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A SURVEY OF THE PROCESS OF DETERMINATION OF COMPENSATION
PACKAGE FOR NURSES IN PRIVATE HOSPITALS IN NAIROBI 4

BY

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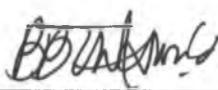
DECLARATION

This management research project is my original work and has not been presented for a degree in any other university.

Signed:  Date: 2nd March 2005.

Mr. Gerald Ford Sakwa

This management research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

I would like to dedicate this research project to my dear parents, Late Mr. Nelson Mukara Sakwa and Mrs. Florence Oyiela Sakwa, who worked tirelessly to ensure that I could reach this level of education.

I thank them for their wise counsel on education, which has been most valuable to me.

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Last but not least, I am also grateful to the respondents in private hospitals who spared time to answer my questionnaires. This study would not have been completed without you.

To all people who helped me in one way or another in this study, whether mentioned or not, I sincerely thank you and may the Almighty Lord bless you abundantly.

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ABSTRACT

The natural goal of any compensation formula is to distribute income equitably based on capital, productivity and time in the organization. Determining compensation is a challenge and everyone suspects that pay, particularly one's own, is determined without apparent justice. The aim of this study was to survey the process through which the compensation package for nurses is determined by private hospitals operating in Nairobi.

The specific objectives were to find out the methods used to determine compensation package for nurses in private hospitals, find out the process used to conduct compensation surveys for nursing positions in private hospitals and to find out the factors considered by management of private hospitals when determining compensation package for nurses.

In conducting the study, data from the medical directory was used to come up with a list of 54 private hospitals, out of which 36 responded. Nursing positions were chosen because they make up 70% of entire staff employed in any hospital, while private hospitals were chosen because they operate in a competitive environment, which was conducive for this study.

The results indicate that the process of determining compensation package for nurses includes conducting job evaluation, with the point method being the most preferred method used combined with carrying out salary surveys. The most important factor considered by management when determining compensation package was professional qualifications of the nurses. External equity, ability of management to pay and minimum wage scored averagely the same as the second most important factor.

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CHAPTER ONE

1.0 BACKGROUND

1.1 Introduction

Determining compensation is a critical activity and organizations are vitally interested in attracting, retaining and motivating employees to high levels of performance (Hills 1987). Compensation is both a potentially powerful influence on employees' behaviour and attitudes to employers and at the same time a reward that is a source of both economic and psychological income to employees (Flippo 1984).

The task facing employers is to allocate this reward in a way that maximizes the returns on money spent in terms of employee motivation to join the organization, perform effectively, stay and attend work regularly and in terms of employee satisfaction (Armstrong 2001). With the growth in product competition, organizations are more constrained than ever in making compensation decisions and as a result are faced with an incredible tension between needing to compete for the best labour and working within the constraints of their ability to pay. In addition, the organizations have to contend with the delicate balancing act of maintaining internal and external equity (Dessler 1994). Organizations the world over are increasingly realizing that determining compensation for their employees is a challenge and that traditional approaches to pay determination are increasingly being questioned and scrutinized by employees and their representatives (Milkovich et al 1990).

The growth of private hospitals is a recent phenomenon, which has led to its booming in the 1990's largely due to the government's non-interference in the private health sector (Mwangi 2001). Despite the fact that hospitals are generally viewed as social entities rather than business entities, the private hospitals depend on the fees collected from their clients and therefore there is need to offer efficient and better services, primarily given by their nurses. A private hospital is an entity that provides medical care to patients on funds that are generated by the entities owners and fees paid by such patients (NHIF Annual Report, 2003).

According to the National Health Sector Strategy Plan (1999-2004), there are 4207 health facilities in the country. Out of these, 420 are hospitals, 3146 health sub-hospitals and dispensaries. The Government dominates the market owning 56% of the facilities while 44% are

owned by the private sector. The Kenya Medical Directory (2003) indicates that there are currently 184 private hospitals in the whole country and 54 in Nairobi.

The strategic plan (1999-2004) states that among the private hospitals, there is dominance by large hospitals that have bed capacities of more than 100 beds, such as the Aga Khan and Nairobi Hospital. These compete intensively among themselves and are likely to want to attract the best staff. The strategic plan (1999-2004) further reveal that specialization by hospitals in offering medical service to particular groups in society such as children or women is a recent development. In Kenya, there is envisaged an unprecedented increase in the number of nurses who will be actively involved in provision of home based care due to the projected number of Kenyans who are and will be infected by terminal illness such as cancer, diabetes, heart ailments as well as the HIV/AIDS (National Health Sector Strategy Plan, 1999-2004).

Mwangi (2001) reveals that hospitals, which had previously been viewed as social organizations, have now got out of the open and started advertising their services, ignoring ethical and societal constraints as in the past. Mwangi argues that these coupled with the entry of numerous Health Management Organizations (HMOs) are going to change the scene in the health industry like it has never been seen before.

The Government of Kenya Economic Survey (2003) reveals that majority of personnel employed by either public or private are the nurses, standing at 37,113 out of the total health personnel of 48,542 thus constituting 76% of staff. The demand for nursing services in Kenya is still high, though the economic depression has tended to put a veil on this fact. The National Nurses Association of Kenya puts nurse per capita at about 35.6 per 100,000 persons for 2003. This is far below the United State of America's 1372 and United Kingdom's 325 per 10,000 persons in 2003. Table 1 below illustrates the number of health personnel per capita in Kenya in 2003

Table 1: Number of Health Personnel Per Capita in Kenya

Type of Personnel	No.	No. Per 100,000 population
Doctors	4,506	15.4
Dentists	746	2.5
Pharmacists	1,682	5.7
Nurses	37,113	35.6
Clinical Officers	4,495	15.3

Source: GOK Economic Survey 2003

The nursing profession in Kenya has been influenced strongly by the British nursing tradition. The apprenticeship style of nurse education, based largely on the British systems, has been replaced by education in the higher education sector for registered nurses. This significant break with the past, in which nurses were often seen as handmaidens of doctors or dutiful employees of an institution, heralded an opportunity for Kenyan nurses to develop the discipline of nursing in an academic environment where the highest qualification currently available is doctor of philosophy. Universities currently offering advanced training to nurses include Nairobi, Moi, University of East Africa-Baraton, and The Aga Khan. Educationally qualified nurses now play a role in the academic life of universities and tertiary colleges in Kenya, and therefore have seized the opportunity to advance their discipline through scholarly endeavors (Kenya Medical Association, 2003).

Nurses in Kenya are divided into several positions, matron who are in charge of the nursing services, Assistant matron who assists the matron, clinical tutor who provides continuing education to all nurses, sister in-charge who supervise and monitor care of patients, registered nurses who provide and supervise care, and enrolled nurses who provide direct care to patients (Nursing Council of Kenya).

The Government of Kenya is the main employer of nurses, accounting for 60% of the entire population of nurses in the country. There has been a gradual reduction of employment of nurses as a result of the recent freeze on the public sector employment that lasted from 1993-2000 (National Health Sector Strategy Plan 1999-2004).

The Nursing Council of Kenya (NCK) defines a nurse as a person, who having satisfactorily completed a prescribed program of nursing education and basic training provided for by a teaching institution and approved by the Nursing Council, and is qualified, registered/enrolled and licensed to provide nursing services requiring competence, responsibility and accountability in the fields of health promotive, preventive, curative and rehabilitative health care. The Nurses Act (Cap 257) requires that qualified nurses enroll and acquire a practice license with the Nursing Council of Kenya prior to taking up employment.

