

**COMPENSATION STRATEGIES AND LABOUR TURNOVER AMONG  
EMPLOYEES OF 3-5 STAR-RATED HOTELS IN NAIROBI CITY COUNTY,  
KENYA**

**JOAN MBITHE MUTISO (BSc)  
REG.NO. T129/OL/CTY/26486/2015**

**A THESIS SUBMITTED TO THE SCHOOL OF BUSINESS, ECONOMICS  
AND TOURISM IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR  
THE AWARD OF THE DEGREE OF MASTER OF SCIENCE IN  
HOSPITALITY MANAGEMENT, IN KENYATTA UNIVERSITY.**

**MARCH 2024**

**DECLARATION**

This Thesis is my original work and has not been presented for a degree in any other University.

Sign.....

Date.....

Joan Mbithe Mutiso

Hospitality Management Department

**Supervisors:**

We confirm that the work reported in this thesis was carried out by the Student under our supervision.

**Rahab Mugambi (PhD)**

Department of Hospitality and Tourism Management

Kenyatta University

Signature..... Date.....

**Vincent Maranga (PhD)**

Department of Hospitality and Tourism Management

Kenyatta University

Signature..... Date.....

## **DEDICATION**

To my late father Mr. Philip Makau who had been my cheer leader in encouraging me to pursue education to the highest level possible.

## **ACKNOWLEDGEMENTS**

First, I would like to express my heartfelt appreciation to my supervisors, Dr Rahab Mugambi and Dr Vincent Maranga whose valuable comments and counsel guided the entire study to reach its current state. Thank you for being understanding and supportive. Special thanks go to all respondents, employees of the 3-5 star rated Hotels in Nairobi City County, Kenya who sacrificed their valuable time in filling the questionnaires and provided me with the vital information needed to complete the study. I thank them all for their patience and understanding.

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## OPERATIONAL DEFINITION OF TERMS

<b>Compensation:</b>	Refers to the remuneration that an employee receives in return for his/her services to the organization
<b>Employee benefits:</b>	A form of compensation paid by employers to employees and above regular salary or wages
<b>Employee Compensation:</b>	refers to all forms of pay going to employees and arising from their employment
<b>Management:</b>	Management are people in an organization who use skills to plan, build, and direct organizational systems to accomplish missions and goals
<b>Operatives:</b>	People who are hired to perform the manual work for an organization
<b>Recruitment:</b>	The process of searching for prospective employee and stimulating them to apply for jobs in the organization
<b>Remunerations:</b>	Refers to money and other types of compensation an employee of a company receives for their work
<b>Turnover:</b>	Refers to the number or percentage of workers who leave an organization and are replaced by new employees
<b>Generation Y:</b>	Includes people born in the 1980's and 1990's

## **ABBREVIATIONS AND ACRONYMS**

HRM	Human Resource Management
SHRM	Strategic Human Resource Management
ITL	Intention to leave
ITS	Intention to stay
CIPD	Chartered Institute of Personnel Development
TRA	The Tourism Regulatory Authority of Kenya

## ABSTRACT

Employee turnover is a key challenge in the hospitality Industry today. Compensation plays an important role in determining employees' job satisfaction. The study aims to determine different types of compensations in practice in Hotels under study and analysis the type which attracts retention of employees more. This study was guided by five objectives: To assess the influence of the direct financial compensation strategies on labour turnover intentions of employees in 3-5 star rated hotels in Nairobi City County, Kenya; To evaluate the influence of the indirect compensation (fridge benefits) strategies and Labour turnover intentions among employees in 3-5 star rated hotels in Nairobi city county, Kenya; To establish Non-Financial Compensation strategies that influence Labour turnover intentions among employees in 3-5 Star Rated Hotels in Nairobi City County, Kenya; To examine the influence of the compensation practices on Labour turnover intentions among employees in 3-5 in star rated hotels in Nairobi City County, Kenya; To determine the moderating effect of socio-demographic factors (Age, gender, Education, income) on the relationship between compensation strategies and labour turnover intentions in 3-5 star rated hotels in Nairobi City county, Kenya. The study was guided by the Herzberg's two factor theory of motivation and Expectancy theory. Descriptive research designs was used. A semi-structured closed ended questionnaire was used to collect data. The target population comprised a total of 463 managerial and operative staff. A stratified random sampling technique was used and a sample of 210 respondents selected and questionnaires administered. The Human Resource Managers were purposively included in the sample and interviews were scheduled for them as key informants. Data obtained was analysed using chi square contingency test and odd ratio to evaluate the association of direct financial strategies, indirect financial strategies, non- financial strategies and compensation strategies. Content analysis technique was utilized to analyse qualitative data. The findings were; that majority of employees in the 3-5 star rated hotels were between the age of 31- 40 and had Diploma level of education. Although base pay and commissions were the most popular compensation alternatives with a  $P < 0.05$ , they were not significantly related to employee turnover, whereas indirect and non-financial compensation were significantly associated with employee turnover with 42.2% indicating that they would likely leave. On hypothesis testing, the null hypothesis for objectives one to three were reported as statistically significant with a P-Value less than 0.05. This indicates that direct, indirect and non-financial compensation strategies influence employee turnover ( $P < 0.05$ ). Notably, compensation practice does not influence turnover ( $P > 0.05$ ). The study concludes that a mix of compensation strategies, salary packages and improved working environments should be enhanced to reduce Labour Turnover. The likelihood of exit is high in the 3-5 is high with a  $P < 0.08$  thus the study recommends that the Hotels under study apart from base pay and commissions, should also provide their employees with special employee retention packages such as retirement benefits, insurance cover, medical allowance, travel, meal and recognition allowances. In addition, periodic review of employee benefits based on the prevailing market dynamics. The study recommended that a comprehensive compensation package be provided to reduce labour turnover intentions.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.0 Background to the Study**

Employee compensations refer to all forms of pay or reward going to employees arising from their employment (Varma, 2018). People work for a living. It is rational that employees demand an appropriate level of compensation for their effort. Such compensation may be offered in monetary (direct) reward, such as salary and bonus, or bundled with other non-monetary (indirect) reward such as medical insurance (Mondy 2010). This study will investigate the human resource managers and the operative cadre in 3-5 star rated hotels in Nairobi city County, Kenya in relation to compensation strategies and labour turn over.

Hotel employee turnover has been documented as a problem in the U.S hospitality industry, with a reported employee turnover rate of 73.8% between July 2016 and June 2017 (Bureau of Labour Statistics, 2017). Lower in-come hotel workers perform highly repetitive tasks such as cleaning guest rooms, cooking and serving food and maintenance works of the facilities (Garcia-Almeida & Hormiga,2016). With constant periods of long working hours and minimal compensation, some employees develop the tendency to leave the organization, hence resulting to employee turnover.

Hospitality workers often work for long hours in poor working environments and they feel that they are unappreciated by either the companies they work for or the patrons they serve, leading them to exit the industry to look for more personally fulfilling jobs (Doyle, 2022). Some factors cannot be helped, but awareness of the

issues can lead to better solutions. Most of the Hotels have a very poor work life balance since the facilities are often open throughout; the workers hardly get time to catch-up with their families and friends outside the job environment. This has created disillusionment among the staff who feel like they are over sacrificing for their jobs at the expense of their private lives and hence they quit (Anjali, 2014).

Krishnendu, Partha & Sumit (2018) in a study carried out in India, state that wage and salary administration is one of the most important areas of H.R.M. Wage and salaries represent a substantial part of total costs in most of the organization. A good compensation plan is to motivate employees; job satisfaction controls compensation costs and ensures equity. Wage is compensation to the employees for services rendered to the organization they further state. Normally, the wage period is shorter than the salary period. Some experts argue that wages are the compensation of the wage earners, the numerous employees who use the tools and equipment's for their employers to produce goods and services that are sold by their employers. There is a need to examine the relationship between compensation and employees' commitment. (Hazzra, Partha & Sumit, 2018) suggest that the compensation practices adopted by hotels have a great impact on employees' commitment which results to either productivity or employee turnover in the hotels. Organizations should design employee-friendly practices that should result in employees' commitment, however it is evident that the hotel industry has poor policies as compared to other industries.

Zhenjing et.al., (2022) in their study state that hotels should devise a means to link the commitment of its employees to their overall compensation package as this will an excellent motivator for the employees to be more productive and that Human resource managers should strive to look for newer and innovative compensation policies to

retain good employee because it appears employees are keen on them. This study concluded that compensation is an important determinant of employee commitment. From the analysis of this study, they found that compensation has the greatest influence on employees' commitment and that hotels can improve their employees' commitment and retention effectiveness by providing a competitive package that will ensure that they are loyal to the organization. This study was conducted in Thailand, Asia.

A study by (Wang, 2017) in a study titled "Factors that affect employee turnover in five-star hotels in Beijing-China", established that employee turnover has been and continues to be a particularly prolific area of research, with many publications on the topic. Evidence suggests that turnover in hotel industry is triggered by dissatisfaction with such factors as relationships with supervisors, job content, working conditions, work timings, size of restaurants, salary and other benefits etc. This study recommended that owners & managers should recognize & appreciate the work done by the staff in certain situations and that the reason why employees may have intention to leave may be dissatisfaction with salary; additional allowance for overtime; insufficient salary w.r.to family needs; No insurance/med claim; participation in decision making etc. and it was predicted that around 72% employee would leave their job very shortly. The owners needed to take care of these leavers to avoid loss of goodwill due to service problems.

There are significant differences between marital status and turnover intentions, between job position and turnover intention, between wage and turnover intention between age and turnover intention and lastly between tenure and turnover intentions in five-star hotels in Beijing (Wang,2017). The study established that the reason why

employees in five-star hotels in Beijing intend to work in other industries are work – life unbalance, irregular working hours and long working hours in five-star hotels in Beijing. The study further established that irregular working hours in five-star hotels in Beijing cause employees’ turnover intention.

According to (Hassan & Tareq, 2020) hospitality employees differ in their preference for some material and non-material items signifying reward and recognition (RR). Management should take these differences into account when devising such incentives. The satisfaction that employees derive can be strengthened by focusing on Herzberg’s motivators while employee dissatisfaction could be prevented by addressing hygiene factors. (Hassan & Tareq, 2020) further state that human resource personnel can achieve a measure of success while developing and administering a compensation program that stimulates effort related to work, tasks or accomplishment of goals.

In a study carried out in Jamaica by (Odetha, 2018) all research participants felt that providing competitive compensation and benefits was an important element for reducing turnover. Therefore, offering adequate compensation and benefits packages is critical to employee retention in the hotel industry. Odetha recommended that employers experiencing high turnover rates work with HR managers should obtain current data on industry pay packages and get creative, when necessary, with benefits and bonus structures. Odetha further stated that at employers may consider reviewing compensation and benefits packages annually and should pay attention to trends in the marketplace. In addressing factors of compensation and benefits may be able to mitigate other factors that are not within their control. Another recommendation by

(Odetha, 2018) highlighted from his findings is for employees to use awards and recognition to motivate and maintain a happy, productive workforce.

Reducing employee turnover is a strategic and important issue. No business can enjoy and sustain the success until it deals with turnover problem efficiently. Most crucial issue is to lay the ground work for long term commitment. Without valuable employees, a business cannot generate revenue and prosper. Every individual has a purpose to perform and without purpose, the picture becomes invisible to be successful in real manner (Mcevoy, Glenn & Cascio,2020). It's against this background that the study aims to identify the effect of employee compensation strategies and labour turnover among employees in 3-5 star rated hotels in Nairobi City County, Kenya.

A study by Tesot (2021) revealed that there is high employee turnover in the star rated hotels in Eldoret town which affects the performance of the hotels negatively. Further findings of this study indicated that remuneration and general work environment had an influence on employee turnover.

### **1.1 Statement of the Research Problem**

Kenya is recognised worldwide as a leading tourist destination, being the second time holder of the prestigious Leading Safari Destination accolade by the world Travel Awards in 2015. The tourism sectors contribution to the employment in the country stood at 12% in 2018 (Kibiru, 2018). This is expected to rise by 3.1% in 2019 to 2,025,206 jobs and rise by 2.9% pa in 2026, overall contributing to 9.5% of total employment.

Labour turnover damages the consistency in the standardized services provided by the hotels. The direct and indirect cost associated with turnover ratio directly affect the profitability of the firm, therefore it can be said that low employee turnover gives an organization a competitive advantage over others (Cheruiyot, Kimutai and Kemboi, 2017). Most hotels in Kenya have tried to compete with one another but most of them are faced by challenges of high employee turnover which has affected the performance of the hotels.

Although many studies have been conducted on turnover intentions in the hospitality industry more work is needed to understand the main factor that results to these turnover intentions. Investigating Compensation Strategies, this study has provided empirical data on the role that compensation strategies play in determining the turnover over of employees in three-five star rated Hotels in Nairobi City County, Kenya. The study will serve as a base for future research in the hospitality industry in general, and in specific the other hotels in other Counties in Kenya.

## **1.2 Purpose of the Study**

The study sought to understand the influence of compensation strategies and labour turnover among employees in three-five star rated hotels in Nairobi City County, Kenya.

## **1.3 Objectives of the Study**

### **1.3.1 General Objective**

To assess the role of Compensation strategies on labour turnover intentions in 3-5 Star Rated Hotels in Nairobi City County, Kenya.

### **1.3.2 Specific Objectives**

1. To assess the influence of the direct financial compensation strategies on labour turnover intentions among employees in 3-5 star rated hotels in Nairobi City County-Kenya.
2. To evaluate the influence of the indirect Financial (fringe benefits) compensation strategies and labour turnover intentions among employee in 3-5 star rated hotels in Nairobi City County- Kenya
3. To establish the influence of non-Financial compensation strategies on labour turnover intentions among employee in 3-5 star rated hotels in Nairobi city County-Kenya
4. To examine the influence of the compensation practises on Labour turnover intentions among employees in 3-5 star rated hotels in Nairobi City County-Kenya
5. To determine the moderating effect of socio-demographic factors (Age, gender, Education, income) on the relationship between compensation strategies and labour turnover intentions among employees in 3-5 star rated hotels in Nairobi City County-Kenya

### **1.4 Research Hypothesis**

**Ho:** There is no significant relationship between direct financial compensation strategies and labour turnover intentions among employees in 3-5 star rated hotels in Nairobi City County- Kenya.

**Ho<sub>2</sub>:** There is no significant relationship between indirect financial compensation strategies (Fridge benefits) and labour turnover intentions in 3-5 star rated hotels in Nairobi City County- Kenya

**Ho<sub>3</sub>:** There is no significant relationship between of non-financial compensation strategies and labour turnover intentions in 3-5 star rated Hotels in Nairobi City County- Kenya

**Ho<sub>4</sub>:** There is no significant relationship between compensation practises and labour turnover intentions in 3-5 star rated hotels in Nairobi City County- Kenya

**Ho<sub>5</sub>:** The socio demographic characteristics (gender, age, education level, income) have no significant moderating influence on the relationship between the independent and dependent variables (labour turnover intentions) in 3-5 star rated hotels in Nairobi City County- Kenya.

### **1.5 Significance of the Study**

This study will provide hospitality stakeholders with insights relating to compensation strategies employed and how they influence labour turnover. The study will also provide the basis for future research and provide very important insight on employees' labour turnover challenges that 3-5 star rated hotels in Nairobi City County-Kenya today, and help management formulate a robust strategy to retain their employees.

### **1.6 Scope of the Study**

The study was carried out in the 3-5 star rated hotels in Nairobi City County, Kenya. The sample population comprise of employees in these hotels. The variables

investigated include the effect of direct compensation strategies, In-direct compensation strategies, non-financial compensation strategies and compensation practices and their effect on labour turnover in star rated hotels in Nairobi City County, Kenya. The study was under taken between 2019 to 2021. Any influence in the study variables occurring after this period will not be part of the scope.

### **1.7 Limitations of the Study**

There are no adequate indicators that associate directly with the relation between compensation and labour turnover in the hospitality industry. The study was limited in terms of covering other reward systems that may influence labour turnover among employees in 3-5 star rated hotels in Nairobi City County-Kenya. In regard of the sensitivity of the research, some respondents were uncomfortable in sharing information in fear of being victimized and a few others declined to take part. To triumph over this obstacle and increase data precision, the researcher spent quality time explaining the importance of the research and the worth of the findings in improving the hotel sector in Nairobi city County, Kenya.

### **1.8 Assumptions of the Study**

The study assumed that there was high turnover of employees in the hospitality industry, particularly in the hotel sector. This assumption was informed by previous studies, which have found out that the hospitality industry is facing challenges of retaining its employees. (Kuria et.al.,2011) established that three- and four-star hotels in Nairobi county had a high level of employee turnover of 68%. This study therefore assumed that improved compensation polices can reduce the labour turnover.

## **1.9 Theoretical and Conceptual Framework**

### **1.9.1 Theoretical Framework**

#### **1.9.1.1 Herzberg's Two-Factor Theory of Motivation**

Frederick Herzberg (1959) proposed that the two-factor theory (1959) of job satisfaction which was grounded on two factors namely motivation factored and hygiene factors as the one's that influence satisfaction at work place. Motivation factors such as equal levels of authority and responsibility, providing appropriate recognition and career development. Achievement, personal growth and interest in job may prompt motivation hence reduce labour turnover intentions.

Hygiene factors such as organizational policy, interpersonal relationships. Job security, physical working conditions, salary and quality if supervision can lead to job dissatisfaction if not provided which may trigger labour turnover intentions.

#### **1.9.1.2 Expectancy Theory-(Vroom-1964)**

Expectancy Theory focuses on link between rewards and behaviour. In this study the reward is compensation while the behaviour is job satisfaction. The theory suggests that employees perceived views of the workplace outcomes determine the level of motivation they have when working. If that expectation is met, the employee maybe motivated to continue staying at the work place. However, if the employee inputs a high level of effort and the outcome or reward is lower than expected, the employee may experience a reduction in motivation and therefore develop intentions to leave.

