

# Factors affecting reward management systems in the healthcare sector in Kenya: a case of National Hospital Insurance Fund

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## ***Abstract:***

Reward management is concerned with the formulation and implementation of strategies and policies that aim to reward people fairly, equitably and consistently in accordance with their value to the organisation. To achieve this reward management must attain a state of total reward where both the financial and nonfinancial rewards are considered. However, the attainment of the state of total reward is not obvious; organisations must contend with the challenges of the environment and deal with individual employees. The study seeks to provide an insight into factors that affect reward management. Reward management impacts wholly on the organisational performance since the latter is a function of individual performance. Reward Management is also known as Compensation Management. It is usually concerned with the design, implementation and maintenance of remuneration and recognition systems, which help the organizations to achieve its objectives. The aim of the study is to analyse Reward Management problems and challenges at NHIF with a view of developing recommendations, which has help management, put in place effective and appreciated Reward Management systems.

The findings established the NHIF employees are aware of the existence of a Reward Management system within the organization. However they are not familiar with its provisions and most of them believe that it does not favour all employees and are therefore against it. It is recommended that all NHIF employees should be involved in any future reviews of the reward management policies of the organization and there should be an employee training and awareness campaign to familiarize employees with the provisions of the reward management policies. The general objective of this study is to determine the factors affecting reward management system at NHIF. The researcher explored the various systems of reward management. The researcher was also in a position to come up with a suggested effective and fair reward management system that she may use and apply in future.

Reward system is the dependent variable. The independent variable are the financial performance, individual attainment, reward polices and labour union potency. The study recommends that the organizations' consider reward management systems part and parcel of organization policy. Develop a work place policy of on how employee efforts should be rewarded in a structured way and have a proper structure of reward system. Economic theories that influence reward management are the law of demand, efficiency wage theory, human capital theory, agency theory and the effort bargain theory. The sampling technique was stratified random sampling which was used to draw respondents from Job groups HF4 to HF15. Data was analysed both quantitatively and qualitatively. Descriptive and inferential statistics was used in the study. Data was presented in percentages, tables, graphs, charts and diagrams.