According to NCK, which is mandated to register all nurses, a large number of nurses are finding jobs outside Kenya in such countries as U.S.A., United Kingdom, Australia, Botswana, and South Africa. It states that the lure of better compensation package is the major driving force for majority of nurses seeking employment outside the country, where compensation is determined through well defined and largely accepted process.

In Kenya, nurses are represented by the National Nurses Association of Kenya (NNAK), which also doubles up as a union and seeks to give better representation of its members as opposed to the Nursing Council, which is a regulatory body under the Ministry of Health. Its mission is stated, as "National Nurses Association of Kenya is a professional body representing all nurses in Kenya working to promote social-economic development of nurses, excellence in nursing practice and leadership through high standards of nursing education and research in collaboration with others".

In the NNAK's 2003 bulletin, the current national chairman of the association, Mr. Donald Epaalat is quoted as saying that issues of pay are tricky and argue against arbitrary increase in nurses' salaries in order to try and stem the exodus of nurses to foreign countries. He states that his association supports employers who are able to offer reasonable compensation package based on well defined policies and processes, and elaborates on what he terms as reasonable – the compensation should take into consideration level of education, professional experience and cost of living - while at the same time ensuring a compromise is made on equity as well as the ability of the hospital to pay.

The chairman concedes that nurses in the private sector, appear to be well remunerated for their services, by virtue of the fact that there exists policies on compensation in majority of private hospitals operating in the country. In contrast, he laments that it appears that the Government, which employs majority of nurses, has no known policy on compensation and it is for that reason that his association has presented a memorandum to the Minister of health on how to reform the compensation process to stop the likely hood of public sector nurses going on another strike similar to the one that crippled the whole public health sector in 1997 and lives were lost as a result.

The chairman of the association further observes that in the United States of America, financial compensation for nurses in the public sector varies according to geographic location, type of nursing, years of experience and level of education. Salaries for nurses in the private sector are pegged likewise on the geographic location, type of nursing, years of experience and level of education. As such, he says that there is no marked disparity between pay of public and private sector nurses.

The Ministry of Health is currently planning to amend legislation to transform the National Health Insurance Fund into the National Social Health insurance Fund (NSHIF), which is expected to change the face of health care provision and especially the level of competition among hospitals.

The new legislation will introduce contracting, where private health care providers will offer health services according to remuneration or payment schedules that will be agreed upon.

The current head of the Department of Standards and Regulatory services at the Ministry of Health Dr. Tom Mboya Okello argues that the new legislation will ensure all Kenyans access health care within a network of qualified "service providers" which will consist of government hospitals and approved private sector medical facilities. He states that for the private medical facilities to be incorporated, they have to be able to demonstrate their capability of handling the expected volume of patients and at the same time have impeccable record in as far as provision of quality health care is concerned. Therefore, private hospitals will need to intensify their effort in developing their capacity and capability particularly in terms of personnel, especially nurses, so as to be incorporated into the new scheme.

1.2 Statement of the Problem

Determining compensation is a critical activity and organizations are vitally interested in attracting, retaining and motivating employees to high levels of performance (Hills 1987). Compensation is both a potentially powerful influence on employees' behaviour and attitudes to employers and at the same time a reward that is a source of both economic and psychological income to employees (Flippo 1984).

The task facing employers is to allocate this reward in a way that maximizes the returns on money spent in terms of employee motivation to join the organization, perform effectively, stay and attend work regularly and in terms of employee satisfaction (Armstrong 2001). With the growth in product competition, organizations are more constrained than ever in making compensation decisions and as a result are faced with an incredible tension between needing to compete for the best labour and working within the constraints of their ability to pay. In addition, the organizations have to contend with the delicate balancing act of maintaining internal and external equity (Dessler 1994). Organizations the world over are increasingly realizing that determining compensation for their employees is a challenge and that traditional approaches to pay determination are increasingly being questioned and scrutinized by employees and their representatives (Milkovich et al 1990).

The National Rainbow Coalition Government in its election manifesto, emphasized the need for review of compensation package for all civil servants to conform to contemporary approaches being used by private sector organizations operating in the country to ensure that professional and qualified civil servants did not leave the service, while at the same time narrow the

disparities between public and private sector compensation packages. In particular, the Government underscored the need to stem the exodus of its professional medical staff, 76% of whom constitute nurses to the private sector, coupled with the incessant threats of strike by the nurses that were threatening to lead to a near collapse of the public health care sector. The Government, therefore, in its manifesto undertook to ensure that it offers compensation package that will not only attract and retain, but that will also motivate its nurses to higher levels of performance. In reviewing their compensation package, the Government underscored the need to undertake comparative salary analysis coupled with an understanding of the entire process through which private hospitals determine compensation package for nurses and thereafter formulate a policy that will address all pertinent issues in so far as compensating nurses is concerned (N.A.R.C Manifesto 2002).

Available literature indicates that compensation of nurses in private health sector in U.S.A and U.K is determined through elaborate job evaluations being carried out together with salary surveys to ensure equity and stem staff turnover (Hadley 2001 and Malone et al 2000). Locally there is no known study on determination of compensation package for nurses in private hospitals, though a related study done by Njoki (2000) sought to answer how compensation package for auditors in private audit firms was being determined. The question then becomes, through which processes do the private hospitals in Kenya determine the compensation package for the nurses in their employ?

This study, therefore seeks to find out what methods are used by private hospitals in Nairobi when determining the worth of nursing positions in their establishments.

1.3 Objectives of the Study

The objectives of the study will be to:-

1. Find out the methods used to determine compensation package for nurses in private hospitals.
2. Find out the procedures used to conduct compensation surveys for nursing positions in private hospitals.
3. Find out the factors considered by management of private hospitals when determining compensation package for nurses

1.4 Importance of the study

This study's findings are expected to be useful to the hospitals' management for understanding the most important factors in pay management. Similarly, it will be a good reference document for other employers especially the Government to revise their pay packages.

Secondly, other scholars and researchers who might have an interest in developing the findings further or taking other related field of the healthcare management will also benefit from the study and it will act as a source of reference in future.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

Compensation decision-making is a critical organization activity. According to Hills (1987) organizations are vitally interested in attracting, retaining, and motivating employees to high levels of performance. Flippo (1984) concurs by adding that compensation is both a potentially powerful influence on employees' behaviours and attitudes to employers and at the same time a reward that is a source of both economic and psychological income to employees.

The task facing employers is to allocate this reward in a way that maximizes the returns on money spent in terms of employee motivation to join the organization, perform effectively, stay, and attend work regularly and in terms of employee satisfaction (Armstrong, 2001).

Dessler (1994) rightly argues that with the growth in product competition and legal pressures, organizations in the modern world are more constrained than ever in making compensation decisions. As a result, organizations are faced with an incredible tension between needing to compete for the best labour and working within the constraints of their ability to pay as well as legal constraints.

Armstrong (2001), Flippo (1984), and Milkovich et al (1990) reckon that the goals of any compensation package are two fold: the first being to influence individuals who participate in the labour force to make personal decisions about employment that are congruent with the organizations needs. They contend that this first goal should elicit the following desired behaviours from employees; motivate people to join the organization, motivate people to stay with the organization, and to motivate people in the organization to perform at high levels.