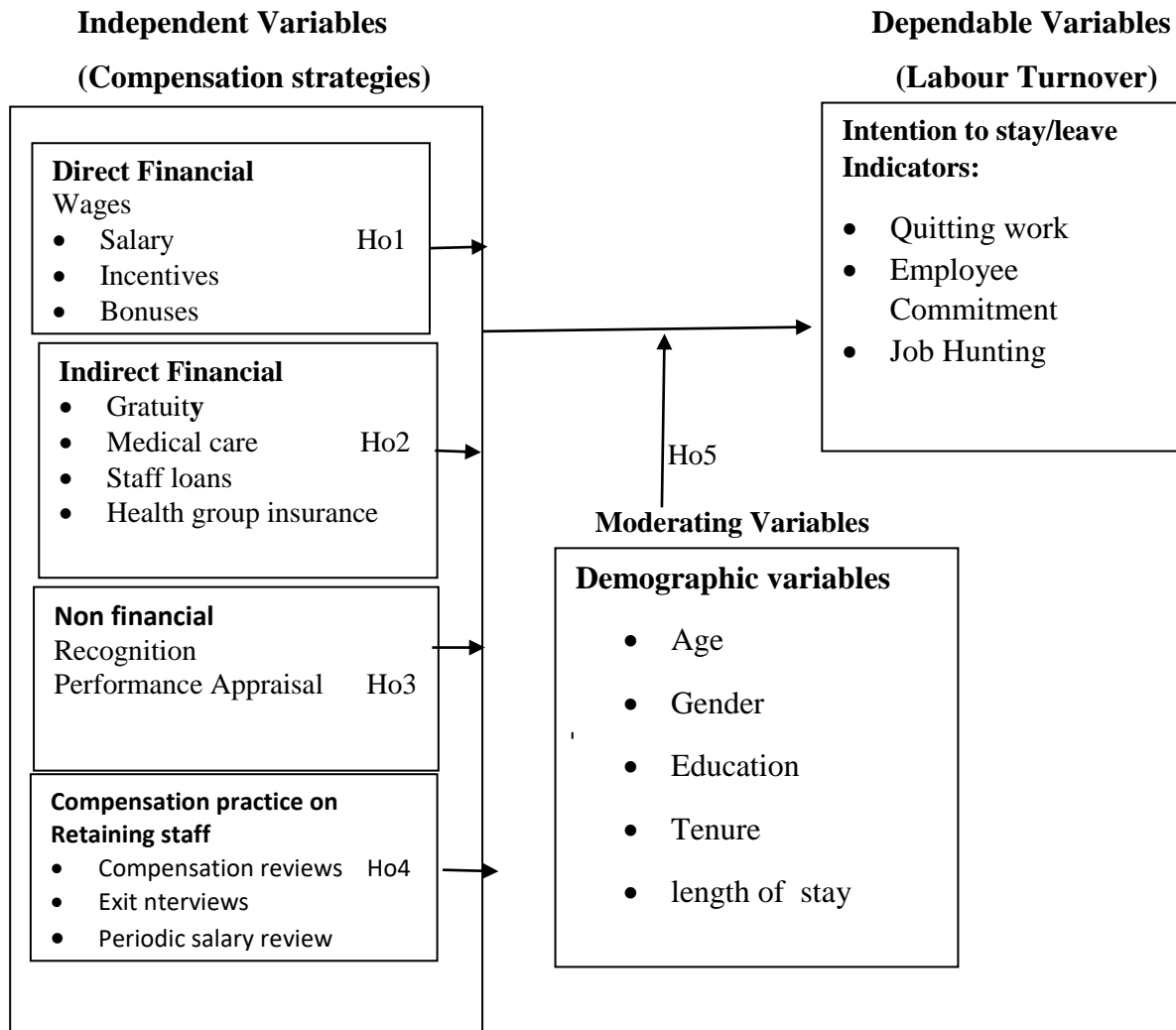
Compensation systems differ according to their impact on these motivational components and pay systems differ most in their impact on instrumentality. There is a perceived link between behaviour and pay. Employees reports about their satisfaction with their jobs, are directly related to the extent to which their jobs provide them with

such rewarding outcomes, as pay, variety in simulation, consideration from their supervisor, a high probability of promotion, close interaction with co-workers, an opportunity to influence decisions and control over their place of work (Gupta, 2003). Expectancy theory concentrates on the expectations which employees bring with them to work situation and the context and manner in which these expectations are satisfied. The underlying hypothesis is that “appropriate levels of effort, and hence productivity, will only be extended if employees expectations are fulfilled”. It does not assume a static range of expectations common to all employees but rather points to the possibility of different sets of expectations. Rewards are seen as fulfilling or not fulfilling expectations. Expectancy theory challenges management to demonstrate to employees that extra effort will reap a commensurate reward. The link between effort and reward needs to encompass both the pay packet and a variety of other extrinsic or intrinsic rewards. Reward schemes must therefore create a positive link between the size of the pay packet and the effort expended for employees are primarily motivated by money.

## 1.9.2 Conceptual Framework

The concepts were represented diagrammatically as shown in figure below.

**Figure 1: Conceptual Framework**



Modified from: Chepchumba & Kimutai (2017)

Employee compensation can take the form of cash and non-cash benefits. Only compensation components that can be adopted by the hotels under study are considered in the conceptual framework. The effectiveness of the compensation components can be influenced by the employee demographics characteristics. The relationship between compensation components and turnover will be established

controlling for the demographics. Labour turnover measured though turnover intention was the dependent variable in the study. Turnover intention has been very often used in past research. Holston-Okae (2018) noted that turnover intention is an appropriate dependent variable because it is linked with actual turnover. Ratewal (2019) recommended use of turnover intention over actual turnover because actual turnover is more difficult to predict than intentions as there are many external factors that affect turnover behaviour.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.0 Introduction**

This chapter reviews the literature related to the problem of the study based on study objectives. The chapter specifically examines how compensation strategies may influence turnover in the Hospitality industry. The chapter further identifies the gaps to be bridged by the study.

### **2.1 Direct Financial Compensation Strategies and labour turnover intensions**

Direct compensation is a salary received by employees every month (Indriyani & Heruwasto,2017). Direct compensation has to do with wage or salary aspect while indirect compensation is the fringe benefits a worker enjoys as a result of working in an organization. Manurung (2017) states that direct compensation is a direct gift given by the organization to employees such as wages, salary as well as bonuses and incentives.

Gomez,Blancardi & Jenkins(2012) state that most employees believe that they should be rewarded to recognise their performance, they defined pay-for-performance or incentives system as a system that rewards employees on the assumption that individual employees and work teams differ in how much they contribute to the firms. They also argue that for a firm to attract, retain, and motivate employees, the firm needs to reward employees on the basis of their relative performance.

Rakhra (2018) did a study on employee retention in companies in India that indicated that direct financial compensation contributed significantly on retention of employees. Hong et al. (2012) studied employee retention in Malaysia which revealed a

significant relationship between compensation and that performance-based compensation (direct compensation) was among core motivation factors that influence employee retention. These studies were however conducted in India and Malaysia and the findings may not be generalized to the context in Kenya more so in the hotel industry therefore the need for the present study to fill the gap in knowledge.

Mburu (2018) conducted a study on factors influencing employee turnover in hospitality industry in Kenya, a case study of the hill park hotel and the study revealed that organizational benefits and allowances were lacking and this was the key reasons that made employees want to leave the organization and search for better jobs. However, the findings of this study only focused on one hotel therefore there is need study more hotels to establish whether there is a replica of the findings and make informed recommendations.

## **2.2 Indirect Financial Compensation strategies and labour turnover**

### **Intensions**

Indirect financial compensation is a benefit given to an employee that has financial value, but is not a direct monetary payment. According to Dessler (2011), indirect compensation is the indirect monetary and non-monetary remuneration employees get for continuing their job with the organization that is an essential element of every employee's compensation. Other terminologies used for indirect compensation are fringe benefits, employee services, supplementary compensation and supplementary pay.

According to (Abbokar,2015), indirect compensation includes "fringe benefits "rendered via several employee services and benefits like housing, financial

assistance for food, staff loans, club membership and medical allowance among others. In the organization, rewards are given to employees for their membership, attendance or participation. The basic objective for fringe benefits or indirect compensation is to attract, motivate and retain competent human resources in the organization.

Gungor (2011) examined the relationship between application of rewards management system and worker performance with motivation as intervening variable in Istanbul bank. Research results found that in direct financial reward has a positive and significant effect on employee motivation. Nonetheless, the study was conducted in a bank in Istanbul which is different in context from the current study. Similarly, Javedet al., (2010) examined relationship between compensation and employee motivation. This study results showed that in direct compensation has significant effect on organization motivation. The study however focused on employee motivation and thus the effect of indirect compensation on turnover is still unknown, thus the need for the present study to fill the gap in knowledge.

Zaman.et.al., (2011) indicated that there is a significant and positive relationship between extrinsic rewards and employee motivation and hence performance but the challenge is that employers are not offering fair and adequate financial rewards to their employees. If employees feel that their effort is appreciated and the company has a good compensation structure based on job evaluation, the employee's motivation and commitment will improve and hence performance. The greater the rewards offered to the employee the greater the levels of their performance.

According to Melaku (2014), low salary levels and benefits packages were significant reasons for turnover. The study further established that inadequate training opportunities directly impacted on the staff turnover and separation. This study recommended that managers should revise salary and benefit packages. However, the study was conducted in Ethiopia and the findings among the catering staff and thus the results may not be generalized to the context in Kenya due to differences in socio-economic and political policies.

### **2.3 Non Financial Compensation Strategies and labour turnover Intentions**

Non-financial rewards are the non-monetary gains that influence individuals through non-material rewards like giving additional responsibility, promotion, praise and recognition publicly. Such non-financial rewards are believed to have an effect on job commitment either positively or negatively. Nyaribo and Nyakundi (2016) found that non-financial compensation (job design, better workplace environment, career development, training) and non-financial incentives (participation, recognition) could motivate employees and drive up their performance as well as to retain staff. Nur et.al.,(2016) established that the working environment was the most dominant factor that contributed to employee retention in a study they conducted on the relationship between non-financial compensation factors with employee retention in selected hotel industry, Malaysia. This study findings of this study may not be generalized the context in Kenya due to differences in socio-economic and political policies.

According to Hassan and Tareq (2020), hospitality employees differ in their preference for some material and non-material items signifying reward and recognition (RR). Management should take these differences into account when

devising such incentives. Practitioners in the hospitality industry may note with interest that achieving employee performance and satisfaction is a complex exercise. Non –financial rewards will build staff duty and encourage them to contribute further by developing a deal that addresses a broad number of problems. The satisfaction of non-financial compensation makes the employee desires to stay in the company and to decrease the intention of turnover. Brewster and Mayrhofer (2012) highlighted the importance of non-financial rewards by revealing their role in the enhancement of job satisfaction of employees, their commitment and performance.

According to CIPD (2011) research indicate that employees give more importance to non-financial rewards when determining where to work and the level of commitment to give to their work. Reward management has a strategic significance by contributing towards organization's business goals by means of rewards, policies, processes and practices to support its implementation (Parag, 2014). They mention that reward either tangible or intangible gives results when used effectively. The essence of having reward system for employees in organizations are to meet three objectives which are to attract the right people for the right job, to retain the best employee by appreciating their contribution towards the organizational profit and to motivate employees to perform to their best ability (Shulls, 2009).

There have been several researches on compensation and benefits as retention strategy. McDonald's restaurant chain has employed a very simple retention strategy which has made them the winners of the Grand Prix prize for having the most effective reward strategy aligned with the organization goal to achieve employee retention. The employee benefit program of the group is designed to attract, retain and

engage employees who with their string performance will help the organization accomplish its goals & objectives (McDonald, 2013).

The best non-monetary methods include making employees feel valued, making them feel connected and involved, providing opportunities for personal and professional growth and promoting continuous learning (Manurung, 2017). This practice can be accomplished through clear communication, providing feedback, offering training and development, providing employees with challenging assignments and showing appreciation and recognition to employees for their work.

A study by Ayesha, Ghaffar, Talha and Mushtaq (2015) established that reward and compensation have a great effect on the performance of employees and that it boosts low turnover in the banking sector of Pakistan. However, this study was conducted in the banking sector and hence did not establish whether the same is replicated in the Hospitality industry. Similarly, the study was conducted in Pakistan, thus the findings may not be generalized to the context in Kenya thus the need for the present study to fill the gap in knowledge.

#### **2.4 Compensation Practice and labour turnover Intensions**

The satisfaction that employees derive can be strengthened by focusing on Herzberg's motivators while employee dissatisfaction could be prevented by addressing hygiene factors. Hassan and Tareq (2020) further state that human resource personnel can achieve a measure of success while developing and administering a compensation program that stimulates effort related to work, tasks or accomplishment of goals. While motivated employees are expected to perform better, employee productivity according to certain research is related to the level of meeting ones' needs. It is,

therefore, important for organizations in the hospitality industry to consider the design of a well-balanced but flexible reward-recognition system that serves motivating employees toward the achievement of organizational goals and meet their own needs they conclude. Job satisfaction has often been identified as an important reason that causes individuals to leave their jobs. Dissatisfaction on compensation practices could lead to employee's intention to leave the company (Chepchumba & Kimutai, 2017).

In present globalized economy, the significance of growth, advancement and sustaining a work-life balance cannot be ignored (Lime et.al., 2015). Further, Weigold et al.,(2013) propose that the main reason why employees switch firms is the believe that they cannot achieve their ambitions therefore, the search for the right workforce that would allow such possibility. Moreover, Ashar (2013), asserts that the turnover of the employee stems from his need for career development, while also highlighting it as a contributing factor to retention. In the age of global competition, it is very essential to identify and retain the efficient, competent and knowledgeable employees in organization by developing and maintaining an effective compensation program for getting the best job performance from the employee (Akter & Moazzam, 2016)

According to Moghimi et al., (2017), compensation strategy should be able to ensure the retention of the employee, employee's satisfaction, the development as well as performance of the employee. General findings showed that it possesses positive notable connections among incentives, allowances, bonuses, fridge benefits and salary. In short, there is a co-bonding between these variables which consider performance as a connection among the compensation benefit schemes, level of employee contentment and turnover rate. This study concluded that organizations which upgraded compensation system may have an impact on their employees. This

will psychologically encourage them to be in the organization. Nevertheless, there is need to quantify the effect of these compensation strategies, thus the need for the current study to fill the gap in knowledge.

Wucher et.al.,(2017) indicate that compensation strategy needs to have upgrade framework that can motivate, retain, attract and satisfy the employee hence lead to employee retention and satisfaction. According to George et al., (2016), this motivates the best performers to be more enthusiastic and can also prepare them to be more competitive within the organization. Similarly, George et.al.,(2016) further state that wage and salary administration is one of the most important areas of H.R.M. Wage and salaries represent a substantial part of total costs in most of the organization.

Nchorbuno (2011) indicated that a pure integral section of HRM is the compensation that assists and inspires the employees as well as to develop the organizational effectiveness to some extent, this ensuring connection between compensation and work performance is assured as stated by Quartey and Attioge (2013). Further, Jorge and Kwasira (2015) discovered a major association concerning the strategies of the compensation and employee performance. As goals for sales volume, profits, innovation and quality are raised, employment growth is often controlled and, in many cases, substantial, cuts in employment have been made. One of the most important and persistent, demand, of Labour in the slogan 'equal pay for equal work.' Thus, the employee compensation system plays a major role in efforts to manage HR better. Employee compensation plays a key role because it is the heart of the employment relationship. Employees mainly depend on wages, salaries and to provide a large share of their income (Hazra, Patha & Sumit, 2018).

The findings by Azzra, Partha and Sumit (2018) indicate that the compensation practices adopted by hotels have a great impact on employees' commitment which impacts the productivity and employee turnover in the hotels. Organizations should design employee-friendly practices that should result in employees' commitment when it is evident that the hotel industry has poor policies as compared to other industries. Also, from the analysis, they found that compensation has the greatest influence on employees' commitment. Thus, hotels can improve their employees' commitment and retention effectiveness by providing a competitive package that will ensure that they are loyal to the organization.

According to Bozeman and Gaughan (2011), the perception of being paid what one is worth predicts job satisfaction. In today's globalized world, organizations are facing changes generated by increased competition, mergers and acquisitions, shifting markets and changing employee demographics. Therefore, it is crucial for organization to strategize their competitive and benefits plans in order to attract and retain appropriate talent, maximize return on human capital and increase employees' job satisfaction.

## **2.5 Social- Demographic Factors among employees in 3-5 star rated hotels**

Demographic factors are reviewed in employee retention studies as they have a strong influence on turnover. Walsh and Bsritokowski (2013) posit that organizational leaders need to acknowledge situational factors, such as employee demographics that affect turnover intention within the organization. Lammbert et.al.,(2012) found demographic factors (length of tenure, age, and income) as potential turnover antecedent.

Agyeman and Ponnaihi (2014) state demographic predictors such as age, tenure, education and income level found a stable relationship with retention and turnover intentions. Moreover, Akovab and Tanriverdic (2015) determined the relationship between demographic factor namely; age, gender, marital status and education and the turnover factors such as tenure wage, position, working department and turnover intentions of employees working in hospitality industry in Istanbul. The study concluded that the demographic factors have a high influence on employee turnover. However, there is exists a contextual gap in knowledge because the study was conducted in Istanbul. The current study therefore investigated the effect of the same variables to establish results that can be generalized to the context in Kenya.

Almalki, Fitz and Clarke (2012) found a significant association between employee retention and demographic variables such as age, marital status, dependent children, education level, nursing tenure, organizational tenure and position tenure. Demographic factors are reviewed in employee retention studies since they have a strong influence on turnover. This research discussed the following demographic factors that affect employee retention.

### **2.5.1 Age**

Age has a direct effect on turnover intention, employee's perception of satisfaction and employee commitment (Lambert et al., 2012). In addition, Rain and Samual (2016) asserted that managing the dynamics of a multigenerational workforce is a crucial challenge for today's managers. Similarly, Okun et al. (2013) suggested that employees aged 35 to 55 have different perspectives on their jobs than the younger and older workers. Workers that are young were discovered to have left regularly, compared to older ones (Schubert & Andersson, 2015). This could have to do with the

younger people's uncertainty and also various opportunities and options.

Alternatively, another reason may be that older people have worked longer in their organizations and find it harder to leave after time whereas the younger employees may not have that level of commitment.

The fresh graduates, (the so-called generation Y-i.e. 24-35-year olds) have their priorities and expectations at variance with those of the older employees. These older employees are more likely to be the ones occupying management positions and therefore they find themselves at loggerheads with the generation Y employees (Aruna & Anitha, 2015).

