



EMPLOYEE COMPENSATION PRACTICES AND JOB SATISFACTION IN THE COUNTY GOVERNMENT OF NAIROBI, KENYA

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ABSTRACT

In today's competitive landscape, effective human resource management has become essential for sustaining employee productivity and satisfaction, particularly within dynamic and service-driven sectors such as public administration. Although the Nairobi County Government has invested significantly in enhancing employee satisfaction since its inception, the impact of these efforts on job performance remains unclear. This study aimed to examine the effect of employee compensation practices on job satisfaction among staff in the Nairobi County Government. Specifically, it evaluated the influence of two key compensation components: performance-based compensation, and competitive salary structures. The study was grounded in the Resource-Based View (RBV) Theory and Equity Theory. A descriptive research design was adopted, targeting 16,321 staff across 11 departments within the County Government. Using Yamane's (1967) formula, a sample size of 388 respondents was determined through stratified random sampling. Primary data was collected using structured questionnaires, and a pilot study was conducted with 39 participants to test the instrument's validity and reliability. Construct and content validity were assessed, while reliability was measured using Cronbach's Alpha Coefficient. Data was analyzed using SPSS Version 28 through both descriptive and inferential statistics. The findings revealed a strong and statistically significant positive correlation between competitive salary structure and job satisfaction ($r = .813, p < .001$), followed by performance-based compensation ($r = .539, p < .001$). Based on the results, it is recommended that the County Government adopt a structured salary increment policy aligned with inflation, job performance, and employee experience. Finally, the salary grading system should be communicated more clearly to ensure transparency and employee understanding of compensation decisions.

Key Words: Employee Compensation Practices, Job Satisfaction, Performance-Based Compensation, Competitive Salary Structures

Background of the Study

In today's competitive landscape, effective human resource management has become pivotal in maintaining employee productivity and satisfaction, particularly in dynamic sectors like information technology (Veloso et al., 2021; Yanchovska, 2021). Mayfield and Mayfield (2020) observed that in today's business world, retention of valuable employees is one of the most critical issues confronting leaders. Talented employees with competencies which are critical for the survival of an organization are difficult to retain because they often attach more importance to their own career path than to organizational loyalty, which in turn can result in voluntary turnover (De Vos & Meganck, 2019). Organizations need to explore alternative methods to retain key talent to ensure business success. Employee rewards can serve the purpose of attracting prospective talented employees, retaining valuable employees, motivating employees as well as assisting in achieving job satisfaction and organizational commitment while obtaining competitive advantage (Bratton & Gold, 2019).

Employees as a collective workforce are being exhorted to become more efficient, more quality oriented, more flexible and more innovative. In addition, to keep costs down and to ensure organizational survival, they are being forced or encouraged to change the way they work and to accept different ways of being organized and managed in order to gain competitive advantage (Heneman *et al.*, 2022). Clearly within these transformations of working practice there are implications for the employee to be satisfied with the work and all practices should be put in place that encourages the employees to work towards the attainment of the organizational objective.

Employee job satisfaction refers to the extent to which employees feel content, fulfilled, and fulfilled in their roles within an organization. It encompasses their overall happiness, fulfillment, and positive feelings towards their work, job duties, work environment, colleagues, and the organization as a whole (Korir, & Ndegwa, 2020). Employee job satisfaction is vital for organizational success as it is closely linked to employee retention, engagement, productivity, and overall performance. Organizations that prioritize employee satisfaction tend to have higher levels of employee morale, commitment, and loyalty, leading to a positive work culture and better business outcomes (Chepkwony, & Oloko, 2020).

Employee satisfaction is considered as an overall feeling about the job, or as a related set of attitudes about various aspects of the job (Spector, 2022). Rice *et al.*, (2020), observed that "satisfaction is determined, in part, by the discrepancies resulting from a psychological comparison process involving the appraisal of current job experiences against some personal standards of comparison." Job dissatisfaction and low motivation have been appreciated as some of the most dreadful hitches facing organizations today and that lead to reduced productivity.

Statement of the Problem

Despite the fact that Nairobi City County has been investing heavily in employee job satisfaction since inception its effect on job performance still remains ambiguous (Auditor General Report, 2019). The issue of salary, incentives, and their impact on job satisfaction among workers remains a critical concern. According to a report by the Salaries and Remuneration Commission (SRC) in Kenya, disparities in competitive salary structures exist within the public sector, with some employees receiving significantly lower wages compared to others (SRC Annual Report, 2023). The lack of comprehensive incentive schemes within Nairobi County Government has been highlighted in a survey conducted by the Kenya Association of Public Administrators (KAPA), revealing that only 30% of employees feel adequately rewarded for their efforts (KAPA Survey, 2022). A study conducted by Nyaga et al. (2021) found a strong correlation between salary satisfaction and overall job satisfaction among public sector employees in Kenya. The study revealed that employees who perceived their salaries as unfair were significantly more likely to report lower levels of job satisfaction.

