



**REWARD STRATEGIES AND EMPLOYEE RETENTION IN THE HOSPITALITY  
INDUSTRY IN NAIROBI CITY COUNTY, KENYA**

**Lucy Mumbi Njenga <sup>1</sup>, Dr. Mary Kamaara <sup>2</sup>**

<sup>1</sup> Masters Student, Jomo Kenyatta University of Agriculture and Technology

<sup>2</sup> Lecturer, Jomo Kenyatta University of Agriculture and Technology

**Abstract**

The hospitality industry plays a fundamental and vital role in the growth of the Kenyan economy. However, labor turnover in three to five star rated hotels has been significantly increasing over the years. The general objective of the study is to assess the effect of reward strategies on employee retention in the hospitality industry in Nairobi City County, Kenya. Specifically, the study sought to establish the influence of employee benefits on employee retention in the Hospitality Industry in Nairobi City County, Kenya, and to establish the influence of work environment on employee retention in the Hospitality Industry in Nairobi City County, Kenya. This study was anchored on Equity Theory, and Herzberg's Two Factor Theory. This study used descriptive research design. The population of interest for the study consisted of all (14) three star, four star (38) and five star hotels (16) in Nairobi County. The target population was therefore 408 management employees. The study's sample size was reached at using Krejcie and Morgan sample size determination formula. The study used simple random sampling to select 197 respondents. This study also used questionnaire to collect data relevant to this study. Quantitative data collected was analyzed using descriptive statistical techniques which are frequencies, mean, standard deviation. Inferential statistics which include Pearson correlation and the Regression Analysis Model was used to test the relationship between study variables. The significance of the model was tested at 5% level of significance. Data was analysed using Statistical Package for Social Sciences (SPSS) software. The study results were presented through use of tables and figures. The study concludes that employee benefits have a positive and significant effect on employee retention in the Hospitality Industry in Nairobi City County, Kenya. The study also concludes that work environment has a positive and significant effect on employee retention in the Hospitality Industry in Nairobi City County, Kenya. This study recommends that the management of hotels in Nairobi County should review and potentially adjust their compensation structures to ensure they are competitive within the industry. This might involve conducting regular benchmarking studies to assess salary levels, bonuses, and other monetary rewards offered by competitors and adjusting compensation packages accordingly. In addition, the hospitality industry should enhance and expand their employee benefits offerings.

**Key words:** employee benefits, work environment, employee retention

## Background of the Study

Employee retention has become an increasingly recurring problem in many organizations today, as a result organizations are working to design and put measures in place to address this recurring problem. Employee retention is a vital element in the survival and success of an organization and should be considered when developing strategies and business plans to ensure a competent skilled workforce that delivers the organization objectives and goals. The departure of key staff can have drastic impact on the performance of the organization and those employees likely to leave are usually the most valued ones (Armstrong 2016). Employee retention adds a competitive edge and ensures the organization is able to compete and meet market expectations (Richard, 2020)

According to Uzochukwu, Nwankwo and Okafor (2023) employee is the key resource in the success or failure of any formal organizations. The ability of the employers to attract, retain and reward appropriately talented and competent employee could depend on reward system employed in the organization. Likewise, an employee's willingness to stay on the job largely could depend on reward packages of the organization (Armstrong, 2019). In attempt to ensure employee optimal satisfaction and retention, organizations need to consider a variety of appropriate ways to reward the employee to get the desired result (Falola, Ibidunni & Olokundun (2019). It has been argued that the degree to which employee are satisfied with their job and their readiness to remain in an organization is a function of reward packages (Onodugo, 2021). Organizations that have goals to achieve would require satisfied and happy staff in her workforce. One of the fundamental tasks in human resources management is reward management. It is a complex task that occurs periodically, demand accuracy and must not be delayed. Reward management requires integrating employees' processes and information with business process and strategies to achieve optimal organizational goals and objectives. This can be attributed to the fact that reward management is an essential tool to "integrate individual efforts with strategic business objectives by encouraging employees to do the right things which will ever improve efficiency" (Kehinde, & Adeagbo, 2020).

Globally, the hospitality industry is experiencing a high level of labour turnover. The poor treatment employees received within the hotel industry could be an important factor to consider (Faldetta, Fasone & Provenzano 2018). For instance, compared to other industries, the hotel industry is defined by improper working hours whereby employees work seven days a week and twentyfour hours per day. Moreover, a large number of employees experience poor working conditions such as low compensation, low job security, lack of training and development, lack of benefits, limited career opportunities and personal growth (Ebrahim, 2019). In Pakistan, Khan (2020) found that increased number of career opportunities has a positive impact on employee retention, increased number of rewards has a positive impact on employee retention, higher level of supervisor support has a positive impact on employee retention and a good working environment has a positive impact on employee retention.

