

Relationship between Human Resource Management Practices and Performance of Private Security Firms in Kenya: A case of Private Security Firms in Kitui County

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Abstract

Human Resources are vital to achieve success in the most effective and efficient ways, though only few organizations are able to fully harness this potential. Traditionally, Human Resource Management (HRM) function was considered by managers as a tool to deal with recruitment, record keeping and collective. However, the HRM function has evolved into being strategic partner, sharing ideas, perspective, and resources with marketing, finance, and other departments. This paper was therefore an attempt to discuss the relationship between human resource management practices and performance of private security firms in Kenya. A case of security private security firms in Kitui County. The paper assessed employee compensation as the main factor that is affecting performance of private security firms in Kitui County. The study adopted descriptive survey research design. To ensure sufficient representation, the researcher embraced stratified random sample of 175 officers from 312 employees from private security firms in Kitui County. Data collection was through questionnaires and analyzed through SPSS version 22, to obtain both descriptive and inferential statistics. There being a significant strong positive relationship between employee compensation and performance of private security firms, the study recommended that security firms should improve on compensation of their employees by increasing their pay so that their performance can improve.

Keywords:- *Human Resource Management Practices; Employee Compensation; Private Security Firms; Performance (key words)*

1. INTRODUCTION

Human resources are vital to achieve success in the most effective and efficient ways, though only few organizations are able to fully harness this potential (Nel et al., 2008). In economic downturns, all employees are expected to be high performers and focused on what matters most. As organizations try to execute business strategies, focus employees on work that matters hold people accountable, pay for performance and measure the return on their intangible assets, human resource management practices continue to be revisited and revamped (Khalumba, 2012).

Traditionally, Human Resource Management (HRM) function was considered by managers as a tool to deal with recruitment, record keeping and collective. However, the Human Resource Management function has evolved into being strategic partner, sharing ideas, perspective, and resources with marketing, finance, and accounting departments (White et al., 2003). Just as fast as technology and the global marketplace are changing, so is the role of Human Resources Management. Therefore new better ways and systems have to be sought and put in place so as to manage well this resource in a world that is ever growing competitive (Cardon & Stevens, 2004).

One issue that has featured prominently in hotels, corporate boardrooms, and public forums, in the streets and on the pages of local dailies is the widespread insecurity that has rocked Kenya. The wanton killings, robbery, muggings, car-jacking and rampant theft have defied conventional wisdom by continuing to rise against the backdrop of economic recovery (Oroni, 2006). This has not only made security a big business in the country, but has prompted the Kenya Security Industry Association (KSIA) to warn investors against engaging the services of fake security companies rushing in to cash on the windfall. Kenya Security Industry Association (KSIA) is a federation of private companies whose core business is the supply of security products and services. The Association has drawn on the Laws of Kenya, internationally accepted technical and systems specifications, and the professional experience of all member companies, to establish a set of benchmarks (White et al., 2003).

Kenya Security Industry Association (KSIA) aims at establishing and maintaining quality standards and good practices in the industry, providing a central forum to discuss common issues and represent the industry interests, providing a central organization for liaison with government, police, emergency services and other organizations, coordinating resources for commercial, professional and public education on security issues, technology and practice, and administrating the Kenya Security Industry Association (KSIA) Charter as an effective “customer assurance” programme (Oroni, 2006). All Kenya Security Industry Association (KSIA) members are entitled to display the SIA Quality Seal. This will enable the public to distinguish between companies which meet the standards and pledge to the Charter, and those which do not. Each seal indicated which type or types of security product and service the member provides to Kenya Security Industry Association (KSIA) standard. The seal is an authoritative endorsement that a security service company operates in accordance with high standards and strict code of practice (Caruth, & Handlogten, 2011).

