

Influence of Occupational Health Compensation on Firm Performance

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Abstract

Employee compensation after occupational accidents is a factor that influences employee and firm performance yet it has received limited attention among researchers and practitioners. Firms in Kenya are grappling with the sky rocketing cost of occupational health compensations considering a 30% annual growth rate in occupational accidents. The objective of the study was to establish the influence of occupational health compensation on the performance of firms. The main theoretical foundations were Equity Theory and General Adaptation Syndrome (Gas) Theory. The study was premised on Interpretivism and Positivism paradigms whereby Explanatory research design was used. The sample size was 414. Stratified and simple random sampling was used. Questionnaires, interview guide and document analysis were the main instrument of data collection. Data was analyzed using descriptive statistics and Structural equation modeling using Warp PLS.v.5. The study findings showed occupational health compensation moderated by health and safety policy regulation influenced performance of firms at β coefficient 0.15, $p=0.001<0.05$ hence significant. Occupational health and safety policy regulation moderation was significant at $\beta=-0.27$, $p=0.01<0.05$. The study contributes to theory by Universalistic consideration of occupational health and safety compensation shaped by the vertical integration of health and safety policy regulation as advanced by Contingency theory in explaining performance of firms.

Keywords: Employee compensation; Interpretivism; Contingency; Occupational health; Management Practice; Pre-occupation

Background of the Study

Occupational health and safety is the physical, mental and psychosocial health of the employee at work place [1]. It is a state of complete physical, mental and sound wellbeing not necessary the absence of a disease or infirmity. Occupational health and safety is also sound state of body and mind of people from illness resulting from mental process or procedures used in the work place. Occupational accidents are the accidents and diseases employees are subjected to due to exposures to occupational hazards namely physical, chemical, biological, and psychological and ergonomically at work place.

Corporate firms key priority and pre-occupation is occupational health and safety institutionalization in terms of policy regulations and practice having realized that it is a fundamental Human Resource Management Practice that not only attract maintain and retain the human capital but also influences firm productivity performance and competitive advantage. Health and safety policy regulations include other issues, employee health and safety protection against occupational hazards that if not surmounted may exacerbate occupational accidents and compensations. Occupational health and safety protection issues are best mitigated by employee knowledge, skill and attitude acquisition manifest in trainings, equipment and plant maintenance and repair [2].

Occupational accidents and compensation statistics in Denmark Transport sector (sea transport) between 2010 and 2012 generated from maritime authority registers and Danish radio medical occupational accidents and subsequent compensations indicated 383,435 and 456 respectively for 2010, 2011 and 2012 indicating an increasing trend. Occupational health and safety policy makers in Denmark had no otherwise than to formulate policies regulation to protect employees from occupational accidents and enhance sea transport performance.

South Korea was not spared either as statistics for occupational accidents and inherent compensations indicated direct and indirect compensations as 19.6 trillion and 20.3 trillion for 2014 and 2015 respectively depicting an increase of 3.89%. The government of Korea consequently took matters of occupational health and safety seriously

by envisaging health and safety policy guidelines at national level not only for sea transport sector but also to streamline occupational health and safety matters in other sectors as well. The sectors such as agriculture, manufacturing, transport and construction have suffered the most. In Ghana with statistics indicating 2 million occupational accidents annually with manufacturing sector exhibiting 42% cases.

In Kenya occupational accident statistics between 2000-2004 indicated 152 cases averagely per county, 7169 cases nationally that in no uncertain terms hampered employee and firm performance. During the same time reports by Ministry of Labour through the Directorate of Occupational Health and Safety Department indicated that only 11387 enterprises out of the existing 1.3 million had been registered by the Directorate of Occupational Health and Safety Department and that many occupational accidents cases were not reported to the relevant offices.

According to Busia County Government (Kenya) Report of 2018, there existed 256 cases of occupational accidents and compensation cutting across manufacturing, construction, agricultural wholesale and retail and transport firms. The report also alludes to that of the earlier statistics that a good number of cases of occupational accidents go unreported. The statistics are just but the tip of an Iceberg, furthermore the reports and statistics are not conclusive and exhaustive. This study sought to contribute to the knowledge base of exploring the influence of occupational health and safety practice on performance of firms anchored on health and safety policy regulations.