The largest figure of tourism arrivals is recorded for the region of North Africa seconded by Southern Africa, then East Africa. By distinction, the regions of West Africa and Central Africa have recorded fewer number of tourism arrivals (TwiningWard, 2019). Individually the countries that reported regularly the biggest number of arrivals from tourism are South Africa, Egypt, Morocco, Tunisia and Mauritius (World Bank, 2018). Although the global economic recession and decline in international tourism trips, the continent of Africa continues to show tourism visits which are growing quicker than the world custom. While the hotel industry gives many employees the preferred and rewarding opportunities, it also requires attraction and retention of many service delivery staff.

African hospitality industry has attempted to introduce strategies in reducing employees' turnover. For instance in Ghana, Seychelles, Zanzibar, Morocco, Mozambique and Tanzania, strategies are based on the fact that hotel industry is so dynamic and maintaining employees is depended on the

job opportunities in the country (Honyenuga & Adzoyi, 2019). The major cause for the high turnover has to do with low salaries and poor conditions of service. This is followed by young people who leave their serving position for further studies. This is in line with Boella and GossTurner (2017) who said that due to the unrestricted entry into the industry, the industry provides job avenues to a number of students and young people who use the industry as a stepping stone for better working life elsewhere.

According to the ILO (2019), Kenyan economy is becoming a service driven nation. Worldwide, the service industry represents for 20 per cent of the economy, while the trade industry in Kenya presently stands at 62 per cent of GDP, with an equivalent over 68 per cent of employees deployed with major business sectors like transport and logistics, information communication technology, hotel and banking services taking the lead. Nonetheless, one of the major challenges affecting the hotel industry in Kenya has been scarcity of competent and experienced employees across an extensive continuum of experts (ILO, 2019).

The Kenyan hotel industry has by and large struggled to retain top personnel due to low and unfriendly remuneration scales. 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 curtailed many females in joining the industry (Samuel & Chipunza, 2019). Research has therefore shown the need for the management 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.

### **Statement of the Problem**

The hospitality industry plays a fundamental and vital role in the growth of the Kenyan economy. A study carried out by Kuria, Wanderi and Ondigi, (2019) in Kenya revealed that labor turnover was at 68% in five star rated hotels. Armstrong (2019) defines employees' turnover as the rate of people leaving an organization, he asserts that turnover can be disruptive and costly to the organization. A high number of staff leaving an organization at any given period is detrimental to both the employees and the employer in terms of performance and efficiency. For instance, high loss of employees can make first time employees fresh from college to reduce, give rise to use of casual labour on temporary terms, affect negatively on output and sustainability, and hinders career progression (Long, Perumal, & Ajagbe, 2018). The hospitality industry working environment contributes to the high rate of unwillingness to stay long by the employees compared to other businesses (Mohanty & Mohanty, 2014; Shani, Uriely, Reichel, & Ginsburg, 2014). The high turnover, low retention and severe scarcity of skilled employees in the tourism sector have extensively affected the hotel industry (Silva, 2006).

A new report from Deloitte (Hospitality, 2018), established that employee turnover in the hotel sector can be as high as 31% and may rise further as the decline is left behind. This is nearly twice the percentage rate for other sectors and can be costly for businesses. At present, the hotel industry is faced with the endlessly developing challenges of demand for retention of appropriate talent and competitive employees on permanent and pensionable basis. Recruitment costs account for a tremendous proportion of hotel operation expenses. Deloitte's report states that, 'An average hotelier spends 45% of operating expenses and 33% of revenues on labour costs.' High turnover rates cause extra overheads in recruitment and career development. According to the report 52% of the cost of recruiting employees is productivity loss and 14% is on-boarding and career development. Additionally, to the normal operation expenses, there are broad arrays of other express and indirect costs associated with turnover, and organizations must attempt to avoid these costs at all times (Allen, Bryant & Vardaman, 2020). Research has shown that reward strategies influence employee retention.

Various studies have been conducted on reward strategies and employee retention. For instance; Wambugu and Umbui (2018) investigated on the effects of reward strategies on employee performance at Kabete Technical Training Institute, Nairobi, Kenya. Waithira (2018) researched on the effects of rewards strategies on employee performance of farm concern international, Kenya. Wangari (2018) researched on the effects of total rewards on employee retention; a case study of Kenya vision 2030 delivery secretariat. However, none of these studies focused on the effect of reward strategies on employee retention in the hospitality industry in Nairobi City County, Kenya. To fill the highlighted gaps, this study sought to assess the effect of reward strategies on employee retention in the hospitality industry in Nairobi City County, Kenya.

