance. The findings further showed that 31% of the respondents agreed whereas 28.4% were undecided and 24.1% of them disagreed with the assertion that adherence to regulations and legislation guides the employee performance of the institution.

As such, the respondents could completely ascertain that HRM practices are guiding the operations and consequently the performance of the universities. On the other hand, 33.6% of the respondents agreed while 29.3% disagreed. Pilbeam and Corbridge, (2006) in their study had observed that recruitment and selection plays a significant role in ensuring effectiveness and performance. They noted that if work organization were able to acquire employees who possess relevant knowledge, skills and aptitude, and are also able to accurately predict their potential future capabilities, recruiting and selecting staff in an effective manner can both avoid undesirable costs for example those associated with high staff turnover, poor performance and dissatisfied customers and engender a mutually beneficial employment relationship characterized, wherever possible, by high commitment on both sides. This is reflected in improved performance in the overall organization. This is supported by Laroche and Rutherford (2007) who explains that most organisations confess that the quality of their employees does play a critical role in the success of the organisation.

Further 34.5% of the respondents agreed while 29.3% were undecided and 23.3% disagreed that the institution has performance reviews and appraisal systems in place. According to Pilbeam and Corbridge, (2006), employees need to be developed and appraised from time to time in order for them to be abreast with new trends and challenges. When employees are developed it help increase their performance and help sustain the growth of organizations. In addition, 31% Of the respondents agreed and 25.9% disagreed while 22.4% remained undecided on whether as a result of improved employee performance the institutional infrastructure has expanded to accommodate more customers.

The study further established the means and standard deviation values to get the general view of the respondents regarding the employee performance on HRM practices. This is presented in Table 4.

Table 4: Descriptive statistics on employee performance

	N	Min	Max	Mean	Std. Dev
11. The management enables non-managerial employees to participate in decision making.	116	1	5	2.73	1.033
12. Performance in this institution has been enhanced by high employee motivation.	116	1	4	2.78	1.031
13. The performance of this institution has been improved due to better reward system in the institution.	116	2	5	3.03	1.154
14. Adherence to regulations and legislation guides the employee performance of this institution.	116	1	5	3.16	1.092
15. Hiring of qualified human resource has enhanced the employee performance of the institution.	116	1	4	3.20	1.151
16. The institution has performance reviews and appraisal systems in place.	116	2	5	3.20	1.032
17. As a result of improved employee performance, institutional infrastructure has expanded to accommodate more customers.	116	1	5	3.16	1.177
Valid N (listwise)	116				

The respondents were undecided as to whether the management enabled non-managerial employees to participate in decision making registering a mean of 2.73. They could not commit themselves whether performance in the institution has been enhanced by employee motivation registering a mean of 2.78. The respondents further could not decide whether adherence to regulations and legislations guides the employee performance in their institutions by a mean of 3.16 and whether hiring of qualified human resource has enhanced the employee performance of the institution by a mean 3.20. Respondents were also not sure that the institutions have performance reviews and appraisal systems in place registering a mean of 3.20 and that as a result of improved employee performance, institutional infrastructure have expanded to accommodate more customers registering a mean of 3.16. It was also observed that the respondents were not in agreement with one another with most having diverse views as demonstrated by standard deviation values that were greater than 1 in all the aspects.

Inferential Statistics Results

In this section the researcher sought to establish the relationship between the study variable as well as testing the study's hypotheses. According to Rosalind (1987), a statistical hypothesis is an assertion or conjecture about the distribution of one or more random variables. According to

her the testing of a statistical hypothesis is the application of an explicit set of rules for deciding whether to accept the hypothesis or to reject it. The study used Pearson product moment correlation coefficient to establish the associations between variables while multiple regression analysis aided in hypothesis testing. The analysis was done in line with the research objectives and interpretations provided for each result.

Correlation Analysis was done and the data collection instruments were made in a way that they elicited responses in form of a Likert scale where; 5-Strongly Agree (SA), 4-Agree (A), 3-Undecided (U), 2-Disagree (D), 1-Strongly Disagree (SD). This enabled the transformation of the responses into a composite score of their means which facilitate the multivariate analysis of the data

The study had four hypotheses in regard to the influence of HRM practices on employee performance in public universities in Kenya. The analysis of variance (ANOVA) was used in hypothesis testing. A confidence level of 95% was set for this analysis. The results are as discussed hereafter.

Compensation and Reward and Employee Performance

The third objective of the study sought to evaluate the influence of compensation and reward on employees' performance in public universities in Kenya. To accomplish this, the following hypothesis was postulated.

H₀: Compensation and reward have no significant influence on employees' performance in public universities in Kenya.