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Compensation is a psychological comparison of the extent to which gains measure to the desires of employees. Heneman & Judge [3] reveal compensation of any firm as top priority for performance. Occupational health compensation program should be structured to provide a set of coherent and integrated processes mutually supportive and that also contribute to firm performance. In a nut shell it should be comprehensive aimed at injured worker, dependant and general public ensures that workers receive best care and benefits they are entitled to and return to work in an early and safer manner. It should be structured along three functional areas namely education about prevention of work place accidents, worker claim management and employer assessment insurance (Work Place Health and Safety Compensation Commission-WHSCC 2014)

Occupational safety and health policy regulations preoccupation is protecting safety and health of employees alongside welfare of people at work [2]. The fundamental goals of occupational health and safety policy and regulations include fostering safe and healthy work environment. Contemporary inclusions in health and safety policy regulation include workplace HIV/AIDS; preventive culture that if not checked would exacerbate occupational accidents and diseases. A sound health and safety policy in a firm should be characterized by employee involvement hence citizenship behavior that offers employees with clear accepted codes, system of rules, procedures or for safe operations of occupational devices, equipments and machinery that in the final analysis reduce occupational accidents and diseases by between 1.2 to 0.1 per 100,000 man hours which is also tantamount to minimization of occupational compensation costs [2,4]. The components of health and safety policy include; awareness of policy, enforce ment, compliance, leadership and consequences or penalties. Existence of policy regulations in a firm make workers feel valued, are kept from danger, build positive work culture, enhances productivity, innovation and creativity, job satisfaction and job commitment [2,4]. Other benefits that accrue from sound health and safety policy regulations include reduced physical, mental and psychosocial health problems alongside reduced staff turnover [5].

Firm performance is about actual output or results of a firm measured against the intended output objectives. Measurement systems on performance should be carefully matched with firm's unique strategic policies and operational goals advocate for balanced score card methodology where key performance indicators like profitability, customer satisfaction and employee retention were adopted. There are variabilities with regards to performance indicators that large firms and SMEs adopt, however profitability and customer satisfaction cut across all firms and are dominantly considered by firms. This study considered customer satisfaction, employee retention and profitability as indicators of performance.

Statement of the problem

Health is rated as one of the foundation stones that underpin vision 2030 and also given prominence in the Kenya constitution. Priority is highly placed on occupational health compensation and safety practice for the effect on employee and firm performance [2]. Empirical studies reveal an exponential trend of Occupational health on safety compensation [2] alongside findings of other studies. Statistics for 2000-2004 depicted an average 152 cases of occupational health compensation and accidents per county in Kenya. This indicates 200 such cases for 2007-2011. Preliminary statistics at the Occupational Health and Safety Office, Busia County Kenya indicated 256 cases for 2014-2018 depicting approximately 30% rise from the previous situation. The trend was worrying as a good number of

cases however still went unreported .The Directorate of Occupational Health and Safety Department, Kenya 2018 Annual Report on the status of occupational health and safety in Kenya decried escalating levels of occupational health and safety accidents and compensations in Kenyan firms. This study sought to establish the mediating effect of firm size and moderation of health and safety policy regulations on the relationship between occupational health compensation and safety practice and performance of firms in Busia County, Kenya.

Objective of the study

To determine the moderating effect of Occupational Health and safety policy regulations on the relationship between Occupational health compensation and performance of firms.

Hypothesis

There is no significant influence of Occupational health and safety policy regulations on the relationship between Occupational health compensation and safety practice and performance of firms.

Theoretical Review

The study was anchored on three theories namely: Fredrick Herzberg theory of motivation and Equity theory.

General adaptation syndrome (Gas) theories

The theory was founded by Heneman [3]. The theory is premised on the principle that a body automatically responds to demands put upon it in three generic stages namely; Flight and Freeze alarm response, Maintenance and Breakdown. Flight and freeze stage according to this theory is characterized by reduced resistance; maintenance refers to adaptation to stressful events making the individual psychologically stable and lastly breakdown stage which is about exhaustion by totally eliminating the defense mechanism. Stress is a resultant quest for the body to maintain equilibrium that a state of affairs that this theory refers to as homeostasis. This theory is merited for recognizing that issues of imbalances brought about by work place experiences are within individuals and therefore the incumbent need to counter act in order to restore equilibrium in the individual to realize productivity and performance for both the individual and the firm. The demerits of this theory is that it spotlights aspects of stress process that is not consistent with reality as demonstrated by empirical data in many studies that however observe that stress is a function of varied stressors, environmental factors and individual personal characteristics. The theory is relevant to this study because challenges of occupational health compensation and unsafe work conditions and the inherent stress may in the final analysis adversely influence employee and firm performance.