### **General Objective**

The general objective of the study was to assess the effect of reward strategies on employee retention in the hospitality industry in Nairobi City County, Kenya.

### **Specific Objectives**

- i) To establish the influence of employee benefits on employee retention in the Hospitality Industry in Nairobi City County, Kenya
- ii) To establish the influence of work environment on employee retention in the Hospitality Industry in Nairobi City County, Kenya

### **Theoretical Review**

A theory is a well-substantiated explanation of some aspect of the natural world that is substantiated through empirical evidence and has stood up to repeated testing and scrutiny. This study was anchored on Equity Theory and Herzberg's Two Factor Theory

#### **Equity Theory**

Equity Theory was introduced by John Stacey Adams in 1963 (Adams, 1963), originally, for application in the organisational context. The theory was developed against the lack of theoretical explanation of the psychological basis of inequity perception (Adams, 1963). Equity theory stems from Social Exchange Theory. It proposes that individuals who perceive themselves as either under-rewarded or over-rewarded will experience distress, and that this distress leads to efforts to restore equity within the relationship.

In the context of employee benefits, Equity Theory suggests that organizations can leverage benefits as a tool to establish and maintain a sense of fairness among their workforce. When employees believe that the distribution of benefits aligns with their contributions and efforts, it fosters a perception of equity and positively influences their job satisfaction. For instance, providing competitive health insurance, retirement plans, and other valuable benefits can be seen as a fair exchange for employees' commitment and hard work. This alignment between contributions and rewards contributes to a positive work environment and can enhance employees' motivation and engagement. This study used equity theory to establish the influence of employee benefits on employee retention in the Hospitality Industry in Nairobi City County, Kenya.

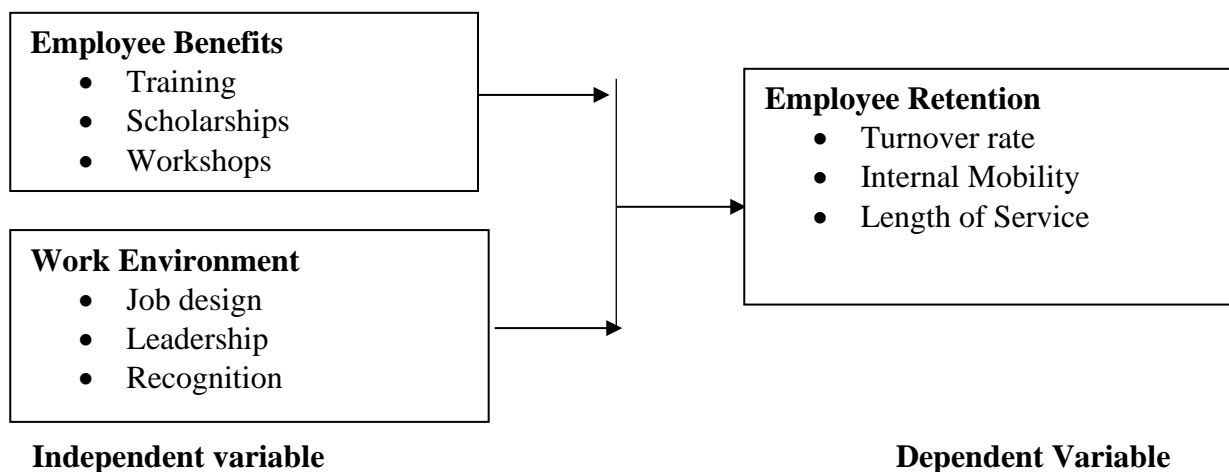
#### **Herzberg's Two Factor Theory**

Herzberg, Mausner, and Snyderman's groundbreaking 1959 publication of their Motivation-Hygiene Theory were revolutionary for industrial psychology. This theory divided job satisfaction factors into two categories: 'the need for growth or self-actualization,' known as motivation factors which include achievement, recognition, the work itself, responsibility, advancement, and the possibility for growth (Ayamolowo, Irinoye & Oladoyin, 2018), and 'the need to avoid unpleasantness,' referred to as hygiene factors such as company policies and administration, relationship with supervisors, interpersonal relations working conditions salary (Herzberg 1966; Herzberg 2018). The lasting significance of this theory is evident in its continued relevance today in various workplaces around the world.