The second goal they underscore is to accomplish the first goal within certain constraints faced by the organization. They list the six principal constraints as: ability to pay, legal, collective bargaining or unions, internal equity, external equity, and demand and supply of labour. They continue to describe each of the constraints as follows;

Ability to pay - a research survey conducted in the U.S.A by the Institute of Management and Administration (I.O.M.A) and published in the H.R focus (2004), lack of sufficient funds was noted as the major challenge facing HR professionals in the compensation area. It further says that with ever increasing demand for increments of compensation by employees, organizations have to strive to tackle the issue as best as they can otherwise they might not be able to attain their organizational goals.

Legal constraints - Hills (1987) reckons that legal issues in compensation are so pervasive as to consume much time of the compensation managers. The HR focus (2004) reports that laws such as the Living Wage law that is in operation in the U.S.A have been passed to give protection to employees from the effects of inflation. Managers therefore have to factor in such laws when making compensation decisions.

Unionism - Hills further reckons that unions have varied impacts on the compensation decision-making process. In addition to influencing salaries, he says that unions also influence numerous indirect labour issues. Malone et al (2000) reports that The United America Nurses in 1999 successfully negotiated for its members to be involved in the development of compensation strategy and salary administration in their respective workplace.

Internal equity - Miner et al (1995) rightly argue that need for internal equity is perhaps the most important factor in determining compensation in any organization, which seeks to maintain an equitable relationship among individuals and jobs. Hadley (2001) report that there still exists pay disparities between nurses of British origin and immigrant nurses, especially from African countries who work in the same hospital. He points out that the disparity is brought about by the difference in levels of professional training, education, experience and certification. He adds that in spite of this seemingly open discrimination, the number of immigrant nurses to U.K has continued to rise over the years.

External equity - just like internal equity is an important factor, the external equity issue is just as important if not critical (Miner et al 1995): The HR focus (2004) asserts that trying to match market rate salaries is a difficult challenge for many HR professionals. Malone et al (2000) points out that nurses' work under such stress and are so underpaid that many of them keep a constant eye out for better opportunities and have little loyalty to their current employer. They further argue that any significant difference in pay package between hospitals can lead to dramatic and immediate movements in staff. In 1999 Sherwood hospital in U.K lost its nurses to a competing hospital, which had raised its salary rates. By March, just two months later, Sherwood's staff

monthly turnover went from 3% to 18%. In July, Sherwood raised its own salary and by October 1999, its staff monthly turnover rate was back to 1% (Hadley, 2001).

Supply and demand - Herbert et al (1983) asserts that pay is a price for the services of a human being and that the firm desires these services and must pay a price that will bring forth the supply, which is controlled by the individual worker or group of workers. They further argue that the primary result of the operation of this law of supply and demand is the creation of the "going wage rate". In general, if anything works to decrease the supply of labour, then such restriction will tend to increase the pay and vice-versa.

Malone et al (2000) stress that not too long ago employers would have paid almost anything to get the best-qualified I.T professionals. Today, however, they assert that it is health-care professionals who are in short supply and quote a compensation analyst working for a health care provision company in U.S.A who says that, "meeting rising nurses' salaries is our biggest compensation problem".

2.2 Process of determining compensation

Leap et al (1993) have stressed that jobs that contribute more to an organization should carry higher rates of pay than jobs that contribute less. The challenge, therefore, they argue is to determine which jobs contribute more and which less and how much more or less. Armstrong (2001), Flippo (1984), and Hills (1987) agree and add that this decision must be made in a way that is acceptable to management and employees involved. They reckon that there are two approaches to determining pay; arbitrary and progressive.

In the arbitrary approach, the management determines what to pay without any fanfare and where rates are set mostly on the basis of personal bargaining. In the progressive approach, they point out that the compensation is determined through scientific means, with the process of job evaluation being of outmost importance, with salary survey giving it a more universal acceptance.

Job evaluation

Hills (1987), Armstrong (2001), Flippo (1984) and Burack et al (1983) all agree that job evaluation is a process of establishing the relative worth of jobs in order to decide if some jobs should ultimately be paid more than others. They reckon that organizations need to have information about each of the jobs in question so that it can establish the relative value of jobs to each other in terms of their effort, responsibility and skills. They assert that if the process of job

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a) Ranking Method

According to Decenzo and Robbins (1998) the ranking method requires a committee typically composed of both management and employee representatives to arrange jobs in simple rank order, from highest to lowest. They assert that no attempt is made to break the jobs down by specific weighted criteria. The committee members, they say, merely compares two jobs and judge, which one is more important or difficult. Then they compare another job with the first two and so on until all the jobs have been evaluated and ranked. Decenzo and Robbins reveal a limitation in this method is its sheer unmanageability where there are a large number of jobs. Another limitation is the subjectivity of the method as there are no definite or consistent standards by which the rankings are justified; and also as jobs are only ranked by order, there is no knowledge of the distance between the ranks. The HR focus (2004) reports that this method is preferred by private hospitals for their nursing jobs, as there are ranks in that particular cadre.

b) Job Classification

The HR focus (2004) reports that the U.S.A Civil Service Commission made this method popular. Flippo (1984) argues that this requires that classification grades be established and Identification of some common denominator skills, knowledge, and responsibilities created so that these classifications – with the desired goal being the creation of a number of distinct classes or grades of jobs. Once the classifications are established, they are ranked in an overall order of importance according to the criteria chosen, and each job is placed in its appropriate classification. Comparing each position's job description against the classification description generally does the latter action.

c) Factor Comparison Method

This is a sophisticated and quantitative ranking method in which the evaluators select key jobs in the organization as standards. These are well known jobs with established pay rates and consist of a representative cross-section of all jobs that are being evaluated – from the lowest to the highest paid job, from the important to the least important. Typically the committee selects twenty-five key jobs (Armstrong 2001).

The criteria used in comparing the jobs are usually mental requirements, skill requirements, physical requirements, responsibility and working conditions. The last step requires the committee to compare its overall judgments and resolve any discrepancies. The system is in

place when the allocations to the key jobs are clear and understood and high agreement has been achieved in committee members' judgments about how much of each criterion every job has (Cascio, 1978).

d) Point Method

This method breaks jobs down based on various identifiable criteria (such as skill, effort and responsibility), and then allocates points to each of these criteria. Depending on the importance of each criterion to performing the job, appropriate weights are given, points are summed, and jobs with similar point totals are placed in similar pay grades (Armstrong 2001).

Step 3 – Developing the Plan

In formal job evaluation plans, comparing the content of various jobs against specified standards using a predetermined procedure develops a job hierarchy (Flippo 1984). In the point method, the standards are set forth in the form of compensable factors. Compensable factors are nothing more than job dimensions for which an organization chooses to pay. Usually, they reflect a combination of factors believed to be 1) significantly related to job importance or contribution to organizational goals, and 2) significant to employees in their estimations of job worth (Hay et al 1984).

Point plans tend to have between 3 and 10 compensable factors. The HR focus (2004) reports that research clearly shows that in any given situation only two or three factors are likely to be important in terms of the results attained. Once compensable factors are decided upon, they are defined and weighed and broken into degrees that in turn are defined and assigned point values.

Step 4: Evaluating Jobs

Jobs cannot be adequately evaluated without accurate up-to-date information about job duties and responsibilities (Armstrong 2001). Thus, as Figure 1 suggests, concurrent with steps 1 through 3 of the job evaluation process, the usual practice is to conduct job analyses and prepare written job descriptions.

