



EFFECTS OF REWARD MANAGEMENT PRACTICES ON EMPLOYEE RETENTION AT FOUR-STAR HOTELS IN SOUTH COAST, DIANI

¹Maurine Nora Ajuang Mjambili, ²Dr. Mary Idua, ³Dr. Ahmed Anwar Hood

¹Student, Master of Business Administration (HRM Option), Department of Business Administration, Technical University of Mombasa

Email: mauramja2@gmail.com

²Lecturer, School of Business, Technical University of Mombasa, Mombasa, Kenya

³Senior Lecturer, School of Business, Technical University of Mombasa, Mombasa, Kenya

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ABSTRACT

Reward management practices is a very important aspect in human resource management in every industry and/ or organization. The main aim of this research study was to determine the effects of reward management practices on employee retention at Four Star Hotels in South Coast, Diani. Specifically, the study was determined to establish the effects of compensation management practices, job recognition at work, career advancement policies and job security on employee retention at Four Star Hotels in South Coast, Diani. Concurrently, the study adopted Equity theory and Maslow Needs Hierarchy Theory. The sample size was 88 obtained from the total population of 112 employees. Both primary and secondary data were used. Primary data was collected by use of structured questionnaires and rated on a five-point Likert-type scale ranging from 1-5. To establish the relationship between the dependent and independent variables, Pearson correlation coefficient was computed at 95% confidence level. Regression analysis was computed to test hypothesis. On demographic information, all the parameters were found to be valid and the research instrument measured by Cronbach Alpha was found to be reliable for making conclusion. The findings showed that compensation management practices, job

recognition, career advancements and job security significantly affected employee retention at Four-star hotels in the South Coast, Diani. The study recommended that compensation management practices, job recognitions, career advancements policies and job security should be prioritized by the management in the hotels. The study also recommended that further research could be done using other determinants of employee retention in other industries.

1 INTRODUCTION

1.1 Problem Statement

The concept of reward management has been viewed by Armstrong, (2015); Brown, (2015); Gross and Friedman, (2015); Jiang (2015); Lyon and Ben-Ora, (2016), as an approach to impress employee which incorporates financial rewards as well as other rewarding experiences, such as the type of work, work environment, management and leadership style, and opportunities for learning and development. Getting employees to stay requires organization commitment, continuous motivation and prospects for progression (Latukha, 2014). Moncarz, Zhao and Kay, (2015) also observed in retaining employees with lasting objectives effective training is critical. Similarly, Solnet (2014) found out that poor service opportunities, poor professionalism and poor job atmosphere leads to employee mobility apart from increased from one organization to another in the Middle East region. However, the findings by Latukha, (2014); Moncarz, Zhao and Kay (2015); Solnet (2014) cannot be generalized in the developing African countries like Kenya due to cultural and economic disparity.

Introduction of strategies in reducing employees' turnover have been attempted in African hotel industry. Honyenuga and Adzoyi, (2015) note that in Ghana, Seychelles, Zanzibar, Morocco, Mozambique and Tanzania the hotel industry is very dynamic in services they offer, the strategies for retention need also to be dynamic. The study (Honyenuga & Adzoyi, 2015) further reiterated that low salaries and poor work service in the hotels has to do with the major cause of the high turnover. They further stated that incentive packages rewarded to employees in the four-star hotels in particular are satisfactory. However, these strategies have worked; a further research should be carried out on other regions with different economic and cultural characteristics (Honyenuga & Adzoyi, 2015).

In Kenya, a study by Samuel and Chipunza, (2014) showed that low and unfriendly remuneration scales in the hotel industry have by and large resulted in the struggle to retain top personnel. Curtailing many females in joining the industry are moreover, the working hours and shifts in the hotel sector has remained to be unfriendly, for instance; working odd hours, working in shifts and the social stigma of working in the hotels (Samuel & Chipunza, 2014). Management needs to review the employee welfare by giving better salaries, introducing flexible working hours, balancing individual work and personal life; among other incentives in order to promote employee retention as therefore shown by research. Some fringe benefits like medical cover, bonuses, paid holidays and promotions are ranked moderate while job security ranked low when it comes to employee's retention factors as pointed out by a study done by Njoroge (2015) at hotels in Kisumu to evaluate the quality of services offered by the employees.

Prior scholars (Banhwa, Chipunza, & Chamisa, 2014; Cascio, 2014; Teng, 2015) have noted that there is little research focusing on essential elements of reward management on retaining the employees in the hospitality industry. Similar sentiments have been anchored by Nwosu, (2016) that more scholarly articles are needed on reward management strategies in the hospitality industry. Effects of retention on organization performance, is albeit discussed in a wide range of literature (Marchington and Kynighou, 2014; McDonnell and Burgess, 2014; Nijssen and Paauwe, 2015; Psychogios and Wood, 2015), little evidence suffices on the relationship of reward strategies on employee retention. However, the total reward theory has been developed and mainly applied in the Western contexts which have traditionally been characterized by financial stability (Brown, 2015) and in larger mainstream organizations that adopt formal reward practices (Demir, Çolakoğlu & Güzel, 2016), the research on reward strategies and employee retention is still missing in the developing countries. It is, therefore, relevant and timely that the study was to be explored in the Kenyan economy, particularly in Diani, South Coast, Kenya.

1.2 Objectives of the Study

1.2.1 General Objectives

To determine the effects of reward management practices on employee retention at Four Star Hotels in South Coast, Diani.

1.2.2 Specific Objectives

- i. To determine the effects of compensation management practices on employee retention at Four Star Hotels in South Coast, Diani.
- ii. To find out the effects of job recognition at work on employee retention at Four Star Hotels in South Coast, Diani.
- iii. To determine the effects of career advancement policies and practices on employee retention at Four Star Hotels in South Coast, Diani.
- iv. To determine the effects of job security on employee retention at Four Star Hotels in South Coast, Diani.

1.3 Research Hypothesis

H₀1: Compensation management practices does not significantly affect employee retention at Four Star Hotels in South Coast, Diani.

H₀2: Recognition at work does not significantly affect employee retention at Four Star Hotels in South Coast, Diani.

H₀3: Career advancement policies and practices does not significantly affect employee retention at Four Star Hotels in South Coast, Diani.

H₀4: Job security at work does not significantly affect employee retention at Four Star Hotels in South Coast, Diani.

1.4 Scope of the Study

The study mainly focused on four-star hotels situated in Diani based on the main purpose of finding out the effects of reward management on employee retention in the hospitality industry. The study was limited to specific objectives which included finding out the effects of compensation management policies, job recognition at work, carrier advancement policies and job security on employee retention at hotels in Diani. The study was done during June and July 2019 using questionnaire as the main method of primary data collection.

2 LITERATURE REVIEW

2.1 Theoretical Framework

Various scholars have put forth their views to explain the impact of reward management on the employee retention. Some of the relevant theories to this concept includes; Equity Theory and Maslow's Needs Hierarchy Theory.