Motivation factors are an intrinsic part of a job and lead to positive job attitudes, whereas hygiene factors encompass the extrinsic environment surrounding a job. While both factors have been identified as influential in determining employee satisfaction, they do so in different ways. Yang, Saad and AlQershi (2021) found that motivation factors increase and improve overall job satisfaction, while hygiene factors reduce levels of dissatisfaction only when below what is considered acceptable by employees, albeit unable to cause or create true feelings of satisfaction towards a role. For instance, better hygiene conditions can decrease frustration but will not necessarily boost one's enthusiasm for their current employment role (Stello 2019). Alshmemri *et al.* (2017) further suggest poor working conditions caused by inadequate hygiene may cause feelings such as anger and guilt, negatively impacting performance within any given position. This study used Herzberg's Two Factor Theory to establish the influence of work environment on employee retention in the Hospitality Industry in Nairobi City County, Kenya.

### Conceptual Framework

The conceptual framework as developed by the researcher included independent as well as dependent variables. The independent variables are employee benefits, and work environment while the dependent variable is employee retention in the Hospitality Industry in Nairobi City County, Kenya. The conceptual framework provides clear diagrammatic expression on how these variables relate to each other. Figure 1 is the conceptual framework of the study.



**Figure 1: Conceptual Framework**

Employee benefits encompass a wide range of non-monetary compensation and perks that organizations offer to their employees in addition to their salaries or wages. These benefits are designed to enhance the overall compensation package and improve the quality of work-life for employees. One of the most common employee benefits is health insurance coverage, which often includes medical, dental, and vision care. Providing access to healthcare services helps employees manage their well-being and addresses medical needs, contributing to their physical and mental health (Janjua & Gulzar, 2019). Healthcare benefits, retirement plans constitute a cornerstone of employee benefit packages. These plans allow employees to save and invest a portion of their earnings for retirement, often with employer contributions. Retirement benefits provide employees with financial security and peace of mind for their future, while also promoting loyalty and commitment to the organization over the long term (Tonye & Kojo, 2023). Paid time off, including vacation days, holidays, and sick leave, is a valuable benefit that allows employees to recharge, rejuvenate, and attend to personal or family matters without sacrificing income or job security. Flexible work arrangements, such as telecommuting and flexible hours, further contribute to work-life balance and accommodate employees' diverse needs and lifestyles.

The work environment encompasses the physical, social, and cultural setting in which individuals conduct their work-related activities (Yang, Saad & AlQershi, 2021). From a physical perspective, the work environment includes the layout, design, and amenities of the workspace. This encompasses factors such as office layout, lighting, temperature, noise levels, and ergonomics. A well-designed work environment takes into account the comfort and productivity of employees, providing them with the necessary tools and resources to perform their tasks effectively and efficiently. Comfortable and ergonomic workspaces can reduce stress, fatigue, and physical strain, thereby enhancing employees' well-being and job performance (Ayamolowo, Irinoye & Oladoyin, 2018). Organizational culture, values, norms, and behaviors contribute to the social dynamics within the workplace. A positive organizational culture fosters open communication, collaboration, trust, and mutual support among colleagues. It encourages diversity, inclusion, and respect for individual differences, creating a sense of belonging and camaraderie among employees.

**RESEARCH METHODOLOGY**

This study used descriptive research design which involved gathering of data that describes events then organizing, tabulating depicting and describing the data. The choice of this research design was influenced by the fact that it enables the researcher to assess the situation in the study area at the time of study. This design is pertinent in “developing the profile of a situation and a community of people by getting complete and accurate information through an interaction between the researcher and the respondent via data collection tools” (Kothari & Garg, 2004).

The population of interest for the study consisted of all (14) three-star, four star (38) and five-star hotels (16) in Nairobi County. A census of these registered hotels was obtained from the ministry of tourism. There were 68 (3star-5star) registered hotels in Nairobi County in the year 2022. The study used the old classification of the hotels as this would provide response based on experience. The study targeted respondents from all level of management. However, majority of respondent came from the lower level as they are much involved in direct customer conduct.

**Table 1: Target Population**

Category	Target Population
Top managers	68
Middle Level Managers	136
Lower-Level Managers	204
<b>Total</b>	<b>408</b>

The study’s sample size was reached at using Krejcie and Morgan sample size determination formula (Russell, 2013). The formula used for arriving at the sample size is;

$$n = \frac{x^2NP(1 - P)}{(ME^2(N - 1)) + (x^2P(1 - P))}$$

Where:

n=sample size

$x^2$ =Chi-square for the specified confidence level at 1 degree of freedom

N=Population size (408)

P = is the proportion in the target population estimated to have characteristics being studied. As the proportion was unknown, 0.5 was used.