High employee turnover rates within Nairobi City County further underscore the significance of the problem. According to the Human Resources Department of Nairobi County, turnover rates have increased by 15% over the past two years, with dissatisfaction over compensation cited as one of the primary reasons for resignation (Nairobi County HR Department Report, 2023). In addition, persistent delays in promotions, failure to finalize Collective Bargaining Agreement (CBA) negotiations, recurrent salary payment delays, and impunity regarding statutory deductions further exacerbate worker dissatisfaction. These challenges led to a strike in May 30th, 2023, disrupting public services and highlighting worker dissatisfaction with the administration's handling of their grievances (Mwangi, 2023). According to the survey conducted by the Ethics and Anti-corruption Commission (2023), The Nairobi County Government employees lead in absenteeism and reporting late to work. The County recorded 9.6% which topped among employee absenteeism in the County governments in Kenya.

Several studies have been conducted on this subject matter but their results have been inconsistent. A study conducted by Mbaya (2019) dwelt on effects of reward and compensation systems on employee performance within the National Museums of Kenya found that reward and compensation systems had both positive and negative effects on employee performance. A further study by Njanja, Maina, Kibet and Njagi (2019) on effect of reward on employee performance a case of Kenya Power and Lighting Company Limited in Kenya illustrated that cash bonus has no effect on employee performance. In Kenya, Odongo (2018) did a study on employee empowerment programs among international NGOs in the public health sector in Kenya. The study found that employee empowerment programs were diverse and their influence on job performance was not conclusive. From the above studies, none focused on Job Satisfaction of workers in Nairobi City County, Kenya. To fill the highlighted gaps, the current study sought to establish the effect of employee compensation practices and job satisfaction in the County Government of Nairobi, Kenya.

Objectives of the Study

The main objective of this study was to establish the effect of employee compensation practices and job satisfaction in the County Government of Nairobi, Kenya.

The study was guided by the following specific objectives;

- i. To determine the effect of performance-based compensation on job satisfaction in the County Government of Nairobi, Kenya
- ii. To establish the effect of competitive salary structure on job satisfaction in the County Government of Nairobi, Kenya

LITERATURE REVIEW

Theoretical Review

Resource-Based View (RBV) Theory

Resource-Based View (RBV) theory is a set of related theories that explain how a firm's internal resources, capabilities, and routines can create and sustain a competitive advantage in the market. RBV theory was developed by several scholars, such as Penrose (2009), Wernerfelt (1984), Barney (1991). Central to RBV are the concepts of resources and capabilities. Resources refer to the tangible or intangible assets that a firm owns, controls, or has access to. These include physical assets, human capital, intellectual property, brand reputation, and relationships with stakeholders. Capabilities represent the firm's ability to deploy its resources effectively to perform activities and achieve strategic objectives. Capabilities are often embedded in the organization's routines, processes, and culture, and they reflect the firm's capacity to perform specific tasks better than competitors.

In an organization, human resources allude to individuals who can learn, innovate, adapt and avail the creative energy that, when appropriately motivated, can guarantee the organization's strategic existence. The three components of human capital are: organizational working capital, implying organization knowledge that the organization possesses and is kept in social capital, databases and manuals, e.g adaptable networks in individuals who enable the organization to leverage, embed, and link its wide expertise and intellectual capital, that is unique knowledge and skills that people possess. This theory ties HRM with competitive advantage generation through focusing on fostering the internal resources that the organization owns which most probably are unique and special to the firm. If resources and capabilities of a firm are mixed and deployed in a proper way, they can create competitive advantage for the firm. Eventually, only companies themselves can achieve and sustain competitive advantage by innovation and strategically positioning in the market (Mweru & Muya, 2015). However, theorists argue that effective human resource practices can easily be copied by other competitors while the type human capital an organization has cannot be copied which ultimately turns into competitive advantage for the firm. The theory supports the variable on Performance based compensation. The county must ensure that they have adequate resources to hire and retain skilled and talented staff.

Equity Theory

Equity Theory is a psychological theory of motivation developed by J. Stacy Adams in the 1960s. The theory proposes that individuals are motivated by fairness in social exchanges, particularly in the workplace, and they compare their own input-output ratio to that of others. The theory is founded on people's perception of fairness or equity which is usually subjective. The Equity theory posits that employees seek to maintain equity between the input that they bring into a job such as education, time, experience, commitment and effort and the outcome they receive such as promotion, recognition and increased pay against the perceived inputs and outcomes of other employees (Spector 2008).

Equity Theory revolves around the concept of a perceived balance between inputs and outputs. Inputs refer to the contributions individuals make to their work, such as effort, time, skills, experience, and dedication. Outputs, on the other hand, represent the rewards or outcomes individuals receive from their work, including salary, benefits, recognition, promotions, and job satisfaction. Equity theory proposes that individuals who perceive themselves as either under-rewarded or over-rewarded experience distress, and that this leads to efforts to restore equity within the organization. Failing to find equity according to, Hellriegel et al (2004) may make them behave in ways that harm the organization. The retaliatory measures by employees who think they are unfairly rewarded may include, withholding effort and reducing work inputs, displaying feelings of hostility to co-workers and the organization itself, and seeking salary increases, challenging superiors about tasks assigned, as well as quitting the job and seeking an alternative elsewhere. All these options have implications for an organization. It can impair the overall performance as well as lower productivity. If high performers leave an organization, the organization is likely to lose its productive talent and competitive advantage. The theory supports the variable on competitive salary structure since a suitable structure ensures equality in staff compensation.