2.1.1 Equity Theory

As illustrated by Adams (2010), the principle that all people have a desire to be treated reasonably led to the establishment of Equity Theory. Inequity where individuals consider not to be treated as favorably as others and equity as being treated respectably in comparison to others is what the equity theory is based upon. How the organization and employees deal with disparities that arise from different types of comparisons is one of the major issues that the equity theory relates to as exerted by (Martin, (2013); Grant and Shin (2014). Inequality is created when salary differences are high among the employees and high performing employees make self-comparisons and distinguish themselves from low performing employees even though they all perform similar tasks in the organization. Implementing a salary privacy policy is one solution reclining in the solving of such a difficulty as outlined by (Grant & Shin, 2014). Colella, Paetzold, Zardkoohi and Wesson (2015). When analyzing pay and its relation to retention of employees, apparent fairness is considered important (Taylor, 2013; Allen, 2015). Frustration and finally employee exit is consequently a result of inequality especially in rewards (Aquino, 2016). Being competitive in the businesses is paramount but additionally, paying the highest remuneration in business may not enhance retention (Taylor, 2016). Education and support, promotion possibilities, balance between life and work and conducive workplace atmosphere are pragmatic profits that could be customized by employees in organizations and can be featured together with equity in payment to enhance retention of employees (Moroko & Uncles, 2016).

Where injustice has been linked to a diversity of important behaviors such as reduced morale in the job and willingness to depart from the organization, the view of justice is an imperative theory at the workplace as confirmed by Hay, 2016). Reward management is linked to equity theory in entirety since the theory seeks to explain how employees view the ratio between the inputs they bring to the workplace and the outcomes they obtain from it. The theory also helps the employer to award their employees equitably.

2.1.2 Maslow's Needs Hierarchy Theory

As formulated by Abraham in 1943, individuals' motivation depends on the desire to satisfy different levels of needs are the premise and suggestion that this theory is based on (Armstrong, 2015). According to the founder (Abraham, 1943) as quoted by (Gunnigle, Heraty & Morley 2014), Beginning with the most basic-level called physiological needs and progressing through

the higher-level called self-actualization, which is never fully satisfied are the five types of unsatisfied needs that people are motivated by. People may then be motivated to seek satisfaction at the next level once the needs of one stage are met (Kouloubandi, Jofreh & Mahdavi, 2014).

Typically described and illustrated as a vertical scale or in a pyramidal form are five major needs that Maslow brings in a hierarchical order as illustrated by Udechukwu, (2014). The start point is physiological needs (food, drink, survival) leading through safety needs (protection and security), social needs (to belong, to love and be loved, to interact with others), esteem needs (self-esteem, self-regard, value and regard of others) to the higher-level needs, self-actualization for fulfillment. Employees whose lower level of requirements are not met may not be motivated by higher level of needs and that the lower-level of needs are not being met if employees are not earning sufficient payment for their essential needs as reiterated by Armstrong, (2015) that this is due to the category in ranking. More motivated by monetary rewards than those who were being compensated more than sufficiently to meet their essential needs were employees at lower pay levels. Maslow's work is "Its recognition of a need to order or scale human wants and its recognition of human activity as an important area ripe for the application of sophisticated psychology theories and techniques that are today dubbed management studies among other rubrics is what is most important about Maslow's work (Udechukwu, (2014).

Lower level needs such as psychological needs can be applied with rest and refreshment breaks, physical comfort on the job and reasonable work hours according to an analysis of Maslow's theory by Schneider and Alder, (2015). Safe working conditions, job security, based in compensation and benefits are what are referred to as safety needs. Friendly co-workers, interaction with customers and pleasant supervisors leads into social needs. Giving employees responsibility of an important job, praise and recognition from the boss and promotion to higher status job is how esteem needs which are in the higher level needs can be achieved. Creative and challenging work, participation in decision making and ongoing training can fulfill the self actualization needs. The fact that workers move up the pyramid during their employment experience and this helps them to stay longer in the organization because they feel self-actualized in the industry is what makes Maslow's theory will be relevant to this study.

2.2 Conceptual Framework

A diagrammatic illustration that shows how ideas are organized to achieve a research postulated purpose is what a conceptual framework depicts. It identifies how variables are connected to each other in the research study. Clarification of concepts and propositioning of relationships among the concepts in a study is the main purpose of a conceptual framework (McGaghie, Bordage & Shea 2015). In this research proposal, employee retention will be used as dependent variable subjected to financial and non-financial rewards; direct and indirect rewards and finally intrinsic and extrinsic reward system as the independent variable as illustrated below.

Independent Variable

Dependent Variable



Figure 2.1 Conceptual Framework

2.2.1 Compensation Management Practices

Important parts of strategic human resource management forecasting on the decisions about salaries, incentives and benefits are important in attracting, motivating and retaining employees are the design, implementation and maintenance of compensation systems (Pynes, 2014). Employees want to be paid well for their jobs, both for their self-esteem and as a practical means to living although money is not the major reason why people leave their jobs as this is the common knowledge. A key talent retention strategy companies are offering higher pay as indicated in a survey by PricewaterhouseCoopers (PwC), (2014). Widening the scope of performance-related compensation and salaries to attract and retain talent by majority of companies surveyed was indicated by the survey. All forms of financial returns and tangible service and benefits employees receive as part of an employment relationship is what Singh (2016) refers to as compensation, Financial rewards are essential strategies to recruiting and retaining high skilled staff Armstrong and Brown (2016).

According to Dessler (2015), all forms of pay going to employees and arising from their employment are referred to as employee compensation. Non-financial benefits are not included in the phrase “all forms of pay” in the definition, but all the direct and indirect financial compensations. Pay received in the form of wages, salaries, bonuses and commissions provided at regular and consistent intervals consists of direct financial compensation while all financial rewards that are not included in direct compensation and can be understood to form part of the social contract between the employer such that the employee would wish to remain working in the organization includes indirect compensation. Compensation must be seen to be internally fair and equitable, industry competitive, and well communicated for total rewards strategy to work effectively (Armstrong, 2015). Jack and Adele (2016) in a study of hotels in Nigeria found out that an indication of employees’ worth to retaining them in the organization is their need of more money and more disposable income, and that their view of their income level. In aligning staff behavior with business goals, monetary rewards are crucial in attracting and retaining talented employees as shown by extensive research (Zingheim & Schuster, 2013; Trahan & Yearout, 2015; Zingheim, 2015; Chartered Institute of Personnel and Development (CIPD), 2015). Base pay is believed to be the element that attracts individuals to an organization, benefits help to retain them and variable pay motivates them in their work as indicated by surveys conducted by CIPD, (2015).

2.2.2 Job Recognition at Work

Very important for organizations is employee knowledge, skills and competencies. One of the discrete sources of competitive advantage that needs to be maximized and recognized is the employee talent (Bhatt, 2015). Mapping and retaining highly skilled employees and always reminding them how valuable they are to the organization needs to be undertaken by the managers (Bhatt, 2015). Avoiding dissatisfaction and preventing employees from leaving the organization will be achieved this way (Noe 2016). Establishing a balance between employee's goals and organizations' goals and keeping the employees' morale high can be achieved by organizations by rewarding and recognizing employees (Selden and Sowa, 2015). According to Selden and Sowa (2015), more time and resources on developing employees as future leaders and cultivating a positive working environment should be invested by organizations so as to improve on employee retention. According to Fisher (2015), a form of recognition that provides encouragement for an employee is reinforcement. It develops Job satisfaction and improvement of relationships and self-esteem among employees, supervisors and managers is developed by a form of recognition (Fisher, 2015). Employees tend to have much more positive attitude about their jobs, feel heightened sense of satisfaction and self-worthiness and are actively involved in making the business successful with reinforcement. A contented employee always performs to the best of his abilities and is clear about the employer's expectations. A simple but important tool for enhancing employee retention is displaying elementary appreciative behavior (Stocker, 2014).