Qureshi and Ramay (2006), outlines HRM practices as sophisticated selection methods, appraisal, training, teamwork, communications, empowerment, performance related pay and employment security. Macky and Johnson (2004) viewed HRM practices as job analysis, recruitment, selection, compensation, benefits, incentive, performance appraisal and training. Several researchers believe that there exist connections between HRM practices with some influential variables tending to increase organizational performance. Chow (2006) mentioned that business strategies paired up with appropriate HRM practices

will have a positive effect on organizational performance. The human resources practices create the most effective and efficient method of achieving any objective or task for a business. When aligned with the company mission statement and goals, these practices can address many of the personnel issues that may arise (Ichniowski et al., 1997).

Kenya's national security in both rural and urban areas has suffered greatly in the recent past, emanating from mugging, carjacking, terrorism and robberies resulting in injuries, deaths and loss of property, and ultimately impacting negatively to the economy (Qureshi & Ramay (2006). According to Macky and Johnson (2010) most governments have limited resources and thus cannot provide adequate security for their citizens. This has necessitated the establishment of private security firms to complement the government efforts in protecting its people. Private security companies make an important supplementary contribution to state security by inexpensively protecting businesses, individuals and foreign missions, thus enabling prosperity. Private Security Companies also represent a significant employer, particularly for individuals not qualified for state security work (Ichniowski et al., 2007).

However this booming industry may itself present a security threat if not well managed. As it is now, the business opportunities of these companies largely depend on clients' feelings of insecurity, and do not automatically contribute to secure environment (Hill et al., 2013). Because profit motives are dominant in this industry and the welfare of employees neglected, employees often act contrary to the public interest (Nel et al., 2008). The industry has negative side of poor working conditions for employees, poor pay, poor recruitment and selection procedures, long work hours, lack of proper training, equipment, education, and regulation which may have negative impact on security (Cardon & Stevens, 2004).

The private security industry can increasingly play a more significant role in making the country more safe and conducive for investment, development and growth. The Kenya government in the *Kenya Vision 2030* recognizes security as the foundation of good governance, societal t. The private security industry can play a role in the achievement of these through the application of appropriate HRM practices which in turn will have a positive impact on a company's overall business performance by improving employee satisfaction, customer satisfaction as well as the bottom-line business performance (Hosie et al., 2010). Human Resource Management (HRM) practices form the foundation supporting the way organizations' human capital operates. There is thus need to examine the relationship between human resource management practices and organizational performance in private security companies in Kenya, with a view of improving performance in this sector through a comprehensive combination human resource practices (White et al., 2003).

A study by Cardon, and Stevens, (2004), found that most of the private security guards leave their employment due to low salaries, change of career, misconduct, sickness, long working hours, lack of career prospects, further studies, family related issues, poor working conditions, and lack of job satisfaction. In a study by Alnaqbi, (2011), it was found that university graduates worked as Security guards due to lack of employment. The more educated employees especially degree graduates were more likely to quit their jobs than the non-graduates. Huselid, (1995) found out that long working hours was a predominant factor cited as a reason leading to some guards leaving the private security industry as well as one that will make the current crop of guards look for other forms of employment. The current study therefore analyzes ways in which human resource management practices influence the overall performance in private security firms.

1.1 Research Question

To what extent does employee compensation influence performance of private security firms in Kitui County, Kenya?

2. LITERATURE REVIEW

Compensation theory refers to the relationship between the work domain and the other (non-work) life domains. This theory proposes that what may be lacking in one sphere, in terms of demands or satisfactions can be made up in the other (Boysen et al., 2009). For example, a person may choose to overcome job dissatisfaction by enjoying active participation in community life, thus compensating dissatisfaction in one domain by being satisfied within another domain. This way, the satisfaction in one domain 'compensates' for the dissatisfaction in another as the life domains are being counterbalanced according to this theory.

The compensation might be either supplemental or reactive. Supplemental compensation occurs when desirable experiences, behaviors, and psychological states that are insufficiently present in the work situation are pursued in family activities. Reactive compensation occurs because deprivations experienced in work are made up or compensated for in non-work activities. Resting from fatiguing work or seeking leisure activities after work are examples of this process (Boysen et al., 2009). A compensation package does not necessarily mean rewarding in the monetary form. It also includes flexible benefits, medical care, work-life balance, as well as employee perks.