Conceptual Framework

A conceptual framework is a hypothesized model identifying the model under study and the relationship between the dependent and independent variables. The independent variables of the study are Performance based compensation, and competitive salary structure while the dependent variable is Job Satisfaction of workers in Nairobi City County, Kenya. Figure 2.1 below presents the conceptual framework that guides this study.

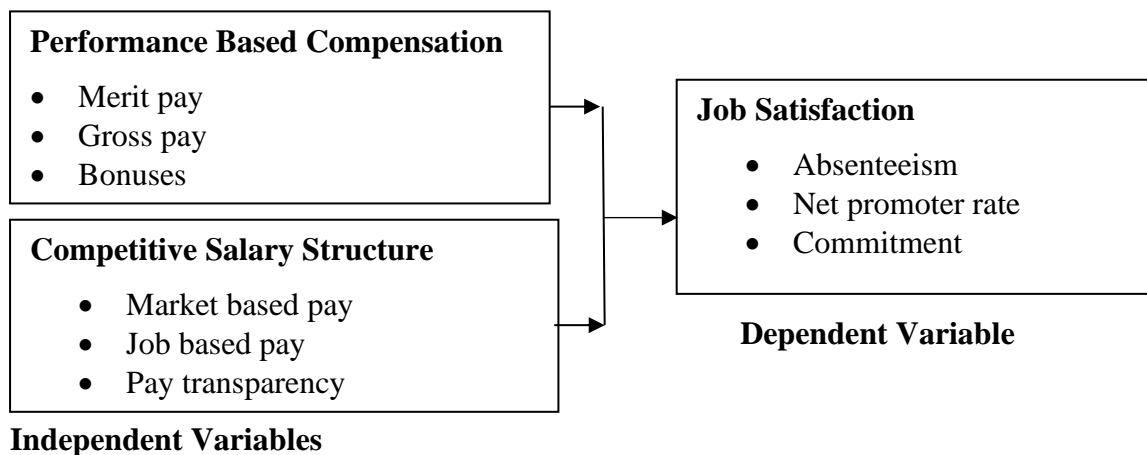


Figure 2. 1: Conceptual Framework

Performance based compensation

Performance based compensation refers to is a system whereby employees are paid according to their performance and results (Kang & Lee, 2021). Performance based compensation plays an important role since it affects the quality of work, the flexibility of employees, learning of new skills or suggestion of new ideas, from manager’s point of view; it affects how employees behave at work. Base pay is the foundational component of total remuneration. It is commonly viewed as the ‘fixed’ or ‘guaranteed’ portion of pay in that it is chiefly time-based rather than performance-based. For each quantum of time worked, the employee receives a predetermined amount of pay. In broad terms, time-based pay can be delivered either as an hourly, daily or weekly wage, or in the form of an annual salary. It is also typically the largest component of total pay for non-executive employees (Shields, 2022).

Human resources managers need to conduct salary benchmarking to ensure that the compensation meets the industry standard, location, and job type. They should review what other companies are paying for similar positions and determine the highest pay against which to set their own. Align the Performance based compensation to the organization’s needs and strategy and salary should be based on the expected experience and expertise in the said field if the company intends to attract the right talent. Highly specialized positions attract a higher base salary and other bonuses (Edmans, Pu, Zhang, & Li, 2024).

In Kenya, public servants who are not State officers are paid a segregated salary with most of the public service institutions paying house and commuter allowances, while others pay a variety of other allowances specific to various circumstances and work environment. Implementation of this pay structure, without a cap on the number of allowances or setting the percentage of allowances to gross pay, has made it easy for institutions to increase the number of allowances. In general, higher cadres in the public service draw more allowances than the lower cadres (Mwangi, 2023).

Competitive Salary Structure

A competitive salary structure is a system of pay ranges for different jobs that's competitive with the market and fair to employees. It's a key part of an organization's compensation strategy and helps to ensure that pay is competitive and equitable. A competitive salary structure is how a company or members of leadership determine how much an employee should get paid. It's based on such factors as how long the employee has worked at the organization, their rank at the company, merit and the type and difficulty of work they do (Montaño & Sobrejuanite, 2024). Competitive salary structures are developed with strategic objectives and company goals in mind. A compensation scheme is designed based on a variety of characteristics after an examination of the job activity and responsibilities.