Chuan and Penyelidikan (2016) indicate that the use of 0.5 provides the maximum sample size and hence it is the most preferable.

ME=desired margin of Error (Expressed as a proportion)

$$n = \frac{1.96^2 408 * 0.5 * 0.5}{(0.05^2 * 408) + (1.96^2 * 0.5 * 0.5)}$$

$$n = 197$$

Therefore, using the formula, the sample size for the study was 197 respondents. The respondents were chosen with the help of simple random sampling technique.

This research used a questionnaire to collect primary data. According to Patton *et. al* 2016, a questionnaire is appropriate in gathering data and measuring it against a particular point of view. It provides a standardized tool for data collection. The researcher obtained research permit from relevant authorities required for data collection. Structured and open questions were used to collect primary data from the field. The questionnaires were pilot tested to ascertain the extent to which the instrument is correct and to eliminate ambiguous questions, and improve on validity and reliability

Before embarking on data collection, relevant approvals will have to be obtained. An introductory letter from the JKUAT introducing the researcher to relevant authorities for field data collection was first be obtained. This letter was used to obtain the permit for research from the National Commission for Science, Technology, and Innovation (NACOSTI). Follow-up calls and emails were then be made to book an appointment.

The pilot study was carried out on 20 respondents who are sufficient based on Glesne (2015) who stated that 10% of the population is adequate to constitute the pilot test size. With the support of university supervisors and pilot testing, this study verifies the validity of the research instrument. To guarantee that the items in the questionnaire yielded reliable data, the following methods were implemented in this study. Expert opinion: supervisors' comments were incorporated into the instruments to improve their validity; a pre-test study was conducted among the management employees.

According to Creswell and Garrett (2018) the consistency of measurement is defined as the degree to which a research instrument yields consistent results or data after repeated trials; reliability is defined as the consistency of measurement. According to the Researcher, the more reliable a data collection instrument is, the more consistent the measure is. The degree to which a test consistently assesses whatever it measures is called reliability; in this study, the internal consistency of the variables to be measured was determined using Cronbach's coefficient alpha technique.

$$\alpha = \frac{K * r}{1 + (K - 1) * \bar{r}}$$

Where:

K is the number of variables,

r- the bar is the average correlation among all pairs of variables.

This study gathered both quantitative and qualitative data. Qualitative data analyzed by use of content analysis. Quantitative data was coded then analyzed using Statistical Package for Social Sciences (SPSS) computer software version 28. The choice of the software is influenced by its ability to appropriately create graphical presentation of questions, data reporting, presentation and publishing. SPSS is also able to handle large amount of data and it is purposefully designed for social sciences.

Descriptive statistics were used to analyze the data in frequency distributions and percentages which were presented in tables and figures. Discussions and presentations of the analyzed data were done in tables of frequency distribution, percentages, bar graphs and pie charts. Measures of dispersion were used to provide information about the spread of the scores in the distribution. The study also adopted multiple regression analysis to test the relationships between the variables.

## PRESENTATION, ANALYSIS AND INTERPRETATION OF DATA

In this study, the sampling frame was 198 management employees working in the hospitality industry in Nairobi City County. The researcher administered each respondent with a questionnaire. From the 197 questionnaires 171 were completely filled and returned hence a response rate of 86.8%. The response rate was considered as suitable for making inferences from the data collected. As indicated by Metsamuuronen (2017), a response rate that is above fifty percent is considered adequate for data analysis and reporting while a response rate that is above 70% is classified as excellent. Hence, the response rate of this study was within the acceptable limits for drawing conclusions and making recommendations.

### Pilot Study Results

Cronbach's Alpha method was adopted to measure the internal consistency, with alpha values ranging between 0 - 1, and reliability rising as alpha value rises. The reliability of coefficient which is commonly between used is 0.6- 0.7, with more than or equal to 0.8 symbolizing a good reliability (Fraenkel, 2017). Cronbach's Alpha of 0.7 or more was accepted in this study but a Cronbach's Alpha which less than 0.7 required change of research instrument. Nevertheless, actual study did not include data acquired from the pilot test. The researcher ensured that all the Cronbach alpha values of the variables under investigation were above 0.7.

From the findings, employee benefits had a Cronbach's reliability alpha of 0.803, work environment had a Cronbach's reliability alpha of 0.813 and employee retention had an average Cronbach's reliability alpha of 0.825. This shows that the study questionnaire met the reliability criteria ( $\alpha > 0.7$ ).

