Employee Compensation and Performance Appraisal for Quality Service Delivery in Health Sector of Kwara State

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ABSTRACT

The study examined Employee Compensation and Performance Appraisal Practices for Quality Service delivery in health sector of Kwara State. The study used survey research design and responses of 243 specialist and general hospitals of the State. Partial Least Square Structural Equation Modeling (PLS-SEM) was employed in the analysis of the data. The study found that performance appraisal and compensation practices have significant impact on quality service delivery in health sector. It is concluded that the practices have implications for enhancing the delivery of quality service in the health sector. It is therefore recommended that a fair reward or compensation is payable to employees. Also, an effective appraisal mechanism should be institutionalized to sustain the provision of an acceptable quality service to patients in the health sector.

Key words: Compensation, performance appraisal, quality service delivery.

1.0 INTRODUCTION

Adepoju, Opafunsho& Lawal (2017) opined that quality health care delivery is central to a productive population, as it serves as a contributor to the economic development. Service delivery therefore refers to the activities of service institutions with the aim of fulfilling the needs and expectations of users and other stakeholders with the optimum use of resources (Ogunnowo, Olufunlayo&Sule, 2015).

The Nigerian health sector as a service rendering institution is expected to provide quality health care service to clients/patients. In service industry like health care, experience of patients plays a crucial role in assessing quality of services (Wanjau&Muiruri, 2012).Quality service delivery in this sector is essential to the welfare of the citizens and the development of the nation's economy. Therefore, service quality measures the degree to which a service rendered meets or satisfies customers' needs or expectations. If expectations are greater than performance, then perceived quality is less than satisfactory and hence customer dissatisfaction occurs (Parasuraman, Zeithaml & Berry, 1985; Shahin, 2004).

The basic objective for establishing hospitals is to provide quality, safe and affordable health services to the people. Oyibo (2010) stresses that health servicedeals with the diagnosis and treatment of diseases or the promotion, maintenance and restoration of health. While quality of care implies that the service meets set standards and can be accessed from the perspective of the clients, service provider and managers of institutions (Ogunnowo et al,2015).

Consequently, service organizations have to be more concerned about service quality for the satisfaction of consumers. The ability to identify customers needs and consequently fashion out an effective delivery process that ensure customers satisfaction in a cost effective manner is a critical success factor for any business enterprise (Oladele, Akeke, Oladunjoye& Adebisi, 2013).

It becomes necessary to strengthen the institutional structures for formulating and implementing the polices for efficient and effective delivery of service in such areas as service delivery system, improving access to quality service and patient satisfaction (Ejumodu, 2013).

Against this backdrop, this study aims at examining compensation and performance appraisal in the health sector for quality service delivery in the health sector.

1.2 Statement of the Problem

Quality health service delivery is critical to human existence and national development. The Nigerian health sector is however faced with numerous practical challenges that have made achieving quality service delivery difficult. It is acknowledged that the quality of service delivered at health care facilities in Nigeria is not satisfactory and considered poor (Abimbola, 2012; &Adepoju et al., 2017). Service in many health institutions are characterized by untimely attention to patients, poor service provider behaviour, unsatisfactory quality of care, poor service management, communication failures, insufficient supervision, unattractive remuneration and motivation. There are recorded cases of lack of courtesy of health personnel to patients, lateness to work, failure to conduct proper patients examinations and delay in attending to patients (Uneke, Ogbonna, Ezeoha, Oyibo, Onwe&Ngwu, 2012). Also, there are shortages of skilled manpower in many of the health facilities. In cases where there are employees, they may

be untrained and unskilled attending to patients/customers in dilapidated structures with inadequate drugs and obsolete equipment.

Durowade, Adetokunbo and Ibirongbe (2016)lamented that the mismanagement for years is an impediment towards achieving Nigeria qualitative health care delivery. This has affected budgetary provision, service delivery, staffing and citizens accessibility and affordability of health care services. This has worsened employment and training of health personnel including frequent strike actions and inter-cadre rivalry.

There is also the challenges of prolonged periods of strikes which are embarked upon by different unions or associations in the health sector. This usually paralyses all service delivery activities in the health facilities leading to loss of lives. The breakdown in the industrial harmony is always associated with a shortfall in salary payment, promotion issues and general welfare of staff. The disharmony in the sector has contributed to several strikes that have left their negative effects on the health of Nigerians (Daily Trust, 2016, June 11).