Most companies operate under a specific competitive salary structure as a way to organize employees' pay and make it easier on the teams responsible for hiring new employees and promoting current ones. Competitive salary structures help employees understand how much they can expect to earn at a minimum and what the maximum earning potential is for their role. There are some competitive salary structures that employers can utilize based on business strategy (Khaliq, 2021). Many employers use a competitive salary structure that includes pay grades, which helps employees know the salary range they can expect for their role, with a minimum, maximum and midpoint. The bottom of a pay grade is the minimum salary that someone in this role can earn while the top of the pay grade is the maximum amount an employee can expect to earn in this role. The midpoint is the salary that appears between the two. A new hire or current employee who is up for a raise may be able to negotiate where in the pay grade they fall. Some organizations opt out of creating a competitive salary structure because to develop one requires having a group of employees who can spend the necessary time to fine-tune a system of this nature. These individuals need to assign current positions and employees to a pay grade and continue to monitor the market rates for any updates that would necessitate an update to the competitive salary structure (Ibadin & Akpede, 2021).

Empirical Review

Performance based compensation and Job Satisfaction

Sahibzada and Khawrin (2023) studied the relationship between salary and recognition on job satisfaction for academic staff at Paktia University. The study used convenience sample technique was used to sample 60 lecturers. Data was collected using online Google Forms. The study found that the implementation of the payment system at Paktia University has had a positive impact on the academic staff. The improved payment system has led to an increase in job satisfaction and recognition, which in turn has improved job satisfaction among the university's lecturers

Chaudhry, Sabir, and Rafi (2024) studied the impact of salary satisfaction on job satisfaction in public sector organizations and private sector organizations in Pakistani context. Data was collated from 160 employees. Salary satisfaction affects job involvement, work inspiration, employee performance and motivation. The study showed that there exists a significant difference in the degree of salary satisfaction in public sector and private sector organization, and the positive influence of salary satisfaction on job satisfaction in both public and private sectors. The findings indicated that employees in public sector organizations have little higher salary satisfaction as compared to private sector employees. Moreover, salary satisfaction is also positively related with job satisfaction in both cases.

Okolocha (2021) examined the effect of job satisfaction on employee productivity of public universities in South-East, Nigeria. Survey research design was adopted for the study. Data were collected through the questionnaires. The study found that working condition and salary have positive significant effect on the employee productivity of public universities in South-East, Nigeria. Salary or wage packages as a form of compensation influence job satisfaction. Lyimo and Tarimo (2022) examined the effect of compensations and social benefits on job satisfaction among employees of Sahara media Group in Tanzania. This study employed simple random sampling and purposive sampling technique to sample 80 staff. Data was collected using questionnaire, interview and documentary review. The study found that there is a strong relationship between the influence of performance-based compensation, job allowances and job satisfaction.

Asnoni, Sambung, and Milwan (2021) sought to determine the effect of pay satisfaction on employee job satisfaction in Airport Operational Unit Office. The study employed quantitative research and questionnaires were used to collect data. The research sample was 85 honorary employees. Data were collected using questionnaires. The results showed that pay satisfaction and job satisfaction had a significant and positive effect on service quality. Pay satisfaction,

job satisfaction, and competence had a significant effect on turnover intention. The turnover intention had a significant and negative effect on service quality.

Aliyu, Abbas, and Kachalla (2023) sought to determine the effect of remuneration on job satisfaction among library staff of Bayero University Kano, Nigeria. The study was conducted through quantitative research technique. The study population was 171 employees and size of 119 were sampled. The results indicated a positive relationship between remuneration and job satisfaction. Additionally, job satisfaction has a significant effect on employee salary and recognition, nevertheless allowance and feedback were not found to be significant.

Wambeti, Waweru, and Mwaura (2020) evaluated effect of remuneration on job satisfaction at the Public Service Commission in Kenya. The study adopted a descriptive research design. The population for this study was 200 Public Service Commission employees. A stratified random sampling technique was employed to select a sample of 132 respondents. Questionnaire was used to collect data. The study found out that that remuneration has a statistical significantly effect on employee job satisfaction at the Public Service Commission in Kenya. The study concluded that remuneration is an important factor affecting employee job satisfaction at the Public Service Commission in Kenya.

Competitive Salary Structure and Job Satisfaction

Tahir (2023) studied the relationship between competitive salary structure and organizational commitment. Questionnaires were used to collect data. The study sampled 200 respondents and questionnaires were used to collect data. The results showed that salary package of the employee was a strong factor in organizational commitment of the employee. Employees agreed that good salary package increases organizational commitment. The salaries are based on a structured salary scale with a pre-determined yearly increment. However, the erosion of the absolute values of salaries, especially in the public sector relative to the private sector, has negatively affected employee motivation and therefore resulted in highly-qualified personnel preferring to join the private sector where they expect to be suitably remunerated. The problem of low wages and fringe benefits in the public sector is compounded by unfair practices in the remuneration of workers due to unclear and inconsistent wage policies resulting in arbitrary pay differences for different cadres of staff.