### **2.5.2 Gender**

Literature source have identified both positive and negative relationship between gender and employee retention. Hayes (2015) identified gender as a determiner of turnover intentions. A study by Molders et al., (2019) indicates that gender has an impact on the decision related to employment made by individual while keeping in view the responsibilities towards their families. Jepsen and Rodwell (2013) researched the dissimilarities amongst male and female view of organizational equity, work fulfilment, organizational responsibilities and turnover intentions. This examination revealed that gender differences prompt turnover expectation inside an organization.

### **2.5.3 Education**

The education level of employees is shown to influence their intention to remain in or finish up with an organization. Literature source has both positive and negative effect between education and turnover intension. Maya (2014) investigated demographic

factor on turnover intention in Information technology companies and this study revealed that education qualification of employees showed a significant association with stay intention than other factors. On the other hand, Bianchi (2013) examined the current job market trend during economic crisis and this study revealed that graduates are satisfied with their job compared to other workers who entered the workforce during better economic times. Additionally, Nicholas et al. (2016) also found that graduates are more satisfied because of their education background.

#### **2.5.4 Tenure**

Butler, Brennan-Ing, Wardamasky and Asley (2014) defined tenure as the length of time that employees spend at the current occupation. Long tenured workers exhibit more demonstrable skill than short termed partners and are less mindful of occupation options outside the association (Dinger et.al.,2012). Moreover, Bal, De Cooman and Mol (2013) found a relationship between long tenure, employee contribution and employee obligation. Conflicting this, Dinger et al. (2012) found a negative relationship between job alternatives, employee retention and length of stay.

A study by Agyeman and Ponnaiah (2014) investigated the significant factors that affect employee retention in Micro Small and Medium Enterprises found a significant association between employee tenure and retention. A study by Akovab and Tanriverdic (2015) conducted to determine the relationship between the demographic factors and turnover intentions ion of employees working in the hospitality industry, Istanbul revealed that employee tenure was one of the determinants of employee turnover intentions.

## **2.6 Employee Turnover Intentions**

Most of the hotels in Kenya have tried to compete with one with one another but most of them are faced with challenges such as late payment of employees, high turnover, employee retention which has affected the performance of the hotels (Kenya Bureau of Statistics,2016). (Kamau,2014) asserted that most hotels in Kenya have increased their service delivery for the past ten years hence increasing competitive advantage and it is through adoption of employee retention practices where managers need to invest on employee by providing reward incentives in order to motivate them at their work hence reducing employee turnover.

Employee turnover is defined as the number of workers who leave an organization and are replaced or rotated with new employees (Mayhew, 2015). Further, Zhang (2016) explains that staff turnover in the hospitality industry is having an effect on performance, productivity and profitability. Hotels typically regard turnover as part of the work-group norm and employees tend to believe that they are entering jobs with limited career development opportunities (Davidson et.al.,2020). Similarly, Faz et al.,(2022) propose that the main contributing factors of staff turnover in the hotel industry are categorised in two subgroups, that is, push factors and pull factors. Push factors are dissatisfactions with the current job and employees then seek alternative employment whereas pull factors are those reasons that attract employees to a new workplace.

In a study carried out in the United Kingdom by Malyarov (2020) shows that the employee turnover rate in the hospitality industry ranges from 30% to 73% worldwide. The average turnover rate in the hospitality industry is extremely higher than in other sectors (Cicerale, 2020). Further, Abdien, (2019); Dusek et al., (2014)

and Mohsin et al., (2015) have documented many drivers related to high turnover in hospitality industry. The findings of this study may not be a replica of the hotels under study due to the geographical differences.

In a study by Noela and Anestis (2022) identified the turnover within the hotel sector in Dubai to be average at about 20% which is typically consistent with industry statistics. It is frequent among the line staff than the management staff because some managers receive more or better benefits than they would receive in their home countries. The study focused on all aspects that may influence turnover in the hotels thus compensation aspect was not investigated as an independent aspect.

The problem of turnover has been found to be ineffectively addressed even though human resource professionals have found it to be problematic. International Survey Research (ISR) has found that most of the organizations follow a reactive strategy of addressing the problem by obtaining data through exit interviews. According to ISR, this is problematic, since the data is not only reactive, but the data which is captured at the time of employee leaving the organization doesn't truly reflect the state of the mind of the individual when he/she was working with the organization. Therefore, it is important for organizations to understand the key factors which are influencing turnover.

## **2.7 Summary of the Reviewed Literature and Research Gaps**

Many researchers have explored the field of turnover in the Hotel industry. However, very few have narrowed down on the aspect of compensation strategy's and turnover intentions of employees. Previous studies (Wangiru, 2018) in the hospitality industry investigated factors influencing employee turnover and results indicated that pay

package and style of leadership and job clarity had a very strong impact on the rate of employee turnover. This study did not establish the employee turnover index as a result of compensation strategies. For management to formulate an effective compensation strategy that will combat employee turnover intentions, there is need to investigate the various strategies employed and address the parameters in the compensation strategies that are resulting in employee turnover intentions and a comprehensive study on compensation strategies needs to be done. A study by (Mburu, 2018) on factors influencing Employee turnover in the Hospitality Industry did not establish the significance of compensation strategies to employee turnover intentions.

A study by (Kuria, Ondingi & Wanderi, 2011) on factors influencing labour turnover in three star and five star rated hotels in Nairobi County Kenya established that the rate of turnover was 68%. This study did not establish whether compensation strategies were significant in turnover.

**Table 2. 1 Summary of Research Gap**

<b>Objective</b>	<b>Source</b>	<b>Study Contributions</b>	<b>Findings</b>	<b>Research Gaps</b>
1.To assess the influence of the direct compensation strategies on labour turnover among employees in 3-5 star rated hotels in Nairobi City County-Kenya.	Mburu W.(2018)	Factors influencing employee turnover in Hospitality Industry; A case study of Hill Pack hotel	Low levels of pay and lack of annual pay increment had a significant impact on turnover	Study focused on one hotel in Nairobi City County
2.To evaluate the influence of the indirect compensation (fridge benefits) strategies and labour turnover among employee in 3-5 star rated hotels in Nairobi City County-Kenya	Gungor (2011))	The relationship between application of rewards management system and worker performance with motivation as intervening variable in Istanbul bank.	This study endorsed the offer of better fridge benefits to reduce turnover.	The study was conducted in a bank in Istanbul which is different in context from the current study.
3.To establish the influence of non-Financial compensation strategies that influence labour turnover among employee in 3-5 star rated hotels in Nairobi city County-Kenya	Nur et al., (2016)	The relationship between non-financial compensation factors with employee's retention in a selected hotel industry	This study established that the working environment is the most dominant factor that contributed to employee retention.	The study was done in Malaysia
4.To examine the influence of the compensation practices on Labour turnover of employees in 3-5 star rated hotels in Nairobi City County-Kenya	Chepchumba and Kimutai (2017)	The relationship between employee compensation and employee turnover in small Business Among Safaricom dealers in Eldoret Municipality, Kenya	This study recommends a comprehensive compensation package to be provided to reduce turnover.	Study focused on small Business in Eldoret Municipality

## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.0 Introduction**

This chapter discusses the research methodology used in this study and provides a general framework for this research. The chapter presents details of the research design, target population, sample and sampling procedures, description of research instruments, validity and reliability of instruments, data collection procedures, data analysis techniques and ethical considerations while conducting the study.

#### **3.1 Research Design**

The research used descriptive design, which according to Creswell (2003) is suitable when primary data is collected to describe settings, phenomena or organizations. Mugenda & Mugenda (2006) noted that descriptive statistics enable meaningful description of a distribution of scores or measurements using a few indices or statistic. The description presented above make descriptive research design suitable for this study, which has enough provision for protection of bias and maximized reliability (Kothari,2008).The design is preferred as it focus on data rather than theory besides the financial constraints.

#### **3.2 Study Variables**

The study had three categories of variables

##### **3.2.1 The Independent Variables**

This constituted compensation strategies including direct financial, indirect financial, non-financial and compensation practices;

### **3.2.2 The Dependent Variables**

This was labour turnover whose indicators include quitting work, work environment and always looking for an alternate job; the moderating variable which was demographic characteristics of the respondents; and

### **3.2.3 The Moderating Variable**

This were the Demographic variables which included age, Gender, Education, Tenure and length of stay.

### **3.3 Study Location**

The study was conducted in Nairobi City County. The Kenya Bureau of Statistics national census survey of Nairobi county had a population of 5.1 million people and a population density of 6,300 people per square kilometer (Kenya National Bureau of Statistics,2022).

### **3.4 Study Target Population**

Cooper & Schilnder (2014), described descriptive population as all the things, events or people of interest to be investigated and form the basis from which the research subjects or sample is drawn. For the purpose of this study, the population is the operative staffs (functional Staff) and the human resource managers of the hotels under study as shown on Table 3.1 below.

**Table 3. 1 Target Population**

<b>Hotel Category</b>	<b>Employee Category</b>	<b>Population</b>
Five-star Hotel	Managerial	17
	Operative	174
Four-star Hotel	Managerial	14
	Operative	142
Three-star Hotel	Managerial	10
	Operative	106
<b>Grand Total</b>		<b>463</b>

*Source:* Kenya National Tourism Board (2021)

### **3.5 Sampling Procedures**

#### **3.5.1 Sampling Frame**

There are 31 Star rated hotels in Nairobi County (The Tourism Regulatory Authority of Kenya (TRA),2021). The study adopted a cluster sampling approach, whereby the hotels formed the clusters. All the rated hotels within the Nairobi county were sampled by use of census technique. After which simple random sampling within these clusters were chosen, the size of each hotel group being determined through proportional allocation. Therefore, 210 respondents were selected for a sample for this study.

#### **3.5.2 Sample Size Determination**

Mark,Saunders & Adrian (2019), categorized sampling technique in two, namely non-probability and probability sampling techniques. While in non-probability sampling the study do not have a pre-test chance of being selected, in probalistic sampling each subject in the population is given an equal chance of being selected to participate in the research.

According to Mugenda & Mugenda (2006), sample size for descriptive studies should be between 10 and 30 percent. The sample size for this study was 30 percent for it is recommended that researches use the largest sample possible because statistics calculated from a large sample are more accurate. A proportional stratified random sampling was used to compute size of sample. A proportional stratified random sampling is a probabilistic sampling method suitable for selecting individuals from unequally distributed groups (Mugenda & Mugenda,2006).

There are 31 Star rated hotels in Nairobi County. The primary stage involved cluster random sampling where seven hotels were picked from the thirty-one Hotels. At least two hundred and ten employees from the seven hotels were selected to form a reparative population, at the secondary sampling stage the researcher will employ proportionate stratification, and the sample size of each stratum is proportionate to the population size of the stratum. Of the 31 star rated hotels in Nairobi County, seven hotels (consisting of a representation of 20%) with a total of two hundred and ten employees (constituting a representation of 30%) were sampled to provide the respondents. Mugenda & Mugenda (1999) are of the opinion that in a large population (like the one under study) representation of 10% and above is acceptable. The Hotels selected were evenly distributed within the study area.

The sample size was determined using the Fishers formula for determination of sample size (Fisher et al 1999 as cited by Mugenda and Mugenda 2003):

$$n = \frac{Z^2 * p * q}{d^2}$$

Where;

n = desired sample size (if the target population is over 10,000)

Z = the standard normal deviate at 95% confidence interval (= 1.96).

P = the proportion in the target population estimated 50%

$$Q = 1 - P$$

d = level of precision around estimated prevalence (set at ±5% or 0.05).

$$n = \frac{1.96^2 * 0.5 * 0.5}{0.05^2}$$

$$n = 384$$

Since the population of the target population (Senior Managers, Middle level managers, Other Employees are 463 (less than 10,000)). The sample was adjusted using

$$n_0 = \frac{n}{1 + \frac{n-1}{N}}$$

$$n_0 = \frac{384}{1 + \frac{384-1}{463}}$$

$$n_0 = 209.9 \approx 210$$

The desired sample size therefore was two hundred and ten

**Table 3. 2 Table Hotels Sampled**

<b>Hotel Category</b>	<b>Employee Category</b>	<b>Total</b>	<b>Formula [ <math>X = (P/N) * 463</math> ]</b>	<b>Sample Size</b>
Five-star Hotel	Managerial	17	$X = (17/463) * 210$	8
	Operative	174	$X = (174/463) * 210$	79
Four-star Hotel	Managerial	14	$X = (14/463) * 210$	6
	Operative	142	$X = (142/463) * 210$	64
Three-star Hotel	Managerial	10	$X = (10/463) * 210$	5
	Operative	106	$X = (106/463) * 210$	48
<b>Grand Total</b>		<b>463</b>		<b>210</b>

### **3.6. Sampling Techniques**

#### **3.6.1 Sampling Technique for Hotel Selection**

The study employed a multi-stage strategy. A multi-stage sampling strategy is a sampling method in which the population is divided into a number of groups from which samples are drawn( Pritha,2021). These are then divided in to groups or secondary stages from which samples are drawn.

There are 31 Star rated hotels in Nairobi County. The primary stage involved cluster random sampling where seven hotels were picked at random from the thirty-one Hotels. The seven hotels deemed fit for the study due to availability of data amidst the after effects of COVID-19 pandemic when most of the hotels had shut their businesses. At least two hundred and ten employees from the seven hotels were sampled.

#### **3.6.2 Sampling Technique for the Respondent Selection**

Bryman & Bell, (2011) state that sampling techniques can be probabilistic or non-probabilistic probabilistic sampling each participant is given a definite chance of participating in the study while in non-probabilistic sampling participants do not have an equal chance of participating in the study. The study adopted probabilistic sampling method given that every employee may be affected by labour turnover intention.

This study used stratified random sampling. Stratified sampling is a sampling technique whereby the researcher divides the entire population into different strata. This method allowed the selection of respondents from every stratum comprising of different job cadres. For the purpose of this study, the 3-5-star hotel staff constituted

the population and stratified in to sub-groups of the staff in the food & beverage, housekeeping & laundry and human resource. The managers and their deputies of these sub groups were purposively sampled due to their knowledge and years of experience in the subject area.

### **3.7 Research Instruments**

#### **3.7.1 Questionnaire**

The researcher used questionnaire to collect quantitative data from employees of the selected star rated hotels under study in Nairobi County, Kenya. Closed and scaled items were carefully applied to get and generate all necessary information. Data was systematically categorized so that respondents were able to easily understand and express their fillings. The researcher used a 5-point Likert Scale with items that were measured scale ranging from strongly disagree (1) to strongly agree (5).

The questionnaire comprised two parts – I and II. Part I was used to collect data on respondents' bio-data such as gender, age, work experience, number of years worked in current hotel, education qualification, monthly salary and job category. These data were used to describe the profile of respondents in the study. Part II was categorized in five sections. The sections consisted of compensation strategies: direct financial compensation, indirect financial compensation, non-financial compensation, and compensation practice and turnover intention. All the questions in part II were designed to measure the independent variables (direct financial compensation, indirect financial compensation, non-financial compensation, compensation practice) and the dependent variable (turnover intention), (Appendix 2).

### **3.7.2 Interview Guide**

(Kothari, 2004) writes that, in an interview the interviewer on the spot has to meet people from whom data has to be collected. Interview helps generate in depth information and gives greater flexibility for questions and is also suitable for intensive investigations as it has list of topics to be covered in the interview. It is used to collect qualitative data. The interview guide in this research covered the existing compensation policy and the exit interview (Appendix 3)

### **3.8 Pre-Testing the Research Instrument**

Pre-testing is a method of checking that the questions work as intended and are understood by those individuals who are likely to respond. Before the instruments were used to collect data for the study, a pre-test study was conducted in two of the Hotels in Nairobi County. This involved a test-retest carried out in the two Hotels. According to Aiken (1994), test-retest assessment is important since it considers errors produced by differences in conditions associated with the two occasions on which the test is administered. The two hotels were picked from the population but were not involved in the final study. The pre-test study did not only gauge the reliability of the research instruments but also helped to provide data for making estimates of time and the cost for completing various phases of the research (Gall & Borg, 1996). The number of respondents of the pre-test study was between 9% - 10% of the sample population (Gall & Borg, 1996).

After ascertaining the validity and reliability of the research instruments, the researcher then embarked on the main study. Quantitative and qualitative data was collected from 210 employees and managers from 7 hotels using interviews and

questionnaire. The researcher used Likert scale for most of the questionnaire items for ease of interpretation and analysis of the data. The data was collected by the researcher herself because of the financial implications of having an assistant and also because the researcher needed to have an ownership of the research.

### **3.8.1 Validity of the Instruments**

Validity refers to the degree to which evidence and theory support the interpretation of test scores entailed by use of tests. The validity of instrument is the extent to which it does measure what it is supposed to measure. According to Mugenda and Mugenda (1999), Validity is the accuracy and meaningfulness of inferences, which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represent the variables of the study. The research instrument was validated in terms of content and face validity. The content related technique measures the degree to which the questions items reflected the specific areas covered.

### **3.8.2 Reliability of the Instruments**

Reliability is the ability of a research instrument to consistently measure characteristics of interest over time. It is the degree to which a research instrument yields consistent results or data after repeated trials. If a researcher administers a test to a subject twice and gets the same score on the second administration as the first test, then there is reliability of the instrument (Magenta & Magenta, 1999).

Reliability is a measure of degree to which research instruments yield consistent results after repeated trials. It is basically the degree to which test scores are free from measurement errors. (Fairchild, 2002; Magenta & Magenta, 1999; Gall and Borg, 1996) indicate that this is the test-retest method to establish the reliability of the

questionnaire. This is done by administering the same instrument to the same group of respondents more than once (Gregory, 1992). The time that should elapse before the subsequent test is done should be the initial test, respondents may recall their responses to many of the questions which will tend to produce artificially high reliability coefficient. On the other hand, if re-testing is delayed too long there is a high chance that the respondent's ability to answer some items will change, leading to extremely low reliability coefficient. For most social researches a period of two – four weeks is most appropriate (Gregory, 1992).

The researcher administers a re-test after two weeks. The researcher used the Cronbach's alpha co-efficient between the two sets of responses. The value of the co-efficient ranges from 0 to 1 with reliability increasing as it approaches 1. (Nunnally, 1978) recommends a value of 0.7 to be acceptable. Reliability analysis yielded a Cronbach's Alpha score of which measures the internal consistency by establishing if certain items within the scale measure the same construct. A Cronbach's Alpha score of more than 0.7 was obtained which indicates that the data collection instrument has high level of internal consistency (Sekaran, 2003) thus forming the study basis of conclusion.