Labor turnover and productivity as the variables was used by Huselid (2015) in a study on testing the influence of reward system on employee performance. If employees perceived to be awarded appropriately, they will work hard was the findings shown by this study. March and Simon, (2015) poised that the rate at which an employer gains and loses employees is what is termed as labor turnover. Arnold and Feldman, (2014) concluded that predictive of employee's leaving for another job are perceptions of job security, the presence of a union, compensation level, job satisfaction, organizational tenure, demographic variables such as age, gender, education, and number of dependents, organizational commitment, whether a job meets an individual's expectations, and the expressed intention to search for another job, and Sheridan (2014) also concluded turnover is influenced by perceptions of organizational culture. Employees who have decided on the desirability of movement and the perceived ease of movement, job dissatisfaction

can cause them to leave (March and Simon, 2015). Mobley, (2016) found out that prior to leaving the organization, individuals experiencing job dissatisfaction on basis of poor reward policy in the hospitality industry. Productivity as a performance measure encompassing both efficiency and effectiveness as analyzed by Bhatti (2015) and Qureshi's (2016). A commonly used and straight forward measure of labor productivity by the reward strategies is the output of workers per unit of time.

2.2.3 Career Advancement Policies

A succession of occupations held amid a man's working life is a career (Carrel, 2015). These occupations are mostly related and give progression, request and intending to a representative's life. A vocation is likewise as characterized by Koech, (2013) a progression of appropriately sequenced part encounters prompting to expanding level of duty, status power and rewards. This implies that even in careers with low opportunity ceilings progress is still achievable through higher pay, more security, less supervision and so on. The continuous procedure of building up one's vocation or progression of exercises is what Fieldman and Thomas (2014) defines as career development. Beginning one's business, rolling out a profession improvement in a similar association, moving to higher occupation obligations and preparing new aptitudes is what is involved in career development procedure. An effective way to foster future leaders within an organization with relevant skills and experience that will be required to implement organizational strategies is through career development (Fisher, 2015).

The processes through which employees' career goals and aspirations are nurtured to fulfillment; and at the same time aligning these career goals with the organizational needs, opportunities and goals is what entails the programs of career development (Schultze & Miller, 2016). Representatives, as well as associations are beneficiaries of career development also. It can help with maintenance, progression arranging, information exchange and execution and it a profitable instrument as Kim and Cha (2014) contend. As workers construct aptitudes and capabilities to meet vocation targets connected to business destinations, a framework is casually settled to react to future office needs and procedures (Jackson & Schuler, 2014). To keep its representatives occupied with the association's development procedure and guarantees that the right representative with the right aptitudes, learning and capacities is put in the right occupation, at the perfect time, to give the essential administrations and items to keep the association

developing in the right bearing, the organization is helped by the coordinated effort between the association and its workers. Perplexing and persistent is the procedure of vocation advancement. Chances to consider distinctive types of vocation improvement, for example, vertical progression, sidelong development, work growth, and employment advancement will be given to workers by a powerful and effective profession improvement program (Jackson & Schuler, 2015).

As indicated by Hurwitz (2014) to meet their own particular profession needs and the requirements of the association representatives must be prepared and created where conceivable. Preparing is employment or assignment situated, while advancement is vocation arranged. Advancement go for get ready individuals for higher obligations. Preparing and advancement help representatives ace the information aptitudes. Explore think about finds that, bigger organizations, elite foundation and those associations which spend more physical assets were generally most likely to hold their ability (Bratton & Gold, 2015). Firms in market with incite specialized headway and yield advance prepared increasingly and those organizations which have not faced any rival in a decade ago. As per Frazis, (2014), firms that offer more advantages when contrasted with others and prepare their specialists by receiving creative occupation rehearse. Association's HR ought to give sufficient preparing, support of staff advancement, and open doors for development. They ought to encourage, work with staff to: survey and give criticism on their abilities and interests; select preparing and improvement exercises that match their vocation advancement destinations and employment needs.

2.2.4 Job Security

It is important to investigate employees' job satisfaction since job has embraced an important part of employees' life and its resulted satisfaction influence over their life in terms of penetration on satisfaction as well as the role played by job dissatisfaction on organization and even society, (Gruenberg, 2014). In one hand, job satisfaction is an independent variable which impacts on depended variables such as return, absenteeism, turnover, service leaving, individual's behavior in society, individual's behavior in family and on social, cultural and political environments (Hunjira, 2014). To possess satisfied, high energetic, creative and committed human capital in current situation is an important organizational resource (Shagholi, 2015). Woroum believes that employees' reaction to their roles in their jobs is job satisfaction

(Madhavan, 2014). Employees' negative or positive feeling on their jobs is a kind of job satisfaction (Woo, 2015). It is important to investigate employees' job satisfaction since job has embraced an important part of employees' life and its resulted satisfaction influence over their life in terms of penetration on satisfaction as well as the role played by job dissatisfaction on organization and even society (Gruenberg, 2014; Alam, 2014; Alam, 2015).

According to Arabi (2016), the feeling of having a proper job and the assurance of its continuance in future as well as the absence of threatening factors is job security. A person enjoys job security if the individual feels that he/she will continue his/her job until the end of his/her service and will not be threatened by individual B to play his/her proper job roles and tasks, (Arabi, 2016). Issues such as job changes, missing the job and non-achieving proper jobs are in job security. Job security is one of the creators of job satisfaction and commitment according to industrial and organizational psychologists (Thomas 2016). Individual's overall attitude on his/her job is job satisfaction (Robbins, 2016). According to Smith, Kendall and Hullin, job satisfaction, satisfaction from superior, satisfaction from colleagues, satisfaction from promotion and satisfaction from wage/salary are five job traits which show remarkable characteristics of a job satisfaction (Hosseinzadeh & Saemian, 2015). Positive or negative attitudes of people who are working in organization towards whole the organization is commitment job (Robbins, 2015). The relative degree of individuals' identity in organization and his/her contribution is defined as organizational commitment Mowday, Steers and Porter. Organizational commitment consists of three elements in such definition (Mowday 2015). Based on Maslow's needs hierarchy and his findings, Tannenbaum (2014) the third world countries, need to job security is the top priority (Tannenbaum, 2014).

2.2.5 Employee Retention

Any organization depends upon the retention of key employees for its long-term health and success (Sangaran & Jeetesh, 2015). the ability to retain the best employees in any organization leads to a great extent to customer satisfaction, organizational performance in terms of increased sales, satisfied colleagues and reporting staff, effective succession planning etc. According to Denton (2014), more dedicated towards their work and always put their effort to improve their organizational customer's satisfaction are employees who are happy and satisfied with their jobs. A process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project is employee retention (Zineldin,

2016). Zineldine, (2016) has further indicated that an obligation to continue to do business or exchange with a particular company on an ongoing basis by the employees is retention. According to Stauss, (2016) referred to as employee retention as customer liking, identification, commitment, trust, readiness to recommend, and repurchase intentions, with the first four being emotional-cognitive retention constructs, and the last two being behavioral intentions. Managing and retaining promising employees is an important fundamental mean of achieving competitive advantage in the hospitality industry (Walker, 2016).

As illustrated by Magnusson and Silverberg (2013) in their 'Mixed Model' of employee retention, making it abhorrent as a career option, making the industry to suffer from high workforce turnover and difficulties in employing suitable staff is the hotel environment characteristic of long working hours, low salaries/ wages, insecurity in the job tenure and lack of employee recognition. The skills gaps that are in existence in the hospitality industry tend to be dealt with. The image and perception of the hotel industry to skilled workforce is collectively harmed by these negative factors (Odongo, 2015). Odongo (2015) further reiterated that to correct this negative perception is the major hurdle, first by improving working environment to attract appropriate employees, second by investing in their intrinsic/ extrinsic needs and work life balance.