Equity theory

This is a theory of work psychology by Makori [5]. The theory is founded on the principle that an employee at work place seeks fair treatment comparative to the referent person or group of persons. The theory goes further to assert that the consequence of fair treatment by an employee comparative to the referent person or persons creates a feeling and sense of equity. The converse is true that a treatment that is perceived as unfair by an employee relative to that of the referent person or persons creates a sense of inequality. According to the theory of equity a feeling of inequity creates unpleasant tension hence to strike a balance to maintain a state of equilibrium, the body develops natural tendencies to alleviate the status quo. This theory is merited for defining fairness based on the view point and reality of the employee. The theory

has however been criticized for being vague since research has proved that some people still feel uncomfortable when treated fairer than the referent person as alluded to by Greenberg. The theory is relevant to this study since occupational health compensation in firms may be perceived as either fair or unfair by employees comparative to referent employees in other firms.

Empirical literature review

Garnica and Bariga [6] investigated the barriers to occupational health and safety practice and policy in small Brazilian enterprises with the respondents being managers, auditors and occupational health and safety consultants. This was a descriptive survey design founded on the Theory of Accurate Operations of Occupational Health. The finding of the study indicated that health and safety policy regulations significantly moderated occupational health and safety practice and performance. Inadequate occupational health and safety policy regulations moderation, lack of knowledge about Occupational health and safety intervention, lack of technical and financial resources were identified as the major impediments to implementation of Occupational health and safety policy. Respondents in the current study were both managers (Human Resource) and employees. Unlike the study, the current study focused on both large enterprises and SMEs with data collection instrument being interviews and questionnaires alongside document analysis. The current study was founded on three theories namely Universalistic, Resource Based View and Contingency theory. The theories respectively considered occupational health as best practice, firm size as internal firm resource and health and safety policy regulation orientation as important factors to be considered to realize superior study findings.

The effects of safety practice policy on organizational commitment, work alienation and job satisfaction on performance using the PLS-SEM approach in Turkey. The Descriptive survey study investigated accident prevention and organization support, safety procedures and risk management, safety and health rules, first aid support and training on performance of firms. The cross sectional survey study used both primary and secondary data. Data analysis was done PLS-SEM approach and the results of the study indicated that the following variables influenced implementation of health and safety policy regulations and performance: safety procedures and risk management $r=0.627$, safety and health rules 0.573 , first aid support and training 0.678 , occupational hazards prevention at 0.649 and organization safety support at 0.727 . The current study was Explanatory mixed method research design that involved use of questionnaires, interviews and document analysis. Firm size as a Resource Based View theory factor was considered by this study that shaped the study findings.

Akpan [4] studied effective safety and health management policy regulations for improved performance of organizations in Africa. This was a descriptive survey anchored on Abraham Maslow's Needs theory and used questionnaires to collect data and analyzed data using Descriptive statistics. The findings of the study revealed that there is a significant relationship between effective Occupational health and safety policy regulations compliance and sustainable economic growth and development of organizations. The study expounded on components of effective health and safety policy as management leadership and organizational commitment, rules and responsibilities, management commitment, employee participation, hazard identification and assessment process, determination of controls, hazard control, enforcement of control and emergency response. The study was however limited as it relied on secondary data devoid of primary data generated by use of questionnaires and interview guide.

The current study also was founded on Universalistic, Contingency and Resource Based View theories as opposed to Needs theory.