**Table 3. 3 Reliability Test Results**

<b>Variables</b>	<b>Number of items</b>	<b>Cronbach's Alpha score</b>	<b>Remarks</b>
Direct Financial Compensation	8	0.911	Reliable
Indirect Financial Compensation	5	0.796	Reliable
Non – Financial Compensation	5	0.790	Reliable
Compensation Practice	7	0.855	Reliable
Turnover Intention	6	0.893	Reliable

**Source: Primary Data (2020)**

Findings revealed that Cronbach's Alpha's score for the five (5) variables were reported as: Direct Financial Compensation 0.911, Indirect Financial Compensation 0.796, Non – Financial Compensation 0.790, Compensation Practice 0.855 and 0.893 Turnover Intention. It can therefore be concluded that the study construct was reliable due to a high score of over 0.7 between the related items in the study variables.

### **3.9 Data Collection Process**

Prior to the commencement of data collection, the researcher obtained all the necessary documents, including an introduction letter from the University. Audience with the sampled local authorities in the region will also be sought to clarify the purpose of the study. Upon getting clearance, the researcher in person distributed the questionnaires to the sampled individuals who working in the hotels. Use of questionnaires was expected to ease the process of data collection as all the selected respondents were reached on time. During the distribution of the instruments, the purpose of the research was explained.

The researcher recruited 5 diploma students and trained them to guide the respondents during completion of the questionnaires. Except for the Human Resource Managers, all the staff listed in table 3.1 were surveyed using a self-administered questionnaire through a drop and pick later method. The respondents were not required to indicate their names on the questionnaire.

Quantitative techniques were used for both data collection and analysis. Quantitative research is a study whose findings are mainly the product of statistical summary and analysis. A structured questionnaire was used to collect data from a large representative sample, so that the result may be applied to the entire population. Data

was analysed using quantitative methods. This was followed by the hypothetical-deductive method where hypothesis was formulated based on a review of literature. Data was collected from a sample of the population and analysed to confirm or disprove the hypotheses. The results were then used to draw inferences from the entire population.

### **3.10 Data Analysis**

The researcher first obtained permission from the relevant authorities who included Kenyatta University and the General Managers of the sampled hotels in Nairobi County.

The data gathered from the respondents was analysed in terms of the objectives of the study already designed. The data collected from respondents through questionnaire was processed; processing implies to editing, coding, classification and tabulation of collected data so that they are amenable to analysis.

**Table 3. 4 Analysis of data for Specific objective**

Objectives	Descriptive statistics	Inferential statistics
To explore the direct financial Compensation strategies that influence intention to stay/leave among employees in star rated Hotels in Nairobi County, Kenya	Frequencies, percentages, mean, standard deviations	Chi Square and multi Linear regression
To explore the indirect (fridge benefits) compensation strategies that influence employee intention to stay/leave in star rated hotels in Nairobi County, Kenya	Frequencies, percentages, mean, standard deviations and multi Linear regression	Chi Square and multi Linear regression
To establish non-Financial compensation strategies that influence employee intention to leave/stay in star rated hotels in Nairobi, Kenya	Frequencies, percentages, mean, standard deviations and multi Linear regression	Chi Square and multi Linear regression
To explore compensation practises that influence employee's intention to stay/leave in star rated hotels in Nairobi, Kenya	Frequencies, percentages, mean, standard deviations	Chi Square and multi Linear regression
To determine the moderating effect of socio-demographic factors (Age, gender, Education, income) on the relationship between compensation strategies and turnover in in star rated hotels in Nairobi-Kenya	Frequencies, percentages, mean and standard deviations	Odd Ratio

### **3.11 Logistical and Ethical Considerations**

#### **3.11.1 Logistical Considerations**

Time proved to be a logistical challenge whereby the participants took a longer period of time on the questionnaire administer than anticipated and this increased travelling expense for collecting and following up on the un-returned questionnaires. In order to overcome this challenge, the researcher followed up via email and telephone calls to coordinate the process of the questionnaire filling up.

#### **3.11.2 Ethical Considerations**

To ensure that ethical principles were upheld, the researcher had obtained approval letter from NACOSTI in order to proceed and collect data, introductory letter from the Department of Hospitality and Tourism, Kenyatta University graduate school to seek appointments in the Hotels to distribute the questionnaires and conduct interviews with the employees. This letter was then forwarded to the head offices of the selected Hotels.

The study adhered to the principle of voluntary participation, discretion, informed content and abstained from plagiarism. Ethical issues relating to this study were carefully considered and informed consent from the management of the 3-5 star rated hotels (Appendix 1) where the study was carried out was sought. KUERC assistance was sought (Appendix 4) and their recommendations were fully followed. A research permit was obtained from NACOSTI, (see Appendix 5) and the conditions for NACOSTI permit were adhered to.

Confidentiality, privacy and anonymity of study participants were upheld, whereby no questionnaire nor interview schedule had any mark or the participants name or their

work place. Confidentiality was enhanced by the respondent's anonymity while giving information in the voluntary participation, the researcher ensured that willing participation was devoid of any form of intimidation.

The data that was collected was used for academic purpose only. Any information collected from the respondents was not shared with any third party or for any other reason.

**CHAPTER FOUR:  
FINDINGS AND DISCUSSUONS**

**4.0 Introduction**

This chapter presents findings of the research which include the response rate, demographic characteristics of the respondents, compensation strategies (direct financial, in direct financial, non-financial and compensation practices). In addition, the chapter has details of moderating influence of social demographic characteristics of the respondents on the relationship between the independent and dependent variables.

**4.1 Response Rates**

A total of two hundred and ten questionnaires were distributed and the response was as shown below.

**Table 4. 1 Response Rates by Job Category and Hotel Star**

Response	Management				Operatives				Total
	Three Star	Four Star	Five Star	Total	Three Star	Four Star	Five Star	Total	
Returned questionnaires	20 (95.2)	26 (92.9)	26 (92.)	72 (93.5)	46 (93.9)	39 (90.7)	40 (97.6)	125 (94)	197 (93.8)
Unreturned questionnaires	1 (4.8)	2 (7.1)	2 (7.1)	5 (6.5)	3 (6.1)	4 (9.3)	1 (2.4)	8 (6)	13 (6.2)
<b>Total f (%)</b>	<b>21 (100)</b>	<b>28 (100)</b>	<b>28 (100)</b>	<b>77 (100)</b>	<b>49 (100)</b>	<b>43 (100)</b>	<b>41 (100)</b>	<b>133 (100)</b>	<b>210 (100)</b>

**Source: Primary Data (2020)**

The study suffered a non-response of 6.2% as a result of forms getting misplaced by the respondents, with a portion returning empty or incomplete forms. Findings revealed that 94.3% of the forms administered in whether 3-star or 5-star were

returned with 92.9% of the forms distributed in the 4-star hotels completed and returned. This is similar to a study done by (Kobia,2019) whose findings had a response rate of 80%. A response rate of 70% is a good representation of the target population (Mugenda & Mugenda,2003) therefore the average of 94% response rate for this study was considered acceptable. The unreturned forms were as a result of unavailability of officers working in various work stations and were either away from their work stations or returned empty and unfilled forms.

## **4.2 Social Demographic Profile of the Respondents**

In order to understand the profile of the employees, the study targeted a number of demographic characteristics. This section discusses demographic results of the study sample in terms of age, gender, education level, work experience, salary level and work status.

### **4.2.1 Gender of Respondents by Job Category**

In order to understand the effects of the background characteristics of the employees on the dependant variable the researcher analysed the gender of the respondents by job category and the findings are shown below.

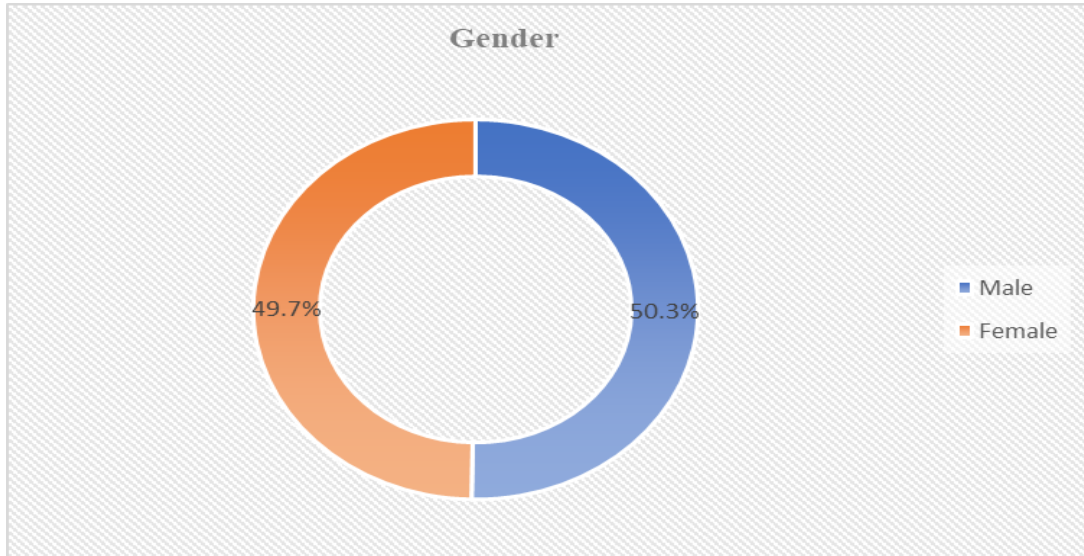
**Table 4. 2 Gender Distribution per Job Category**

Response	Management				Operatives				Total
	Three Star	Four Star	Five Star	Total	Three Star	Four Star	Five Star	Total	
Male	7 (35%)	16 (61.5%)	12 (46.2%)	<b>35 (48.6%)</b>	24 (52.2%)	20 (51.3%)	20 (50%)	<b>64 (51.2%)</b>	<b>99 (50.3%)</b>
Female	13 (65%)	10 (38.5%)	14 (53.8%)	<b>37 (51.4%)</b>	22 (47.8%)	19 (48.7%)	20 (50%)	<b>61 (48.8%)</b>	<b>98 (49.7%)</b>
<b>Total f (%)</b>	<b>20 (100%)</b>	<b>26 (100%)</b>	<b>26 (100%)</b>	<b>72 (100%)</b>	<b>46 (100%)</b>	<b>39 (100%)</b>	<b>40 (100%)</b>	<b>125 (100%)</b>	<b>197 (100%)</b>

The respondents were asked to indicate their gender. This was important because research studies regarding compensation strategies have revealed that there are differences between female and male in terms of acting, thinking and valuing of phenomenon (Srivastava, 2015 & Hagan 2015). Table 4.2 shows that most of the respondents were male at 50.3% whereas female was 49.7% A study by (Chepchumba & Kimutai,2017) had similar findings. Further to this, (Arun & Misra, 2016) argue that the equal representation of women in hospitality industry in developing countries is due to increased need to empower women in the society.

From the data collected, 50.3% (n=99) were the males in the operative areas and 49.7% (n=98) females. On responding on the managerial category, 51.4% (n=37) were managerial while 48.6% (n=35) males. Males are presented with a higher percentage of 50.3% (n=99) compared to females 49.7% (n=98).

Figure below shows participant gender distribution.



**Figure 2: Figure below shows participant gender distribution**

The researcher further indicated that over 80% of the hotel workers are males. This could be due to low involvement levels by female workers because of their multiple responsibilities and nature of work.

Of the 66 participants from the 3-star hotels, 53% were male and 47% females with 55.4% accounting for males in the 4-star hotels and 51.5% males in 5-star hotels. (Arum, 2014) agrees that, there is almost a ratio of 1:1 between males and females in the hospitality industry. Arun argues that the equal representation of women in the hospitality industry in developing countries is due to increased need to empower women in the societies.

#### 4.2.2 Age of Respondents by Job Category

The researcher investigated the age group of the respondents by job category and the findings are shown below.

**Table 4. 3 Age Group by Job Category**

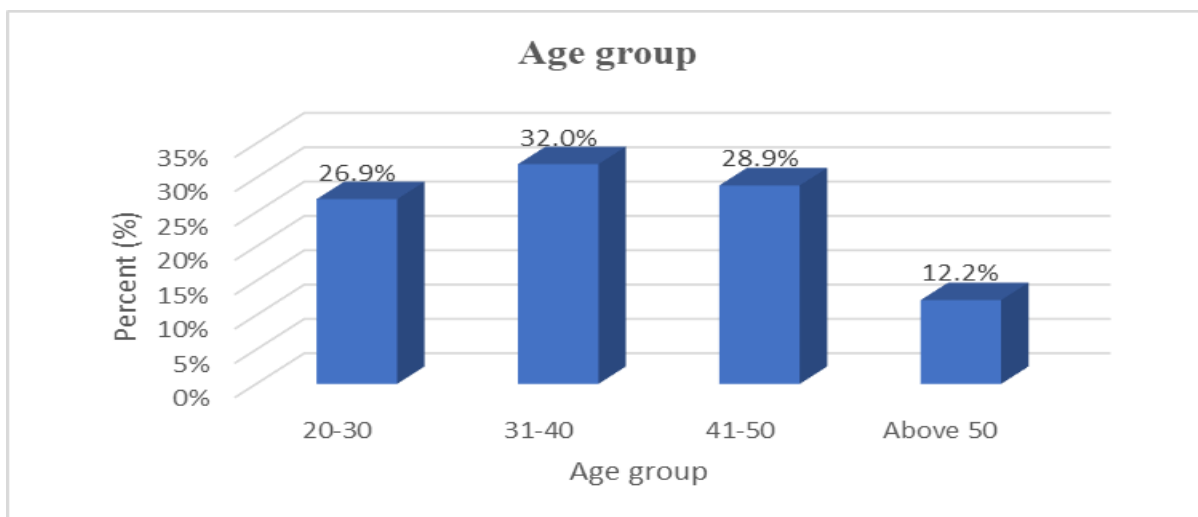
Age in years	Management n (%)				Operative's n (%)				Total
	Three Star	Four Star	Five Star	Total	Three Star	Four Star	Five Star	Total	
20 to 30	12 (26.1)	9 (23.1)	11 (27.5)	<b>32</b> <b>(25.6)</b>	3 (15)	9 (34.6)	9 (34.6)	<b>21(29.2)</b>	<b>53(26.9)</b>
31 to 40	14 (30.4)	14 (35.9)	11 (27.5)	<b>39</b> <b>(31.2)</b>	9 (45)	7 (26.9)	8 (30.8)	<b>24(33.3)</b>	<b>63(32.0)</b>
41 to 50	16 (34.8)	9 (23.1)	14 (35)	<b>39</b> <b>(31.2)</b>	5 (25)	8 (30.8)	5 (19.2)	<b>18(25)</b>	<b>57(28.9)</b>
Above 50	4 (8.7)	7 (10)	4 (10)	<b>15</b> <b>(12)</b>	3 (15)	2 (7.7)	4 (15.4)	<b>9(12.5)</b>	<b>24(12.2)</b>
<b>Total f</b>	<b>46</b> <b>(100)</b>	<b>39</b> <b>(100)</b>	<b>40</b> <b>(100)</b>	<b>125</b> <b>(100)</b>	<b>20 (100)</b>	<b>26</b> <b>(100)</b>	<b>26</b> <b>(100)</b>	<b>72(100)</b>	<b>197(100)</b>

The analysis on Table 4.3 shows that most of the respondents were in the age bracket of 31-40-year with 19.8% operative employees and 12.2% managerial respondents, followed by 41-50 at 19.8% and 9.1% respectively. The respondents who were between 20-30 years and above 50 years accounted at 16.2% & 10.7% for operative and managerial respondents and 7.6% & 4.6% respectively. The findings above show that most of the employees in the star rated hotels are of middle age. As (Kampf et al 2017) state, respondents born between the early 1980s and the end of the millennium change their jobs more frequently than the older and more experienced generation of employees. (Soares et.al 2021) stressed in the early stages of their working life, that this young generation (referred to as the Y generation) preferred highly competitive environment. Findings of this study contradict to a study by (Wasike, 2008) whose findings revealed that majority of the hotel industry workers are aged below 35 years

old comprising a younger workforce. The younger age of the employees indicate that they had not worked for long and that the preceding counterparts had left probably due to poor compensation strategy. This according to the study could be in search for better opportunities. The findings are similar to the International Labour Organization (ILO) that indicates that the turnover rate for operational employees as 51.7% in the US, 30% in Asia and 42.5% in the United Kingdom.

The hotel employees are distributed in various age categories and in this study, they were grouped into four age groups. According to the responses received, most of the participants 32% (n=63) were aged between the age of 31 to 40 years, followed by 28.9% (n=57) aged between 41 to 50 years, 26.9% (n=53) aged between 20 to 30 years with less than a fifth of the participants aged over 50 years old as shown in figure below. It can therefore be concluded that 58.9% (n=116) of the participants were youth that are likely to work for many years in the hotel industry.

Findings revealed that, of the officers working in various job categories the majority were aged between 30-40 years. On the operative category, 33.3% are aged 31 to 40 years. Followed by 20 to 30 years 29.2%, 25% aged 41 to 50 years and 12.5% aged above 50 years. Majority of those working in managerial positions either 31.2% were aged 31 to 40 years or 41 to 50 years. These finds are similar to a study done by (Sitati et.al,2016) which indicated that most of the employees were between 31-50 years.



**Figure 3: Age Group**

#### 4.2.3 Education Qualifications of Respondents by Job Category

Investigation was carried out by the researcher on education qualifications of the respondents by job category and the findings were as shown on Table 4.4.