From the past studies there is no sufficient empirical research that examined compensation and performance appraisal in relation to quality service delivery in Nigerian health sector using the SERVQUAL and Partial Least Squares (PLS)Structural Equation Modelling as tools of analysis.

Timothy, Irinoye, Yunusa, Dalhatu, Ahmed and Suberu (2014) observe that there is a dearth of research evidence on organisation, management and health delivery service in Nigeria. As a result, this study examines compensation and performance appraisal in health sector for quality service delivery.

Research Questions

This study proffers solution to the following research questions:

i. Does performance appraisal practice impact on quality service delivery in health sector?
ii. Does compensation or reward impact on quality service delivery in health sector?

Objectives of the Study

The primary purpose of this study is to investigate the impact of compensation and performance appraisal on quality service delivery

The specific objectives are:

i. To determine the impact of performance appraisal practice on quality service delivery in health sector
ii. To determine the impact of compensation or reward on quality service delivery in health sector

Research Hypotheses

The following research hypotheses have been formulated to guide this study:

Ho_1: Performance appraisal practice has no any significant impact on quality service delivery in health sector

Ho_2: Compensation or reward has no significant impact on quality service delivery in health sector.

2.0 Literature Review

Evidences are bound that researchers have come up with conceptual, empirical and theoretical studies. A few of them are highlighted in this study.

Conceptual Review

Quality Service Delivery

Quality services include adequate resource allocation and deployment that culminate in creating the right environment with the appropriate infrastructure, facilities, equipment and drugs (Ejumudo, 2013). Amsterdam Institute for Global Health and Development, University of Ilorin Teaching Hospital, and Lagos University Teaching Hospital (2015) refer to quality of care as adherence to sound medical protocols, things like the distance to the clinic, the attitude of the staff and the availability of drugs.

Quality health care service is giving patients what they want (patient quality) and what they need (Professional quality) and expending lesser resources while doing so. This should be done without errors, delays, waste of resources and within higher level regulations (Kumaraswamy, 2012,;&Adepoju et al., 2017).

The model of Parasuraman et al (1985) explains that quality is a function of the difference between expectation and performance among the quality dimensions which form the basis for their service quality measurement instrument. In other words, the gap model analysis assumes that service quality is a function of the difference between customer expectations and Perception, the actual service received. The original ten dimensions identified by Parasuraman et al. such as tangible, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding of customers were consolidated into five broad dimensions of service quality.

The five quality service dimensions are: Tangibles (this involves the physical facilities, equipment and personnel appearance), Reliability (this is the ability to perform services accurately and dependably); Responsiveness (this relates to the willingness to help customers and render prompt services); Empathy (this revolves round the care and individual attention in term of being accessible, communicating and understanding to customers), and Assurance (this represents the knowledge, courtesy, trust and confidence). The SERVQUAL Model is predicated on the confirmation/ disconfirmation theory (SQ=P-E).

2.1 Compensation

Compensation (Reward and benefits) management is concerned with the formulation and implementation of strategies and policies, the purposes of which are to reward people fairly, equitably and consistently in accordance with their value to the organisation and thus help the organisation to achieve its strategic goals. It deals with systems (reward processes, practices and procedures) that aim to meet the needs of both the organisation and its stakeholders (Armstrong, 2006).

Rewards basically entail monetary and non-monetary returns payable to employees in return for their services (Mondy& Neo, 2005). Rewards are functional since they help express the appreciations and recognitions of the organisation to its employees (Danis, 2001). Reward system provides financial reward, promotion and other recognition, in order to motivate employees to take risk, develop successful new products and generate newer ideas. (Guptal& Singhal, 1993).

Therefore, compensation involves the determination of equitable wages, salaries and fringe benefits payable to employees. Compensation systems are regarded as one of the best incentives to motivate employees and it can be harnessed to improve safety, quality, creativity, innovation and a myriad of other outcomes critical in a successful workplace (Johnson, Friend, & Agrawal, 2015; Gupta & Shaw, 2014). Usrof and Elmorsey (2016) opined that employees should be managed properly and motivated by offering the best remuneration and compensation as it will serve the need for attracting and retaining the best employees. According to Akhator in Bello-Imam et al (2007), compensation is a means of reward and motivation to employees for their efforts towards the attainment of the organizations goals. The management should take certain decisions on the wage levels, structure and individual wage determination as the outcome of the compensation policy is dependent on the cost of living, ability to pay, good policy, the prevailing rate and the productivity attained by the firm. Rasch and Szypko (2013) submit that employees need to feel the hard work they put into their job matches what they get back from it and pay is an important component of this. Wiley (2011) finds that 25% of employees say fair compensation is the single most important thing they want from their organization. Osameke (2012) supports this that compensation management must be strategic to address long term issues relating to how people should be valued for what they do and what they achieve.Piriyathanalai and Muenjohn (2012) contend that a workplace that does not understand, appreciate and foster the need of all employees for recognition, appreciation, and for fair and equitable treatment is one that may see chaos, conflict, confusion and turnover. Employees need to know that they are valuable members of an organisation, and are respected for their contributions. Employees need recognition and proof of his/her value with satisfactory monetary compensation. Many organisations feel that employee compensation is the dominant factor in employee satisfaction. Consequently, employers attempt to “buy” employee satisfaction with