This theory applies to the study in the sense that today's employees not only work for the money, but also place equal emphasis on other aspects of compensation. Compensation is the primary motivating factor for employees to continuously push themselves to strive for greater heights. It offers them a reason to work hard and keep driving towards achieving the next milestone. On the other hand, employee performance and efficiency can be drastically affected if a good compensation package is absent.

2.1 Empirical Literature

In today's dynamic economy, the globalization forces are across the board of the world and national boundaries are vanishing (Boysen et al., 2009). The most important impact of globalization is technological and demographic changes, product revolution and accelerating trends. To grow and manage a globally competitive organization, an organization needs to produce and develop its employees who can think and act in line with the changing organizational needs. People can be trained, formulated and molded as per the needs and wants of business demand. In the rhythm and tapping of many new opportunities, human matrix plays a major role. Success of new business ventures across the borders is determined by the human factor and their contribution (Wanous, & Lawler, 2012). Rundle (2007) argued that people and not the firm are the acclimatizing mechanism who determines the responsiveness of an organization towards the competitive environment (Huselid, 2009).

Compensation systems are motivational and attraction to the employee to perform their effectively (Leonard & Jonathan, 2010). Based on expectancy theory, once pay is linked with performance of group or individual, employees are more likely to increase their efforts in working hard to increase the performance of individual and the organization which related to increase and improve the overall organization's performance. This influences them to gain more compensations and rewards based on their high performance. A compensation package does not necessarily mean rewarding in the

monetary form. It also includes flexible benefits, medical care, work-life balance, as well as employee perks (Caliskan, 2010).

Employees not only work for the money, but also place equal emphasis on other aspects of compensation (Leonard & Jonathan, 2010). A good compensation package ensures employee retention since a compelling compensation plan helps to reduce the turnover rate of the company. Employees will be more incentivized to stay in their role and this saves potential expenses related to turnover. Compensation is the primary motivating factor for employees to continuously push themselves to strive for greater heights (White et al., 2003). It offers them a reason to work hard and keep driving towards achieving the next milestone. People get remunerated but living from hand to mouth. By identifying the impact of employee return in organization will help organizations to foster organizational commitment and enhance their satisfaction level among staff members (Caruth & Handlogten, 2011).

A well-crafted compensation plan is imperative to the success of the company. However many compensation processes rely on Excel spreadsheets that offer no room for optimization and streamlining. Using specialized compensation software to plan compensation allows compensation managers to use hard data to identify compensation strategies that provide the greatest return on investment (Leonard & Jonathan, 2010). Human Resource Management (HRM) is the management of an organization employees providing and maintaining necessary stability of human resource for flat operations of organization is a main role of HRM. Its scope has been widened to many new and famous areas (Caruth & Handlogten, 2011). Organizations having capable and skilled employees give aggressive boundary and it is said to be most sustainable source of competitive advantage. In Human Resource Management Rewards is direct and indirect providing good return to persons working in organization have comforting result on both employee and organizational performance (Huselid, 2008).

Compensation practices are positively related with retaining and enhancing the skilled employees that are considered assets of an organization. Mondy & Noe, (2008) divided compensation in two types' financial compensation a non-financial compensation. Financial compensation is further divided into direct and indirect financial compensation. Direct compensation includes good salary packages, profits and commission indirect financial compensation are all those benefits that are not covered by direct financial compensation. Non-financial compensation consists of responsibilities, opportunities, recognition, promotion, vacations, work place environment, sound policies, insurance, medical, retirement etc. All these compensations affect the performances of the employees in different manners. Alnaqbi, (2011) argued about the non-financial compensation which should be any reward that should focus on the needs of people which can be different such as level of attainment, respect, task ,control and individual improvements (Tessema & Soeters, 2006).