It is vital to recognize the factors that affect job fulfillment since the relationship between fulfillment and employee loss is very strong in order to gain a deeper perceptive of how to retain employees, (Teeraprasert, Piriyakul, & Khantanapha, 2015). Magnusson and Silfverberg, (2013) found out that linked to employee retention variable to explain job fulfillment that affects the appeal of movement is employee retention. Low desirability of movement equals high job fulfillment; high desirability of movement equals low job satisfaction. Outcome is affected by the desirability of movement in relation to the ease of movement, which is primarily determined by the labor market. The decision that will make employees decide whether employee turnover or retention occurs is made when the employee weighs pros and cons, risks and opportunities to make a decision about the future in the organization.

2.3 Critique of the Literature Review

Regardless of many findings in the literature review, it is difficult if not impossible to predict precisely how a particular reward or incentive will affect individual retention in the organization

because the type of reward system that an individual needs and the goals associated with them vary so widely. The basic purpose of reward system should not however be jeopardized. Factors will vary from every employees personal needs although the objectives of reward packages are reduce time and cost; improve quality; improve contribution to organizational success; support the development of a performance culture; enhance personnel commitment and engagement; improve morale; improve relationship and teamwork; attract and retain high-quality workforce (Tinnirello (2016); Armstrong and Murlis (2015)). An employee's tenure in the service industry can mostly be attracted and influenced by financial rewards as indicated by literature. These rewards and specifically money, is a powerful force because it is linked directly or indirectly to the satisfaction of all basic needs although the fact is that they are not however considered. Individuals begin to crave for higher level needs such as esteem, recognition, and self-actualization (intrinsic) after the basic needs (extrinsic) are taken care of as opined by Maslow (1943).

Shortage of employment opportunities has resulted into intense argument against employee retention in the current world as suggested in recent studies (Sponton & Ariss, 2014). Sponton and Ariss, (2014) argued that recruiting new willing employees is more beneficial for an organization than to retain unwilling employees. Kenyan university graduates are still looking for employment three years after graduation due to youth unemployment which is above the EU average at 26 percent (EU Report 2017). Young Kenyan people who are eager to start their careers are forced into temporary, contract-based employment, are over qualified for the jobs that they do, and typically only secure full-time employment after a succession of precarious internships (Economic Survey, 2015). Festus and Charles, (2015) reiterated that every trained person can perform the work and therefore employee retention should not be a pressing issue.

2.4 Research Gap

Levine and Tyson (2015) found that employees' contribution has a direct effect on the results of their work and increase in employees' contribution in their working unit has a correlation with high job satisfaction and organizational commitment, however the study did not consider compensation practices as one of the variables. Preuss and Lautsch (2016) have concluded that job does not improve employee retention if other key motivational factors like financial reward is not offered, thus indicating a gap for the research.

Kombo, (2016) indicated that most research on employee retention and reward management practices have only concentrated on the western economies like the United Kingdom, Middle East Countries or in a well-developed economy. According to Kombo (2016), only few appear to have been conducted in East Africa, especially with Kenya as the focus. Further, Festus and Charles (2015) have showed that more studies should be done in Kenya to provide a different insight into what reward systems to the employees for a longer work tenure in the hospitality industry. Most of the studies only considered certain components of rewards in isolation of each other, and their effect on employee motivation (Kombo, 2016). Thus, literature reviewed did not identified a major link between reward management practices and retention of employees at South Coast Hotels in Diani upon which this study will be grounded.

3 RESEARCH METHODOLOGY

3.1 Research Design

This study adopted a descriptive research design which helps in understanding the characteristics of a group in a particular situation, to aid in making certain decisions (Abok, 2015). As asserted by Burns and Groove (2014), a descriptive study involves finding out an in-depth of a phenomenon of interest in the study. Other scholars who researched on related topics adopted this design, (Kimani & Waithaka, 2014; Njoroge, 2014; Abok, 2015) because a descriptive approach was suitable for this study.

3.2 Target Population

With the basis on size, location, target markets, levels of service, facilities provided, number of rooms, ownership and affiliation, hotels are classified according to either Five-star, four star or One star. The researcher used stratification of hotels and employees as head of sections and human resource management staff as illustrated below consequently since the number of employees from the selected hotels was large.

Table 3.1 Target Population

Hotel Name	Job Level		
	Head of Section	HRM Staff	Total
Leopard Beach Resort	4	8	12
Diani Reef Beach Resort	3	7	10
Southern Palm Beach Resort	5	8	12
Jacaranda Indian Beach Resort	4	6	10
Leisure Lodge Beach Resort	4	7	11
Mangroo Hotel	5	8	13
Diani Sea Lodge	3	8	11
Blue Marlin Beach Hotel	4	6	10
Coral Beach Resort	4	8	12
Jadini Beach Hotel	3	8	11
Totals			112

(Source; Kenya Association of House Keepers, 2017)

3.3 Sampling Technique and Sample Size

3.3.1 Sampling Techniques

The researcher used Stratified random sampling technique with a proportional allocation of each stratum as poised by Mugenda and Mugenda, (2014) was used by the researcher). For heterogeneous data in nature, stratified sampling is used and not for data that does not constitute a homogenous group. Kottler (2014) indicated that the population are divided into subgroups which have common characteristics in stratified random sampling, then computation is done from each sub-group. The hotels in Diani were grouped and those that fall under Four-star classification formed the strata in this study. Stratification of random sampling from each stratum was then taken in a number proportional to the stratum's size when compared to the total population (Greener, 2016). A random sample for the study was formed by finally pooling these strata subsets.

3.3.2 Sample Size

According to Kothari (2015), a representative selection from the population on which the general observation will be made is the sample size. After the stratification of all hotels, a random selection was then used to select employees from the subgroup from the stratum as head of section and members from human resource management staff. To select the appropriate sample size a random sampling method was used. The sample size for the study was calculated by the researcher using the Yamane formula.

Table 3.2 Sample Size

Hotel Name	Total Target Population	Sample Size
Leopard Beach Resort	12	10
Diani Reef Beach Resort	10	8
Southern Palm Beach Resort	12	8
Jacaranda Indian Beach Resort	10	8
Leisure Lodge Beach Resort	11	9
Mangroo Hotel	13	10
Diani Sea Lodge	11	9
Blue Marlin Beach Hotel	10	9
Coral Beach Resort	12	10
Jadini Beach Hotel	11	8
Totals	112	88

By use of Yamane’s formula, the sample size of 88 employees was used to make a representation for the study. According to Wilmshurst and Frost (2012), when the sample size is larger than 30 and less than 500 respondents is appropriate to satisfy both qualitative and quantitative research requirements for accuracy, validity and repeatability of the range of the wider cluster, the sample size is considered appropriate. This sample size therefore represented a 95% confidence level. The Yamane’s formula is illustrated below.

$$n = \frac{N}{1 + N(e)^2}$$

Where by

n is the required sample size, N is the population size, and e is the level of precision at 95% confidence level expressed as 0.05

$$n = \frac{112}{1+112(0.05)^2}$$

$$n = \frac{112}{1+112(0.0025)}$$

$$n = \frac{112}{1.28}$$

$$n = 87.5 = 88$$

3.4 Data Collection

Questionnaire was used as the main instrument for primary data collection for this research study. Questions were structured in the questionnaires in the scale ranging from 1 -5 to assemble data from the respondents. Good results from the respondents are obtained by a well-structured questionnaire (Mugenda & Mugenda, 2014).