increased pay and benefits (Piriyathanalai & Muenjoh, 2012). This study examines the impact compensation can make on quality service delivery inhealth sector.

2.2 Performance Appraisal

Several acronyms have been used for performance appraisal such as performance review, personnel review, employee appraisal, service rating, performance evaluation, or efficiency report, all which are aimed at systematically organising, formalising, assessing and evaluating individual employee's job related strengths and weaknesses (Banjoko, 2002).

Employees appraisal involves the determination of performance competence, strengths and failures (weaknesses) of the employees on their jobs. Appraisal results are used to determine promotion, compensation plan, training and counselling needs. (Owoyemi& George, 2013). Performance appraisal assists hospitals in monitoring health workers performance, identifying training needs and discovering hidden talents towards developing the health workers capacity to attend to patients concerns and delivery of quality service (Choudhary &Puranik, 2014). To enhance employee development, employees need to be aware of their level of performance, given constant performance feedback. This will go a long way to reduce uncertainty, anxiety, low productivity and in many cases the loss of a loyal and productive employee (Choudhary &Puranik, 2014). To achieve satisfactory performance of healthcare delivery system in Nigeria, the National Health Policy stipulated montoring and evalution of health workers performance as a fundamental activity to be conducted (FMOH, 2004).

Moshin, Mechreen and Saneea (2013) see performance appraisal as a structured and formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview, in which the work performance of the subordinate is examined and discussed. This is done with a view of identifying weaknesses and strengths, opportunities for improvement and skills development. In addition, information obtained through performance appraisal provides foundations for recruiting and selecting new hires, training and development of existing staff and maintaining a quality of work force by adequately and properly rewarding their performance (Choudhary &Puranik 2014). It also helps in performance feedback, validation of selection process, promotions and transfers, layoff decisions, compensation decisions, human resource planning, career development and development of interpersonal relationships (Aggarwal & Thakur, 2013).

Performance appraisal increases employees commitment and satisfaction since they are given chance to discuss about their work performance (Tan &Nasurdin, 2011). One of the performance management processes that can be of huge support is an effective performance appraisal because it involves different measurements throughout the organization (Danis, 2012). Adebayo and Campbell (2007) submit that performance appraisal is a formal system of measuring and influencing an employee's job related attributes, behaviours and outcomes. It determines how productive an employee is and

how the productivity of the employee can be improved. Appraisal comprises the steps of observing and evaluating the level of employees performance and ideally providing them with feedback (Vandijk&Schodl, 2015). Performance evaluation is important to provide information about work performance, provide basis for reward allocation, promotions, transfers, layoffs, identify high potential employees, training and development opportunities, develop ways to overcome obstacles and establish supervisor – employee agreement and expectation. (Adebayo & Campbell, 2007).

Boohene and Asuinara (2011) agree that if assessment and reward criteria are related to the strategic objectives of the organization, human resource tools will directly support the achievement of the organizational strategy. Ahmed, Mohammed and Islam (2013) in support of this emphasise that that performance appraisal plays an important role, while Tang and Tang (2012) stress that appraisal process enables the organization to provide signals to employees concerning behaviours that are appreciated. Performance appraisal is a way of promoting team work, reducing grievances, identifying employees strengths and weaknesses and their training needs (Agyen –Gyasi & Boateng, 2015). The primary objective of performance appraisal is to optimize the quality of work and improve the quality of healthcare delivery (Choudhary &Puranik, 2014). Healthcare facilities are expected to develop a method of assessing the skills, knowledge and attitudes required by healthcare service providers. This criterion serves as a standard in judging how well the health personnel perform and also identifies areas of improvement. Therefore, establishing performance appraisal program in the hospital helps the management to monitor employees performance, and also motivates staff by improving their morale which translates to improved quality of health care practice (Choudhary &Puranik, 2014; Musyoka, 2015). In general, the basic purpose for performance appraisal system is to improve the employee performance toward ensuring effective and efficient achievement of organizational goals. (Adekanbi&Bayat, 2013; Nwenma & Gachunga, 2014). The impact performance appraisal can have on quality service delivery is examined in the study.