Generally, Armstrong (2001) asserts that it is preferably for evaluations to be done independently by two or more evaluators or even groups. This allows for a reliability check on the evaluations.

2.3 Alternatives to Job Evaluation

There are two alternatives to job evaluation; pay for skill or knowledge and market pricing (Armstrong 2001).

Marketing Pricing – This involves valuing jobs directly in the market. This involves preparing concise job descriptions and comparing the prices paid for similar jobs in the market. The method requires that an organization survey wage rates in the labour market for jobs and then pay market rates. Malone et al (2000) report that more health care providers are turning to the market in order to gauge their pay rates as opposed to what other providers are paying. The University of Ohio in its journal posted on the internet (www.uhr.ohio.edu), states that its pay determination decisions support the Institutions commitment to a market based pay approach. It states that the compensation office of the university manages the pay plans and pay structure to ensure market competitiveness, where as part of salary administration, positions maybe reassigned to different pay grades based on significant changes in their estimated market value.

Skill-based Pay – Under this method, one is paid for the range, depth and types of skills and knowledge one is capable of using, rather than for the job you currently hold. Hadley (2001) says that due to the emerging new technology witnessed in the provision of health care, hospitals are paying more for nurses who have been exposed to the new technology.

2.4 Salary surveys

Mathis and Jackson (1994) rightly argue that job evaluation does not establish the absolute pay rates paid to jobs, as it only establishes the relative position of jobs with respect to each other. Salary surveys data are used by organizations to achieve external equity with respect to the labour market. HR focus (2004) asserts that organizations usually conduct salary surveys to assure that they are competitive and are able to accomplish the goal of attracting and retaining its most valued asset- its employees.

Salary surveys are available from numerous sources (Hills 1987). He makes a distinction between third party data and custom designed data, where third party data may be provided by three sources including; Government agencies, Professional Association, Web based organizations and Consultants, whereas custom designed data are developed by the surveying organization.

Government Agencies – HR focus (2004) reports that the U.S.A government conducts a number of salary surveys that are available to both private and public sector organizations.

Professional Associations – Hadley (2001) reports that numerous professional associations conduct one or more salary surveys for their members. He says that the United American Nurses, a professional association for nurses in the U.S.A, conducts regular surveys on the level of pay within hospitals.

Web based organizations - Nurse Week (2004) reports that there exist web-based organizations that relay salary survey data to interested parties on all sectors.

Consultant – Another major source of data for salary surveys are consulting firms (Hills 1987). A number of consulting firms conduct salary surveys that are made available to clients and others wishing to purchase the data. Hadley (2001) confirms that a specialized consulting firm, Hospital Compensation Services offers data on pay rates for all positions in private and public hospitals in the U.S.A.

There is no known study on determination of compensation package for nurses in private hospitals that have been carried out in Kenya. However, Njoki's (2000) study sought to find out determination of compensation packages even though it targeted auditors in private audit firms in Nairobi. Another study carried out by Bradley (2003) sought answers on how the Princeton University determined its compensation philosophy for administrative and support staff.

In her study, Njoki (2000) studied all the private audit firms in Nairobi with a targeted population of the management comprising HR managers, which she justified as they are principally responsible for the function of compensation. Similarly, this study will include all the private hospitals in Nairobi and the targeted population will be the management comprising of HR managers or those in charge of the human resource management function.

Her instruments of collecting data were questionnaire and personal interview. This study will collect primary data by use of questionnaire only using the drop and pick later method. Personal interviews will not be used as the researcher is confident that the questions in the questionnaire are easily understood and relatively to the point.

In her findings, Njoki (2000) reveals that the most important factor considered by management of private audit firms when determining compensation packages for auditors is performance related pay as auditors are expected to have a certain output to be compensated or rewarded thereafter. The least important factor was gender as all the organizations studied offered equal employment opportunities. In contrast, nurses operate in groups and in shifts and it will

important to find out which factor will be most important. Similarly, women have predominantly dominated nursing and it will be worthwhile to find out if gender will be a determining factor when compensation package for nurses is being determined.

All the studied organizations in Njoki (2000) conduct job evaluations with the most preferred method being the point method. She states that the organizations operate in a competitive environment and consider job evaluation an important exercise. The point method is preferred as it can easily be used to reward aspects of the job, which the management views as being important. In the case of the audit firms, educational qualifications ranked high. Private hospitals also operate in competitive environment and it would be important to find out if they also consider job evaluation as an important exercise and which method is preferred and why.

In her findings, Njoki (2000) reveals that salary surveys are carried out simultaneously with job evaluations to ensure that the organizations compensation packages can withstand competitiveness that is apparent in the industry. Private hospitals as pointed out operate in competitive environments and it will be important to find out if the use of salary surveys determines the compensation package of nurses.

In her study, Bradley (2003) found out that Princeton's compensation philosophy has three primary objectives: attract a qualified, diverse workforce through a competitive compensation programme, retain and motivate a qualified diverse workforce by recognizing and rewarding individual and group achievement contribution and excellence, and provide a non-discriminatory merit-based compensation programme. In order to accomplish this, she states that Princeton provides a compensation programme that establishes and maintains competitive salary levels within relevant markets and available resources and which is consistent with job content, responsibilities and requirements. In her findings, Bradley reveals that duties and responsibilities of each job are carefully evaluated and a designated salary range is assigned to each position and in order to ensure employees are compensated fairly, the positions with similar duties and responsibilities are paid within the same salary range. She states that the pay structure salary levels are evaluated annually by the Office of Human Resource for appropriate adjustments based on market data, where it utilizes a sophisticated compilation of national survey data bases and other market data to make adjustment decisions. In order to determine the compensation package of its administrative and support staff, Princeton's office of Human Resources considers a number of factors i.e. individual competences, educational level, length of service, performance levels and training and experience.

In conclusion, determining compensation for employees in any organization is not an easy task, as various factors have to be considered. The management has to consider the issue of both external and internal equity so as to attract capable employees to the organization and they must perceive that the compensation is fair and equitable.

There are several methods which any organization may adopt either exclusively or as a cross-match in order to develop their compensation plan. Whichever method the organization uses, it must ensure that representatives from the employees are represented in order to give the whole exercise legitimacy within the rank and file of the employees. Similarly, the compensation plan should be evaluated regularly to cater for changing social, economic and political forces.

In a sum, pay is an area in which the vested interests and influences of management, employees, the public, labour unions, and labour markets are often at odds and must be delicately balanced.

3.0 RESEARCH METHODOLOGY

3.1 Research Design

This is an exploratory survey design.

3.2 Population

The population of interest consisted of all the 54 private hospitals in Nairobi (Kenya Medical Directory, 2003). A census study was conducted given that the number of private hospitals in Nairobi is currently less than 60.

3.3 Data Collection

Data collection instrument was a semi-structured questionnaire, which was administered using the drop and pick later method. Respondents were human resource managers or those in charge of the human resource management function.

The questionnaire (see appendix II) had four sections, each of which was structured to get information from the respondents on the objectives of the study.

Section A – Background information on the organization and its characteristics.

Section B- The structure of the organization, its compensation policy, compensation package, job components, and challenges encountered in compensation policy formulation.