A study in Ghana investigated the impact of occupational health and safety policy measures on employee on performance. Gbadago [7] case study founded on Positivism paradigm sought to investigate the level of employee awareness on occupational health and safety policy regulations, identification of the kinds of accidents employees are exposed to and the nature of their work. The study findings indicated 96.4% respondents strongly agreed that indeed occupational health and safety policy impacted positively and significantly on firm performance. Other findings indicated that implementing occupational health and safety policy regulations in organizations improved staff morale at 32.5% stress reduction at 36.1%, improved health at 38.6%, improved productivity at 50.6%, increased job satisfaction at 30.1%, reduced medical bills at 18.19%, reduced illness and accidents at 45.8% and reduced absenteeism at 32.5%. The study being a case study has a limitation in that the findings cannot be used as a generalization of interaction of study variables across firms. The current study was founded on both Positivism and Interpretivism paradigms and involved a host of firms drawn from different sectors, collected both qualitative and quantitative data using interview guide and questionnaires respectively and went beyond descriptive statistics and analyzed data using Partial Least Squares structural equation modeling to estimate path relationships of study variables.

Dwomoh et al. [8] investigated the impact of occupational health and safety policy regulations anchorage on the relationship between occupational health and safety practice on employee performance in the Ghana Timber Industry. The purpose of the case study was to examine the impact of health and safety practice as shaped by health and safety policy regulation on performance. The study anchored on Needs theory main instruments of data collection were interviews and questionnaires. Pearson correlation coefficient was used to analyze data and the findings of the study revealed a weak positive correlation coefficient of $r=0.42$ between adoption of health and safety with employee performance. The result also indicated an inverse relationship between reducing the number of occupational accidents through adoption of health and safety policy regulations and employee performance. The current study involved a diversity of firms drawn from different sectors namely: agriculture, construction, transport, retail and manufacturing and involved firm size as internal firm resource factor manifest of Resource Based View theory helped shape the study findings. Universalistic and Contingency theories were also adopted by consideration of occupational health and safety as best practice and vertical integration of policy regulations respectively. The current study was also modeled on Explanatory mixed method research design that collected quantitative data by use of questionnaires and further collected qualitative data to provide in depth explanations of the interactions of variables by use of interview guide.

A study in Kenya investigated the influence of management support in the implementation of occupational health and safety policy programs in the manufacturing sector. This was a study anchored on Henrich's Domino theory about industrial accident prevention scientific approach with independent variables of study that were: safety equipment and allocation of funds for occupational health and safety initiatives, safety audits and inspection, health and safety committees with dependent variable being implementation of occupational of health and safety programs. The result of the study indicated that 79.3% respondents strongly agreed management was totally committed to health and safety policy, 76.96% agreed that management provided

necessary safety equipment, 75.4% agreed existence of occupational health and safety policy in the organization, 68.3% agreed management conducted interval safety audits and inspections, and 72.6% agreed that management had health and safety committee. Management support explained 17.7% of implementation of occupational health and safety programs. The study observed that 98% of hazards at work place are preventable and suggested ways to mitigate hazards which included close supervision, safety rules, training, hazard identification, job analysis, safety accident analysis, accident investigation and installation of new equipment. The current study was anchored on three theories namely: Universalistic, Contingency and Resource Based View theories unlike Henrich's Domino theory about industrial accident prevention scientific approach. Resource Based View theory was involved by incorporation of firm size as internal firm resource factor. The study involved a diversity of sectors other than manufacturing. Quantitative and qualitative data was generated using questionnaires and interview guides respectively and data analysis done by both descriptive statistics and Partial Least Squares.

Investigated influence of health and safety policy with respect to training, audit and leadership on performance of firms in the manufacturing sector in Kenya using a case study design. Data was collected using primary and secondary methods. The independent variables of study were: health and safety training, health and safety audit, health and safety leadership and dependent variable being performance of organization. The findings indicated a weak positive relationship between health and safety training and performance of 0.417, health and safety audit at 0.580, health and safety policy on performance at 0.544, health and safety leadership on performance at 0.580. The study recommended occupational health and safety policy regulations that emphasized health and safety training on new equipments and new staff as a proactive measure on occupational health and safety accidents prevention. The study identified 2 elements of preventive occupational medicine that deals with diagnosis and prevention and occupation hygiene which is the province of chemist and engineer or ergonomist that measures and control environmental accidents. The current study was not a case study but involved firms from a diversity of sectors alongside manufacturing sector. The current study went beyond quantitative data and involved qualitative data collected by means of interview guide. The study placed importance on Firm size mediation founded on Resource Based View theory hence was considered and data analyzed by Partial Least Squares structural equation modeling alongside descriptive statistics.