**Table 2: Reliability Test Results**

Variable	Cronbach's Alpha	Interpretation
employee benefits	0.803	Reliable
work environment	0.813	Reliable
employee retention	0.825	Reliable

Factor analysis was adopted to ascertain validity of the collection instruments. Tabachnick and Fidell (2017) validates the statement by arguing that EFA is used when a researcher wants to discover the number of factors influencing variables and to analyze which variables go together. This study considered loadings of 0.50 and above as the threshold for interpretations. A low value for communality less than 0.50 indicated that the variable does not fit well with the other variables in its component, and is undesirable according to Khoi (2017). The results were as shown in Table 3. The results show that employee benefits had AVE of 0.545, work environment had an AVE of 0.523 and employee retention had an AVE of 0.567. These finding showed that factor loadings were above the threshold of 0.50 adopted by the study that therefore implied that all the constructs were suitable for further analysis.



**Table 3: Factor Analysis for all Variables**

<b>Variables</b>	<b>Average Factor Loading</b>	<b>Comment</b>
Employee benefits	.545	All items were accepted
Work environment	.523	All items were accepted
Employee retention	.567	All items were accepted

**Descriptive Statistics Analysis**

**Employee Benefits and Employee Retention**

The objective of the study was to establish the influence of employee benefits on employee retention in the Hospitality Industry in Nairobi City County, Kenya. The respondents were requested to indicate their level of agreement on employee benefits and employee retention in the Hospitality Industry in Nairobi City County, Kenya. The results were as shown in Table 4.

From the results, the respondents agreed that comprehensive employee benefits packages contribute to higher levels of employee satisfaction and retention. This is supported by a mean of 3.996 (std. dv = 0.865). In addition, as shown by a mean of 3.819 (std. dv = 0.945), the respondents agreed that offering a variety of employee benefits, including health insurance, retirement plans, and flexible work arrangements, can help attract and retain top talent. Further, the respondents agreed that employees who feel supported by their benefits package are more likely to remain loyal to the company. This is shown by a mean of 3.798 (std. dv = 0.611).

The respondents also agreed that tailoring employee benefits to meet the diverse needs of the workforce enhances retention by demonstrating the company's commitment to employee well-being. This is shown by a mean of 3.731 (std. dv = 0.908). With a mean of 3.711 (std. dv = 0.776), the respondents agreed that providing opportunities for professional development and career advancement as part of the benefits package promotes employee retention. The respondents agreed flexible work arrangements, such as remote work options or flexible scheduling, can improve work-life balance and contribute to higher retention rates. This is shown by a mean of 3.675 (std. dv = 0.897). With a mean of 3.613 (std. dv = 0.786), the respondents agreed that employee benefits play a crucial role in fostering a positive company culture and strengthening employee engagement, leading to greater retention.

**Table 4: Employee Benefits and Employee Retention**

	<b>Mean</b>	<b>Std. Dev.</b>
Comprehensive employee benefits packages contribute to higher levels of employee satisfaction and retention.	3.996	0.865
Offering a variety of employee benefits, including health insurance, retirement plans, and flexible work arrangements, can help attract and retain top talent.	3.819	0.945
Employees who feel supported by their benefits package are more likely to remain loyal to the company.	3.798	0.611
Tailoring employee benefits to meet the diverse needs of the workforce enhances retention by demonstrating the company's commitment to employee well-being.	3.731	0.908
Providing opportunities for professional development and career advancement as part of the benefits package promotes employee retention.	3.711	0.776
Flexible work arrangements, such as remote work options or flexible scheduling, can improve work-life balance and contribute to higher retention rates.	3.675	0.897
Employee benefits play a crucial role in fostering a positive company culture and strengthening employee engagement, leading to greater retention.	3.613	0.786
<b>Aggregate</b>	<b>3.732</b>	<b>0.841</b>

### Work Environment and Employee Retention

The objective of the study was to establish the influence of work environment on employee retention in the Hospitality Industry in Nairobi City County, Kenya. The respondents were requested to indicate their level of agreement on various statements relating to work environment and employee retention in the Hospitality Industry in Nairobi City County, Kenya. A 5 point Likert scale was used where 1 symbolized strongly disagree, 2 symbolized disagree, 3 symbolized neutral, 4 symbolized agree and 5 symbolized strongly agree. The results were as presented in Table 5.

From the results, the respondents agreed that a positive work environment fosters employee satisfaction and contributes to long-term retention within the organization. This is supported by a mean of 4.168 (std. dv = 0.905). In addition, as shown by a mean of 3.959 (std. dv = 0.885), the respondents agreed that employees thrive in environments where they feel supported, respected, and valued for their contributions. Further, the respondents agreed that a toxic work environment can lead to decreased morale and increased turnover rates among employees. This is shown by a mean of 3.920 (std. dv = 0.605). The respondents also agreed that investing in creating a positive work environment is essential for attracting and retaining top talent. This is shown by a mean of 3.915 (std. dv = 0.981).