2.3 Empirical Literature

Many empirical efforts have been made to examine employee compensation and performance appraisal or on quality service delivery in the health sector. They include:

Naidoo and Mutinta (2014) conducted an investigation into quality service delivery in university of Kwazulu-Natal. Cross sectional design is used to identify the gap between expected service and perceived service that influence staff perceptions of service quality.

Ogunnowo, Olufunlayo and Sule (2015) examined client perception of service quality at an outpatient clinic of Lagos general hospital. The study employed a descriptive cross sectional approach using a modified SERVQUAL questionnaire to collect data. The

results show that after linear regression analysis, the assurance domain was the most important predictor of the overall perceived service quality.

Stakeholders Democracy Network (2013) conducted a study of poor service delivery in Bodo primary health care centre and Bodo general hospital, Gokana in Rivers state. The study analyses the reasons behind the failure of health care service delivery in the area. The participatory research and assessment carried out in the community revealed the impact of in effective service delivery on the people and that the provision of quality health is the most pressing need of the community in the face of lack of manpower, basic infrastructure and adequate equipment.

Wanjau, Muiruri and Ayodo (2012) examined the factors affecting provision of service quality in the public health sector Kenyatta National Hospital. The study used stratified random sampling to draw a sample of a total number of 103 respondents. Data were collected using closed ended questionnaires. The findings showed that low employee capacity, low technology adoption, ineffective communication channels and insufficient fund affect delivery of quality service to patients.

Salah (2012) in his study measured the dimensions of the quality of medical services provided in the Jordanian government hospitals from the perspectives of patients and staff. The study finds on increase in rate of quit job among doctors and nurses working in hospitals and the ministry of health, low degree of satisfaction and desire among staff to continue to work thereby contributing to low quality of health services provided to patients. It recommends training for workers in areas of dimensions of medical service quality.

Ozean and Hornby (2005) conducted a study on determining staff requirements in hospitals in Turkey. The study finds a reason for poor performance of employees in government hospitals is mainly due to lack of interest by the managers and heads of department to provide better conditions to hospitals staff and develop incentive system. It recommends the adoption of incentive and reward systems for staff and nurses.

Sunil, Ramesh andSomensaha (2008) analyzed the commitment of state health officials and its implications for human resource practice in Gujarat. The following initiatives were identified to foster development climate and healthy relationship between superiors and subordinates: useful performance feedback and recognizing and rewarding performance.

Adepoju, Opafunsho and Lawal (2017) examined the influence of performance appraisal on quality service delivery in South Western, Nigeria. The study adopted a survey method as research design. Multistage sampling technique was used to sample 241 health workers across the sampled facilities in South Western Nigeria. The data collected were analysed using descriptive and inferential statistics. The result of the regression analysis shows that performance appraisal significantly predict quality health service delivery.

Owoyemi and George (2013) examined the use of performance appraisal system in enhancing employees performance in a public sector agency in Nigeria. A sample size of 220 employees of the agency was used. Data collected were analysed using correlation. The findings revealed a significant relationship between appraisers or appraisals and employees performance.

Kwasira&Iravo (2022) investigated the effects of performance based compensation on the performance of health care workers in public hospitals in Kenya. The study adopted explanatory research design. The population was 481 health workers with a sample size of 218 health care workers selected. Data collected was analysed using descriptive statistics and linear rejection. The findings showed that compensation had negative effect on employee performance (β=-.152, p val. > 0.05)

Musyoka (2015) carried out a study on influence of performance appraisal on health workers performance in public hospitals: case of Mbagathi hospital, Kenya. The study adopted a cross sectional descriptive and exploratory research design using purposive and stratified sampling technique to survey 179 respondents. The results of the findings indicated that performance appraisal was poorly implemented and it was minimally used for training and promotion and not used in rewarding and feedback.

Bekere, Shigutu&Tensay (2014) in their study titled "The Effect of Employees Performance of their Work outcome" examined the perception of performance appraisal practice on employee work performance. Stratified and simple random sampling technique was applied to select a sample of 119 employees from the total population of 202 employees. The result indicates employees perception of performance appraisal practice had positive correlation with employees work performance.