Sanmugam and Ling (2021) investigated the effectiveness of compensation structure on job satisfaction among employees in retail sectors in Malaysian context. The results showed that there is a positive relationship between compensation structure and job satisfaction. The results indicated a positive and significant relationship between compensation structure and job satisfaction. These results warrant caution to retail sectors to pay much attention on compensation structure. Nasiru and Ldama (2021) examined the relationship between salary increase employee performance in Adamawa State University, Mubi. The study population was 824 staff and 232 were sampled. Data was collected using questionnaires. The result shows that there is significant and positive relationship between salary increment and employee effectiveness and salary increase enhances staff performance outcomes. It increases the performance, satisfaction and productivity.

Uzoamaka and Emenike (2020) examined the effect of compensation plan on employee performance in telecommunication industry in Nigeria. The used a survey design. Primary and secondary sources were used to obtain data. The study sample was 133 selected among managers and other senior staff of MTN. The study revealed that if employees are well compensated by way of allowances, commission, salaries and other fringe benefits, they increase their performance.

Phuong, Nguyen, and Tuoi (2024) analyze the influence of salary on employee engagement with small and medium enterprises in Hanoi. The study used a pre-structured questionnaire to collect data from 203 survey employees working for SMEs in Hanoi, Vietnam. Results showed that the SMEs used performance-based pay and the employees were paid based on their

productivity. The SMEs complied with legal regulations on salary payment, care about the results of the employee's work performance, not the person performing the work, fairness and objectivity in evaluating work performance, ensure competitiveness in salary payment, and ensure financial capacity.

Khailey and Ibrahim (2023) assessed the effect of compensation on employee commitment in Mogadishu, Somalia. The study used questionnaires and interviews to collect data from 68 staff and 3 managers of the Homuud telecom mogadishu Somalia. Results showed that prompt payment, communicating compensation procedure, establishing uniform compensation procedure and sensitization of employees on compensation guidelines had a positive effect on their commitment. In addition, clearly communicating performance evaluation criteria to the employees, regularly evaluating employees, focusing on skills gaps with intent to fill them, making employee performance evaluation interactive and providing performance evaluation feedback is likely to increase the level of employee commitment.

RESEARCH METHODOLOGY

The descriptive research design was employed where data was collected one point in time. Creswell and Creswell (2017) notes that a descriptive survey seeks to obtain information that describes existing phenomena by asking questions relating to individual perceptions and attitudes. This study was conducted in County government of Nairobi, Kenya. As of September 27, 2024, the Nairobi City County government employed 16,321 staff. Yamane (1967) formula was used to calculate the sample of 388 respondents. The study used stratified random sampling. The staff were stratified according to the 11 departments in the County government. Every department produced at least 35 staff. The staff's identification numbers were obtained from the county human resources, listed in alphabetical order, and 388 names picked randomly. Data was collected using a self-administered semi-structured questionnaire.

Data obtained from the field was coded, cleaned, and entered into the computer for analysis using the SPSS version 25. The data was summarized in order to see emerging trends and issues around specific themes, which are dependent on the variables and objectives. Presentation of data was done in form of quantitative and qualitative reports which was presented in forms of tables and essay. For the quantitative reports, the tables consisted of mean and standard deviation values that were used to make interpretation of the analysis. Percentage, mean and standard deviation were used to show the frequency of responses. Tables were used to display the rate of responses and to facilitate comparison. Inferential statistical analysis used was multiple regression and correlation analysis. The significant of each independent variable was tested at a confidence level of 95%.

RESEARCH FINDINGS AND DISCUSSIONS

A pilot test was conducted to determine validity and reliability of the data collection instrument. The responses from respondents were used to adjust and refine questionnaire accordingly. According to Mugenda and Mugenda (2017) the pretest sample should be between 1% and 10% depending on the sample size. The pilot sample was 39 employees. The study sampled 388 staff of Nairobi County government and 39 were used for piloting. Questionnaires were hence administered to 349 staff and 280 questionnaires were successfully answered. The response rate was 80.2% which good for analysis as recommended by Babbie (2004) that the response rate of 50% is acceptable for further analysis and 60% is good.

Descriptive Analysis

In this section the study presents findings on Likert scale questions where respondents were asked to indicate their level of agreement with various statements that relate with the employee compensation practices and job satisfaction in the County Government of Nairobi, Kenya. They used a 5-point Likert scale where 1-strongly disagree, 2-disagree, 3-moderate, 4-agree, 5-strongly agree. The means and standard deviations were used to interpret the findings where

a mean value of 1-1.80 was strongly disagree, 1.81-2.60 disagree, 2.61-3.20 neutral, 3.20-4.20 agree and 4.20-5.00 strongly agree. Standard deviation greater than 2 was considered large meaning responses were widely spread out and not tightly clustered around the mean.

Performance Based Compensation

The first objective was to determine the effect of performance-based compensation on job satisfaction in the County Government of Nairobi, Kenya. The staff were asked to tick on the extent to which they agree/disagree with statements related to performance-based compensation. Findings are presented in Table 1.

Table 1: Performance Based Compensation

Key: SD=Strongly disagree, D=Disagree, NS=Not Sure, A=Agree, SA= Strongly agree, M=Mean, Std=Standard Deviation.