3.5 Pilot Study

Kottler (2014) stated that to enhance surety of the study instrument, a pilot study must be done. A means of checking whether the study can be undertaken and provide data that is accurate is pilot study (Kottler, 2015).

3.5.1 Reliability of Research Instruments

Mugenda and Mugenda, (2014) asserted that Cronbach's Alpha Model on SPSS is used to test reliability and that the assessment of the degree to which study instrument gives reliable results or data after repetitive trials is consistent. The extent to which an instrument measures the same method every time it is used under the same circumstance with the similar subject is reliability which entails the consistency of measurement (Bryman, 2015). Generally accepted to be appropriate and the higher the score, the more reliable an instrument is a reliability coefficient of 0.7 and above are reiterated by Kothari, (2014).

The validity of this research study instrument was measured through the opinion of experts especially the research supervisor, who were knowledgeable in this field measured the validity of this research instrument. During the pilot study, validity was also tested.

3.6 Hypothesis Testing

For hypothesis testing, T-test at 95% confidence level ($\alpha = 0.05$) was used. Based on the model given by the multiple regression model, the following test of hypothesis was done:

H₀: $\beta_i = 0$ (X_i is not related to Y)

H₁: $\beta_i \neq 0$ (X_i is related to Y)

For all the cases at which p value was less than 0.05, the null hypothesis was rejected.

3.7 Data Analysis and Presentation

This research study collected and analyzed data quantitatively and qualitatively. Statistical Package for Social Science (SPSS Version 20) was used in the analysis of data. The results were presented in form of graphs, charts and tables after carrying out data analysis. To determine the relationship between dependent variable and the four independent variables, correlation analysis and multiple regression analysis were also carried out. The regression equation for this research study was;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Whereby;

Y= Employee Retention

ε = Error Term

B₀ = Constant

B₁- β_4 =Coefficients of determination

X₁ = Compensation Management Practices

X₂ = Job Recognition at Work

X₃ = Career Advancement Policies

X₄ = Job Security

4 RESEARCH FINDINGS AND PRESENTATIONS

4.1 Response Rate

The valid responses are illustrated in table 4.1 below.

Table 4.1 Response Rate

	Frequency	Percentage (%)
Responses	81	72
Non responses	7	28
Total	88	100

Source: Researcher (2019)

72% was the response rate for this research study. A response rate of 50% - 60% is adequate, a response of 61% - 69 is good while a response of 71% and above is excellent Mugenda and Mugenda, (2013). (72%) was appropriate for making the research analysis and recommendations given on the reward management practices on employee retention at the selected hotels was therefore the response rate for this research study.

4.2 Reliability Test

To test reliability of the data, Cronbach alpha was used. This was computed at 95 percent confidence level. The reliability for this study was found to be 0.978 which was considered reliable since it was more than 0.7. This showed that the inter item consistency level was acceptable. Fraenkel and Wallen (2006) notes that for items to be considered reliable they have to yield reliability of 0.70 and above.

Table 4.2 Reliability Results

Variable	No. of items	Inter-item consistency
Compensation Management	6	0.975
Job Recognition	6	0.993
Career Advancement	6	0.989
Job Security	6	0.997
Employee Retention	6	0.992

4.3 Demographic Information

4.3.1 Age of the Respondents

Respondents selected their age brackets. The findings are illustrated in table 4.3 below.

Table 4.3 Age of the Respondents

Respondents	Frequency	Percent	Valid Percent	Cumulative Percent
21 -30 Years	10	12.3	12.3	12.3
31 -40- Years	25	30.9	30.9	43.2
41 - 50 Years	46	56.8	56.8	100.0
Total	81	100.0	100.0	

Source: Researcher (2019)

The findings show that all the age brackets given attracted respondents with 21 – 30 years being only 12.3%, 31-40 years being 30.9% while 41-50 years being the highest with 56.8%. The implications on the findings is that as the employees stay in the work force, their years increase as indicated by the 41-50 years being the highest. The employees in the age bracket of 41-50 are also more experienced since they have been on the job for a longer time. This means that the older the employees, the more experienced they are. As much as the younger generations are vibrant and apply the modern trends in the job market, the older workforce too is also important. Older workers tend to be accurate for they are mostly relaxed. They are reliable and have good communication skills which they acquired during their career life. Consequently, the hotel industry, being a service industry, needs the older workers too.

4.3.2 Job Title of the Respondents

Respondents were asked to select their job title from the list given. The researcher sought to know the job title since these were the study stratum whose responses formed the basis of recommendations. The findings are illustrated in table 4.4 below.

Table 4.4 Job Title of the Respondents

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Head of Sections	15	18.5	18.5	18.5
HRM Staff	66	81.5	81.5	100.0
Total	81	100.0	100.0	

Source: Researcher (2019)

From table 4.4, the findings showed that most of the respondents were human resource management staff with 81.5% while the Head of Sections were only 18.5%. Since the research study was a human resource related, the findings were therefore relevant. The implication to this result was that the human resource management staff understood the research better than any other department in the hotel industry.

4.3.3 Years Worked in the Current Station

The researcher further sought to find the duration/ experience that the respondents have taken in their current hotel. A time span in terms of years were given and the following results in table 4.4 below.

Table 4.5 Years Worked in the Current Station

Response	Frequency	Percent	Valid Percent	Cumulative Percent
1 - 10 Years	7	8.6	8.6	8.6
11 - 20 Years	11	13.6	13.6	22.2
21 - 30 Years	63	77.8	77.8	100.0
Total	81	100.0	100.0	

Source: Researcher (2019)

The results showed that the respondents who had worked on their current stations between 1-10 years were 8.6%, between 11 - 20 years were 13.6% and 21 -30 years were 77.8%. These findings indicated a progressive growth in employees in their respective hotels in South Coast, Diani. This implies that employees are motivated to stay in the same workplace for long more so, because of the yearly increments, and other benefits like being mentors of the newly employed workers, being promoted which come about through work experience. Furthermore, a work experience of 21 -30 years depicts competency and quality of work done in the selected hotels.

4.3.4 Educational Level of the Respondents

The last demographic information that the researcher sought to know was the educational level of the respondents. The results were illustrated in table 4.5 below.

Table 4.6 Education Level

Responses	Frequency	Percent	Valid Percent	Cumulative Percent
Diploma	8	9.9	9.9	9.9
Degree	35	43.2	43.2	53.1
Masters	32	39.5	39.5	92.6
PhD	6	7.4	7.4	100.0
Total	81	100.0	100.0	

Source: Researcher (2019)

The results indicated that most of the respondents had attained a degree as their highest education level. The percentage was at 43.2%, followed by master’s degree at 39.5%, diploma level at 9.9% while PhD at 7.4%. Currently, Kenya has embarked on encouraging basic education through free and subsidized education programs. This implies that most employees understand their job better for they have studied at a degree level. They therefore are reliable and can portray autonomy in their various roles they play at their workplace. Furthermore, they can be given responsibilities like decision making which requires proper reasoning.

4.4 Descriptive Statistics

To determine the effects of reward management practices on employee retention at Four Star Hotels in South Coast, Diani was the main objective of this study, therefore, the researcher performed a descriptive statistics to determine the relationship between the selected specific determinants such as compensation management practices, job recognition at work, career advancement and job security on employee retention. The study was done using descriptive technique research design and questionnaires was used as the main method of data collection. Questions in the questionnaires were structured into a five Likert format ranging from one to five. The findings and analysis were illustrated as follows;

4.4.1 Response on Compensation Management Practices

The study sought to determine the effects of compensation management practices on employee retention at Four Star Hotels in South Coast, Diani. Respondents were asked to indicate the extent to which they agree or disagree with statements describing the various variables. The items were measured using five-point Likert-type scale ranging from 1=Strongly disagree to

5=Strongly Agree; where SD=standard deviation, N=Number of respondents and M=Mean. The response obtained are presented in table 4.7.