**Table 4. 4 Education Qualification of Respondents**

	Operative			Total	Managerial			Sub-	Total
	Hotel category				Hotel category			Total	
	3-Star	4-Star	5-Star	3-Star	4-Star	5-Star			
<b>Diploma</b>	70%	92%	70%	<b>77%</b>	40%	31%	19%	<b>29%</b>	<b>59.4%</b>
f	32	36	28	<b>96</b>	8	8	5	<b>21</b>	<b>117</b>
<b>Degree</b>	26%	8%	25%	<b>20%</b>	30%	46%	50%	<b>43%</b>	<b>28.4%</b>
f	12	3	10	<b>25</b>	6	12	13	<b>31</b>	<b>56</b>
<b>Masters or above</b>	4%	0%	5%	<b>3%</b>	30%	23%	31%	<b>28%</b>	<b>12.2%</b>
f	2	0	2	<b>4</b>	6	6	8	<b>20</b>	<b>24</b>
<b>Total</b>	<b>46</b>	<b>39</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>

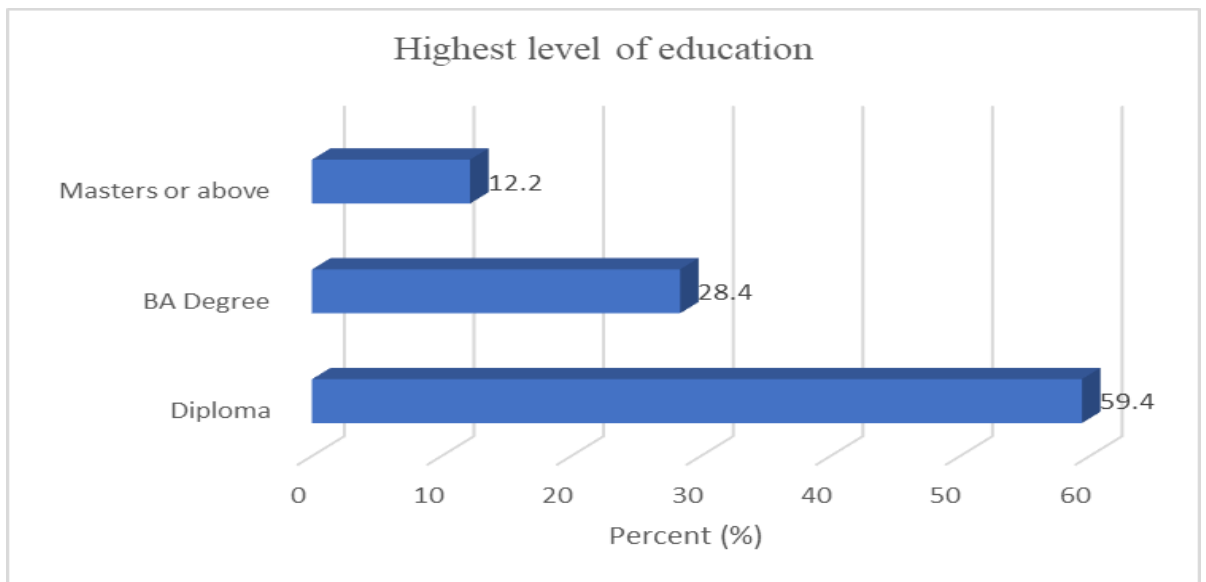
The respondents were asked about their educational background. Educational level has been extensively used by social science researchers to indicate individual integration and involvement in the phenomenon in society (Berry, 2011).

The findings in Table 4.4 show that managerial respondents were Degree holders with 48.7% & 15% respectively. The above findings portray a well-educated population among the respondents. This implies that majority of the respondents had at least a diploma and could give relevant information on subject matter. The findings of this study agree with the findings by (Boyce, Dixon, Fasolo & Reutskaja ,2010) who stated that educational level plays a major role in decision making. The implication of this finding is that educated persons get more engaged in analysing situations and hence making informed decisions.

Findings revealed that staff in the selected hotels in Nairobi City are recruited at different levels of education depending on the areas of operation. According to the research findings, overall, the majority of the employees in the hotels have attained diploma qualification as the highest level of education (59.4%, f=117), followed by 28.4% (f=56) BA degree and 12.2% (f=24) Masters or above. Further, the level of education might determine the terms of service and income of an employee. This could further determine the urge to search for more training and alternative places for employment.

Table 4.4 shows that majority (76.8%, f=96) of the workers in the operative category are diploma holders, followed by 20% (f=25) degree and 3.2% (f=4) masters and above. 43% (f=31) are degree holders in the managerial categories, followed by 29.2% (f=21) diploma and 27.8% (f=20) masters and above. This shows that 59.4% of all the employees in the sampled star rated hotels are diploma holders and indication

that there is no high demand of experienced and qualified workers in the hotels. These findings are similar to a study by (Parag,2014) on employee turnover in hospitality industries in selected hotels in India that results showed that 83% of the respondents had education till higher secondary level. The number of the degree holders and masters or above are few in the sampled hotels and in this regard, unless the hotels under study revise their compensation strategies and motivate employees to stay in the hotel there is likelihood of losing their qualified employees will increase. The figure below shows this illustration.



**Figure 4: Highest Level of Education**

#### 4.2.4 Number of Years Worked by Respondents by Job Category

Investigation was carried out by the researcher on number of years worked by respondents by job category and the findings are as shown.

**Table 4. 5 Number of Years Worked**

		Operative			Total	Managerial			Sub Total	Total
		Hotel category				Hotel category				
		3-Star	Total	5-Star		3-Star	4-Star	5-Star		
<b>0 to 5</b>	%	30%	26%	30%	<b>29%</b>	20%	23%	38%	<b>28%</b>	<b>28.4%</b>
	f	14	10	12	<b>36</b>	4	6	10	<b>20</b>	<b>56</b>
<b>6 to 10</b>	%	24%	31%	22.5%	<b>26%</b>	25%	42%	31%	<b>33%</b>	<b>28.4%</b>
	f	11	12	9	<b>32</b>	5	11	8	<b>24</b>	<b>56</b>
<b>11 to 20</b>	%	39%	28%	37.5%	<b>35%</b>	40%	23%	27%	<b>29%</b>	<b>33.0%</b>
	f	18	11	15	<b>44</b>	8	6	7	<b>21</b>	<b>65</b>
<b>Above 20</b>	%	7%	15%	10%	<b>10%</b>	15%	12%	4%	<b>10%</b>	<b>10.2%</b>
	f	3	6	4	<b>13</b>	3	3	1	<b>7</b>	<b>20</b>
<b>Total</b>		<b>46</b>	<b>39</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Depending on when the when the employee was recruited, each of the respondent employees had worked in the hotel industry for various lengths of time. From the research findings it is true that 28.4% (f=56) have worked in the hotel between 11 to 20 years as well as those who have worked less than five (5) years, 33% (f=65) working between 6 to 10 years and 10.2% (f=20) having worked over 50 years.

Table 4.5 shows responded job category per salary scale. Findings indicate that 46.8% in the operative employees earn over 15,000 compared to 53.2% earning the same in the managerial category.

Majority of the study participants have served with the current employers for a period of either between 6 to 10 year and less than 5 years making a frequency of 56 out of the total population. A slightly lower number of employees (20 to be precise) have served in the same hotels for the periods over 20 years. On the lower end, a group of 5 respondents have served for a period between 11 to 20 years as shown in the table 4.5. According to the study, there is high rate of employee turnover in the Nairobi City hotels. Findings of this study contradicts to a study by (Parag,2014) which findings revealed that majority of the hotel industry workers are aged below 30 years old comprising a younger workforce by number of years in the hotel industry. The findings of this study imply that poor compensation strategies could have been the reason that contributed to employees working shorter length of time at their respective stations given that job satisfaction is a basic human need (Maslow,1954).The figure below show the findings discussed above.



**Figure 5: Number of years of worked**

**Table 4. 6 Current Hotel Years of Experience**

		Operative			Sub Total	Managerial			Sub Total	Total
		Hotel category				Hotel category				
		3-Star	4-Star	5-Star		3-Star	4- Star	5-Star		
0 to 5	f	14	10	12	<b>36</b>	4	6	10	<b>20</b>	<b>56</b>
	%	30.4%	25.6%	30.0%	<b>28.8%</b>	20.0%	23.1 %	38.5%	<b>27.8%</b>	<b>28.4%</b>
6 to 10	f	11	12	9	<b>32</b>	5	11	8	<b>24</b>	<b>56</b>
	%	23.9%	30.8%	22.5%	<b>25.6%</b>	25.0%	42.3 %	30.8%	<b>33.3%</b>	<b>28.4%</b>
11 to 20	f	18	11	15	<b>44</b>	8	6	7	<b>21</b>	<b>65</b>
	%	39.1%	28.2%	37.5%	<b>35.2%</b>	40.0%	23.1 %	26.9%	<b>29.2%</b>	<b>33.0%</b>
Above 20	f	3	6	4	<b>13</b>	3	3	1	<b>7</b>	<b>20</b>
	%	6.5%	15.4%	10.0%	<b>10.4%</b>	15.0%	11.5 %	3.8%	<b>9.7%</b>	<b>10.2%</b>
<b>Total</b>		<b>46</b>	<b>39</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

**Source: Primary Data (2020)**

From the research findings it is true that 28.4% (f=56) have worked in the hotel between 11 to 20 years as well as those who have worked less than five (5) years, 33% (f=65) working between 6 to 10 years and 10.2% (f=20) having worked over 50 years. It is clear that over half of the respondent serving in the various hotels have worked less than 10 years in the hotel industry and this indicated that they lack much experience in the industry. This is similar to a study by (Kadir & Ismail,2019) whose findings were that 47.7% of the workers had been in the organization for 9-16 years, while 12.8% of them having worked for 25 years and above.

#### 4.2.5 Monthly Salary Earned by Respondents as Per Job Category

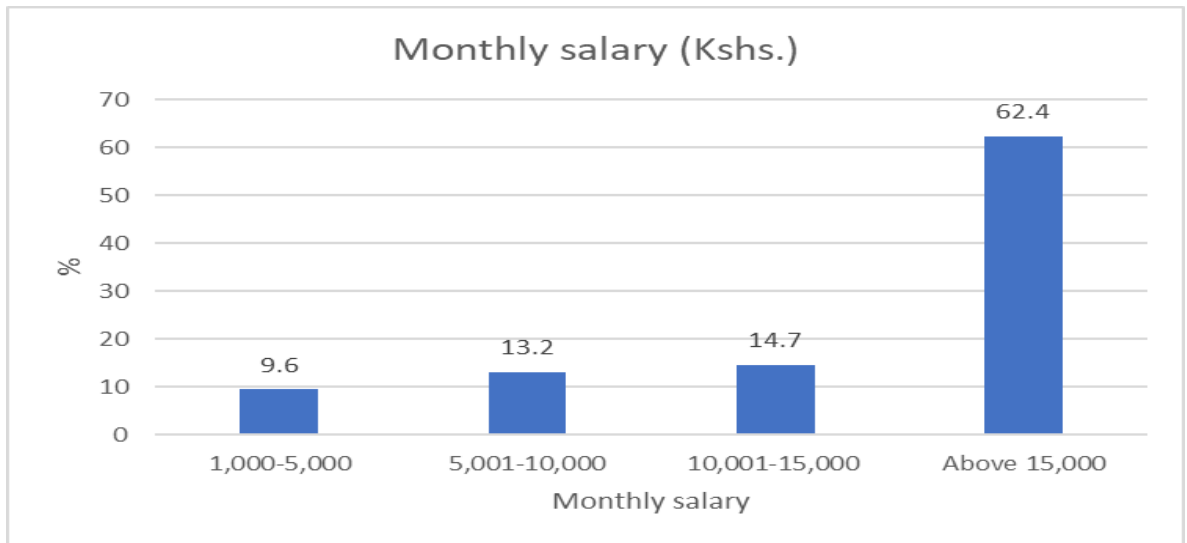
Investigation was carried out by the researcher on monthly salary earned by the respondents by job category as shown.

**Table 4. 7 Monthly Salary**

		Operative				Managerial				Total
		Hotel category			Sub-Total	Hotel category			Sub-Total	
		3-Star	4-Star	5-Star		3-Star	4-Star	5-Star		
1000 to 5000	f	7	3	5	<b>15</b>	2	0	2	4	<b>19</b>
	%	15.2%	7.7%	12.5%	<b>12.0%</b>	10.0%	0.0%	7.7%	5.6%	<b>9.6%</b>
5001 to 10000	f	5	8	3	<b>16</b>	2	5	3	10	<b>26</b>
	%	10.9%	20.5%	7.5%	<b>12.8%</b>	10.0%	19.2%	11.5%	13.9%	<b>13.2%</b>
10001 to 15000	f	8	10	5	<b>23</b>	2	1	3	6	<b>29</b>
	%	17.4%	25.6%	12.5%	<b>18.4%</b>	10.0%	3.8%	11.5%	8.3%	<b>14.7%</b>
Above 15000	f	26	18	27	<b>71</b>	14	20	18	52	<b>123</b>
	%	56.5%	46.2%	67.5%	<b>56.8%</b>	70.0%	76.9%	69.2%	72.2%	<b>62.4%</b>
<b>Total</b>		<b>46</b>	<b>39</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The table above shows that the monthly salary or earnings was 9.6% (f=19) earning less than Kshs. 5000, 13.2% (f=26) earning between 5,001 to 10,000, 14.7% (f=29) 10,001 to 15,000, 62.4% (f=123) earning over Kshs. 15,000. The findings show that 43.2% of the operative staff in the hotels under study earn less than 15,000.00 thousand shillings and 56.8% earn over 15,000.00 shillings. The study further established that 27.8% of the managerial staff in the hotels under study earn less than 15,000.00 shillings whereas 72.2% earn more than 15,000.00 shillings.

According to findings in Figure 4.7, majority of the respondents earn 15,000.00 and above. The implication of this findings coincides with (Ghani et.al.,2021) study findings that high income earners patronise the hotels but are never satisfied by them. These findings make it imperative for the hospitality managers to continuously investigate the cause of high turnover.



**Figure 6: Monthly Salary**

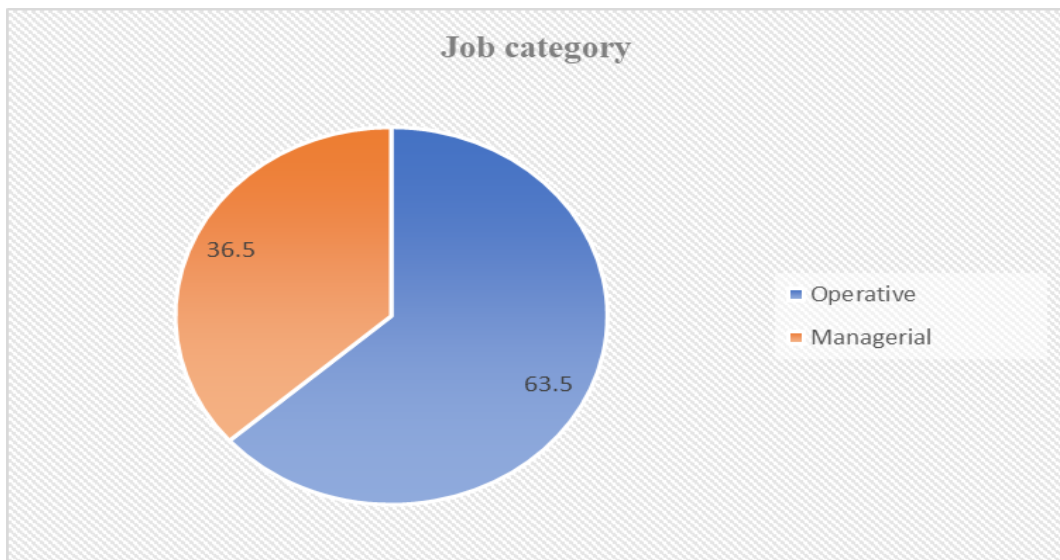
#### 4.2.6 Job Category in Star Rated Hotels

The researcher investigated the job category of the respondents and the findings are shown.

**Table 4. 8 Job Category**

Job category		Hotel category		
		3-Star	4-Star	5-Star
Operative	%	69.7%	60.0%	60.6%
	f	46	39	40
Managerial	%	30.3%	40.0%	39.4%
	f	20	26	26
<b>Total</b>	<b>f</b>	<b>66</b>	<b>65</b>	<b>66</b>

According to the study findings, 69.7% (f=46) of the 3 star hotel respondents were working in the operative category with 30.3% (f=20) indicating the managerial category. Of the 65 respondents from the 4-star hotels, 60% (f=39) were in the operative category and 40% (f=26) managerial. Notably, 60.6% (f=40) of the 5-star participants were working in the operative with 39.4% (f=26) stating otherwise. Findings are consistent with findings of (Hanquin & Ellen, 2004) that the operations sections have majority of the hotel industry workers compared with managerial sections.



**Figure 7: Job Category**

### **4.3 Compensation Strategies Employed in Star Rated Hotels**

The study sought to determine the respondents view on how various strategies including direct financial, in-direct financial, non- financial and other compensation practices relate to turnover in star rated hotels in Nairobi City County.

#### **4.3.1 Objective One: Direct Financial Compensation**

The study sought to establish the respondents view on various issues that relate to direct financial compensation in 3-5 the star rated hotels. A Likert scale of 1 to 5 was

used such that 1= Strongly Disagree, 2=Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

#### 4.3.1.1 The amount of pay I receive for my job is about equal to others in other hotels

The responses relating to the above statement are indicated in Likert scale as shown.

**Table 4. 9 The Amount of Pay I Receive for My Job**

Responses	Operative					Managerial			Sub Total 72	Total 197
	Hotel category			Sub Total n=125	Hotel category					
	3- Star n=46	4- Star n=39	5- Star n=40		3- Star n=20	4- Star n=26	5- Star n=26			
Strongly disagree	%	8.7%	7.7%	10.0%	<b>8.8%</b>	10.0%	7.7%	11.5%	<b>9.7%</b>	<b>9.1%</b>
	f	4	3	4	<b>11</b>	2	2	3	<b>7</b>	<b>18</b>
Disagree	%	30.4%	35.9%	27.5%	<b>31.2%</b>	20.0%	15.4%	19.2%	<b>18.1%</b>	<b>26.4%</b>
	f	14	14	11	<b>39</b>	4	4	5	<b>13</b>	<b>52</b>
Neutral	%	32.6%	43.6%	30.0%	<b>35.2%</b>	35.0%	19.2%	15.4%	<b>22.2%</b>	<b>30.5%</b>
	f	15	17	12	<b>44</b>	7	5	4	<b>16</b>	<b>60</b>
Agree	%	26.1%	12.8%	30.0%	<b>23.2%</b>	25.0%	34.6%	30.8%	<b>30.6%</b>	<b>25.9%</b>
	f	12	5	12	<b>29</b>	5	9	8	<b>22</b>	<b>51</b>
Strongly Agree	%	2.2%	0.0%	2.5%	<b>1.6%</b>	10.0%	23.1%	23.1%	<b>19.4%</b>	<b>8.1%</b>
	f	1	0	1	<b>2</b>	2	6	6	<b>14</b>	<b>16</b>
<b>Total</b>		<b>46</b>	<b>39</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

% = percentage

F= frequency

According to the study findings, majority of the study participants 30.5% (f=60) indicated a neutral feedback on the amount of pay they receive for job is about equal to others doing similar work in other hotels, followed by 25.9% agree to the fact that pay received is similar to other hotels. 8.1% strongly agreed that the pay is similar to other hotels. The study further found out that 26.4% of the respondents disagreed. According to (Agburu,2012) high employee retention in many firms occurs because of high wages and pay rates in an organization. The findings of the study are that 35.7% of the participants disagreed that the amount of pay that they received was about equal to others doing similar work in other hotels. (Shukla & Sinha, 2013) indicate that one common cause of high employee turnover rates is low pay and benefits packages.