ChengeyedMbithib & Musiepac (2015). Carried out a study on the Role of Performance Management System on Service Delivery, Case Study of Kakamega County General Hospital, Kenya. In this study, three hundred (300) permanent health workers were selected using stratified, simple and purposive random sampling technique employed to pick the respondents who participated in the study. The study revealed that performance target setting has high positive relationship with service delivery at the hospital.

Istifanus (2015) examined quality service delivery and its impact on clients perception in Ahmadu Bello University teaching hospital, Zaria. Survey design was adopted and data were collected from 360 clients using SERVQUAL model. Service quality is the independent variable while the clients perception of the five dimensions is the dependent variable. Method of analysis included descriptive, multiple regression, t-statistics, f-statistic and principal component analysis. The findings of the study show that quality service delivery impacted positively on the perception, empathy and responsiveness were the most important to the clients while clients were dissatisfied with tangibles, reliability and empathy dimensions. The similarity between this study and the

current study is that they both assessed service quality along its five domains. However, the difference between the two studies is in the evaluation of the impact on different variables. The study assessed service quality impact on perception, while the current study examined the impact of compensation and performance appraisal practices on service quality.

2.4 Conceptual Framework

From the reviewed literature, a conceptual framework is presented in figure 2.3 showing the key concepts and the relationships of the variables.

CONCEPTUAL FRAMEWORK

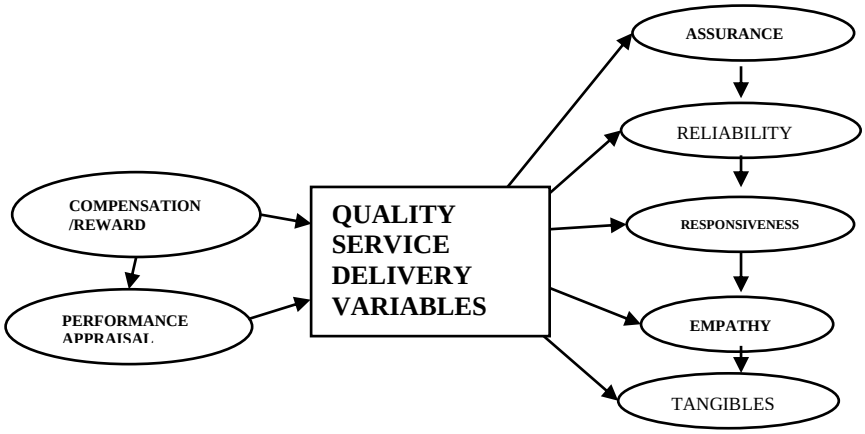

Figure 1

Source: Researcher's construct, 2024.

2.5 Theoretical Framework

A review of a few theories is done in this section to explain how compensation and performance appraisal interact to impact on service delivery in health facilities.

Resource based view by Barney (1991) argues that human resource is one of the organisation's resources that companies can use to achieve sustained competitive advantages through leveraging on "valuable, rare, imperfectly imitable and not substitutable" resources to meet strategic goals. Barney (1991) argued that a source of sustained competitive advantage is for a firm in an industry to have heterogeneous, intangible, valuable, rare, unimitable and non-substitutable assets to be used in implementation strategy that is not simultaneously being implemented by current or potential competitors, and is difficult to be duplicated by such firms (Aminu, 2015). RBV is acceptable as a theoretical foundation in this study to explain the linkages and impact of compensation and performance appraisal practices could have on quality service delivery in hospitals leveraging on skills, knowledge, attitudes and competences which people bring.

3.0 Methodology

3.1 Research Design

The research design of the study is a survey type. The survey was cross sectional in nature and data were collected from patients and employees of specialist and general of Kwara State. Close-ended questionnaire were administered on the in-patients, management staff and employees. SERVQUAL questions of Parasuraman et al (1988) were adapted to assess service quality dimensions. Compensation, and performance appraisal are the independent variables while quality service delivery is the dependent variable.

3.2 Population

The population of the study consisted of 1,151 employees of the 15specialist and general hospitals and 300 in-patients on admission in the various wards of the hospitals.

3.3 Sample Size and Sampling Technique

The study employed a multistage sampling method. From a population of 1,151 employees the sample size is 286 calculated using asample size table of Isreal (1992).