Table 4.7 Responses on Compensation Management Practices

STATEMENT	N	Mean	Standard
			Deviation
Compensation is equivalent with my responsibilities	81	4.52	0.503
Salary and wages is fair in terms of work done and experience	81	4.49	0.503
Reasonableness and fairness in salary and wage rises	81	4.49	0.503
Company benefits are commensurate with hospitality industry norms	81	4.54	0.501
Efficiency of compensation in this hotel which is in line with hospitality industry	81	4.53	0.502
Perceived fairness in salary or wage structure	81	4.54	0.501
Average Mean		4.52	

Source: Researcher (2019)

Key: Ranked on a scale:1.0 - 1.4 (strongly disagree); 1.5 - 2.4 (disagree); 2.5 - 3.4 (neutral); 3.5 - 4.4 (agree); and 4.5 - 5.0 (strongly agree)

The results in Table 4.7 reveal that employees are in need of more money and more disposable income. They view their income level as an indication of their worth to retaining them in the organization (Jack and Adele, 2016). Further, monetary rewards are crucial in attracting and retaining talented employees and in aligning staff behavior with business goals (Zingheim & Schuster, 2013; Trahant & Yearout, 2015; Zingheim, 2015). Surveys conducted by the CIPD, (2015) indicated that base pay is believed to be the element that attracts individuals to an organization, benefits help to retain them and variable pay motivates them in their work.

4.4.2 Job Recognition at Work

The study sought to determine the effects of job recognition at work on employee retention at Four Star Hotels in South Coast, Diani. Respondents were asked to indicate the extent to which they agree or disagree with statements describing the various variables. The items were measured using five-point Likert-type scale ranging from 1=Strongly disagree to 5=Strongly Agree; where SD=standard deviation, N=Number of respondents and M=Mean. The responses obtained are presented in table 4.8.

Table 4.8 Recognition at Work

STATEMENT	N	Mean	Standard Deviation
Intrinsic rewards offered to us (me) in this hotel as a recognition is appropriate.	81	3.88	1.155
There is normally an appreciation of work well done at the end of each year	81	3.86	1.115
There is always rewards related to performance given to every good performer.	81	3.74	1.07
The rewards are offered to all levels of employees with regardless to whether one is junior or senior.	81	3.86	1.148
Rewards System commensurate with industry norms	81	3.86	1.115
There is reward for overtime or any other extra work done in the hotel	81	3.74	1.034
Average Mean		3.82	

Source: Researcher (2019)

Key: Ranked on a scale:1.0-1.4(strongly disagree); 1.5-2.4(disagree); 2.5-3.4(neutral); 3.5-4.4(agree); and 4.5-5.0(strongly agree)

The results in Table 4.8 reveal that managers need to be able to map and retain highly skilled employees and always remind them how valuable they are through recognition to the organization (Bhatt, 2015). In this way the organization will avoid dissatisfaction and prevent employees from leaving the organization (Noe, 2016). Organizations need to reward and recognize employees in order to establish a balance between employee's goals and organization goal and keep the employee's morale high (Selden & Sowa, 2015).

4.4.3 Career Advancement Policies

The study sought to determine the effects of career advancement policies and practices on employee retention at Four Star Hotels in South Coast, Diani. Respondents were asked to indicate the extent to which they agree or disagree with statements describing the various variables. The items were measured using five-point Likert-type scale ranging from 1=Strongly disagree to 5=Strongly Agree; where SD=standard deviation, N=Number of respondents and M=Mean. The responses obtained are presented in table 4.9.

Table 4.9 Career Advancement Policies

STATEMENT	N	Mean	Standard Deviation
Annual workshop organized by the hotel	81	3.68	1.105
Study leave given to employees who register for further study	81	3.56	1.084
Study loan given to employees furthering their education	81	3.64	1.121
Quarterly seminars organized by the hotel management for job enrichment	81	3.64	1.099
Job gap analysis for the employees and appropriate action taken by the hotel to fill the skill gap	81	3.59	1.07
Skill upgrade programs to all employees who need	81	3.59	1.08
Average Mean		3.62	

Source: Researcher (2019)

Key: Ranked on a scale:1.0-1.4(strongly disagree); 1.5-2.4(disagree); 2.5-3.4(neutral); 3.5-4.4(agree); and 4.5-5.0(strongly agree)

The results in Table 4.9 reveal that career is a succession of occupations held amid a man's working life (Carrel, 2015). Career development programs are the processes through which employees' career goals and aspirations are nurtured to fulfillment; and at the same time aligning these career goals with the organizational needs, opportunities and goals (Schultze & Miller, 2016). The benefit employees and the organization as a whole through an informed work-force while employees who are provided with career development programs tend to stay in the organization for longer (Frazis, 2014).

4.4.4 Job Security

The study sought to determine the effects of job security and practices on employee retention at Four Star Hotels in South Coast, Diani. Respondents were asked to indicate the extent to which they agree or disagree with statements describing the various variables. The items were measured using five-point Likert-type scale ranging from 1=Strongly disagree to 5=Strongly Agree; where SD=standard deviation, N=Number of respondents and M=Mean. The responses obtained are presented in table 4.10.

Table 4.10 Job Security

STATEMENT	N	Mean	Standard Deviation
There are no threats by the line managers in this hotel	81	3.58	1.094
Employment contracts are renewed before the due date	81	3.58	1.105
There is a well-established and flexible working hour in this hotel	81	3.59	1.104
There are medical benefits provided to all employees in this hotel	81	3.62	1.067
Employees are always paid for leave allowances in this hotel	81	3.59	1.104
Employment terms in this hotel is only on permanent basis	81	3.59	1.116
Average Mean		3.59	

Source: Researcher (2019)

Key: Ranked on a scale:1.0-1.4(strongly disagree); 1.5-2.4(disagree); 2.5-3.4(neutral); 3.5-4.4(agree); and 4.5-5.0(strongly agree)

The results in Table 4.10 reveal that job security is the feeling of having a proper job and the assurance of its continuance in future as well as the absence of threatening factors. Job security is depicted by five job traits which show remarkable characteristics of a job including job satisfaction, satisfaction from superior, satisfaction from colleagues, satisfaction from promotion and satisfaction from wage/salary (Smith, Kendall and Hullin, 2016). Job security is a top priority especially in hotels and is an important factor in determining the decision of an employee to stay with the current employer or leave (Tannenbaum, 2014).

4.4.5 Employee Retention

The study sought to determine the level of employee retention at Four Star Hotels in South Coast, Diani. Respondents were asked to indicate the extent to which they agree or disagree with statements describing the various variables. The items were measured using five-point Likert-type scale ranging from 1=Strongly disagree to 5=Strongly Agree; where SD=standard deviation, N=Number of respondents and M=Mean. The responses obtained are presented in table 4.11.