A study in Zimbabwe sought to investigate impact of occupational health and safety practice and policy on worker productivity in the food Industry. The study by Katsuro et al. [9] founded on Positivism paradigm had the main objective to explore occupational health and safety policy application in different work areas on productivity. The instrument of data collection included questionnaires, interviews and observations. Result revealed only 25% respondents were free from occupational health and safety illnesses and that workers were physically present but experienced below normal work quality and productivity due to ill health and lack of management commitment to occupational health and safety practice and policy. The focus of the current study was Positivism and Interpretivism paradigms, involved Explanatory mixed method research design where quantitative data was collected using self-administered questionnaires and qualitative data to provide in depth explanations of the quantitative data collected using interview guide.

Makori, et al. [5] studied influence of occupational health and

safety policy on performance of manufacturing firms in Kenya. Independent variables of the study were policy awareness, protective clothing, ventilation, work environment, health and safety policy, work procedures and emergency procedures. The dependent variable was performance with indicators like profitability, sales, production, order delivery, reputation, target achievements, production costs and product service quality. Convenient sampling was used, content validity and reliability of the instrument was done by test-retest method. Data was analyzed by descriptive statistics, inferential statistics, ANOVA, Pearson correlations and simple regression. The study had limitations which were addressed by the current study by: considering a diversity of firms from different sectors alongside manufacturing, was anchored on Explanatory mixed method research design where questionnaires, interview guides and document analysis were used. A study in Kenya involving 80,000 employees in the agricultural sector more specifically the tea industry by Kimeto adopted a descriptive research design and probability sampling technique. The findings of the study were that workers were not fully aware of components of safety policy particularly emergency procedures in case of fire. As 2.5% strongly disagreed in occupational health and safety policy regulations awareness, 0.6% disagreed and 18.8% uncertain. The study attributed lack of policy orientation by employers in the tea industry to a contention that health and safety of workers was traditionally an extraneous obligation that off sets productivity improvement, a fact alluded. The current study unlike Safety Needs theory was founded on three theories namely: Universalistic, Resource Based View and Contingency theories. The study involved Explanatory mixed research method design and not descriptive survey design, involved a diversity of firms from different sectors other than Agricultural sector with Partial Least Squares structural equation modeling technique used for data analysis aided by Warp PLS-v.5 software and not SPSS version 15.

Gaceri [10] used descriptive survey design to find out the implementation of occupational health and safety practice and policy enforcement in the 10 supermarket outlets in Kenya. The study was anchored on Plan Do Check Act (PDCA) theory with the main objectives being to establish whether employee participation, employee training and leadership influences the implementation of occupational health and safety practice and policy enforcement in the supermarkets in Kenya. Descriptive statistics was used to analyze data. The finding of the study was that 100% respondents wished additional occupational health and safety policy measures formulated and implemented. 85.7% respondents had positive attitude that participation enhanced decision making and saved lives. Leadership had a good correlation coefficient of $r=0.501$ at 95.0 significance levels ($p=0.020$) with measures implementation employee participation had a coefficient of 0.771 with p value of 0.039 significant at 95% confidence level whereas training 0.860 at 95% confidence level ($p=0.023$) hence influenced performance positively. The current study was anchored not on Plan Do Check Act theory, but Universalistic, Contingency and Resource Based View theories.

Research Methodology

Research paradigm

The study was anchored on both interpretivism and positivism paradigm. Positivism paradigm is characterized by a detached approach to research that seeks to find facts or forces of social phenomenon in a systematic way. This study sought objective reality that was methodologically quantified and statistically tested. On the other hand interpretivism is about social construction of reality whereby

researchers seek to develop subjective meanings of their experiences based on the many meanings making researchers explore complex contextual and situational views which may be historical or cultural.

Research design

Explanatory mixed method research design was used as a vehicle to realize the objectives of both interpretivism and positivism paradigm. This research design involves two phase project whereby firstly the researcher collects quantitative data, analyzes results then follows it with qualitative phase and designs questions as in interview guide based on quantitative phase that helps to explain into more details the initial quantitative results [11].

Target population

The target population was 2107 comprising of 102 Human Resource managers and 2005 employees in firms registered by the County Government of Busia (Busia County Government 2019) namely Agricultural, Construction, Transport, Retail and Manufacturing firms. The sample size was computed by Yamane formulae at 95% confidence level at $e=0.05$, where n is the sample size and N population size and e the sampling error. That applied for both the strata (HR managers and employees). Sample size for employees was 333 and for Human Resource Managers were 81.