Section C - The job evaluation process

Section D - Compensation survey

3.4 Data Analysis

Data was analyzed using Statistical Package for Social Sciences (SPSS) version 11.0 for windows. To understand the data, and possibly suggest other fruitful avenues for analysis, descriptive data analysis was undertaken to begin with. To describe the number of cases in each category and

show frequency of occurrences of values for one variable so that the highest and lowest were clear, frequency distribution tables with percentages were generated, with cross tabulation being done to aptly describe values generated.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.0 Introduction

This chapter analyses the data collected and presents the findings in form of tables that contain frequency as well as percentages. The findings are also discussed based on the study's objectives.

4.1 Response rate

The questionnaires were distributed on a "drop and pick" later method. Thirty-six of the fifty-four were completed and returned. This represented a 67% response rate.

Table 4.1.1 Period of operation

Hospitals Operation in years	Frequency	%
0-10	4	11.1
11-20	9	25.0
Over 20	23	63.9
Total	36	100.0

The results indicated that 23 of the respondents were those hospitals that have been in operation for over twenty years, which represents 64%, while 9 have been in operation for between eleven and twenty years representing 25%, and only 4 have been operating for less than a decade. The period of operation for the hospitals might be an indication that private hospitals in Nairobi have been in operation for longer periods of time. It can therefore be assumed that private hospitals in Nairobi are more likely to have regular patients due to the existence of varied income levels and therefore are more established.

Table 4.1.2 Ownership of hospital

Ownership Profile	Frequency	%
Religious organizations	1	2.8
Private company	20	55.6
Association of members	8	22.2
Company trust	2	5.6
Other	5	13.9
Total	36	100.0

The above table reveals that hospitals that are owned by private company constitute the majority of respondents at 20 followed by association of members at 8 while individually owned under "other" constituted only 5, Religious organizations constituted only 1 of the respondents, which validates the notion that majority of hospitals run by religious organizations are to be found in rural areas as opposed to being in Nairobi where it has been generally been assumed that most residents can afford their medical costs.

4.2 Compensation policies

Compensation policy formulation sought to find out whether or not the respondents have existing policies, which govern the determination of compensation package for general staff that are employed in their establishments.

Table 4.2.1 Hospitals with compensation policies

Response	Frequency	%
Yes	31	86.1
No	5	13.9
Total	36	100.0

The number of respondents who have policies governing the issue of compensation of their staff was an impressive 31 respondents as opposed to only 5 who do not have compensation policy. The fact that majority of the private hospitals are owned by private companies is perhaps a testimony that they are professionally run and therefore will tend to have practices that will assist them achieve their visions.

Table 4.2.2 Policies

Response	Frequency	%
Aim to attract and develop the best qualified	15	41.7
To be competitive based on market rates	16	44.4
Total	32	86.1

Only the respondents who have compensation policies checked two of the provided variables for compensation policy and in the process it is not possible to determine which policy is dominant as

almost similar number checked on the variable. However, the response shows that majority of hospitals are keen to be competitive based on market rates. This response can be linked to the ownership profile, which showed that majority of the respondents are owned by private company, who are obviously operating in a competitive environment and therefore need to be competitive in every aspects of their operations.

4.3 Job evaluation

32 of the 36 hospitals surveyed responded that they carry out job evaluation in order to try and determine the true worth of nursing positions in their establishments. Asking this question was important, as it is an exercise that has been known to form the backbone through which any establishment can determine the worth of jobs and in the end, the compensation package.

Table 4.3.1 Hospitals that conduct job evaluations

Response	Frequency	%
Yes	32	88.9
No	4	11.1
Total	36	100.0

It is revealed from the table above that of all the hospitals that responded only 4 do not carry out job evaluation to determine the true worth of nursing jobs within their establishments while an impressive 32 do carry out the job evaluation exercise. The researcher found out that the majority of hospitals that do not carry out the job evaluation exercise mainly rely on arbitrary means for determining the worth of nursing jobs, which is set mostly on the basis of personal bargaining. It can be said with certainty that the ownership profile of the hospitals have a major impact on the human resource practices being pursued, hence a big number of the respondents admitting to carrying out job evaluations.

Table 4.3.2 Job evaluation method used

Response	Frequency	%
Job ranking	3	8.3
Job classification	1	2.8
Factor comparison	3	8.3
Point method	25	69.4
Total	32	88.9

It has emerged from results generated that the point method was the most popular with 25 of the respondents admitting that they use it. This was attributed to the fact that nursing positions are generally ranked according to the skills and responsibility that a nurse happens to possess and therefore this particular method enabled the hospitals rank their nurses accordingly as well as conduct their evaluations in a more professional manner.

Table 4.3.3 Frequency of conducting job evaluations

Period	Frequency	%
Once a year	30	83.3
Twice a year	2	5.6
Total	32	88.9

The frequency of conducting job evaluation was a majority of 30 for once a year and a paltry 2 for twice a year mainly due to the complexity of carrying out the exercise. This validates the claim that most job evaluations are carried out once a year as opposed to the practice of being undertaken every so often.

Table 4.3.4 Participation by nurses in job evaluation

Response	Frequency	%
Yes	24	66.7
No	8	22.2
Total	32	88.9

An impressive 24 of the respondents that do conduct job evaluations allow their nurses to participate in the exercise against 8 who do not. The researcher found out that the main reason why nurses are allowed to participate is to give the whole exercise legitimacy as well as allow the nurses to understand the whole process of determining compensation package and therefore prevent any disputes that may arise due to the pay issue.

4.4 Salary survey

In order for the entire process of compensation decision-making can be enhanced, some form of external equity in a particular labour market is advisable. Job evaluation alone cannot assume to address that function and therefore salary surveys are usually done either during or after the exercise. This question therefore was necessary and the results are given below.

Table 4.4.1 Hospitals that carry out salary surveys

Response	Frequency	%
Yes	32	88.9
No	4	11.1
Total	36	100.0

in order to find out the process through which decisions in as far as compensation are determined, a question on whether compensation surveys are carried out was essential. Out of the total respondents of 36 hospitals, 32 do carry out compensation surveys when determining the compensation package for their nursing positions while 4 do not carry out the exercise of salary survey. This response is similar to the respondents that carry out job evaluations in the earlier table in 4.3.1. This is also an indication that since private companies own majority of the respondents, then they are more likely to carry out the salary surveys in order to conform to their compensation policies which is to be competitive based on the market rates.

Table 4.4.2 How salary survey is carried out

Response	Frequency	%
Appoint consultants	10	27.8
Conduct own survey	22	61.1
Total	32	88.9

In conducting the compensation survey, 22 of the respondents admitted to carrying out their own surveys as opposed to 10 who appoint consultants to carry out the exercise. The researcher found out that the main reason for majority of those who conduct own surveys was the cost implication while for those that appoint consultants the driving force was the desire to get unbiased and comprehensive details on the compensation area. Since majority of the respondents had earlier indicated that private company owns them, it would easily be assumed that the idea of paying consultants to carry out the salary survey for them appears to be an expensive venture that most are likely to do away with.

Table 4.4.3 Time survey is carried out

Time of Year	Frequency	%
1 st Quarter	6	16.7
2 nd Quarter	15	33.3
3 rd Quarter	5	13.9
4 th Quarter	6	16.7
Total	32	80.6

Out of the 32 respondents that carry out compensation surveys, the timing of the exercise was quite varied which shows that each respondent had a reason for carrying out the survey at a particular time of the year. The researcher found out that majority i.e. 33% conduct the exercise just when they are about to recruit new nurses or to get the most recent information and therefore it emerges that majority of private hospitals conduct recruitment exercise in the second quarter of the year.