Firstly, a systematic random sampling method was used to select patients in the selected wards. This involved drawing every fourth patient in a list arranged in an order. For instance, after the selection of the fourth patient, the next was the eight, followed by the twelve and others followed systematically. Secondly, stratified random sampling also was used to select the number of patients and employees for each hospital that participated in the study. The population was divided into distinct groups by wards or department referred to as strata.

3.4 Method of Data Collection

Two separate questionnaires were used to collect data from the respondents. One for the patients and the second tool for the employees. The SERVQUAL questions was adapted for the patients expectations and perceptions of service quality. SERVQUAL uses 5 dimensions to assess service quality. These are tangibles, reliability, responsiveness, assurance and empathy

Paul and Anantharamen (2003) questionnaires was adapted for employees to elicit information on performance appraisal and, compensation.Respondents gave ratings on five point Likert rating scale indicating their degree of agreement or disagreement to the opinions with 1 for strongly disagree, 2= disagree, 3= neutral, 4= agree and 5 =strongly agree.

4.0 Results and Discussion

Partial least square (PLS) path modelling was used for analysis. The measurement model was done to assess individual item reliability, internal consistency reliability, convergent validity and discriminant validity. The structural model shows the path coefficients, level of R-squared values, effect size and predictive relevance of the model.

Table I, shows the factor loadings

Table I Factor Loadings, Composite, Reliability, Cronbach Alpha and Average Variance Extracted (AVE)					
Variables	**Code**	**Loading**	**AVE**	**CR**	**CA**
Assurance	ASS1	.803	.767	.908	.846
	ASS2	.909			
	ASS3	.911			
Compensation/Reward	CR1	.791	.586	.876	.822
	CR2	.805			
	CR3	.737			
	CR4	.805			
	CR5	.680			
Empathy	EMP1	.813	.606	.884	.836
	EMP2	.834			
	EMP3	.786			
	EMP4	.811			
	EMP5	.629			
Performance Appraisal	PA1	.779	.696	.920	.890
	PA2	.894			
	PA3	.831			
	PA4	.853			
	PA5	.811			
Reliability	REL1	.767	.578	.873	.817
	REL2	.804			
	REL3	.774			
	REL4	.753			
	REL5	.700			
Responsiveness	RES1	.844	.762	.941	.922
	RES2	.880			
	RES3	.883			
	RES4	.860			
	RES5	.896			
Tangibility	TAN1	.854	.823	.949	.928
	TAN2	.911			
	TAN3	.927			
	TAN4	.934			

Source: Researcher's computation, 2024.

The internalconsistency reliability using composite reliability coefficient was based on the ruleof thumb provided by Bagozzi and Yi (1988) as well as Hair et al (2011), whosuggest that the composite reliability coefficient should be at least .70 or more.

As shown in Table 1, the composite reliability coefficient of each latent constructsranged from .871 to .949, with each exceeding the minimum acceptable level of .70, suggesting adequate internal consistency reliability of the measures used in thisstudy (Bagozzi& Yi, 1988; Hair et al., 2011).

Convergent validity was assessed by examining the AverageVariance Extracted (AVE) of each latent construct, as suggested by Fornell and Larcker (1981). To achieve adequate convergent validity, Chin (1998) recommendsthat the AVE of each latent construct should be .50 or more. Following Chin (1998),the AVE values showed high loadings (> .50) on their respectiveconstructs, indicating adequate convergent validity.

Discriminant Validity

In the present study, discriminant validity was ascertained using AVE, as suggested by Fornell and Larcker (1981). This was achieved by comparing the correlations among the latentconstructs with square roots of average variance extracted (Fornell & Larcker, 1981). Additionally, discriminant validity was determined following Chin's (1998) criterionby comparing the indicator loadings with other reflective indicators in the crossloadings table. Fornelland Larcker (1981) suggest the use of AVE with a score of .50 or more. To achieve adequate discriminant validity, Fornell and Larcker (1981) further suggest that thesquare root of the AVE should be greater than the correlations among latentconstructs.

As shown in Table I, the values of the average variances extracted rangebetween .578 and .823, suggesting acceptable values. In Table 2 the correlationsamong the latent constructs were compared with the square root of the averagevariances extracted (values in bold face). Table 2 also shows that the square rootof the average variances extracted were all greater than the correlations among latentconstructs, indicating adequate discriminant validity (Fornell & Larcker, 1981).