#### 4.3.1.2 Pay in comparison with my experience, responsibilities and qualification

The responses relating to the above statement are indicated in Likert scale as shown.

**Table 4. 10 I Feel That I Am Well Paid**

Responses	Operative				Sub Total	Managerial				Total
	Hotel category			Sub Total		Hotel category			Sub Total	
	3-Star	4-Star	5-Star			3-Star	4-Star	5-Star		
Strongly disagree	%	8.7%	7.7%	10.0%	<b>8.8%</b>	10.0%	7.7%	11.5%	<b>9.7%</b>	<b>9.1%</b>
	f	4	3	4	<b>11</b>	2	2	3	<b>7</b>	<b>18</b>
Disagree	%	30.4%	35.9%	27.5%	<b>31.2%</b>	20.0%	15.4%	19.2%	<b>18.1%</b>	<b>26.4%</b>
	f	14	14	11	<b>39</b>	4	4	5	<b>13</b>	<b>52</b>
Neutral	%	32.6%	43.6%	30.0%	<b>35.2%</b>	35.0%	19.2%	15.4%	<b>22.2%</b>	<b>30.5%</b>
	f	15	17	12	<b>44</b>	7	5	4	<b>16</b>	<b>60</b>
Agree	%	26.1%	12.8%	30.0%	<b>23.2%</b>	25.0%	34.6%	30.8%	<b>30.6%</b>	<b>25.9%</b>
	f	12	5	12	<b>29</b>	5	9	8	<b>22</b>	<b>51</b>
Strongly Agree	%	2.2%	0.0%	2.5%	<b>1.6%</b>	10.0%	23.1%	23.1%	<b>19.4%</b>	<b>8.1%</b>
	f	1	0	1	<b>2</b>	2	6	6	<b>14</b>	<b>16</b>
<b>Total</b>		<b>46</b>	<b>39</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The study found that as high as (25.9%) agreed that they are well paid in comparison with my experience, responsibilities and qualification that is equal to the required job. This implies that majority of the staff are okay with the salary they receive. Another group of respondent's constitutions (26.4%) indicated that they disagree on the salary paid to them. The overall rating of the parameter was reported as 30.5% indicating that most of the participants are on neutral rating of salary paid. This finding is similar to a study by (Knox 's ,2011) in the hotel industry with a bias on housekeeping that revealed that workers in the hotel industry and are often confronted by temporal and financial limitation that impede their skills development in occupations characterized by shallow carrier and pay ladder and as a result makes it very difficult for such workers to step out of low pay and low quality of work.

#### 4.3.1.3 The performance bonus structure fairly rewards my effort.

The responses relating to the above statement are indicated in Likert scale as shown.

**Table 4. 11 Performance Bonus Structure**

Responses		Operative				Managerial				Total
		Hotel category				Hotel category				
		3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total	
Strongly disagree	%	10.9%	12.8%	12.5%	12.0%	10.0%	3.8%	7.7%	<b>6.9%</b>	<b>10.2%</b>
	f	5	5	5	15	2	1	2	<b>5</b>	<b>20</b>
Disagree	%	28.3%	20.5%	32.5%	27.2%	15.0%	23.1%	23.1%	<b>20.8%</b>	<b>24.9%</b>
	f	13	8	13	34	3	6	6	<b>15</b>	<b>49</b>
Neutral	%	23.9%	28.2%	20.0%	24.0%	30.0%	19.2%	15.4%	<b>20.8%</b>	<b>22.8%</b>
	f	11	11	8	30	6	5	4	<b>15</b>	<b>45</b>
Agree	%	30.4%	33.3%	27.5%	30.4%	40.0%	30.8%	34.6%	<b>34.7%</b>	<b>32.0%</b>
	f	14	13	11	38	8	8	9	<b>25</b>	<b>63</b>
Strongly Agree	%	6.5%	5.1%	7.5%	6.4%	5.0%	23.1%	19.2%	<b>16.7%</b>	<b>10.2%</b>
	f	3	2	3	8	1	6	5	<b>12</b>	<b>20</b>
<b>Total</b>		<b>46</b>	<b>39</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72%</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Majority (32%) of the participants revealed that performance bonus structure is good, followed by 24.9% disagree. I am fairly rewarded considering the amount of education, training and experience that I have had.

#### 4.3.1.4 I am fairly rewarded as per education, training and experience

The responses relating to the above statement are indicated in Likert scale as shown.

**Table 4. 12 Fairly Rewarded Taking into Account the Amount of Education**

Responses	Operative				Managerial				Total	
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	6.5%	12.8%	20.0%	<b>8.0%</b>	10.0%	3.8%	11.5%	<b>8.3%</b>	<b>8.1%</b>
	f	3	5	2	<b>10</b>	2	1	3	<b>6</b>	<b>16</b>
Disagree	%	32.6%	30.8%	32.5%	<b>32.0%</b>	0.0%	15.4%	11.5%	<b>9.7%</b>	<b>23.9%</b>
	f	15	12	13	<b>40</b>	0	4	3	<b>7</b>	<b>47</b>
Neutral	%	21.7%	23.1%	32.1%	<b>22.4%</b>	25.0%	19.2%	11.5%	<b>18.1%</b>	<b>20.8%</b>
	f	10	9	9	<b>28</b>	5	5	3	<b>13</b>	<b>41</b>
Agree	%	34.8%	28.2%	32.5%	<b>32.0%</b>	55.0%	38.5%	50.0%	<b>47.2%</b>	<b>37.6%</b>
	f	16	11	13	<b>40</b>	11	10	13	<b>34</b>	<b>74</b>
Strongly Agree	%	4.3%	5.1%	42.9%	<b>5.6%</b>	10%	23.1%	15.4%	<b>16.7%</b>	<b>9.6%</b>
	f	2	2	3	<b>7</b>	2	6	4	<b>12</b>	<b>19</b>
<b>Total</b>		<b>46</b>	<b>39</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Data analysis shows that most of the staff are fairly rewarded considering the amount of education, training and experience that I have had a with majority of the

participants (37.6%) indicating that they are feel that they are fairly rewarded considering the amount of education, training and experience that they have had.

#### 4.3.1.5 Salary packages/monetary incentives are sufficient in my hotel.

The responses are indicated in Likert scale as shown on.

**Table 4. 13 Salary Packages/Monetary Incentives**

Responses	Operative				Managerial				Total	
	Hotel category				Hotel category					
	3-Star	4-Star	5-Star	Sub Total	3-Star	4-Star	5-Star	Sub Total		
Strongly disagree	%	17.4%	17.9%	17.5%	<b>17.6%</b>	15.0%	7.7%	15.4%	<b>12.5%</b>	<b>15.7%</b>
	f	8	7	7	<b>22</b>	3	2	4	<b>9</b>	<b>31</b>
Disagree	%	13.0%	17.9%	17.5%	<b>16.0%</b>	15.0%	11.5%	15.4%	<b>13.9%</b>	<b>15.2%</b>
	f	6	7	7	<b>20</b>	3	3	4	<b>10</b>	<b>30</b>
Neutral	%	30.4%	35.9%	22.5%	<b>29.6%</b>	45.0%	26.9%	34.6%	<b>34.7%</b>	<b>31.5%</b>
	f	14	14	9	<b>37</b>	9	7	9	<b>25</b>	<b>62</b>
Agree	%	37.0%	23.1%	35.0%	<b>32.0%</b>	25.0%	42.3%	23.1%	<b>30.6%</b>	<b>31.5%</b>
	f	17	9	14	<b>40</b>	5	11	6	<b>22</b>	<b>62</b>
Strongly Agree	%	2.2%	5.1%	7.5%	<b>4.8%</b>	0.0%	11.5%	11.5%	<b>8.3%</b>	<b>6.1%</b>
	f	1	2	3	<b>6</b>	0	3	3	<b>6</b>	<b>12</b>
<b>Total</b>		<b>46</b>	<b>39</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The current salary and benefit being offered by the hotel is adequate to cope with the ongoing cost of life with 37.6% agreeing and strongly agreeing with this statement while 31.5 remained neutral.

#### 4.3.1.6 The current salary and benefit being is adequate

The responses relating to the above statement are indicated in Likert scale as shown.

**Table 4. 14 The Current Salary and Benefit**

Responses	Operative					Managerial				Total
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	21.7%	12.8%	22.5%	19.2%	30.0%	23.1%	19.2%	<b>23.6%</b>	<b>20.8%</b>
	f	10	5	9	24	6	6	5	<b>17</b>	<b>41</b>
Disagree	%	28.3%	25.6%	32.5%	28.8%	15.0%	19.2%	26.9%	<b>20.8%</b>	<b>25.9%</b>
	f	13	10	13	36	3	5	7	<b>15</b>	<b>51</b>
Neutral	%	30.4%	38.5%	27.5%	32.0%	15.0%	3.8%	7.7%	<b>8.3%</b>	<b>23.4%</b>
	f	14	15	11	40	3	1	2	<b>6</b>	<b>46</b>
Agree	%	19.6%	15.4%	15.0%	16.8%	40.8%	38.5%	30.8%	<b>36.1%</b>	<b>23.9%</b>
	f	9	6	6	21	8	10	8	<b>26</b>	<b>47</b>
Strongly Agree	%	0.0%	7.7%	2.5%	3.2%	0.0%	15.4%	15.4%	<b>11.1%</b>	<b>6.1%</b>
	f	0	3	1	4	0	4	4	<b>8</b>	<b>12</b>
<b>Total</b>		<b>46</b>	<b>39</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The current salary and benefit being offered by the hotel is adequate to cope with the ongoing cost of life with 46.7% disagreeing and strongly disagreeing with this statement. As a result, this may lead to labour turn over in search of greener pastures.

#### 4.3.1.7 Salary and Reward available in your hotel is fair.

The responses relating to the above statement are indicated in Likert scale as shown.

**Table 4. 15 Salary and Reward Available**

Responses	Operative				Managerial				Total	
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	13.0%	15.4%	12.5%	<b>13.6%</b>	15.0%	3.8%	11.5%	<b>9.7%</b>	<b>12.2%</b>
	f	6	6	5	<b>17</b>	3	1	3	<b>7</b>	<b>24</b>
Disagree	%	32.6%	28.2%	40.0%	<b>33.6%</b>	15.0%	15.4%	11.5%	<b>13.9%</b>	<b>26.4%</b>
	f	15	11	16	<b>42</b>	3	4	3	<b>10</b>	<b>52</b>
Neutral	%	21.7%	38.5%	17.5%	<b>25.6%</b>	30.0%	34.6%	19.2%	<b>27.8%</b>	<b>26.4%</b>
	f	10	15	7	<b>32</b>	6	9	5	<b>20</b>	<b>52</b>
Agree	%	32.6%	17.9%	30.0%	<b>27.2%</b>	30.0%	34.6%	38.5%	<b>34.7%</b>	<b>29.9%</b>
	f	15	7	12	<b>34</b>	6	9	10	<b>25</b>	<b>59</b>
Strongly Agree	%	0.0%	0.0%	0.0%	<b>0.0%</b>	10.0%	11.5%	19.2%	<b>13.9%</b>	<b>5.1%</b>
	f	0	0	0	<b>0</b>	2	3	5	<b>10</b>	<b>10</b>
<b>Total</b>		<b>46</b>	<b>39</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Salary and Reward available in your hotel is fair had the highest indicator at agree with 35% agreeing whereas 38% disagreed. This indicates that most of the respondents felt that salary and reward wasn't adequate. This indicates the salary offered is not fair and the employees are likely to seek for better paying jobs. A study by (Hanai & Pallangyo, 2020) confirmed that compensation had a significant influence on employee retention and that there is a significant relationship between compensation and employee retention.

**4.3.1.8 Rewarded with better appraisal rates and grade promotions on my performance.**

The responses relating to the above statement are indicated in Likert scale as shown.

**Table 4. 16 Rewarded with Better Appraisal Rates**

		Operative				Managerial				Total
		Hotel category				Hotel category				
		3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total	
Strongly disagree	%	6.5%	12.8%	5.0%	<b>8.0%</b>	20.00%	7.7%	19.2%	<b>15.3%</b>	<b>10.7%</b>
	f	3	5	2	<b>10</b>	4	2	5	<b>11</b>	<b>21</b>
Disagree	%	21.7%	17.9%	25.0%	<b>21.6%</b>	10.00%	11.5%	7.7%	<b>9.7%</b>	<b>17.3%</b>
	f	10	7	10	<b>27</b>	2	3	2	<b>7</b>	<b>34</b>
Neutral	%	39.1%	43.6%	40.0%	<b>40.8%</b>	25.00%	11.5%	19.2%	<b>18.1%</b>	<b>32.5%</b>
	f	18	17	16	<b>51</b>	5	3	5	<b>13</b>	<b>64</b>
Agree	%	30.4%	23.1%	27.5%	<b>27.2%</b>	30.00%	50.0%	38.5%	<b>40.3%</b>	<b>32.0%</b>
	f	14	9	11	<b>34</b>	6	13	10	<b>29</b>	<b>63</b>
Strongly Agree	%	2.2%	0.0%	2.5%	<b>1.6%</b>	15.00%	19.2%	15.4%	<b>16.7%</b>	<b>7.1%</b>
	f	1	0	1	<b>2</b>	3	5	4	<b>12</b>	<b>14</b>
<b>Total</b>		46	38	40	<b>125</b>	20	26	26	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

I feel that I am well paid in comparison with my experience, responsibilities and qualification that is equal to the required job with a 32.5 % being neutral on this parameter whereas 32% agreed. Based on the findings, there is an appraisal and reward system in place as only 28% of the respondents disagree.

### 4.3.1.9 Means and standard deviation of the responses relating to direct financial compensation.

The responses relating to the above statements are indicated in Likert scale as shown.

**Table 4. 17 Direct Financial Compensation Strategies**

	<b>Variables</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>SD</b>
		<b>%(f)</b>	<b>%(f)</b>	<b>%(f)</b>	<b>%(f)</b>	<b>%(f)</b>	<b>(<math>\bar{x}</math>)</b>	<b>(<math>\sigma</math>)</b>
1	The amount of pay I receive for my job is about equal to others doing similar work in other hotels	9.2% (18)	26.5% (52)	30.6% (60)	25.5% (50)	8.2% (16)	3.97	0.855
2	I feel that I am well paid in comparison with my experience, responsibilities and qualification that is equal to the required job	9.7% (19)	25.0% (49)	23.0% (45)	32.1% (63)	10.2% (20)	3.08	1.169
3	I feel that the performance bonus structure fairly rewards my effort	7.2% (14)	24.2% (47)	36.1% (70)	21.6% (42)	10.8% (21)	3.75	0.986
4	I am fairly rewarded taking into account the amount of education, training and experience that I have had	7.7% (15)	24.0% (47)	20.9% (41)	37.8% (74)	9.7% (19)	4.16	0.754
5	Salary packages/monetary incentives are sufficient in my hotel	15.3% (30)	15.3% (30)	31.6% (62)	31.6% (62)	6.1% (12)	4.09	0.552
6	The current salary and benefit being offered by the hotel is adequate to cope with the ongoing cost of life	20.4% (40)	26.0% (51)	23.5% (46)	24.0% (47)	6.1% (12)	3.68	0.89
7	Salary and Reward available in your hotel is fair	11.7% (23)	26.5% (52)	26.5% (52)	30.1% (59)	5.1% (10)	3.69	1.112
8	I feel that I am rewarded with better appraisal rates and grade promotions on my actual performance	10.7% (21)	17.3% (34)	32.7% (64)	32.1% (63)	7.1% (14)	3.98	0.961

**Note: 1 = Strongly Disagree. 2 = Disagree. 3 = Undecided. 4 = Agree. 5 = Strongly Agree**

**Source: Primary Data (2020)**

Table 4.17 above, the respondents were asked to confirm whether the amount of pay the hotel gives to its employee is fair relative to other employees in the industry. As can be seen in the table, 35% of the respondents confirmed that the amount of pay they receive is not equal to others doing similar work in other hotels. On the other hand, 30.6% remained neutral. In addition, 33.7% of the respondents confirmed that the amount of pay they received for the job is equal to others doing similar work in other hotels. As some researches state, the common reason for employee turnover to become high is the amount of pay they receive, as a result employee are always searching for jobs that pay well. Shukla & Sinha (2013) indicate that one common cause of high employee turnover rates is low pay and benefits packages. When a worker is employed in a low wage position with limited benefits, there is little incentive to stay if a similar employer offers even a slight increase better rate of pay

According to item 2 of table 4.17, respondents are asked about their feeling that they have been well paid in comparison to their experience responsibilities and qualifications, to the required job. As can be observed in the table, 34.7% of the respondents disagree with this statement, whereas 23% remained neutral. On the other hand, 42.3% of the respondents agreed with the statement.

A performance bonus is compensation beyond normal wage and is typically awarded after a performance appraisal and analysis of gains is completed by the hotel over a specific period of time especially during the high season in the Hospitality industry. According, the respondents were asked to confirm whether they feel performance bonus structure fairly rewards their efforts. The finding of the study on the parameter of "am well paid in comparison with my experience, responsibility and Qualifications" was reported as  $M=3.089$  indicating that most of the participants are

on neutral rating of salary paid. This is similar to a study by (Knox's, 2011) in the hotel industry with a bias on housekeeping that revealed that works in the hotel industry are often confronted by temporary and financial limitations that impede their skills development in occupations characterized by shallow carrier and pay ladder and as a result makes it difficult for such workers to step out of low pay and low quality of work.

As seen on item 3 of table 4.17, 31% of the respondents confirm that they don't feel the performance bonus structure fairly rewards their efforts.36% of the respondents remained calm whereas 32.4% of the respondents confirm that bonus structure fairly rewards their efforts. This indicates that the bonus structure offered in the hotels is not fully embraced by nearly a third of the respondents and as a result this may force employees to quit their jobs.