The respondents agreed that organizations that prioritize employee well-being and cultivate a supportive work environment tend to experience higher levels of employee loyalty. This is supported by a mean of 3.911 (std. dv = 0.873). In addition, as shown by a mean of 3.897 (std. dv = 0.786), the respondents agreed that collaboration and open communication are foundational elements of a healthy work environment conducive to employee retention. Further, the respondents agreed that providing a comfortable and ergonomic workspace enhances employee productivity and job satisfaction, ultimately leading to higher retention rates. This is shown by a mean of 3.789 (std. dv = 0.896).

**Table 5: Work Environment and Employee Retention**

	Mean	Std. Deviation
A positive work environment fosters employee satisfaction and contributes to long-term retention within the organization.	4.168	0.905
Employees thrive in environments where they feel supported, respected, and valued for their contributions.	3.959	0.885
A toxic work environment can lead to decreased morale and increased turnover rates among employees.	3.920	0.605
Investing in creating a positive work environment is essential for attracting and retaining top talent.	3.915	0.981
Organizations that prioritize employee well-being and cultivate a supportive work environment tend to experience higher levels of employee loyalty.	3.911	0.873
Collaboration and open communication are foundational elements of a healthy work environment conducive to employee retention.	3.897	0.786
Providing a comfortable and ergonomic workspace enhances employee productivity and job satisfaction, ultimately leading to higher retention rates.	3.789	0.896
<b>Aggregate</b>	<b>3.890</b>	<b>0.867</b>

### Employee Retention in the Hospitality Industry

The respondents were requested to indicate their level of agreement on various statements relating to employee retention in the Hospitality Industry in Nairobi City County, Kenya. A 5 point Likert

scale was used where 1 symbolized strongly disagree, 2 symbolized disagree, 3 symbolized neutral, 4 symbolized agree and 5 symbolized strongly agree. The results were as presented in Table 6.

From the results, the respondents agreed that employee retention is a critical component of maintaining organizational stability and productivity. This is supported by a mean of 4.084 (std. dv = 0.997). In addition, as shown by a mean of 3.917 (std. dv = 0.831), the respondents agreed that their organization has seen reduced turnover rates hence reduced costs associated with recruitment, training, and lost productivity. Further, the respondents agreed that effective employee retention strategies are essential for preserving institutional knowledge and expertise within the organization. This is shown by a mean of 3.858 (std. dv = 0.563). The respondents also agreed that retaining top talent allows our organization to remain competitive in the marketplace and drive innovation. This is shown by a mean of 3.831 (std. dv = 0.851).

The respondents agreed that their organization has invested in employee development and career advancement opportunities hence fostering loyalty and retention. This is supported by a mean of 3.802 (std. dv = 0.786). In addition, as shown by a mean of 3.798 (std. dv = 0.921), the respondents agreed that organization had built a positive work culture that values and supports employees contributes to higher retention rates. Further, the respondents agreed that in their organization, recognizing and rewarding employees for their contributions is a powerful retention tool. This is shown by a mean of 3.743 (std. dv = 0.823).

**Table 6: Employee Retention in the Hospitality Industry**

	<b>Mean</b>	<b>Std. Deviation</b>
Employee retention is a critical component of maintaining organizational stability and productivity.	4.084	0.997
Our organization has seen reduced turnover rates hence reduced costs associated with recruitment, training, and lost productivity.	3.917	0.831
Effective employee retention strategies are essential for preserving institutional knowledge and expertise within the organization.	3.858	0.563
Retaining top talent allows our organization to remain competitive in the marketplace and drive innovation.	3.831	0.851
Our organization has invested in employee development and career advancement opportunities hence fostering loyalty and retention.	3.802	0.786
Our organization had built a positive work culture that values and supports employees contributes to higher retention rates.	3.798	0.921
In our organization, recognizing and rewarding employees for their contributions is a powerful retention tool.	3.743	0.823
<b>Aggregate</b>	<b>3.816</b>	<b>0.818</b>

### Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (employee benefits, and work environment) and the dependent variable (employee retention in the hospitality industry in Nairobi City County, Kenya) dependent variable.