Sampling technique

Stratified proportionate sampling of firms in each category (retail, agricultural, manufacturing, construction and transport) hence retail 15 firms, construction 9 firms, transport 2 firms, agricultural 1 firm and manufacturing 1 firm was done totaling to 28 firms. According to Mugenda & Mugenda [12] proportionate sampling gives a fair and proportionate representation of each category. In effect a category with the highest number of employees was represented by the highest number of employees in the sample. The number of respondents drawn from each category was computed on basis of the ratio of the number of employees in every category to that of the population of employees ($N=2005$) and the result multiplied by the sample size ($n=333$) as illustrated in the Table 1.

Research instrument

The study used self administered closed ended questionnaire on employees and interview on Human Resource Manager. Data was also collected using document analysis. Document analysis involved some documents like minutes, memos, website pages and employee medical records.

Data Analysis and Discussions

Model test indices

Warp PLS v.5 was used for path analysis after being tested for model fit quality. Model fit quality indices revealed Average Path Coefficient

(APC) index of 0.191, p value 0.001, Average R-squared (ARS) index of 0.184, p value 0.001, Average adjusted R-squared (AARS) of index 0.173 p value 0.001, Average block VIF (AVIF) of index 1.136 and Average full colinearity VIF AFVIF coefficient of 1.189. Ideally average path coefficient, average R-squared and average adjusted R-squared of p values less than 0.05 are accepted for the model according to Kock [13] average block coefficient and average full colinearity of up to 5 is accepted and ideally up to 3.3. The instrument therefore met the said threshold.

Hypothesis testing

Hypothesis 1: Occupational health compensation on performance of firms: H_{01} There is no significant influence of health compensation on performance of firms in Kenya Table 2.

From the findings on hypothesis testing for occupational health compensation the relationship between occupational health compensation and performance of firms is significant at $\beta=0.15$, $p=0.01<0.05$. The null hypothesis is therefore rejected and alternate hypothesis accepted. From the finding in this hypothesis testing it is true to observe that a unit increase in occupational health compensation increases performance of firms by 0.15 and the converse is true that a unit decrease in health compensation decreases performance by 0.15.

The path analysis for the influence of occupational health compensation on performance of firms in Kenya revealed that there was a moderate statistically positive significant influence of occupational health compensation on performance of firms at ($\beta=0.15$, p value 0.001). The finding result was unprecedented by the quantitative and qualitative measurements of the weights of the indicators of occupational health compensation that is the cost of health compensation affects profitability and that firm performance is because of a motivated workforce. The measurement results for quantitative data and the excerpts obtained from the interviews with regards to health compensation on performance indeed corroborate and at least to the fact that health compensation motivates employees and is therefore likely that such motivation are geared towards performance of firms. On the contrary the measurement of health compensation indicators revealed that health and safety compensation to some level can have devastating effect on performance of firms particularly when they portend far reaching financial implications for firms.

This fact is alluded to by the interview excerpts obtained from the respondents who foresee a bleak future for notably small and medium firms should the escalating costs of occupational health compensation is not mitigated. The following studies alongside others are in agreement that occupational health compensation can indeed scale up performance of firms [14-16]. Adam [15] decried the poor health compensation in firms that merely de-motivated employees and created disenchantment to work. Loeppke [17] however had findings that occupational health compensation is a costly affair that influences performance of firms negatively.

Category of firms	Sample size proportion (%)	No. of respondents	No. of Firms respondents obtained from
Retail firms	56%	186	15
Construction firms	21%	70	9
Transport firms	13%	43	2
Agricultural firms	3%	10	1
Manufacturing firms	7%	24	1
Total	100%	333	28

Table 1: A summary of sampling technique (Source: Research data 2019).