HR recruitment and selection practices generally are based on the organization's mission and the workplace culture. For example, employers that recognize the value of workplace diversity embrace recruitment practices designed to attract a diverse applicant pool. Recruitment practices underlie recruiting activities and functions such as sponsoring career fairs at colleges and universities with diverse student populations, advertising job vacancies across several venues to reach a broad audience (Huselid 2009). According to Caruth and Handlogten, (2011) the general purposes of the compensation policy covers respecting employees' performance, maintaining a competitive labor market conditions, maintain justice employee salaries, motivating employee performance and reduce employee turnover. Therefore, if

the top management keeps ignoring and non-adopting the compensation programs, the performance of the employee will also keep declining.

2.2. Conceptual Framework

This is a graphical presentation showing the relationship between the dependent variable and independent variables. For the purpose of this study the dependent variable is performance of private security firms and independent variables are employee compensation, employee number of working hours, employee training and development and employee welfare. Compensation is expected to positively influence firm performance as it is the cornerstone of a productive workforce. The quality and performance of a firm is usually directly dependent on how well you execute your compensation planning strategies as shown in figure 2.

3. METHODOLOGY

The research used a descriptive or survey design since it is efficient in collecting large amounts of information within a short time. Kerlinger (2008) encourages the use of surveys in social economic fact finding because they provide a great deal of information which is accurate. Descriptive survey method is preferred because it ensures complete description of the situation, making sure that there is minimum bias in the collection of data (Kothari, 2008). Kothari (2012) also recommended use of descriptive research design where the problem has been defined and the researcher wants to establish certain facts about the problem. The target population was 312 employees of 53 of private security firms in Kitui County (HR Records 2016). According to Ngechu (2004), a population is a well-defined set of people, services, elements and events, group of things or households that are being investigated. Kothari (2012), explain that the target population should have some observable characteristics, to which the researcher intends to generalize the results of the study. The researcher used stratified sampling to enhance the accuracy of the study. The study embraced stratified random sampling technique as it reduces selection bias. It also ensured each subgroup within the population receives proper representation within the sample (Mugenda & Mugenda, 2003). The ultimate test of a sample frame is how well it represents the characteristics of the population it purports to represent (Cooper & Schindler, 2003). The researcher focused on the specific stratus (Human Resource managers, departmental heads and operation heads) of the private security firms operating in Kitui County who are 312 (HR, Records 2017). A random sample of 175 employees was obtained using the Cronchran's (1977) was drawn from 312 employees as shown in the sampling frame table 3.0. Questionnaires were administered to the respondents with a return rate of 86% (150 questionnaires) since they collect large amounts of information from a large number of people in a short period of time and in a relatively cost effective way with limited effect to its validity and reliability of data collected (Mugenda & Mugenda, 2003).

3.1 Results of the Study

The results for the variables attributes were tabulated and analyzed using mean and standard deviation. The study used a Likert scale measurement with 1 representing strongly disagree and 5 representing strongly agree. The descriptive statistics for the independent variable are shown in Table 3.1

3.1.1 Descriptive statistics for employee compensation

From the findings, strongly agreed that customer's satisfaction levels have increased for the last five years due to professional service delivery as result of more training and development as indicated by

weighted mean of 4.01. This is an indication that training and development plays a very significant role in determining the performance of security firms. More training would improve performance and vice versa. Also the respondents strongly agreed that the company has been improving its employee's welfare after every five years i.e. when a firm is concerned with employees' welfare, performance increases as indicated by a mean of 4.00. In addition the respondents strongly agreed that demand for security personnel and services has been increasing yearly over the last five years as a result of employee compensation thus increase in performance of private security firms as indicated by a weighted mean of 3.87. In addition, it was however strongly agreed that increase in number of working hours does not necessarily increase performance of firms as indicated by a weighted mean of 3.77