Table 4.4.4 Who conducts the survey

Response	Frequency	Percent
HR manger	31	86.1
Accountant	1	2.8
Total	32	88.9

Out of the four choices that the respondents who conduct salary surveys were given only two were chosen where 86% responded that the human resource manager or the person in charge of the HR function were the ones in charge of coordinating the entire exercise while only 3% responded that the accountant of the particular hospital was the one in charge of conducting the exercise. This exercise is a human resource issue and it is only appropriate that the HR manager should be the one to conduct or be in charge of the exercise.

4.5 Factors that determine compensation package decisions

The factors that determine compensation package decisions by private hospitals while making decisions about the compensation package for their nurses needed to be established. Primarily, the one of the objectives of the study was to find out what factors are considered as essential when decisions about compensation package for nurses are being made.

Table 4.5.1 Minimum wage

Response	Frequency	%
Somewhat important	5	13.9
Important	6	16.7
Very important	24	66.7
Total	35	97.3

One of the factors that the respondents were asked to deal with was the issue of minimum wage as set out in the labour laws of the country where 67% of the respondents indicated that the factor of minimum wage was very important to them when determining what their compensation package would be like. The issue of minimum wage is an aspect that the trade unions in Kenya have been agitating for a long time and it is obvious that the 24 respondents who admitted that the issue is very important must be conscious employers who seem to adhere to Government regulations in terms of wages.

Table 4.5.2 Demand and Supply

Response	Frequency	%
Not at all important	1	2.8
Not important	7	19.4
Somewhat important	10	27.8
Important	18	50.0
Total	36	100.0

50% of the respondents rated the issue of demand and supply as being important to them when determining compensation package for their nurses while 28% rated it as somewhat being important, while only 3% admitted that the issue is not at all important. The response rate should have been more in favour of important as earlier responses for compensation policy indicated that being competitive based on market rates was highly rated and therefore the respondents should have regarded the issue of demand and supply differently.

Table 4.5.3 Cost of Living

Response	Frequency	%
Somewhat important	15	41.7
Important	21	58.3
Total	36	100.0

Cost of living is a major issue in all discussions on compensation determination and the study sought to find out how this factor is rated. Only two responses were rated with 58% rating it as being important while 42% rating it as being somewhat important. This is an emerging issue in compensation practices as the costs of living of employees has been shown to impact on their productivity in their work place.

Table 4.5.4 Internal Equity

Response	Frequency	%
Important	16	44.4
Very important	18	50.0
Total	34	94.4

The issue of internal equity was rated as being very important to half of the respondents i.e. 50% that rated this factor as opposed to 44% who rated it as important.

2 of the respondents did not rate this factor. Most of the respondents admitted that internal equity is very important in so far as to maintain harmony at the work place to avoid claims of discrimination.

Table 4.5.5 External Equity

Response	Frequency	%
Not important	6	16.7
Important	28	77.8
Total	34	94.5

Only two responses were received for this factor with 78% rating it as being an important factor when determining compensation package for their nurses and only 17% rating it as not important. 2 of the respondents did not rate this particular factor. The issue of external equity is what most of the hospitals reckon is a driving force for most nurses when deciding where to work and therefore ties in with the issue of salary surveys where 32 respondents admitted carrying it out.

Table 4.5.6 Performance related pay

Response	Frequency	%
Not important	3	8.3
Important	15	41.7
Very important	16	44.4
Total	34	94.4

Performance related pay is an emerging factor in the compensation area in so far as Kenya is concerned and the factor received three ratings, with two of the ratings of very important and important at 44% and 42% respectively. 8% of the respondents rate this factor rather dismally as being not important in determining the compensation package for their nursing positions. Most organizations in Kenya are now embracing the factor of performance related contracts, which invariably means that the pay package is going to be linked to the performance of the individual in the work place. However, for nurses their performance is based on different dimensions, which the respondents did not wish to elaborate.

Table 4.5.7 Ability to pay

Response	Frequency	%
Important	11	30.6
Very important	23	63.9
Total	34	94.5

64% of the respondents rated the issue of ability to pay as being very important in determining compensation package and 31% rating it as important. 2 of the respondents did not rate this factor. In as much as the hospital may wish to offer competitive packages, the ability to pay is rated as very important by majority of the respondents. The ability to pay is one major factor that most employers have to consider when determining the compensation package for their employees and this was reflected in the responses given, showing that it is still a big issue to the respondents.

Table 4.5.8 Competition

Response	Frequency	%
Not at all important	4	11.1
Not important	2	5.6
Somewhat important	10	27.8
Important	18	50.0
Total	32	94.5

11% of respondents rated the factor of competition amongst them as not being important at all when determining compensation for their nurses while 50% agreed that competition amongst them was an important factor when they are determining the compensation package of their nurses. It is interesting to note that 2 of the respondents do not consider competition from other hospitals as an issue when they are determining the compensation package for their nurses.

Table 4.5.9 Educational qualification

Response	Frequency	%
Important	18	50.0
Very important	16	44.4
Total	34	94.4

The educational qualification of nurses was rated as very important and important by 44% and 50% of the respondents respectively. The highest educational qualification for nurses for in Kenya at the moment is a degree course that is being offered by limited institutions such as the Aga Khan University in Nairobi. Most of the respondents however admitted to giving preference to diploma holders from the government run Medical Training Colleges and other private Medical training Institutions.

Table 4.5.9.1 Professional qualification

Response	Frequency	%
Important	3	8.3
Very important	31	86.1
Total	34	94.4

As opposed to educational qualification that received almost the same rating, professional qualifications of the nurses was rated being very important by 86% and only 8% responded that the issue is important indicating the wish of most hospitals to employ professionally qualified nurses. The respondents revealed that the professional qualifications include short and long courses that expose the nurse to a variety of emerging medical diagnosis and treatment of illnesses. Similarly, the professional qualification includes the experience that the nurse might have got when involved in specialized theater operations.

Table 4.5.9.2 Gender

Response	Frequency	%
Not at all important	23	63.9
Not important	6	16.7
Somewhat important	5	13.9
Total	34	94.5

Whereas the expected response was to be not at all important, it was interesting to note that 14% of the respondents actually consider gender when determining compensation package of

their nurses. It emerged that the respondents that considered this factor as being somewhat important mainly gave male nurses duties that involved mainly physical effort and therefore it become a factor when determining compensation, as opposed to the being an issue of gender. The researcher did not expect any respondent to indicate that this fact is given any consideration at all.

4.6 Comparison of hospital characteristics and compensation practices

Table 4.6.1 Age of hospital and use of salary survey

Age	Conduct Survey	
	Yes	No
0-10	4	
11-20	8	1
Over 20	20	3
Total	32	4

The responses above indicate that hospitals that have been in operation for a longer time have a higher chance at undertaking compensation survey than the ones that have been operating for less than a decade. It would be assumed then that the older the hospital the likely hood that it will be conducting compensation survey to ensure external equity is maintained.

Table 4.6.2 Age of hospital and existence of compensation policy

Age of hospital	Have Compensation Policy	
	Yes	No
0-10		4
11-20	8	1
Over 20	23	
Total	31	5

The response above indicates that hospitals that have been in operation for over twenty years are more likely to have policies governing compensation decision making as opposed to none for those that have been operating for less than ten years. Similarly it can then be assumed that the older the hospital the likelihood that it will have policy governing compensation decision-making.