Warp PLS Structural model estimation results

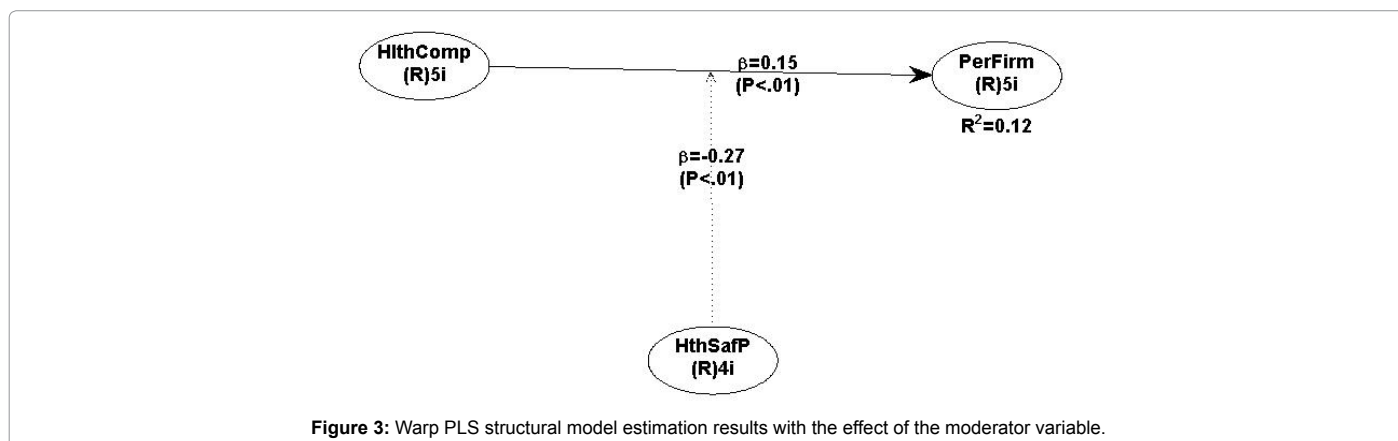
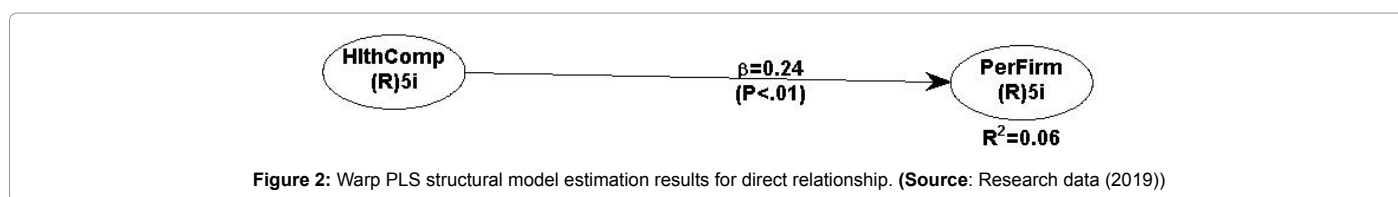
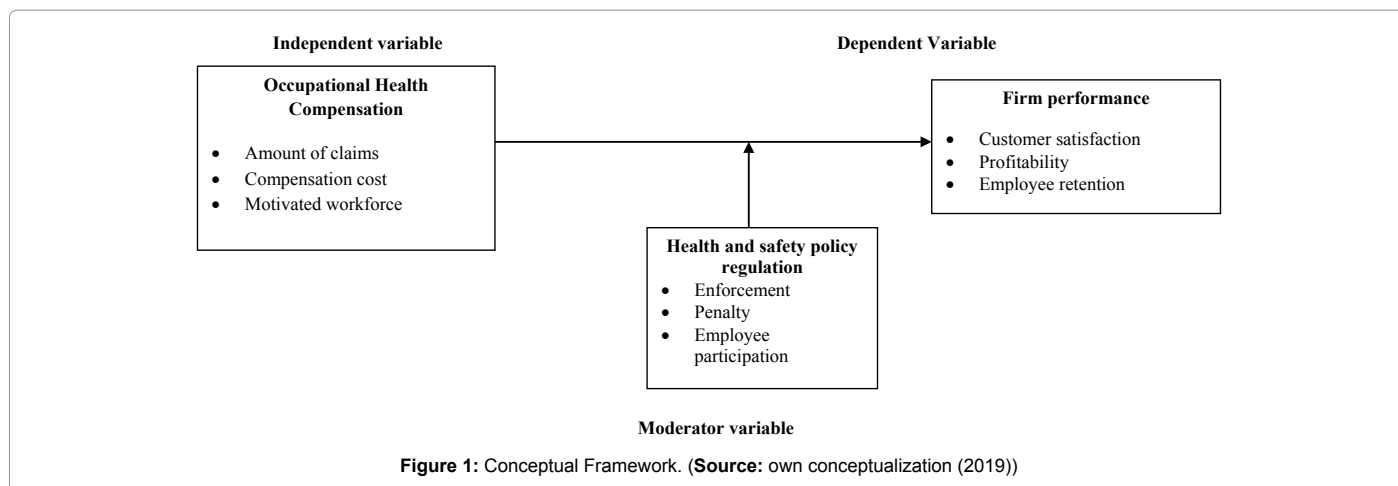
Figures 1 and 2 depicts the first model encompassing all the study variables involved in the direct relationship without the effect on the moderating variable of health and safety policy regulation (HthSafp). Occupational health compensation (HlthComp) represents the independent variable and performance of firms (PerFirm) the dependent variable. The variables have their relationships estimated using their beta coefficients with their p-values to indicate their levels of significance. The model indicates a direct relationship between health compensation and performance of firms at $\beta=0.24$, $p=0.01 < 0.05$ hence significant. The results would be interpreted that occupational health and safety compensation positively and significantly relates to performance of firms in Kenya at $\beta=0.24$, $p=0.01 < 0.05$. Health compensation increase increases performance of firms whereas a