Table 4.11 Employee Retention

STATEMENT	N	Mean	Standard
			Deviation
There is a good working environment in this hotel	81	3.53	1.108
The communication channel from official activities is on formal basis	81	3.51	1.097
The leadership in this hotel is not autocratic	81	3.51	1.097
There is job security in this hotel	81	3.49	1.108
The wages/ salaries and allowances paid in this hotel is appropriate	81	3.49	1.119
There is a performance appraisal policy in this hotel	81	3.51	1.142
Average Mean		3.51	

Source: Researcher (2019)

Key: Ranked on a scale:1.0-1.4 (strongly disagree); 1.5-2.4 (disagree); 2.5-3.4 (neutral); 3.5-4.4 (agree); and 4.5-5.0 (strongly agree)

The results in Table 4.11 were consistent with the findings of Sut and Perry (2014) who confirmed that empowering employees generates constructive conduct and individual fulfillment. Since hotel industry is an interactive sector, personal fulfillment leads to employee retention (Sut & Perry, 2014).

4.5 Correlation Analysis of All the Variables

The study sought to examine the effect of reward management practices on employee retention. The test was done to identify the strength and direction of the associations between the variables of the study. The variables in the study were compensation management practices, job recognition, career advancement policies, job security and employee retention. Values of correlation coefficient range from -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly and positively related in a linear sense. While -1 indicates that two variables are perfectly related but in a negative linear sense. Evans (1996) recommends that correlation coefficient r ranging from 0.00 - 0.19 is 'very weak', 0.20 - 0.39 'weak', 0.40 - 0.59 'moderate', 0.60 - 0.79 'strong' and 0.80 - 1.0 is 'very strong'. Further, Evans (1996) suggests that if there are no stars in the result then the relationship is negative, one star is present then somehow correlated, two stars mean the correlation is good and if three stars are present then it is a very good correlation. Table 4.12 illustrates the findings of the study.

Table 4.12 Correlation Analysis

		Compensation Management Practices	Job Recognition	Career Advancement Policies	Job Security	Employee Retention
Compensation Management Practices	Pearson Correlation	1	-.060	-.031	-.068	-.139
	Sig. (2-tailed)		.592	.781	.545	.215
	N	81	81	81	81	81
Job Recognition	Pearson Correlation	-.060	1	.856**	.680**	.650**
	Sig. (2-tailed)	.592		.000	.000	.000
	N	81	81	81	81	81
Career Advancement Policies	Pearson Correlation	-.031	.856**	1	.825**	.832**
	Sig. (2-tailed)	.781	.000		.000	.000
	N	81	81	81	81	81
Job Security	Pearson Correlation	-.068	.680**	.825**	1	.908**
	Sig. (2-tailed)	.545	.000	.000		.000
	N	81	81	81	81	81
Employee Retention	Pearson Correlation	-.139	.650**	.832**	.908**	1
	Sig. (2-tailed)	.215	.000	.000	.000	
	N	81	81	81	81	81

** . Correlation is significant at the 0.05 level (2-tailed).

The findings on Table 4.12 indicate that the r-value for compensation management practices was -0.139 which meant that there was a weak negative relationship between compensation management practices and employee retention. This is in line with the backward bending labour supply curve. Further, employers should not get deceived that money is the only employee retention factor; other factors such as personal growth and career development are of equal importance (Chiboiwa, Samuel, & Chipunza, 2010). The r-value for job recognition was 0.650 which meant that there is a strong relationship between job recognition and employee retention. Career advancement policies had a very strong relationship with employee retention as it yielded an r-value of 0.832. Similarly, job security had a very strong relationship with employee retention at Four Star Hotels in South Coast, Diani with an r-value of 0.908.

4.6 Regression Analysis

In order to establish the overall effect of reward management practices on employee retention, multiple linear regressions was computed at a confidence level of 95% with an error margin of 0.05. The coefficient of determination (R) from table 4.13 was 0.928 representing a very strong

positive correlation between reward management practices and employee retention. R square is 0.862 indicating that 86.2% of variance in employee retention is explained by reward management practices. Table 4.13 shows the findings of the study.

Table 4.13 Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.928 ^a	.862	.855	2.49617

a. Predictors: (Constant), Job Security, Compensation Management Practices, Job Recognition, Career Advancement policies

Secondly, the analysis of the variance was also performed to test for how well the regression equation fit the data (predicts the outcome of the dependent variable). The results are illustrated in table 4.14. The model for reward management practices (compensation management practices, job recognition, career advancement policies, job security) and employee retention was significant at 0.000 (P<0.05). This implies that, the overall regression model statistically significantly affects the outcome variable (employee retention). This study concluded that employee retention is significantly affected by reward management practices.

Table 4.14 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2953.345	4	738.336	118.497	.000 ^b
	Residual	473.544	76	6.231		
	Total	3426.889	80			

a. Dependent Variable: Employee Retention

b. Predictors: (Constant), Job Security, Compensation Management Practices, Job Recognition, Career Advancement policies

Regression analysis was computed to determine the relationship between the dependent variable (employee retention) and independent variable (reward management practices) as shown on table 4.15. Based on the findings of the study, the regression equation model for the study is:

$$\text{Employee Retention} = 6.854 - 0.210 \text{ Compensation Management Practices} - 0.180 \text{ Job Recognition} + 0.440 \text{ Career Advancement Policies} + 0.667 \text{ Job Security}$$

The model indicates that a -0.210 increase in compensation management practices led to a 1 point increase in employee retention at four star hotels in South Coast, Diani, a -0.180 increase in job recognition led to a 1 point increase in at four star hotels in South Coast, Diani, a 0.440 increase in career advancement policies led to a 1 point increase in employee retention at four star hotels in South Coast, Diani and a 0.667 increase in job security led to a 1 point increase in employee retention at four star hotels in South Coast, Diani. Subsequently, all the variables were significant variables since their significant values were less than significant level of 0.5 (P<0.05).

Table 4.15 Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	6.854	2.951		2.322	.023
1 Compensation Management Practices	-.210	.099	-.091	-2.122	.037
Job Recognition	-.180	.084	-.179	-2.155	.034
Career Advancement Policies	.440	.110	.433	4.022	.000
Job Security	.667	.076	.667	8.782	.000

a. Dependent Variable: Employee Retention

4.7 Hypothesis Testing

The study sought to examine the effect of reward management practices on employee retention. From the literature reviewed, four hypotheses were formulated. All the hypotheses were tested using regression analysis at 95 percent confidence interval (error margin of 0.05).

4.7.1 Hypothesis 1

H_n: Compensation management practices does not significantly affect employee retention at Four Star Hotels in South Coast, Diani.

The findings on Table 4.15 indicate that the p-value for compensation management practices was 0.037 which is less than the significant level of 0.05, ($p < 0.05$). This meant that compensation management practices have a significant effect on employee retention. The null hypothesis was therefore rejected and the alternative hypothesis accepted. Pearson Correlation coefficient (r-value) is -0.139, representing a weak negative relationship between compensation management practices and employee retention. Therefore, the study concluded that compensation management practices determined employee retention at Four Star Hotels in South Coast, Diani.

4.7.2 Hypothesis 2

H_n: Job recognition does not significantly affect employee retention at Four Star Hotels in South Coast, Diani.

The findings on Table 4.15 indicate that the p-value for job recognition was 0.034 which is less than the significant level of 0.05, ($p < 0.05$). This meant that job recognition has a significant effect on employee retention. The null hypothesis was therefore rejected and the alternative hypothesis accepted. Pearson Correlation coefficient (r-value) is 0.650, representing a strong positive relationship between job recognition and employee retention. Therefore, the study concluded that job recognition determined employee retention at Four Star Hotels in South Coast, Diani.