Item (4) of table 4.17 asks the respondents whether they are fairly rewarded taking into account the amount of education, training and experience that they have. Data analysis shows that 31.7% of the respondents disagree with the statement, 20.9% remain neutral whereas 47.5% agree that they are fairly rewarded taking in to account the level of education, training and experience they have. This indicates that the hotel needs to adjust reward system in order to avoid losing more qualified and experienced employees. From the findings in Table 4.17, the respondents agreed that the compensation packages were available in their hotels and that the packages offered in their hotels where competitive with those offered in other hotels. The overall mean response was 3.994 and a standard deviation of 0.9184. This clearly shows that majority of the study participants agreed with the existence and benefits of the indirect financial compensation packages.

Most employees will always search for organizations with a better salary package and incentives. According to item (5) of table 4.17, respondents are asked whether salary packages/incentives are sufficient in their organizations. 30.6% of the respondents confirm that salary packages/incentives are not sufficient, whereas 31.6% remained neutral. However, 37.7% confirm that the salary packages/incentives are sufficient.

Most employees will depend on salaries to cover their ongoing costs of life. Therefore, the amount of salary they receive must be adequate to meet their requirements. Item (6) of table 4.17 asks the respondents adequacy of current salary and benefits to cope with ongoing cost of life. 46.4% of the respondents confirm that the current salary and benefits offered is not adequate to cope with ongoing cost of life. 23% of the respondents remained neutral whereas 30.1% of the respondents agree with the statement. This indicates that since the amount of salary and benefits received by employees does not cope up with the ongoing cost of life, the employees will look for other hotels in the Industry which will provide better salary and benefits.

According to findings in item (7) of table 4.17, Majority of the respondents agreed that salary and reward available in the hotel was not fair 38.2%, 26% remained neutral whereas 35.1% confirm that salary and reward available in hotel was fair. These findings concluded that salary and reward available in the hotels under study is unfair. This will result in a high employee turnover.

Item (8) of table 4.17 asks the respondents whether or not they are rewarded with better appraisal rate and grade promotion on actual performance. 28% of the respondents disagree with the statement whereas 32.2% remained neutral. However, 39.2% agreed with this statement.

#### 4.3.1.10 Hypothesis one Testing on direct financial compensation strategies and labour Turnover Intentions

HO<sub>1</sub>: There is no significant relationship between direct financial compensation strategies and labour turnover among employees in 3-5 star rated hotels in Nairobi City County- Kenya.

**Table 4. 18 Chi-square Testing**

Compensation strategy	Turnover intention		Chi-Square (P-Value)
	Stay	Leave	
Direct Financial Compensation	120(61.2%)	76(38.8%)	67.854(0.001)

Direct Financial Compensation (P<0.05) influences turnover intention in an organization

The study findings revealed that, 61.2% (n=120) have an intention to stay with 38.8% (n=76) stating otherwise. The relationship between direct financial compensation and turnover intention was reported as statistically significant  $X^2=67.854$ , P Value 0.001 (P<0.05). This implies that direct financial indicators affect employee turnover in this regard the hypothesis is rejected

#### 4.3.2 Objective two: Indirect (fridge benefits) financial compensation

The study sought to establish the respondents view on indirect financial compensation in the star rated hotels. A Likert scale of 1 to 5 was used such that 1= Strongly Disagree, 2=Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

#### 4.3.2.1 The number of vacations, Sick leave and Insurance policy (safety, health)

The responses relating to the above statements are indicated in Likert scale as shown.

**Table 4. 19 Vacations, Sick Leave and Insurance Policy**

Responses	Operative				Managerial				Total	
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	13.0%	7.9%	15.0%	<b>12.0%</b>	10.0%	0.0%	7.7%	<b>5.6%</b>	<b>9.6%</b>
	f	6	3	6	<b>15</b>	2	0	2	<b>4</b>	<b>19</b>
Disagree	%	17.4%	31.6%	15.0%	<b>20.8%</b>	25.0%	23.1%	11.5%	<b>19.4%</b>	<b>20.3%</b>
	f	8	12	6	<b>26</b>	5	6	3	<b>14</b>	<b>40</b>
Neutral	%	32.6%	28.9%	22.5%	<b>28.0%</b>	30.0%	26.9%	23.1%	<b>26.4%</b>	<b>27.4%</b>
	f	15	11	9	<b>35</b>	6	7	6	<b>19</b>	<b>54</b>
Agree	%	28.3%	23.7%	35.0%	<b>28.8%</b>	35.0%	42.3%	50.0%	<b>43.1%</b>	<b>34%</b>
	f	13	9	14	<b>36</b>	7	11	13	<b>31</b>	<b>67</b>
Strongly Agree	%	8.7%	10.5%	12.5%	<b>10.4%</b>	0.0%	7.7%	7.7%	<b>5.6%</b>	<b>8.6%</b>
	f	4	4	5	<b>13</b>	0	2	2	<b>4</b>	<b>17</b>
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

From the findings in table 6 above, it shows that respondents agreed that the number of vacations, Sick leave and Insurance policy (safety, health) set by hotel is adequate for me with a percentage of 34% in agreement

#### 4.3.2.2 I am happy with company's assistance for loans –housing, vehicle, personal and staff loans.

The responses relating to the above statements are indicated in Likert scale as shown.

**Table 4. 20 Company’s Assistance for Loans**

Responses	Operative				Managerial				Total	
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	13.0%	15.8%	12.5%	<b>13.6%</b>	10.0%	0.0%	7.7%	<b>5.6%</b>	<b>10.7%</b>
	f	6	6	5	<b>17</b>	2	0	2	<b>4</b>	<b>21</b>
Disagree	%	21.7%	21.1%	22.5%	<b>21.6%</b>	25.0%	34.6%	23.1%	<b>27.8%</b>	<b>23.9%</b>
	f	10	8	9	<b>27</b>	5	9	6	<b>20</b>	<b>47</b>
Neutral	%	21.7%	31.6%	20.0%	<b>24.0%</b>	35.0%	19.2%	11.5%	<b>20.8%</b>	<b>22.8%</b>
	f	10	12	8	<b>30</b>	7	5	3	<b>15</b>	<b>45</b>
Agree	%	39.1%	31.6%	37.5%	<b>36.0%</b>	20.0%	34.6%	46.2%	<b>34.7%</b>	<b>35.5%</b>
	f	18	12	15	<b>45</b>	4	9	12	<b>25</b>	<b>70</b>
Strongly Agree	%	4.3%	2.6%	7.5%	<b>4.8%</b>	10.0%	11.5%	11.5%	<b>11.1%</b>	<b>7.1%</b>
	f	2	1	3	<b>6</b>	2	3	3	<b>8</b>	<b>14</b>
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Seventy (70,) 35.5%) of the participants stated that they are happy with company’s assistance for loans housing, vehicle, personal and staff loans, followed by 23.9% indicating a disagreement with the statement. Notably, 50% of the participants in the 5-star hotels working in the operatives agreed with the item.

#### **4.3.2.3 My qualifications and experience are considered for promotion and the opportunity**

The responses relating to the above statements are indicated in Likert scale as shown.

**Table 4. 21 My Qualification and Experience**

Responses	Operative				Managerial				Total	
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	10.9%	10.5%	10.0%	10.4%	15.0%	7.7%	11.5%	<b>11.1%</b>	<b>10.7%</b>
	f	5	4	4	13	3	2	3	<b>8</b>	<b>21</b>
Disagree	%	17.4%	21.1%	20.0%	19.2%	10.0%	7.7%	11.5%	<b>9.7%</b>	<b>15.7%</b>
	f	8	8	8	24	2	2	3	<b>7</b>	<b>31</b>
Neutral	%	26.1%	34.2%	22.5%	27.2%	30.0%	34.6%	11.5%	<b>25%</b>	<b>26.4%</b>
	f	12	13	9	34	6	9	3	<b>18</b>	<b>52</b>
Agree	%	32.6%	26.3%	27.5%	28.8%	30.0%	26.9%	42.3%	<b>33.3%</b>	<b>30.5%</b>
	f	15	10	11	36	6	7	11	<b>24</b>	<b>60</b>
Strongly Agree	%	13.0%	10.5%	20.0%	14.4%	15.0%	23.1%	23.1%	<b>20.8%</b>	<b>16.8%</b>
	f	6	4	8	18	3	6	6	<b>15</b>	<b>33</b>
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

According to the study, 47.3% agree that “My qualification and experience are considered for promotion and the opportunity are equal to other employees”. On the other hand, only 26.4% disagreed which clearly shows that qualifications and experience are considered for promotion.

**4.3.2.4 My company’s retirement plan is competitive with others in the industry.**

**Table 4. 22 Retirement Plan**

Responses	Operative				Managerial				Total	
	Hotel category				Hotel category					
	3-Star	4-Star	5-Star	Sub Total	3-Star	4-Star	5-Star	Sub Total		
Strongly disagree	%	10.9%	10.5%	10.0%	10.4%	25.0%	11.5%	11.5%	15.3%	12.2%
	f	5	4	4	13	5	3	3	11	24
Disagree	%	17.4%	15.8%	20.0%	17.6%	15.0%	23.1%	26.9%	22.2%	19.3%
	f	8	6	8	22	3	6	7	16	38
Neutral	%	30.4%	42.1%	35.0%	35.2%	25.0%	19.2%	19.2%	20.8%	29.9%
	f	14	16	14	44	5	5	5	15	59
Agree	%	37.0%	31.6%	30.0%	32.8%	25.0%	30.8%	26.9%	27.8%	31.0%
	f	17	12	12	41	5	8	7	20	61
Strongly Agree	%	4.3%	2.6%	5.0%	4.0%	10.0%	15.4%	15.4%	13.9%	7.6%
	f	2	1	2	5	2	4	4	10	15
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Almost a third (31.9%) of the respondents indicated that the company’s retirement plan is competitive with others in the industry with 41.5% participants working in the 3-star hotels stating that they agree with the statement.

**4.3.2.5 I received services such as, counselling, legal referral, career planning**

The responses are indicated in Likert scale as shown.

**Table 4. 23 I Receive Other Services**

Responses	Operative					Managerial				Total
	Hotel category					Hotel category				
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	17.4%	15.8%	17.5%	16.8%	15.0%	3.8%	7.7%	<b>8.3</b>	<b>13.7</b>
	f	8	6	7	21	3	1	2	<b>6</b>	<b>27</b>
Disagree	%	30.4%	31.6%	35.0%	32.0%	25.0%	23.1%	23.1%	<b>23.6</b>	<b>28.9</b>
	f	14	12	14	40	5	6	6	<b>17</b>	<b>57</b>
Neutral	%	21.7%	23.7%	20.0%	21.6%	11.5%	11.5%	7.7%	<b>11.1</b>	<b>17.8</b>
	f	10	9	8	27	3	3	2	<b>8</b>	<b>35</b>
Agree	%	30.4%	28.9%	25.0%	28.0%	50.0%	50.0%	46.2%	<b>43.1</b>	<b>33.5</b>
	f	14	11	10	35	6	13	12	<b>31</b>	<b>66</b>
Strongly Agree	%	0.0%	2.6%	2.5%	1.6%	11.5%	11.5%	15.4%	<b>13.9</b>	<b>6.1</b>
	f	0	1	1	2	3	3	4	<b>10</b>	<b>12</b>
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Notably, 34.6% agree that they receive services such as, counselling, legal referral, career planning, and wellness plan and fitness club membership from my hotel with a 29.8% indicating otherwise. However, 18% of the respondent remained neutral on this aspect. A study by (Onsare and Nge'no,2022) found that employees who utilized the employee counselling programmes positively affected their performance through reduced anxiety and stress, improved punctuality and reduced absenteeism. This study recommended for enhancement of employee counselling programmes and provision of financial literacy services as they play a critical role in enhancing the performance of employees.

#### **4.3.2.6 Summary of in direct financial compensation strategies.**

The summary is indicated in Likert scale as shown.

**Table 4. 24 In- Direct Financial Compensation Strategies**

<b>Variables</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>SD</b>
	<b>%(f)</b>	<b>%(f)</b>	<b>%(f)</b>	<b>%(f)</b>	<b>%(f)</b>	<b>(<math>\bar{x}</math>)</b>	<b>(<math>\sigma</math>)</b>
1.The number of vacations, Sick leave and Insurance policy (safety, health) set by hotel is adequate for me	6.8% (13)	20.9% (40)	28.3% (54)	35.1% (67)	8.9% (17)	<b>4.18</b>	<b>0.77</b>
2.I am happy with company's assistance for loans –housing, vehicle, personal and staff loans	7.9% (15)	24.6% (47)	23.6% (45)	36.6% (70)	7.3% (14)	<b>4.11</b>	<b>0.651</b>
3.My qualification and experience are considered for promotion and the opportunity are equal to other employees	7.9% (15)	16.2% (31)	27.2% (52)	31.4% (60)	17.3% (33)	<b>3.74</b>	<b>1.172</b>
4.My company's retirement plan is competitive with others in the industry	9.4% (18)	19.9% (38)	30.9% (59)	31.9% (61)	7.9% (15)	<b>3.99</b>	<b>0.991</b>
5.I received services such as, counselling, legal referral, career planning, wellness plan and fitness club membership from my hotel	11.0% (21)	29.8% (57)	18.3% (35)	34.6% (66)	6.3% (12)	<b>3.95</b>	<b>1.008</b>

**Source: Primary Data (2020)**

From the findings in item (1) table 4.24, majority of the respondents 44% agreed that the number of vacation and Insurance policy (heath & safety) set by the hotel is adequate. On the other hand, 27.7% disagreed whereas 28.3% remained neutral. This indicates that most of the employees are happy with vacation, sick leave and Insurance Policy (Safety& health) and that this is most likely to cause Turnover.

Almost all hotels provide their employees with benefits like house loan, vehicle loan, personal and emergency loans as a mechanism to attract and retain their experienced and talented employees. According to item (2) of table 4.24, majority of the respondents 43.9% agreed that they are happy with the hotel's assistance for loans. However, 32.5% disagreed whereas 23.6% remained neutral. The study sort to find the employee satisfaction level in relation to turn over.

Table 4.31 showed that the respondents were in agreement that the number of vacations, sick leave and Insurance policy; the assistance for housing loans, vehicle, personal and staff loans: the company's retirement plan is competitive with other industries: that they receive services such as counselling, legal referral, career planning, wellness plan and fitness club membership: that there qualification and experience are considered for promotion and that the opportunities are equal to other employees from hotels. Based on findings by (Nico et al.,2020) there is significant positive relationship between compensation and job satisfaction and that a good compensation will lead to increased employee job satisfaction, while a poor compensation will lead to a decrease in employee satisfaction

As indicated in item (3) of table 4.24, respondents were asked whether their qualifications and experiences are considered for promotion and opportunities are

equal to other employees, 48.7% of the respondents agreed, whereas 24.1% disagreed. However, 27.2% remained neutral.

The sample respondents were also asked whether their hotels retirement plan is competitive with others in the industry, item (4) of table 4.24 reveals that 29.3% disagreed with the statement. On the other hand, 38.8% agreed with the statement whereas 30.9% were neutral. This is because as indicated in the age group distribution, majority of the respondents are below 35 years of age. Majority of the respondent have less than 5 years' experience. Thus, in this group retirement plan is less attractive and is not considered by this group. Towers (2005) noted that " in general retirement plan do a much better job of retaining workers than attracting workers" and "older employees are significantly more likely than younger employees to have been attracted to their firm by retirement plan".

According to the findings in item (5) of table 4.24, 41.9% of the sample confirm that there is counselling, legal referral, career planning, wellness plan and fitness club membership services in their organizations. On the other hand, 40.8% disagree with this whereas 18.3% are neutral. Therefore, it's perceived that providing these services to employees is likely to reduce turnover rate to some extent.

Data analysis shows that most of the staff are fairly rewarded considering the amount of education, training and experience with number of vacations, Sick leave and Insurance policy (safety, health) set by hotel is adequate. Majority of the study participants agreed with the existence and benefits of indirect financial compensation. Most of the participants are happy with organizational culture and environment with a high rating in the aspect of the hotel providing a more flexible compensation system.

Findings revealed that most of the study participants would look for other job opportunities, if there is no career advancement in the hotel.

Findings of the study indicate that 38.8% of the participants agreed that the retirement plan is competitive with others in the industry. This is because as indicated in the age group distribution, majority of the respondents are below 35 years of age. Majority of the respondent have less than 5 years' experience. Thus, in this group retirement plan is less attractive and is not considered by this group. Towers (2005) noted that " in general retirement plan do a much better job of retaining workers than attracting workers" and "older employees are significantly more likely than younger employees to have been attracted to their firm by retirement plan".

The study findings indicate that 41.9%of the participants agreed that there is cancelling, legal referral, career planning, and wellness plan and fitness club member services in their organizations. Employee motivation is a very important aspect in any organization. When employees are motivated their output is more and this will reduce turnover intentions. Motivation formulates an association additional flourishing because motivated employees are continuously looking for enhanced practices to do at work, (Sandhu, et al., 2017). Additionally (Uzonna, et al., 2013) stated that motivation has a negative relation with employee turnover because as motivation increases the employee turnover decreases.

**4.3.2.7 Hypothesis two: Test of Relationship between indirect financial Compensation strategies and Labour Turnover to stay/leave using Chi-square.**

**Table 4. 25 Test of Relationship between indirect financial Compensation strategies and Labour Turnover to stay/leave using Chi-square.**

Compensation strategy	Turnover intention		Chi-Square (P-Value)
	Stay	Leave	
Indirect Financial Compensation	109(57.1%)	82(42.9%)	43.897(0.002)

According to the study findings, indirect financial compensation influences turnover in an organization at  $X^2=43.891$ ,  $P Value=0.002$  ( $P<0.5$ ). This implies that indirect financial indicators affect employee turnover hence the null hypothesis is rejected.

**4.3.3 Objective 3: Non – Financial Compensation strategy**

The study sought to establish the respondents view on non-financial compensation in the star rated hotels. A Likert scale of 1 to 5 was used such that 1= Strongly Disagree, 2=Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

#### 4.3.3.1 I am happy with the working condition.

The responses are indicated in Likert scale as shown.