Table 2: Measurement Model: Discriminant Validity

Latent Variables	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
1. Assurance	**.876**								
2.Compensation/Reward	.645	**765**							
3. Empathy	.770	661	**778**						
4.Performance Appraisal	.350	473	415	**835**					
5. Reliability	.459	535	517	478	324	**761**			
6. Responsiveness	.378	445	439	532	342	710	**873**		
7. Tangibility	.529	534	567	394	257	787	466	**907**	

Note: Diagonal elements (figures in bold) are the square root of the variance (AVE) shared between the constructs and their measures. Off diagonal elements are the correlations among constructs.

Consequently, the measurement model shows that the constructs are valid and reliable for further necessary analysis.

Assessment of Significance of the Structural Model

In the present study assessed thestructural model, the study also applied the standard bootstrappingprocedure with a number of 5000 bootstrapped samples and 243 cases to assesssignificance of the path coefficients (Hair et al., 2014; Hair et al., 2011; Hair et al., 2012; Henseler et al., 2013). Figure 1 shows the estimates of the structural model.

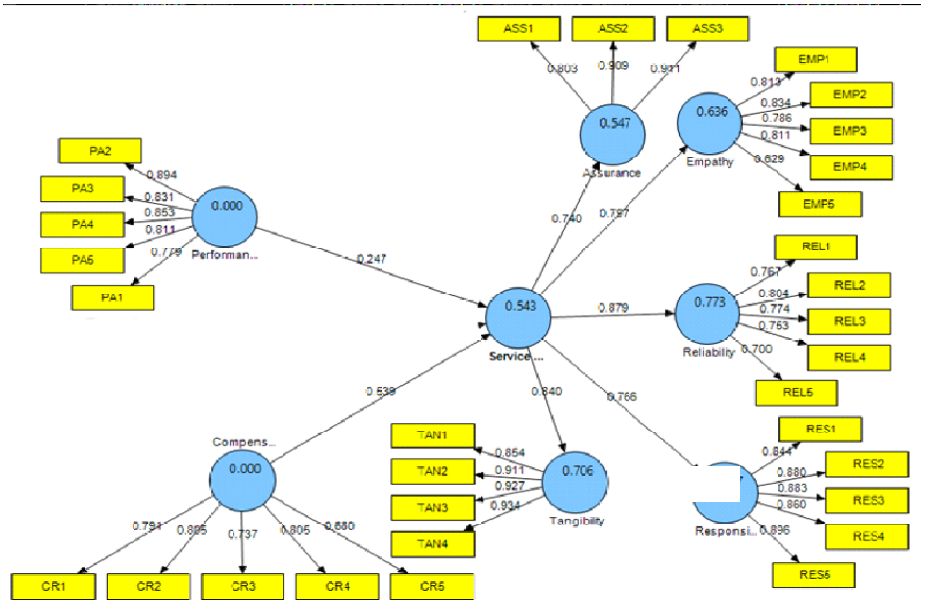

Figure 2

Structural Model

Source: Researcher's construct and computation, 2024.

Summary of Findings

Table 3 shows the structural model analysis. The result showed that structural model analysis: Path coefficients (Beta) standard error and T-statistics.

Table 3.1: Hypotheses Test

Hypotheses	Relationship	Beta value	Std Error	T value	value	Decision
H_1	Performance Appraisal -> Service Quality	.228	.043	5.314	000	Supported
H_2	Compensation & Reward -> Service Quality	.572	.047	12.229	.000	Supported

Significant at P<.05

Hypothesis 1 predicted that performance appraisal practice has no significant impact on quality service delivery in the health sector. From the result in table 3, it showed a significant impact of performance appraisal practice on quality service delivery (β= .228, t = 5.314, p<0.05). In line with the research question and objective of the study, Hypothesis 3 was supported.

Hypothesis 2compensation or reward was predicted to have no significant impact on quality service delivery in the health sector. Results in table 3 showed a significant impact of compensation practice on quality service delivery. (β = .572, t = 12.229, p <.05). Hence, the hypothesis 2was supported.

Table 3.2 Summary of Hypotheses Testing

Hypotheses	Statements	Findings
Ho_1	Performance appraisal has no significant impact on quality service delivery in health sector.	Supported
Ho_2	Compensation or reward has no significant impact on quality service delivery in health sector.	Supported

Source: Researcher's computation, 2024.