Statements	SD %	D %	NS %	A %	SA %	M	Std.
A basic salary is paid and it is comparable within and outside the county	2.9	21.1	7.1	12.1	56.8	3.99	1.321
The compensation policy includes periodic for salary increment	61.1	13.2	7.1	9.6	8.9	1.92	1.368
Salary offered is comparable to tasks involved and the output expectations	50.4	29.3	9.6	10.7	0	1.91	1.250
Salary is independently determined outside other benefits on offer	13.6	2.1	8.6	31.4	44.3	3.91	1.354
The county offers competitive salary	43.2	38.9	3.9	5.4	8.6	2.03	1.209
My salary suits my skills and qualifications	44.6	30.0	8.6	7.9	8.9	2.06	1.285
My salary is satisfactory	70.0	12.9	7.1	5.4	4.6	2.38	1.123
Average						2.60	1.273

N=280

Findings show that the basic salary is paid and it is comparable within and outside the county as strongly agreed by 56.8%. The statement was supported by the mean (M = 3.99, std = 1.321). The compensation policy does not include periodic for salary increment as strongly disagreed by 61.1%. The statement was supported by the mean (M = 1.92, std = 1.368). Salary offered is not comparable to tasks involved and the output expectations as strongly disagreed by 50.4%. The statement was supported by the mean (M = 1.91, std = 1.250). Salary is independently determined outside other benefits on offer as strongly agreed by 44.3%. The statement was supported by the mean (M = 3.91, std = 1.354). The county does not offer competitive salary as strongly disagreed by 43.2%. The statement was supported by the mean (M = 2.03, std = 1.209). The salary does not suit employee's skills and qualifications as strongly disagreed by 44.6%. The statement was supported by the mean (M = 2.06, std = 1.285). The salary is not satisfactory as strongly disagreed by 70%. The statement was supported by the mean (M = 2.38, std = 1.123).

The average for the variable for performance-based compensation is 2.60 which translates to disagree and the standard deviation 1.273 which is less than 2 indicate that on the average the respondents had less variations from their responses. The results indicate that the employees perceive the salary as competitive. The staff are however dissatisfied with the county's salary increment structure, indicating that salary revisions may not be frequent or systematic. The employees feel underpaid in relation to their workload and performance expectations. The salaries are considered separately from allowances and other benefits which indicates rigidity in salary structuring. The findings further imply a possible mismatch between compensation and professional credentials. Findings are in support of Sahibzada and Khawrin (2023) that

the implementation of the payment system led to an increase in job satisfaction and recognition, which in turn has improved job satisfaction among the university's lecturers. In addition, Wambeti, Waweru, and Mwaura (2020) concluded that remuneration is an important factor affecting employee job satisfaction at the Public Service Commission in Kenya.

Competitive Salary Structure

The second objective was to establish the effect of competitive salary structure on job satisfaction in the County Government of Nairobi, Kenya. The staff were asked to tick on the extent to which they agree/disagree with statements related to competitive salary structure. Findings are presented in Table 2.

Table 2: Competitive Salary Structure

Key: SD=Strongly disagree, D=Disagree, NS=Not Sure, A=Agree, SA= Strongly agree, M=Mean, Std=Standard Deviation.

Statements	SD %	D %	NS %	A %	SA %	M	Std.
Accessing and using my compensation and benefits is a straightforward process	58.6	19.3	5.4	2.1	14.6	2.05	1.346
The compensation scheme offered by the organization is well-known	6.4	15.7	2.1	17.9	57.9	3.86	1.483
Compensation package matches my performance in the organization	55.4	19.3	6.4	4.3	14.6	1.96	1.454
Compensation standards are uniform for all employees	58.6	12.9	4.3	17.9	6.4	2.01	1.389
The organization provide reasonable compensation for extra time	52.9	19.6	7.5	13.9	6.1	1.91	1.449
The organization is able to meet deadlines regarding payment	62.9	6.4	4.3	8.2	18.2	1.88	1.623
There is a compensation policy Cleary providing grading system for each category of employees.	3.6	19.3	11.4	41.1	24.6	3.94	1.152
Average						2.52	1.414

N=280

Findings show that accessing and using compensation and benefits is a straightforward process for the staff as strongly disagreed by 58.6%. The statement was supported by the mean (M = 2.05, std = 1.346). The compensation scheme offered by the organization is well-known as strongly agreed by 57.9%. The statement was supported by the mean (M = 3.86, std = 1.483). Compensation package does not match performance in the organization as strongly disagreed by 55.4%. The statement was supported by the mean (M = 1.96, std = 1.454). Compensation standards are not uniform for all employees as strongly disagreed by 58.6%. The statement was supported by the mean (M = 2.01, std = 1.389). The county government does not provide reasonable compensation for extra time as strongly disagreed by 52.9%. The statement was supported by the mean (M = 1.91, std = 1.449). The county is not able to meet deadlines regarding payment as strongly disagreed by 62.9%. The statement was supported by the mean (M = 1.88, std = 1.623). There is a compensation policy Cleary providing grading system for each category of employees. as agreed by 41.1%. The statement was supported by the mean (M = 3.94, std = 1.152).