4.7.3 Hypothesis 3

H_n: Career advancement policies and practices does not significantly affect employee retention at Four Star Hotels in South Coast, Diani.

The findings on Table 4.15 indicate that the p-value for career advancement policies was 0.000 which is less than the significant level of 0.05, ($p < 0.05$). This meant that career advancement policies have a significant effect on employee retention. The null hypothesis was therefore rejected and the alternative hypothesis accepted. Pearson Correlation coefficient (r-value) is 0.832, representing a very strong positive relationship between career advancement policies and employee retention. Therefore, the study concluded that career advancement policies determined employee retention at Four Star Hotels in South Coast, Diani.

4.7.4 Hypothesis 4

H_n: Job security at work does not significantly affect employee retention at Four Star Hotels in South Coast.

The findings on Table 4.15 indicate that the p-value for job security was 0.000 which is less than the significant level of 0.05, ($p < 0.05$). This meant that job security has a significant effect on employee retention. The null hypothesis was therefore rejected and the alternative hypothesis accepted. Pearson Correlation coefficient (r-value) is 0.908, representing a very strong positive relationship between job security and employee retention. Therefore, the study concluded that job security determined employee retention at Four Star Hotels in South Coast, Diani.

5 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

The main objective of the study was to determine the effects of reward management practices on employee retention at Four Star Hotels in South Coast, Diani. Specifically, the study was determined to establish the effect of compensation management practices, job recognition, career advancement policies and job security on employee retention at Four Star Hotels in South Coast, Diani. To achieve this, the study adopted a descriptive research design. To select the subjects to be included in the study, stratified random sampling technique was used. From a population of 112 employees from 10 four-star hotels in South Coast, Diani, a sample of 88 respondents was selected. To achieve the purpose of the study, four hypotheses were formulated and tested using Pearson correlation coefficient while regression analysis was used to establish the overall effect of reward management practices on employee retention at Four Star Hotels in South Coast, Diani. Primary data was collected using questionnaires. Validity and reliability of the instrument was tested through a pilot test and Cronbach alpha coefficient computed. Collected data was analyzed quantitatively and presented descriptively using frequency tables.

The first objective of the study was to determine the effects of compensation management practices on employee retention at Four Star Hotels in South Coast, Diani. Compensation management practices was measured by assessing the existence of paid bonuses and allowances. The results of Pearson indicated that the r-value was -0.139, representing a very weak negative

relationship between compensation management practices and employee retention. These findings were in agreement with the findings of (Kim & Cha, 2014; Bratton & Gold, 2015).

The second objective was to determine the effects of job recognition at work on employee retention at Four-star hotels in South Coast, Diani. Job recognition was measured by assessing the existence of recognition, empowerment, responsibility and pride. The results of Pearson correlation coefficient indicated that the p-value for job recognition was 0.000 which is less than the significant level of 0.05, ($p < 0.05$). This meant that job recognition has a significant effect on employee retention. The r-value was 0.650 representing a strong positive relationship between job recognition and employee retention. These findings were in agreement with the findings of (Selden and Sowa, 2015; Sowa, 2015; Stocker, 2014).

The third objective was to determine the effects of career advancement policies and practices on employee retention at Four-star hotels in South Coast, Diani. Career advancement policies was measured through career gap analysis and existence of training programs. The results of Pearson correlation coefficient indicated that the p-value for career advancement policies was 0.000 which is less than the significant level of 0.05, ($p < 0.05$). This meant that career advancement policies have a significant effect on employee retention. The r-value was 0.832, representing a very strong positive relationship between career advancement policies and employee retention. These findings were in agreement with the findings of (Frazis, 2014).

The fourth objective that the researcher sought to know was effects of job security on employee retention at the selected Four-star hotels in the South Coast, Diani. Job security was measured through assessing the employment terms as well as implementation of labour policies within the hotels. The results of Pearson correlation coefficient indicated that the p-value for job security was 0.000 which is less than the significant level of 0.05, ($p < 0.05$). This meant that job security has a significant effect on employee retention. The r-value was 0.908, representing a very strong positive relationship between job security and employee retention. These findings were in agreement with the findings of (Alam, 2015; Tannenbaum, 2014)

5.2 Conclusions

This study was conducted to determine the effects of reward management practices on employee retention at Four Star Hotels in South Coast, Diani. The specific objectives of the study were to

establish the effect of compensation management, job recognition, career advancement policies and job security on employee retention at Four Star Hotels in south coast, Diani. The study was done descriptively, using a sample size of 88 employees from different selected Four-star hotels. Data was analyzed descriptively using inferential statistics based on the objectives of the study.

The first objective was to determine the effects of compensation management practices on employee retention at Four Star Hotels in South Coast, Diani. The findings showed that majority of the respondents agreed that compensation management practices positively affects employee performance at the Four-star hotels in South Coast, Diani (Mean=4.52). Employees are in need of more money and more disposable income. They view their income level as an indication of their worth to retaining them in the organization (Jack and Adele, 2016). This study therefore concludes that compensation management practices affects employee retention at Four Star hotels in South Coast, Diani.

The second objective was to determine the effects of job recognition at work on employee retention at the selected Four-star hotels in South Coast, Diani. The results showed that majority of the respondents agreed that recognition at work affects employee retention (Mean=3.82). Managers need to be able to map and retain highly skilled employees and always remind them how valuable they are by recognizing their outstanding contribution towards performance of the organization. The study therefore concludes that job recognition significantly affects employee retention at Four Star Hotels in South Coast, Diani.

The third objective of the study was to be determine the effect of career advancement policies on the employee retention. The results indicated that majority of the respondents agreed that career advancement policies affected employee retention at Four Star Hotels in South Coast, Diani (Mean=3.62). The study therefore, concludes that career advancement policies significantly affects employee retention at Four Star Hotels in South Coast, Diani.

The last objective of the study was to establish effects of job security on employee retention at the selected Four-star hotels in the south coast, Diani. The results showed that a larger number of the respondents agreed that job security affect employee retention at the selected Four-star hotels in South Coast, Diani (Mean=3.59). On the other hand, 20.2% disagree, 2.0% while 11.1% were uncertain of the effects of job security on employee retention at the Four-star hotels in South

coast, Diani. This study concluded that job security has a positive effect on employee retention at the Four-star hotels in the South Coast, Diani.

5.3 Recommendations

The study recommended that compensation management practices, job recognitions, career advancements policies and job security should be prioritized by the management in the hotels since they were found to influence employee retention. Based on all the hypothesized objectives of the study, the variables were found to be significant on employee retention at the Four-star hotels in the South coast, Diani. The study highly recommended the application of compensation management practices, job recognitions, career advancements policies and job security for employee retention at the Four-star hotels.

On business leaders and managers, the study recommends that compensation management practices, job recognition and career advancement polies should be given priorities when setting out work related policies on retention of employees. Meanwhile on job security, the business leaders and managers may consider engaging their employees on contractual basis. On stakeholders such as suppliers or investors at the Four-Star hotels, the study recommends a social-economic involvement on compensation management practices, job recognition, career advancement polies so as to enhance change and better operational impacts on the Four-Star hotels.

5.4 Further Research

The present study sought to determine the effect of reward management practices on employee retention at four-star hotels in South Coast Diani. This study was therefore limited to four-star hotels in Diani. This therefore might limit the generalizability of the finding of this study. Further research is recommended to be conducted in other organizations in other industries.

The present study was also limited to only 4 factors affecting employee retention. From the findings, it is clear that there are other factors affecting employee retention. This study also recommends further research using other variables of reward management that can affect employee retention.

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