Assessment of Variance Explained in the Endogenous Latent Variables

An important criterion for assessing the structural model in PLS-SEM is the

R squared value, which is also known as the coefficient of determination (Hair et al., 2011; Hair et al., 2012; Henseler et al., 2009). The R-squared value represents theproportion of variation in the dependent variable(s) that can be explained by one ormore predictor variable (Elliott & Woodward, 2007; Hair et al., 2010; Hair et al.,2006). Falk and Miller (1992) propose a R-squared value of 0.10 as aminimum acceptable level. Meanwhile, Chin (1998) suggests that the R-squaredvalues of 0.67, 0.33, and 0.19 in PLS-SEM can be considered as substantial, moderate, and weak, respectively. Table presents the R-squared values of the endogenous latent variable.

Table 3.3 Coefficients of Determination (R^2) (Variance Explained in the Endogenous Latent Variable

Construct	R Square (R^2) Variance Explained
Quality Service Delivery	.543

Source: Researcher's computation, 2024.

Table 3.3 shows that the research model explains 54% of the totalvariance in quality service delivery. This suggests that the two sets of exogenous latent variables performance appraisal, training and development, compensation/reward) collectively explain 54%of the variance of the quality service delivery. Hence, following Falk and Miller's (1992) and Chin's (1998) thecriteria, the endogenous latent variable showed acceptable level of R-squaredvalue, which is considered as moderate.

Assessment of Effect Size (f2)

Effect size indicates the relative effect of a particular exogenous latent variable on endogenous latent variable(s) by means of changes in the R-squared (Chin, 1998). Itis calculated as the increase in R-squared of the latent variable to which the path isconnected, relative to the latent variable's proportion of unexplained variance (Chin,1998). Thus the effect size could be expressed using the following formula (Cohen,1988; Selya, Rose, Dierker, Hedeker, &Mermelstein, 2012; Wilson, Callaghan, Ringle, &Henseler, 2007):

$$\text{Effect size: } f^2 = \frac{R^2\text{Included} - R^2\text{ Excluded}}{1-R^2\text{Included}}$$

Cohen (1988) describes f^2 values of 0.02, 0.15 and 0.35 as having weak, moderate, strong effects respectively. Table 3.4 shows the respective effect sizes ofthe latent variables of the structural model.

Table 3.4 f^2 Effect Size of the Latent Variables on Cohen's (1988) Recommendation

Endogenous	Exogenous	R^2 Included	R^2 Excluded	f-squared	Effect size
Quality Service Delivery	Performance Appraisal	.543	.503	.088	small
	Compensation/Reward	.543	.327	.473	Large

Source: Researcher's Computation, 2024.

As shown in Table 3.4 the effect sizes for the performance appraisal, and compensation/reward were .088, and .473, respectively. Hence, following Cohen's (1988) guideline, the effects sizes of thesetwo exogenous latent variables on quality service deliverycan be considered as small, and large, respectively.

To answer the research question, which was does performance appraisal practice impact on quality service delivery inthe health sector. In the same vein, the study predicted that performance appraisal practice has no significant impact on quality service delivery. From the result in table 3.1, it showed a significant impact of performance appraisal practice on quality service delivery (β= .228, t = 5.314, $p<0.05$). By Cohen's (1988) effect size interpretation, performance appraisal effect size F^2 = .088 suggests that it has small impact on quality service delivery. This result is consistent with the findings of Owoyemi&George, 2013; Akah, (2015); Adepoju, Opafunsho& Lawal (2017).

The research question was does compensation or reward impact on quality service delivery in the health sector. In line with this research question, the objective of this study was to determine the impact of compensation or reward on quality service delivery. The finding indicates that when employees are equitably and fairly rewarded they may be committed to providing quality service. The result concurs with the findings of Huselid, 1995; Paul &Anantharaman, 2003; Singh &Kassa, (2016).

5.0 CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

From the findings of the study, it can be concluded that performance appraisal of employees has significant impact on the quality of services they render. In effect, employees should understand their appraisal method. Equally, it is confirmed that the compensation system too has impact on quality service delivery. Management should gauge this impact through patient's perception of the services they receive.

5.2 Recommendations

The following are some recommendations to improve compensation and performance appraisal towards effective service delivery. The management should ensure that the performance appraisal mechanism is transparently developed to achieve quality service delivery. It has to be strengthened to effectively monitor employees performance. The superiors who appraisal employees should ensure fairness, and avail employees opportunity for feedbacks.

Similarly, the compensation package of the hospitals should be made more rewarding and motivating. This is for it to be helpful in attracting and retaining employees relative to compensation in other sectors. The wage structure should continue to be a source of cooperation, industrial harmony and delivery of quality services.

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