The average for the variable for competitive salary structure is 2.52 which translates to disagree and the standard deviation 1.414 which is less than 2 indicate that on the average the respondents had less variations from their responses. This indicates that employees face challenges in navigating the compensation and benefits system, possibly due to bureaucratic

hurdles or lack of clear guidelines. The compensation scheme offered by the county government is well-known suggesting that employees are adequately informed about the organization's compensation structure. Compensation does not match performance implying that employees perceive a fair alignment between compensation and job performance. In addition, the compensation standards are not uniform for all employees indicating that employees believe the organization maintains consistency in pay structures. The county does not provide reasonable compensation for extra time suggesting that employees feel fairly compensated for overtime or additional work hours. The county is unable to meet payment deadlines indicating that the organization ensures timely salary disbursement. There is a clear compensation policy providing a grading system for employees suggesting that while a structured policy exists, there may be areas for improvement in transparency or implementation. Results are in agreement with Tahir (2023) that salary package of the employee was a strong factor in organizational commitment of the employee. Good salary package increases organizational commitment. Uzoamaka and Emenike (2020) also revealed that if employees are well compensated by way of allowances, commission, salaries and other fringe benefits, they increase their performance. Further, Khailey and Ibrahim (2023) showed that clearly communicating performance evaluation criteria to the employees, regularly evaluating employees, focusing on skills gaps with intent to fill them, making employee performance evaluation interactive and providing performance evaluation feedback is likely to increase the level of employee commitment

Job Satisfaction

In order to measure the performance job satisfaction among the staff of Nairobi County which was the study dependent variable, the staff were requested to tick on level at which they agree/disagree with listed statements on staff job satisfaction. Results are presented in Table 3.

Table 3: Job Satisfaction

Key: SD=Strongly disagree, D=Disagree, NS=Not Sure, A=Agree, SA= Strongly agree, M=Mean, Std=Standard Deviation.

Statements	SD %	D %	NS %	A %	SA %	M	Std.
I am very likely to recommend someone to work in the county	67.9	9.6	5.4	2.1	15.0	2.13	1.469
My current workplace meets my expectations	65.0	2.1	8.6	12.9	11.4	2.04	1.512
I accomplish my tasks on time	37.9	15.0	22.5	10.7	13.9	2.48	1.437
I always arrive at work on time	64.3	10.4	4.3	6.4	14.6	1.97	1.506
Average						2.16	1.481

N=280

Findings show that the staff of Nairobi County are not likely to recommend someone to work in the county as strongly disagreed by 67.9%. The statement was supported by the mean (M = 2.13, std = 1.469). The current workplace does not meet the expectations of majority of the staff as strongly disagreed by 65.0%. The statement was supported by the mean (M = 2.04, std = 1.512). The staff are not able to accomplish tasks on time as strongly disagreed by 37.9%. The statement was supported by the mean (M = 2.48, std = 1.437). The staff are unable to arrive at work on time as strongly disagreed by 64.3%. The statement was supported by the mean (M = 1.97, std = 1.506).

The average for the variable for employee job satisfaction is 2.16 which translates to disagree and the standard deviation 1.481 which is less than 2 indicate that on the average the respondents had less variations from their responses. This indicates low job satisfaction and

potential concerns about the work environment, compensation, or career growth opportunities. The results suggest a significant gap between what employees anticipated and their actual experience. This could be due to issues such as working conditions, management practices, or lack of career advancement opportunities. Findings imply that most employees can complete their work efficiently. However, the mean score suggests that some employees may still struggle with workload management or resource availability indicating that employees generally maintain punctuality and adhere to work schedules. The findings concur with a survey conducted by the Ethics and Anti-corruption Commission (2023) which showed that The Nairobi County Government employees lead in absenteeism and reporting late to work. Kenya Association of Public Administrators also revealed that the employees feel adequately rewarded for their efforts which contributes to low job satisfaction.

Correlation Analysis

Correlation analysis was conducted to establish the strength of relationship between the independent and dependent variable. The significance level for significant relationship was ≤ 0.05 . Pearson correlation coefficient was used and ranges between zero and one, where by the strength of association increase with increase in the value of the correlation coefficients (Gujarat & Porter, 2016). Correlation results are presented in Table 4.

Table 4: Coefficient of Correlation

Variables		Job satisfaction	Performance-based compensation	Competitive salary structure
Job satisfaction	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	280		
Performance-based compensation	Pearson Correlation	.539**	1	
	Sig. (2-tailed)	.000		
	N	280	280	
Competitive salary structure	Pearson Correlation	.813**	.314	1
	Sig. (2-tailed)	.000	.000	
	N	280	280	280

** . Correlation is significant at the 0.05 level (2-tailed).

Performance based compensation has a positive strong significant correlation with job satisfaction in the County Government of Nairobi, Kenya ($r = .539$, $\text{sig} = .000$). This implies that an increase in performance-based compensation in Nairobi County offices could lead to an increase in job satisfaction. The findings are alignment with Lyimo and Tarimo (2022) found that there is a strong relationship between the influence of performance-based compensation and job satisfaction. Asnoni, Sambung, and Milwan (2021) showed that pay satisfaction and job satisfaction had a significant and positive effect on service quality.