4. DISCUSSION/CONCLUSION

This study sought to investigate the role of employee compensation on performance of private security firms. The study findings revealed that the study strongly agreed that the increase in customer satisfaction levels due to professional service delivery for the last five years as a result of more training and development increasing the performance of the security firms as indicated by weighted mean of 4.01. This is an indication that training and development plays a very significant role in determining the performance of security firms. More training would improve performance and vice versa. Also the study strongly agreed that the company has been improving its employee's welfare after every five years i.e. when a firm is concerned with employee's welfare performance increases as indicated by a weighted mean of 4.0. In addition the study strongly agreed that the demand for security personnel and services of the company has been increasing yearly over the last five years as a result of employee's compensation thus increase in performance of firms as indicated by a weighted mean of 3.87. In addition, it was however study agreed that increase in employee number of working hours does not necessarily increase the performance of firms as indicated by a weighted mean of 3.77. There was also a significant relationship between employees compensation and performance of security firms employees ($r = 0.852$, $p < 0.05$).

The study revealed that the correlation analysis proves that at 5% significance level, there was positive correlation between relationship between human resource management practices (employee compensation, employee number of working hours, employee training and development and employee welfare) and performance of private security firms in Kitui County. Based on Pearson correlation coefficients obtained of 0.825, 0.825, 0.773, and 0.825 respectively. This Pearson correlations coefficient suggests that there is strong positive correlation between performance of private security firms and employee compensation, employee number of working hours, employee training and development, and employee welfare as the correlation coefficient exceeded 0.5.

Model summary results established that the R square was 0.681. This means that 68.1% of variations in the in the employees performance is explained by the independent variables styles (Compensation, Number of work hours, Employee training & development and Employee welfare respectively). The remaining 31.9% was explained by other factors not investigated by this study.

Based on the findings of this study, it was concluded that; there was also a significant positive relationship between employees' compensation and performance of security firms' employees. This is because the results show that an increase in compensation would lead to an increase in performance and vice versa.

There was significant negative relationship between employees working hour and performance of security firms' employees. This is because the results show that an increase in working hours would lead to a decrease in performance and vice versa.

There was a positive relationship between training and development and performance of security firms' employees. This is because the results show that an increase in training and development would lead to an increase in performance and vice versa.

There was a positive relationship between welfare and performance of security firms' employees. This is because the results show that an increase in welfare involvement lead to an increase in performance and vice versa.

4.1 Recommendations

The study findings revealed that customer satisfaction levels have increased for the last five years due to professional service delivery as a result of more training and development increasing the performance of the security firms. Based on the findings, this is an indication that training and development plays a very significant role in determining the performance of security firms. More training would improve performance and vice versa. Also the study agreed that the company has been improving its employee welfare or the last five years i.e. when a firm is concerned with employee's welfare performance increases. In addition the study strongly agreed that the increase in demand or security personnel and services for the company has been increasing yearly over the last five years as a result of employee's compensation thus increase in performance of firms. In addition, it was however agreed that the increase in employee number of working hours does not necessarily increase the performance of firms. Therefore the study recommended that; the security firms should improve on the compensation of their employees by increasing their pay so that their performance can improve.

The study established that the employee number of workings hours and performance, the study strongly agreed that the stipulated duration of a normal shift is as per the Kenyan labor rules. Also other study strongly agreed that the firm allows the employees to attend to family and other non-work matters. This shows that most of the respondents were not comfortable with the working hours in their firms, and this was likely to affect their performance negatively. In that case, their work loses some of its efficiency because workers might do the same amount of work for extra money. The researcher recommends that the government should constantly inspect the security firms to ensure that they are following the laid down policies on working hours in Private Security Firms.

Further, the study revealed that employee training and development and performance, the study strongly agreed that the firm has embraced risk management in its human resource management practices. This is an indication that most of the employees were satisfied with risk management in its human resource management practices which was likely to positively influence their performance. However some of the study strongly agreed that there is maximum job satisfaction. This means that training and development influences performance. It is also recommended that the security firms should continuously train their staff on the job so as to improve performance of Private Security Firms.