**Table 7: Correlation Coefficients**

		<b>Employee Retention</b>	<b>Employee Benefits</b>	<b>Work Environment</b>
Employee Retention	Pearson Correlation	1		
	Sig. (2-tailed)			
Employee Benefits	N	171		
	Pearson Correlation	.856**	1	
Work Environment	Sig. (2-tailed)	.001		
	N	171	171	
Employee Retention	Pearson Correlation	.859**	.189	1
	Sig. (2-tailed)	.000	.081	
	N	171	171	171

The results revealed that there is a very strong relationship between employee benefits and employee retention in the hospitality industry in Nairobi City County, Kenya ( $r = 0.856$ ,  $p$  value = 0.001). The relationship was significant since the  $p$  value 0.001 was less than 0.05 (significant level). The findings conform to the findings of Muiruri and Were (2016) that there is a very strong relationship between employee benefits and employee retention.

The results also revealed that there was a very strong relationship between work environment and employee retention in the hospitality industry in Nairobi City County, Kenya ( $r = 0.859$ ,  $p$  value = 0.000). The relationship was significant since the  $p$  value 0.000 was less than 0.05 (significant level). The findings are in line with the results of Minjeong and Sungyong (2021) who revealed that there is a very strong relationship between work environment and employee retention

**Regression Analysis**

Multivariate regression analysis was used to assess the relationship between independent variables (employee benefits, and work environment) and the dependent variable (employee retention in the hospitality industry in Nairobi City County, Kenya)

**Table 8: Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.925	.848	.849	.10120

a. Predictors: (Constant), employee benefits, and work environment

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.848. This implied that 84.8% of the variation in the dependent variable (employee retention in the hospitality industry in Nairobi City County, Kenya) could be explained by independent variables (employee benefits, and work environment).

**Table 9: Analysis of Variance**

<b>Model</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	12.027	2	3.018	77.38	.000 <sup>b</sup>
1 Residual	6.568	168	.039		
Total	18.595	170			

a. Dependent Variable: Employee retention in the hospitality industry

b. Predictors: (Constant), employee benefits, and work environment

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 77.38 while the F critical was 2.426. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Therefore, the model can be used to predict the influence of employee benefits, and work environment on the employee retention in the hospitality industry in Nairobi City County, Kenya.

**Table 10: Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.	
	B	Std. Error				
1	(Constant)	0.341	0.089		3.831	0.000
	employee benefits	0.387	0.095	0.386	3.949	0.000
	work environment	0.398	0.102	0.399	3.716	0.002

**a Dependent Variable: Employee Retention**

The regression model was as follows:

$$Y = 0.341 + 0.387X_2 + 0.398X_4 + \epsilon$$

According to the results, employee benefits have significant effect on employee retention in the hospitality industry in Nairobi City County, Kenya,  $\beta_1=0.387$ , p value= 0.000). The relationship was considered significant since the p value 0.000 was less than the significant level of 0.05. The findings conform to the findings of Muiruri and Were (2016) that there is a very strong relationship between employee benefits and employee retention.

In addition, the results revealed that work environment has significant effect on employee retention in the hospitality industry in Nairobi City County, Kenya  $\beta_1=0.398$ , p value= 0.002). The relationship was considered significant since the p value 0.002 was less than the significant level of 0.05. The findings are in line with the results of Minjeong and Sungyong (2021) who revealed that there is a very strong relationship between work environment and employee retention.

**Conclusions**

The study concludes that employee benefits have a positive and significant effect on employee retention in the Hospitality Industry in Nairobi City County, Kenya. The study revealed that training, scholarships and workshops influence employee retention in the Hospitality Industry in Nairobi City County, Kenya

The study also concludes that work environment has a positive and significant effect on employee retention in the Hospitality Industry in Nairobi City County, Kenya. The study revealed that job design, leadership and recognition influence employee retention in the Hospitality Industry in Nairobi City County, Kenya.

**Recommendations**

This study recommends that the hospitality industry should enhance and expand their employee benefits offerings. This could involve introducing additional benefits such as health insurance coverage, retirement plans, paid time off, wellness programs, or flexible work arrangements. By providing comprehensive and attractive employee benefits packages, hospitality businesses can improve employee satisfaction, engagement, and loyalty, ultimately reducing turnover rates and retaining valuable talent within the organization

The management of hotels in Nairobi County should prioritize creating a positive and supportive work environment for their employees. One way to achieve this is by fostering open

communication and collaboration among employees and management. Implementing regular feedback mechanisms, such as employee surveys or suggestion boxes, can provide valuable insights into employees' experiences and needs within the workplace.

This study focused on assessing the effect of reward strategies on employee retention in the hospitality industry in Nairobi City County, Kenya. Having been limited to the hospitality industry in Nairobi City County, Kenya, the findings of this study cannot be generalized to employee retention in companies in other sectors. The study therefore suggests further studies on the effect of reward strategies on employee retention in companies in other sectors in Kenya.

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