Competitive salary structure has a positive strong significant correlation with job satisfaction in the County Government of Nairobi, Kenya ($r = .813$, $\text{sig} = .000$). This implies that an increase in competitive salary structure in Nairobi County offices could lead to an increase in job satisfaction. The findings are in line with Sanmugam and Ling (2021) that there is a positive relationship between compensation structure and job satisfaction. Nasiru and Ldama (2021) showed a significant and positive relationship between salary increment and employee effectiveness and salary increase enhances staff performance outcomes.

Regression Analysis

A regression analysis was conducted to establish how a change in project quality management would predict changes in performance of Tanathi Water Works Development Agency water projects, Kenya. Results are presented in Table 5.

Table 5: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant/Y Intercept	4.682	.226		20.727	.000
Performance-based compensation	.771	.062	.634	12.394	.000
Competitive salary structure	.788	.074	.657	21.363	.000

Performance based compensation show a statistically significant positive coefficient ($\beta = .771$, sig = .000), indicating that improvements in performance-based compensation practices result to job satisfaction in the County Government of Nairobi, Kenya. Performance -based compensation has the second highest effect on job satisfaction in the County Government of Nairobi, Kenya at 63.4% (std Beta = .634). The finding shows that performance-based compensation is essential in enhancing job satisfaction in the County Government of Nairobi, Kenya. The findings concur with Wambeti, Waweru, and Mwaura (2020) that remuneration has a statistical significantly effect on employee job satisfaction at the Public Service Commission in Kenya.

Competitive salary structure shows a statistically significant positive coefficient ($\beta = .788$, sig = .000), indicating that improvements in competitive salary structure result to job satisfaction in the County Government of Nairobi, Kenya. Competitive salary structure has the highest effect on job satisfaction in the County Government of Nairobi, Kenya at 65.7% (std Beta = .657). The finding shows that competitive salary structure is essential in enhancing job satisfaction in the County Government of Nairobi, Kenya. The findings are in support of Khailey and Ibrahim (2023) that prompt payment, communicating compensation procedure, establishing uniform compensation procedure and sensitization of employees on compensation guidelines had a positive effect on staff job commitment.

The model was fitted as shown below.

$$Job\ satisfaction = 4.682 + .771PBC + .728CSS \dots (iii)$$

Conclusion

Performance Based Compensation and Job satisfaction

The findings suggest that while the basic salary in the county is perceived as competitive compared to other organizations, employee's express dissatisfaction with key aspects of compensation. The major concerns include the lack of periodic salary increments, misalignment between pay and workload, and salaries that do not adequately reflect skills and qualifications. Additionally, employees perceive that salaries are determined independently of other benefits, which may limit overall compensation satisfaction.

Competitive Salary Structure and Job satisfaction

The findings indicate that employees generally perceive compensation policies as fair and well-structured. Salaries are not paid on time, compensation does not align with performance, and uniformity in pay structures is rarely upheld. However, a key challenge is the difficulty in accessing and utilizing compensation and benefits, which may hinder employee satisfaction. While employees are aware of the compensation scheme, improvements in clarity and accessibility of benefits may be needed.

Recommendations

Performance Based Compensation and Job satisfaction

The county should review compensation policies. They should introduce a structured salary increment policy to ensure periodic adjustments in line with inflation, job performance, and experience. The county should also implement performance-based salary adjustments to ensure compensation reflects employee workload and output. The pay should also be aligned with employees' qualifications and competencies. The human resources should conduct periodic salary satisfaction surveys to address pay concerns. Changes on salary structures and justifications for remuneration decisions should also be communicated to the staff on time.

Competitive Salary Structure and Job satisfaction

The human resources managers should simplify the process of accessing and utilizing benefits through digital platforms or dedicated HR support services. Although there is a salary grading system, more communication and documentation should be provided to ensure employees fully understand how compensation is determined. Periodic reviews should be conducted to ensure the policy remains relevant and competitive. There should be uniformity in pay structures to ensure that staff are compensated based on their qualifications and there is equality in remunerations. The county should implement periodic salary reviews to ensure compensation remains fair and aligned with industry standards. They should also ensure that employees are aware of the criteria for receiving overtime pay or other incentives for additional work hours.

Areas for Further Study

A study to investigate how compensation structures influence employee turnover and long-term retention in county governments.

A study on employee compensations practices that contribute to 20.4% of changes in job satisfaction in the County Government of Nairobi, Kenya.

A study to assess whether employee compensation practices differ between county governments and national government institutions and their implications on job satisfaction

A study to examine how different compensation structures encourage creativity, innovation, and performance among public sector employees.

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