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KENYA**

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**ABSTRACT**

*Despite the fact that County Governments have been investing heavily in staff empowerment strategies since inception its effect on job performance still remains vague. Several studies have been conducted on this subject and their results were diverse. More than 25% of organizations reported no significant empowerment-oriented practices in their organizations. The main purpose of this study was to investigate the effect of employee compensation on job performance among staff in the County Government of Kakamega, Kenya. This study was anchored on the Resource Based View Theory. A correlation research design was adopted for the study and the study targeted 242 respondents, drawn from all the county departments in the County Government of Kakamega. A sample size of 171 respondents was used. The questionnaire was the main instrument for data collection. Reliability analysis results illustrated that Cronbach alpha coefficients were above 0.7. The study employed criterion validity, construct validity of the instruments, and face validity. Data analysis and interpretation were based on descriptive statistics as well as inferential statistics using SPSS version 22. The findings of the study illustrated that employee compensation and employee performance were found to be linear, positive and significant (p-value less than 0.05). It was concluded that employee compensation accounted for 62.1% variation of job performance among staff of the County Government of Kakamega. This implied that if employee compensation were enhanced in the County Governments, employee job performance will be automatically improved. It was recommended that the county governments should fairly remunerate their employees through use of various types of bonuses like annual/year-end bonus and incentive bonus to motivate employees to better performance. The output of the study would be utilized by the Department of Human Resources Management by the County Governments of Kenya in the formulation of a systematic process of applying employee compensation. It would further guide formulation of policy in the key areas of employee compensation by County Governments and other policy makers. Finally, it would also contribute to scientific knowledge base for academic purposes for researchers in the area of employee compensation.*

**Key Words:** Employee Compensation, Job Performance, County Government of Kakamega

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