Finally, the study also revealed that the employee welfare and performance, the study findings revealed that the respondents strongly disagreed with the statement that, any type of illnesses is catered for in the firm medical. However the study strongly agreed that the physical conditions of the firm environment is conducive. The fact that not all illness are taken care by their firms was likely to affect the performance of employees. In most cases, Occupational Health Safety (OHS) is largely measured by

negative outcomes such as workplace injury and illness but these measures have a shortfall, for instance, a low incidence of injury does not necessarily mean that adequate safety systems and controls are in place. The researcher also recommended that all security firms should take care of their staff welfare to make them comfortable at work thus increase in productivity of Private Security Firms.

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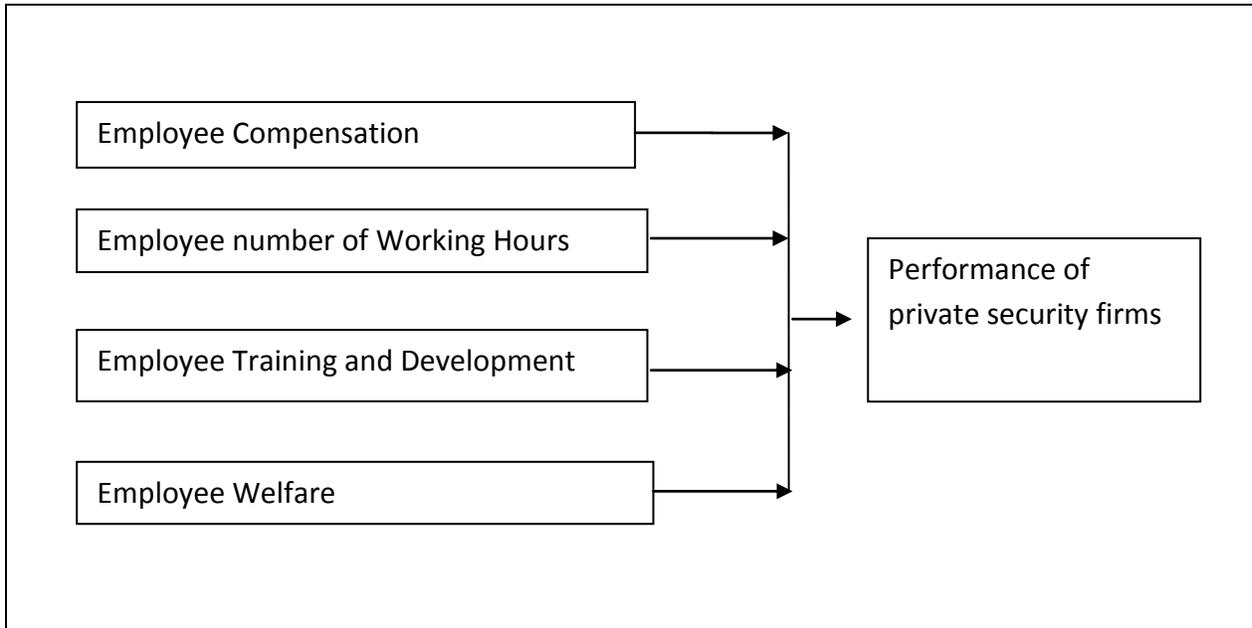


Figure 2.: Conceptual Framework (Researcher, 2017)

Firm Type	Estimated population size	Desired sample size
Large	$53=53\div 312\times 175$	30
Medium	$206=206\div 312\times 175$	115
Small	$53=53\div 312\times 175$	30
Total	312	175

Table 3. Sampling frame (Researcher, 2017)

Statement on Employee Compensation and Performance	Min	Max	Weighted Mean	Std. Deviation
Employee's compensation increases performance of firms as a result of increased demand for security personnel/services for the last five years.	1	4	3.87	0.780
Increase in number of working hours does not necessarily increase performance of firms.	1	4	3.77	0.728
Customers satisfaction levels have increased for the last five years due professional service delivery as a result of more training and development	1	4	4.01	0.771
The company is concerned with employees' welfare, as a result of improved employee welfare for the last five years.	1	4	4.00	0.995
Overall mean			3.912	0.8534

Table 3.1 Descriptive Statistics for Employee Compensation and performance of private security firms