From the hypothesis, the researcher is insinuating that employee performance in public universities in Kenya is not dependent on compensation and reward. Therefore, analysis of variance was done to test this hypothesis at a level of significance of 0.05. The findings from the analysis are presented hereafter in Table 5.

Table 5.: Model summary on compensation and reward and employee Performance

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.724 ^a	.524	.520	.55964

a. Predictors: (Constant), Employee Compensation

The table indicated the presence of a significant relationship (R=.724) between employee compensation and employee performance. The R-squared value for this model was .524 indicating that employee compensation could account for up to 52.4% of the total variance in employee performance. This indicated that employee compensation is an important determinant

of employee performance in the public universities in Kenya. The findings are in tandem with Kline and Hsieh (2007) findings who found that salary is viewed as an important determinant factor for employee increased performance and have been shown to influence an employee decision to leave or to stay in the organization. They further asserted that performance based pay have an effective relationship with performance improvements. Every worker wants to earn more so they put extra effort to produce more units. Further, The ANOVA results were as shown in Table 6.

Table 6: Anova^a between compensation and reward and employee performance

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	39.361	1	39.361	125.675	.000 ^b
Residual	35.704	114	.313		
Total	75.065	115			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Employee Compensation

The analysis yielded an F-statistic value of 125.675 which was found to be statistically significant at $p < .000$. This implies that employee compensation and reward significantly influence employee performance in public universities in Kenya. Based on these findings, the null hypothesis H_0 , that compensation and reward have no significant influence on employees' performance in public universities in Kenya was consequently rejected. This led to the conclusion that compensation and reward significantly influenced employee performance in public universities in Kenya. Model coefficients were established to help fit a linear equation on the relationship between employee compensation and employee performance. The findings from the analysis are as shown in Table 7.

Table 7: model coefficients^a on compensation and reward and employee performance

Model		Unstandardized Coefficients		Standardized	T	Sig.
		B	Std. Error	Coefficients Beta		
1	(Constant)	.913	.196		4.651	.000
	Employee Compensation	.703	.063	.724	11.211	.000

a. Dependent Variable: Employee Performance

The t-values for both the constant term and employee compensation coefficients were found to be statistically significant at $p < .000$. This meant that employee compensation plays a significant

role as far as employee performance is concerned. The following linear equation showing the relationship between employee compensation and employee performance was generated.

$$Y=0.913+0.703X_1$$

The model shows that when all the extraneous factors are excluded from the model, the level of employee performance remains at 0.913 units. In addition, a unit increase in employee compensation increases employee performance by a factor of 0.703 units. This goes a long way to indicate that employee compensation is very important as far as organizational performance is concerned. This is in line with the findings of Robbins (2001) who stated that when employees feel that their efforts are appreciated and the company introduced a system of fair compensation and satisfaction, the company will have optimized motivation and hence increased employee performance. Zaman et.al (2011) further established that extrinsic rewards have a significant effect on organizational performance. Sohrab et.al (2011) also established that compensation has a strong positive impact on the performance of university lecturers. They observed that the more the lecturers were compensated fairly, the better they performed.

CONCLUSIONS

Based on the study findings the researcher concludes that employee performance can be influenced by proper adherence to recruitment and selection, employee training, work compensation and reward and employee relations practices and procedures.

Compensation is a factor that fulfils individual goals in organizations. The researcher concluded that public universities should embrace compensation policies in rewarding its employees in order to yield good fruits. Through good compensation, employees will always attain job satisfaction and job security and these will also lead to achievement of both organizational goals and individual goals. Public universities in Kenya have no formal procedures in rewarding their employees and this shows that there is no equitable distribution of resources.

RECOMMENDATIONS

The study recommended that the universities should set up good compensation packages that would serve to encourage the good performance of the employees in all organisations. The study further recommended that good compensation and reward policies should be established to ensure equity pay. Doing so, employees will be committed towards achieving performance.

On top of better compensation packages, the universities should ensure well defined promotion policies to give opportunities to the best performing employees. This will boost employees' morale prompting them to work much harder, be self-driven.

AREAS FOR FURTHER RESEARCH

1. The study was limited in scope given that it only focused on public universities in Kenya. The researcher therefore recommends that the study be replicated in other sectors of the economy beginning with the private institutions and other service organisations to enable the generalization of findings. This will further go a long way in shedding light on the role of regulations in the HR management practices and policies.
2. On the other hand, the researcher observed that there are other areas of HR practices that can be enhanced such as performance appraisal and organizational leadership. Thus, the study recommends that future studies should focus on the influence of performance appraisal on employees in organizations in Kenya.
3. Lastly, given that the study focused on the different components effects on organizational performance, the researcher recommends that studies should be conducted on individual's components effects on organizational performance across various sectors of the economy.

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