Table 4.6.3 Ownership of hospital and use of salary survey

Owners	Conduct Survey	
	Yes	No
Religious organizations	1	
Private company	17	3
Association of members	8	
Company trust	1	1
Other	5	
Total	32	4

The response indicates that majority of hospitals do carry out compensation surveys, with the ones owned by private company being the majority that carry out salary surveys. The researcher can conclusively state that the private companies are more sensitive to maintaining the issue of external equity in their compensation decision-making.

Table 4.6.4 Ownership of hospital and existence of compensation policy

Owners	Have Policy	
	Yes	No
Religious organizations		1
Private company	17	3
Association of members	8	
Company trust	1	1
Other	5	
Total	31	5

The responses above indicate that ownership of the hospital will have an impact on whether it will have policy governing compensation decision-making. The results show that hospitals owned by religious organizations are more likely not to have any policy governing the issue of compensation decision making as most are non-profit organizations and therefore do not consider having policy on compensation as a priority.

Table 4.6.5 Age of hospital and Job evaluation

Age	Conduct Job Evaluation	
	Yes	No
0-10	4	
11-20	5	4
Over 20	23	
Total	32	4

Similarly as the results on cross tabulation of age and policy, the same applies to age and job evaluation where it can be assumed that the older the hospital the more likely it conducts job evaluation exercise when determining compensation package for its nurses.

Table 4.6.6 Ownership of hospital and Job evaluation

Owners	Conduct Job Evaluation	
	Yes	No
Religious organizations	1	
Private company	17	3
Association of members	8	
Company trust	1	1
Other	5	
Total	32	4

The responses given above are similar to the owners and policy cross tabulation, which can be translated to state that the ownership profile of a private hospital would have a direct impact on whether or not job evaluation is carried out.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of the findings of the study. It also gives conclusions drawn from the study, limitations of the study as well as recommendations for further research.

5.2 Summary

The objectives of the study were to find out the methods used to determine compensation package for nurses in private hospitals, find out procedures used to conduct salary surveys for nursing positions in private hospitals, and find out factors considered by management of private hospitals when determining compensation package for nurses.

To achieve these objectives, a survey of all private hospitals in Nairobi was carried out. Thirty-six out of the fifty-four approached responded and data was analyzed using the responses of these hospitals. The results of the study are as follows:

Eighty-six percent of the respondent hospitals have compensation policy governing determination of compensation package for general staff, while none had a policy that targets the nurses in their hospitals specifically. This was attributed to the fact that the management did not want to appear to appear to be favouring one group of employees by having specific policy. Forty-two percent of the respondents admitted that their policy aims at attracting and developing the best qualified while a similar percentage said that being competitive based on the market rates was their policy.

It was found out that eighty-nine percent of the respondents do carry out job evaluation with sixty-nine percent of these using the point method, which is predominantly carried out once a year by eighty-three percent of the respondents and sixty-seven percent allowing the nurses to participate in the exercise. The point method is used primarily because it allows the evaluator to break down the job based on various identifiable criteria such as skill, effort and responsibility-criteria that are easily available for nursing jobs. These findings validate that the point method is the most popular method for carrying out job evaluation exercise.

An almost similar number of hospitals that have compensation policies did carry out salary surveys for nursing positions at eighty-nine percent of the respondents. It has been argued that job evaluations alone cannot establish the absolute pay rates as it only establishes the relative position of jobs with respect to each other. Salary survey data are used to achieve external equity with respect to the labour market. Sixty one percent of respondents admitted to conducting the survey on their own while twenty eight percent appoint consultants to carry out the entire exercise. The timing of conducting the survey is similar to the timing of conduction of job evaluations, which is between April and June of every year. Eighty six percent of respondent hospitals that conduct the survey on their own have given the human resource managers or those in charge of that function of conducting the salary survey.

The factors that managements of respondent hospitals consider when making compensation package decisions are (in order of importance):

- Professional qualifications
- External equity
- Ability of management to pay
- Minimum wage
- Cost of living
- Internal equity
- Competition amongst hospitals
- Educational qualifications
- Performance of nurses
- Demand and supply
- Gender

It also emerged that even though the factor of gender was ranked as the least important, fourteen percent of the respondents ranked it as being of somewhat importance when they are determining the compensation package for their nurses. This was attributed to the fact that nursing profession has predominantly been undertaken by one gender, the numbers of the other gender has been rather insignificant in spite of their immense contribution to the profession.

A comparison between the processes of determining compensation package of nurses and hospital characteristics revealed that the older the hospital in terms of years in operation, the more likely that the hospital will have compensation policy, conduct job evaluation as well as undertake salary survey. Similarly, hospitals that are run as private limited company are more

likely to also have compensation policy, conduct job evaluation as well as undertake salary survey.

Asked whether there were any unique compensation practices, only three respondents indicated such existence. One responded that their human resource frameworks had a unique system where profit sharing was being implemented while the other indicated that its compensation framework had sound and unique policies to make it the best in the market and the third said that it had unique systems to establish how organizational objectives would be met right from recruitment.

5.3 Conclusion

On the basis of the findings, it is clear that most private hospitals do have policies that govern the task of compensation package for nurses. The results also indicate that the process of determining compensation package for nurses includes conducting job evaluation, where the point method was the most preferred method in addition to carrying out of salary surveys. The most important factor considered by management when determining compensation package was the professional qualifications of the nurse. External equity, ability by management to pay and minimum wage scored averagely the same as the second most important factor.

5.4 Suggestions for future research

1. The study was limited to private hospitals in Nairobi. Therefore, further research is recommended to cover the other cities of Kisumu and Mombasa so as to establish the extent to which the results of this study can be enhanced.
2. A replicate study that covers other professional staff in hospitals as well as other service industry can be done.

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APPENDIX 1

LIST OF PRIVATE HOSPITALS & NURSING HOMES IN NAIROBI

<u>Name</u>	<u>Location</u>	<u>Beds</u>
1. The Aga Khan Hospital	Parklands	165
2. Alpha Maternity & Nursing Home	Eastleigh, Sec 1	45
3. Avenue Hospital	Parklands	60
4. Central Park Hospital	Kibera	30
5. Chiromo Lane Medical Center	Westlands	15
6. City Nursing Home	Mfangano Street	20
7. City Park Hospital	Park Road	15
8. Comprehensive Medical Services	Lenana Road	Nil
9. Coptic Church Nursing Home	Ngong Road	37
10. Dorkcare Nursing Home	Munyu Road	20
11. Eastleigh Community Clinic	Eastleigh, 5 th Street	19
12. Emmaus Innercore Nursing Home	Umoja Innercore	16
13. Genesis Nursing and Maternity Hospital	Southlands	26
14. Gertrude Garden Children Hospital	Muthaiga	72
15. Guru Nanak Ramgarhin Sikh Hospital	Muranga Road	85
16. Huruma Nursing Home	Huruma Estate	26
17. Ideal Nursing Home	Juja Road	Nil
18. Inder Nursing Home	Pangani	39
19. Jamaa Home and Maternity Hospital	Uhuru Estate, Rabai Road	46
20. Kabiro Health Care Trust	Kawangware 46	Nil
21. Kasarani Maternity and Nursing Home	Kasarani	20
22. Kayole Hospital	Kayole	40
23. Kilimanjaro Nursing Home	Eastleigh, Sec 1	26
24. Komarock Nursing Home	Komarock	20
25. Lions Sightfirst Eye Hospital	Loresho	Nil
26. M.P. Shah Hospital	Parklands	95
27. Madina Nursing Home	Eastleigh, 9 th Street	18
29. Mariakani Cottage Hospital	South B	15
30. Masaba Hospital	Adams Arcade	156
31. Mater Hospital	South B	135
32. Melchizedek Hospital	Naivasha Road	25
33. Metropolitan Hospital	Rabai Road	35
34. Mother and Child Hospital	Eastleigh, Sec 7	23
35. Nairobi Equator Hospital	Nairobi West	40
36. Nairobi Hospice	Upper Hill	75
37. Nairobi Hospital	Argwings Kodhek Road	220
38. Nairobi West Hospital	Nairobi West	66