decrease in health compensation decreases performance of firms. Health and safety compensation increases a unit increase in performance by 0.24 and a decrease in Health and safety compensation decreases a unit increase in performance by 0.24.

Figure 3 represents the relationship of three variables namely: Occupational health compensation, Health and safety policy regulation and Performance of firms. The relationships of the variables are estimated using their beta coefficients and their p values to test their significance. The model indicates that occupational health compensation moderated by health and safety policy regulation influences performance at ($\beta=0.15$, $p=0.01 < 0.05$). From the findings it was observed that as health and safety compensation increases the performance increases and as Health and safety compensation decreases, performance of firms in Kenya decreases. Health and safety

Model	beta coefficient	P value	Standard error	Significance
Occupational health compensation (HCI)	0.15	0.01	0.058	Significant

Table 2: Hypothesis 1: Occupational health compensation on performance of firms in Kenya.



compensation increases a unit increase in performance by 0.15 and health compensation decreases a unit increase in performance by 0.15. The model also indicates that the moderation effect of health and safety policy regulation on the relationship between health compensation and performance of firms is significant at ($\beta = -0.27, p = 0.01 < 0.05$). This finding shows that health and safety policy regulation is considered a deterrent that influences the relationship between health compensation and performance of firms negatively most probably because of stringent nature of policy regulation and inherent requirements demanded by the policy regulations as observed by respondents during interviews.

Conclusion

From the findings, it was concluded that firms' effort to put in place mechanisms to improve occupational health compensation influences performance of firms in the long run. It was also evident that occupational health and safety policy regulations affects the relationship between occupational health compensation and firm's performance, therefore, firms should adhere to policies and regulations governing occupational health and safety in order to minimize cost incurred from compensation and improve their performance

Recommendations of the Study

This study revealed that there is significant influence of occupational Health compensation on performance of firms however the relationship between occupational health compensation and performance of firms should be moderated by health and safety policy regulations. The management should consider employee involvement and participation as key indicators of occupational health and safety policy regulations for occupational health compensation and performance of firms to be a reality. The study also recommends that management of firms should embrace proactive occupational health compensation programs that would motivate staff.

Contribution to the Body of Knowledge

Towards the attainment of expanded views through integration of different theoretical perspectives as advanced by this study has heeded to the call by universalistic theorists by considering the horizontal relationship between human resource practice (occupational health and safety) as independent variable to performance of firms (Dependent variable). The study has also incorporated vertical integration of policy (Health safety policy regulation) in the relationship between Human resource practice and performance as advocated for by contingency theory.

Secondly, the study has contributed to Human resource management by expanding the understanding of influence of occupational health compensation and safety practice on performance

of a diversity of firms namely manufacturing construction Agriculture transport and retail an approach that provides a holistic and in-depth perspective of the phenomena and variables of study other than relying on firms in one sector whose findings may not be a basis for generalization.

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