39. Nairobi Women's Hospital	Hurlingham	50
40. Ngara Nursing Home	Ngara	16
41. Nyina wa Mumbi Maternity Home	Kawangware	14
42. Olive Tree Hospital	South C	36
43. Park Road Nursing Home	Park Road	57
44. Parklands Ambulatory Surgical Center	Parklands	Nil
45. Prime Care Hospital	Tena Estate	15
46. Redient Health Nursing Home	Pangani	27
47. Right Medical Center	Lavington	16
48. St. James Hospital	Mombasa Road	63
49. St. James Medical Center	Komarock Road	40
50. St Mary's Mission Hospital	Otiende	23
51. Samar Clinic & Maternity Home	Kahawa Sukari	9
52. South B Nursing Home	South B	12
53. Umoja Nursing Home	Umoja Phase 1	16
54. Westlands Cottage Hospital	East Church Road	113

Note; Nil under the bed category means it offers only out patients' services

Source: - Kenya Medical Directory, 2003

APPENDIX 2

QUESTIONNAIRE

This study seeks to find out the factors considered by private hospitals when coming up with compensation packages for nurses. As a HR manager or person in charge of the HR function, you can greatly assist in achieving this objective. Please answer the following questions about your organization. Your answers will remain anonymous and strictly confidential.

SECTION A BACKGROUND INFORMATION

1. Age of the institution

- i) 0 – 10 years ()
- ii) 11 – 20 years ()
- iii) Over 20 years ()

2. Current bed capacity of the hospital, please tick one

- i) 1-50 ()
- ii) 51-100 ()
- iii) Above 100 ()

3. Number of staff employed

- i) Doctors _____
- ii) Dentists _____
- iii) Pharmacists _____
- iv) Nurses _____
- v) Others(please specify)_____

4. Who owns the hospital?

- i) Religious organizations ()
- ii) Private company ()
- iii) Association of Members ()
- iv) Company Trust ()
- v) Any other (please specify)_____

5. What do you consider to be the hospital's core business? _____

6. What describes the level of competition facing your hospital?

- i) Very high ()
- ii) Fairly high ()
- iii) Low ()

7. Is your hospital a member of any association? Please tick one

- i) Kenya Medical Association ()
- ii) Kenya Association of Private Hospitals ()
- iii) Any other (please specify) _____

SECTION B- COMPENSATION POLICY FORMULATION

8. Does the hospital have policies governing compensation of staff?

- Yes ()
- No ()

9. If yes, please choose one that can explain your organization's compensation Policy.

- i) Aim to attract and develop the best qualified staff in the market ()
 - ii) To be competitive based on market rates of other hospitals similar to us ()
 - iii) Differentiate performers from non performers ()
 - iv) Maintain internal equity ()
 - v) Position ourselves in the market place to attract top talent ()
 - vi) Any other, please state _____
- _____

10. If no, please explain why

11. Does the hospital have specific policies governing compensation of nurses?

- i) Yes ()
- ii) No ()

12. If yes, please choose one that can explain the policy (ies)

- i) Aim to attract and develop the best qualified nurses ()
- ii) To be competitive based on market rates of other hospitals ()
- iii) Differentiate performers from non performers ()
- iv) Maintain internal equity ()
- v) Position ourselves in the market place to attract top talent ()
- vi) Any other, please state _____

13. If no, please explain

14. To what extent do the following factors influence your decision when making compensation package for general staff? (Please tick)

5 = **very important** 4 = **important** 3 = **somewhat important**
 2 = **not important** 1 = **not at all important**

Factors	1	2	3	4	5
1. Minimum wage					
2. Demand and supply					
3. Cost of living					
4. Internal equity					
5. External equity					
6. Performance related pay					
7. Organization's ability to pay					
8. Competition					
9. Educational qualification					
10. Professional qualification					
11. Gender					
12. Any Other (Please specify)					
13.					

15. To what extent do the following factors influence your decisions when making compensation package for nurses? (Please tick)

5 = **very important** 4 = **important** 3 = **somewhat important**
 2 = **not important** 1 = **not at all important**

Factors	1	2	3	4	5
1. Minimum wage					
2. Demand and supply					
3. Cost of living					
4. Internal equity					
5. External equity					
6. Performance related pay					
7. Organization's ability to pay					
8. Competition					
9. Educational qualification					
10. Professional qualification					
11. Gender					
12. Any Other (Please specify)					
13.					

16. What percentage do the following components constitute the compensation package for nurses in your hospital?

Percentage	a) Salary	b) Benefits	c) Incentives
i) Up to 25%			
ii) Up to 50%			
iii) Up to 75%			
iv) Up to 100%			

17. a) Do you face any challenges when coming up with benefits for your nurses?

i) Yes () ii) No ()

Please explain your answer

b) Do you face any challenges when coming up with incentives for your nurses?

i) Yes () ii) No ()

Please explain your answer

18. What percentage indicates payroll costs for nurses per year out of the total payroll costs?

Percentage	2002	2003	2004
i) Up to 25%			
ii) Up to 50%			
iii) Up to 75%			
iv) 100%			

SECTION C – JOB EVALUATION PROCESS

19. a) Do you carry out job evaluation for nursing jobs?

i) Yes () ii) No ()

b) If yes, which method do you use? Please tick

i) Job Ranking ()
ii) Job Classification ()
iii) Factor Comparison ()
iv) Point method ()

c) Which alternative method do you use? Please tick

i) Market Pricing ()

Please explain the choice _____

ii) Skill Based Pay ()

Please explain the choice _____

d) How frequently do you carry out job evaluation?

- i) Once a year ()
- ii) Twice a year ()
- iii) More than twice a year ()

a) Do your nurses participate in the job evaluation exercise?

- i) Yes ()
- ii) No ()

SECTION D – COMPENSATION SURVEY

20. Do you carry out compensation surveys for the nursing jobs?

- i).Yes ()
- ii) No ()

21. What time in the year is the survey carried out?

- i) January – March ()
- ii) April – June ()
- iii) July – September ()
- iv) October – December ()

22. How is the survey carried out?

- i) Buy salary survey information from professional body ()
- ii). Appoint consultant(s) ()
- iii) Conduct own salary survey ()
- iv) Any other, please indicate _____

23. How often has the survey been carried out in the organization?

- i) Once a year ()
- ii) Twice a year ()
- iii) More than twice a year ()

24. Who is in charge of coordinating the salary survey?

- i) Owner(s) ()
- ii) HR manager(or manager in charge of HR function ()
- iii) Accountant ()
- iv) Any other, please indicate_____

25. Please comment on any other compensation practices that your organization may have and which you think are unique to your organization.

THANK YOU FOR YOUR CO-OPERATION