**Table 4. 26 Non – Financial Compensation**

Responses	Operative					Managerial				Total
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	10.9%	10.5%	10.0%	10.4%	5.0%	0.0%	3.8%	2.8%	7.6%
	f	5	4	4	13	1	0	1	2	15
Disagree	%	4.3%	23.7%	7.5%	11.2%	20.0%	19.2%	15.4%	18.1%	13.7%
	f	2	9	3	14	4	5	4	13	27
Neutral	%	43.5%	28.9%	42.5%	38.4%	25.0%	19.2%	15.4%	19.4%	31.5%
	f	20	11	17	48	5	5	4	14	62
Agree	%	34.8%	31.6%	30.0%	32.0%	30.0%	34.6%	38.5%	34.7%	33.0%
	f	16	12	12	40	6	9	10	25	65
Strongly Agree	%	6.5%	7.9%	10.0%	8.0%	20.0%	26.9%	26.9%	25.0%	14.2%
	f	3	3	4	10	4	7	7	18	28
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Findings revealed that 47.2% of the hotel workers are happy with the working condition whereas 31.5% remained neutral. This indicates that the work environment is most likely not to influence labour turnover. Findings by (Zhenjing et.al.,2022) indicate that a positive work environment had the power to improve employee performance.

#### 4.3.3.2 The working hours are satisfactory in the organization.

The responses are indicated in Likert scale as shown.

**Table 4. 27 Working Hours Are Satisfactory**

Responses	Operative					Managerial				Total
	Hotel category					Hotel category				
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	6.5%	13.2%	7.5%	8.8%	10.0%	0.0%	7.7%	5.6%	7.6%
	f	3	5	3	11	2	0	2	4	15
Disagree	%	15.2%	26.3%	17.5%	19.2%	25.0%	30.8%	11.5%	22.2%	20.3%
	f	7	10	7	24	5	8	3	16	40
Neutral	%	32.6%	39.5%	25.0%	32.0%	20.0%	15.4%	23.1%	19.4%	27.4%
	f	15	15	10	40	4	4	6	14	54
Agree	%	28.3%	15.8%	35.0%	26.4%	20.0%	19.2%	26.9%	22.2%	24.9%
	f	13	6	14	33	4	5	7	16	49
Strongly Agree	%	17.4%	7.9%	15.0%	13.6%	25.0%	34.6%	30.8%	30.6%	19.8%
	f	8	3	6	17	5	9	8	22	39
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

According to the study, 27.4% of the study participants stated a neutral view on the satisfaction level with working hours with 24.9% in agreement that the hours are satisfactory. Notably, 77.7% of the five-star respondents were either in agreement of strongly agreed with the statement.

#### 4.3.3.3 I am happy with organizational culture and environment.

The responses are indicated in Likert scale as shown.

**Table 4. 28 Culture and Environment**

Responses	Operative					Managerial				Total
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	8.7%	7.9%	7.5%	8.0%	5.0%	0.0%	3.8%	2.8%	6.1%
	f	4	3	3	10	1	0	1	2	12
Disagree	%	13.0%	23.7%	12.5%	16.0%	0.0%	19.2%	11.5%	11.1%	14.2%
	f	6	9	5	20	0	5	3	8	28
Neutral	%	30.4%	36.8%	30.0%	32.0%	30.0%	11.5%	11.5%	16.7%	26.4%
	f	14	14	12	40	6	3	3	12	52
Agree	%	37.0%	28.9%	42.5%	36.0%	35.0%	38.5%	34.6%	36.1%	36.0%
	f	17	11	17	45	7	10	9	26	71
Strongly Agree	%	10.9%	5.3%	7.5%	8.0%	30.0%	30.8%	38.5%	33.3%	17.3%
	f	5	2	3	10	6	8	10	24	34
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The study findings on Table 28 above reveals that, most of the participants are happy with organizational culture and environment with 53.3% of the respondent agreeing. This clearly indicates that these parameters may not influence labour turnover.

#### 4.3.3.4 The hotel gives enough recognition for well done work

The responses are indicated in Likert scale as shown.

**Table 4. 29 Recognition for Well Done Work**

Responses	Operative				Managerial				Total	
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	15.2%	10.5%	15.0%	13.6%	5.0%	7.7%	11.5%	<b>8.3%</b>	<b>11.7%</b>
	f	7	4	6	17	1	2	3	<b>6</b>	<b>23</b>
Disagree	%	8.7%	23.7%	5.0%	12.0%	10.0%	11.5%	7.7%	<b>9.7%</b>	<b>11.2%</b>
	f	4	9	2	15	2	3	2	<b>7</b>	<b>22</b>
Neutral	%	32.6%	39.5%	32.5%	34.4%	25.0%	19.2%	15.4%	<b>19.4%</b>	<b>28.9%</b>
	f	15	15	13	43	5	5	4	<b>14</b>	<b>57</b>
Agree	%	30.4%	21.1%	30.0%	27.2%	45.0%	30.8%	38.5%	<b>37.5%</b>	<b>31.0%</b>
	f	14	8	12	34	9	8	10	<b>27</b>	<b>61</b>
Strongly Agree	%	13.0%	7.9%	17.5%	12.8%	15.0%	30.8%	26.9%	<b>25.0%</b>	<b>17.3%</b>
	f	6	3	7	16	3	8	7	<b>18</b>	<b>34</b>
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Respondent feedback was reported as 49.7% that the hotel gives enough recognition for well done work and I feel I am appreciated at work with stating that they agree or strongly agree on the parameter. These findings are similar to a study by (Hussain et.al.,2019) that revealed that employee performance. The findings of this study further revealed that perceived organizational support significantly and fully mediates the relationships between employee recognition and employee performance.

**4.3.3.5 I will receive a praise from my boss every time I accomplish a task successfully.**

The responses are indicated in Likert scale as shown.

**Table 4. 30 Praise from My Boss Every Time**

Responses	Operative				Managerial				Total	
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	10.9%	13.2%	10.0%	11.2%	5.0%	0.0%	3.8%	<b>2.8%</b>	<b>8.1%</b>
	f	5	5	4	14	1	0	1	<b>2</b>	<b>16</b>
Disagree	%	13.0%	18.4%	15.0%	15.2%	15.0%	26.9%	19.2%	<b>20.8%</b>	<b>17.3%</b>
	f	6	7	6	19	3	7	5	<b>15</b>	<b>34</b>
Neutral	%	26.1%	26.3%	22.5%	24.8%	15.0%	3.8%	11.5%	<b>9.7%</b>	<b>19.3%</b>
	f	12	10	9	31	3	1	3	<b>7</b>	<b>38</b>
Agree	%	32.6%	42.1%	30.0%	34.4%	50.0%	38.5%	41.7%	<b>41.7%</b>	<b>37.1%</b>
	f	15	16	12	43	10	10	10	<b>30</b>	<b>73</b>
Strongly Agree	%	17.4%	2.6%	22.5%	14.4%	15.0%	30.8%	26.9%	<b>25.0%</b>	<b>18.3%</b>
	f	8	1	9	18	3	8	7	<b>18</b>	<b>36</b>
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Respondents stated that they receive a praise from my boss every time I accomplish a task successfully with 55.4% in agreement. A research finding by (Alyssa,2015) revealed that there is a significant relationship between praise moderating the effects of autonomy on work motivation. This research found that praise plays a much greater role in the level of work motivation that employees have.

#### 4.3.3.6 Summary of non-financial compensation strategies.

The summary is indicated in Likert scale as shown.

**Table 4. 31 Non-Financial Compensation Strategies**

	<b>Variables</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>SD</b>
		<b>%(f)</b>	<b>%(f)</b>	<b>%(f)</b>	<b>%(f)</b>	<b>%(f)</b>	<b>(<math>\bar{x}</math>)</b>	<b>(<math>\sigma</math>)</b>
1	I am happy with the working condition	4.7% (9)	14.1% (27)	32.5% (62)	34.0% (65)	14.7% (28)	<b>3.90</b>	<b>1.002</b>
2	The working hours are satisfactory in the organization	4.7% (9)	20.9% (40)	28.3% (54)	25.7% (49)	20.4% (39)	<b>3.86</b>	<b>1.161</b>
3	I am happy with organizational culture and environment	3.1% (6)	14.7% (28)	27.2% (52)	37.2% (71)	17.8% (34)	<b>4.52</b>	<b>0.516</b>
4	The hotel gives enough recognition for well done work and I feel I am appreciated at work	8.9% (17)	11.5% (22)	29.8% (57)	31.9% (61)	17.8% (34)	<b>4.38</b>	<b>0.236</b>
5	I will receive a praise from my boss every time I accomplish a task successfully	5.2% (10)	17.8% (34)	19.9% (38)	38.2% (73)	18.8% (36)	<b>3.78</b>	<b>1.142</b>

**Source: Primary Data (2020)**

KEY: 1= Strongly Disagree, 2=Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

A better working condition helps to increase employee commitment and productivity, (Gebremedihin, 2015). According to respondents asked about working condition of their organization, item (1) of table 4.31, 48.7% of the respondents are unhappy with the working conditions, whereas 28.8% are happy with the working conditions.32.5% of the respondents remained neutral. Therefore, from these findings working condition is likely to cause turnover.

As show on item (2) of Table 4.31, sample respondents are asked whether working hours are satisfactory in their organization. The results show that majority of the respondents disagree with the statement whereas 25.6% of the respondents agreed.28.3% of the respondents remained neutral. From these findings, we can conclude that employees are not satisfied with the working hour and this may result to cause of turn over.

In line with this, item (3) of table 4.31, respondents are asked about their happiness on organizational culture and environment of their respective Hotels. The result shows that 55% of the respondents disagree with the statement whereas 17.8% agree with the statement. 27.2% of the respondents remained neutral. This indicated that the majority of the respondents disagreed that there is good organizational culture and environment hence this is likely to cause turnover.

Employees expect recognition and encouragement for their services because nobody likes to be unappreciated for the efforts he/she makes (Saira Y., et.al-2014), as the findings in item (4) table 4.31 reveal that majority of the respondents 49.7% confirmed that there is no recognition and appreciation for work well done. Although, 20.4% agree and strongly agree with the statement and 29.8% are neutral. From this

we can see that the hotels under study must do a lot of work in this regard so as to reduce turn over.

From the findings on item (5) of table 4.31, respondents are asked whether they receive praise from their boss upon completion of a task successfully. 57% of the respondents disagree with this statement whereas only 23% agree, whereas 19.9% are neutral. Thus, the hotels under study should review its strategy on this issue in order to retain their talented and experienced employees by reducing turnover.

According to Gebremedhin, (2015), Non-financial compensation includes the satisfaction that an employee gets from the job itself or from the psychological and/ or physical environment in which the employee works.

**4.3.3.7 Hypothesis Three: Test of Relationship between Non-Financial**

**Compensation and Labour turnover using Chi-square.**

**Ho<sub>3</sub>:** There is no significant relationship between of non-financial compensation strategies and labour turnover in 3-5 star rated Hotels in Nairobi City County- Kenya

**Table 4. 32 Test of Relationship between Non – Financial Compensation and Labour turnover using Chi-square.**

Compensation strategy	Turnover intention		Chi-Square (P-Value)
	Stay	Leave	
Non – Financial Compensation	100(52.4%)	91(47.6%)	48.744(0.001)

According to the findings, the relationship between turnover intention with non-financial compensation was reported as statistically significant with a  $X^2=48.744$  **P**

*Value=0.001 (P<0.5)*. This implies that non-Financial Compensation indicators affect employee turnover hence the null hypothesis was rejected.

#### 4.3.4 Objective 4: Compensation Practice

The study sought to determine respondents view on compensation practices in the star rated hotels A Likert scale of 1 to 5 was used such 1= Strongly Disagree, 2=Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

##### 4.3.4.1 The hotel provides a more flexible compensation system.

The responses are indicated in Likert scale as shown.

**Table 4. 33 Flexible Compensation System**

Responses	Operative				Managerial				Total	
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	13.0%	10.5%	12.5%	<b>12.0%</b>	10.0%	7.7%	11.5%	<b>9.7%</b>	<b>11.2%</b>
	f	6	4	5	<b>15</b>	2	2	3	<b>7</b>	<b>22</b>
Disagree	%	10.9%	18.4%	12.5%	<b>13.6%</b>	5.0%	11.5%	7.7%	<b>8.3%</b>	<b>11.7%</b>
	f	5	7	5	<b>17</b>	1	3	2	<b>6</b>	<b>23</b>
Neutral	%	37.0%	42.1%	35.0%	<b>37.6%</b>	40.0%	26.9%	30.8%	<b>31.9%</b>	<b>35.5%</b>
	f	17	16	14	<b>47</b>	8	7	8	<b>23</b>	<b>70</b>
Agree	%	34.8%	28.9%	37.5%	<b>33.6%</b>	45.0%	26.9%	23.1%	<b>30.6%</b>	<b>32.5%</b>
	f	16	11	15	<b>42</b>	9	7	6	<b>22</b>	<b>64</b>
Strongly Agree	%	4.3%	2.6%	2.5%	<b>3.2%</b>	0.0%	26.9%	26.9%	<b>19.4%</b>	<b>9.1%</b>
	f	2	1	1	<b>4</b>	0	7	7	<b>14</b>	<b>18</b>
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

The findings of the study on table 4.33 above indicates that the majority of the respondents agreed that the hotel provides a more flexible compensation system with majority of them (36.6%) strongly agreeing. This indicates that the hotels provide more flexible compensation system.

#### 4.3.4.2 My hotel periodically evaluate the effectiveness of compensation.

The responses are indicated in Likert scale as shown.

**Table 4. 34 Periodically Evaluate the Effectiveness of Compensation**

Responses	Operative				Managerial				Total	
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	17.4%	10.5%	15.0%	14.4%	10.0%	0.0%	7.7%	5.6%	11.2%
	f	8	4	6	18	2	0	2	4	22
Disagree	%	10.9%	21.1%	10.0%	13.6%	15.0%	15.4%	15.4%	15.3%	14.2%
	f	5	8	4	17	3	4	4	11	28
Neutral	%	34.8%	42.1%	40.0%	38.4%	45.0%	26.9%	26.9%	31.9%	36.0%
	f	16	16	16	48	9	7	7	23	71
Agree	%	34.8%	23.7%	32.5%	30.4%	20.0%	23.1%	19.2%	20.8%	26.9%
	f	16	9	13	38	4	6	5	15	53
Strongly Agree	%	2.2%	5.3%	2.5%	3.2%	10.0%	34.6%	30.8%	26.4%	11.7%
	f	1	2	1	4	2	9	8	19	23
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Majority of the respondents indicated that the hotel periodically evaluates the effectiveness of the performance of the compensation strategies with 38.6% in agreement. However, 25.4% were not in agreement whereas 36% were neutrals on this aspect.

#### 4.3.4.3 There is reasonable periodical increase in salary.

The responses are indicated in Likert scale as shown.

**Table 4. 35 Periodical Increase in Salary**

Responses	Operative					Managerial				Total
	Hotel category				Hotel category					
	3-Star	4-Star	5-Star	Sub Total	3-Star	4-Star	5-Star	Sub Total		
Strongly disagree	%	21.7%	15.8%	20.0%	19.2%	10.0%	1105.0%	11.5%	11.1%	16.2%
	f	10	6	8	24	2	3	3	8	32
Disagree	%	8.7%	26.3%	5.0%	12.8%	15.0%	23.1%	19.2%	19.4%	15.2%
	f	4	10	2	16	3	6	5	14	30
Neutral	%	34.8%	28.9%	37.5%	33.6%	25.0%	19.2%	19.2%	20.8%	28.9%
	f	16	11	15	42	5	5	5	15	57
Agree	%	30.4%	28.9%	32.5%	30.4%	50.0%	15.4%	23.1%	27.8%	29.4%
	f	14	11	13	38	10	4	6	20	58
Strongly Agree	%	4.3%	2.6%	5.0%	4.0%	0.0%	30.8%	26.9%	20.8%	10.2%
	f	2	1	2	5	0	8	7	15	20
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Study findings revealed that 29.4% of the study participants indicated that there is a reasonable periodical increase in salary. This indicates that there isn't any periodic increment as 31.4% disagreed whereas 28.9% remained neutral

#### 4.3.4.4 I am involved in a compensation related decision.

The responses are indicated in Likert scale as shown.

**Table 4. 36 Involved in Compensation Related Decisions**

Responses	Operative				Managerial				Total	
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	23.9%	26.3%	22.5%	24.0%	10.0%	3.8%	7.7%	<b>6.9%</b>	<b>17.8%</b>
	f	11	10	9	30	2	1	2	<b>5</b>	<b>35</b>
Disagree	%	28.3%	34.2%	27.5%	29.6%	15.0%	26.9%	23.1%	<b>22.2%</b>	<b>26.9%</b>
	f	13	13	11	37	3	7	6	<b>16</b>	<b>53</b>
Neutral	%	19.6%	15.8%	22.5%	19.2%	35.0%	15.4%	19.2%	<b>22.2%</b>	<b>20.3%</b>
	f	9	6	9	24	7	4	5	<b>16</b>	<b>40</b>
Agree	%	21.7%	21.1%	20.0%	20.8%	30.0%	23.1%	19.2%	<b>23.6%</b>	<b>21.8%</b>
	f	10	8	8	26	6	6	5	<b>17</b>	<b>43</b>
Strongly Agree	%	6.5%	5.3%	7.5%	6.4%	10.0%	30.8%	30.8%	<b>25.0%</b>	<b>13.2%</b>
	f	3	2	3	8	2	8	8	<b>18</b>	<b>26</b>
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Majority of the study participants 44.7% are not involved in a compensation related decision. This indicates that review of salary is done by top management. A study by (Khalid and Nawab, 2018) stated that all types of employee participation influence employee retention positively.

#### 4.3.4.5 My hotel conducts proper exit interview.

The responses are indicated in Likert scale as shown.

**Table 4. 37 Proper Exit Interview Conducted**

Responses	Operative					Managerial				Total
	Hotel category					Hotel category				
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	23.9%	18.4%	25.0%	22.4%	10.0%	3.8%	11.5%	8.3%	17.3%
	f	11	7	10	28	2	1	3	6	34
Disagree	%	32.6%	15.8%	35.0%	28.0%	10.0%	19.2%	11.5%	13.9%	22.8%
	f	15	6	14	35	2	5	3	10	45
Neutral	%	17.4%	31.6%	17.5%	21.6%	30.0%	15.4%	11.5%	18.1%	20.3%
	f	8	12	7	27	6	4	3	13	40
Agree	%	23.9%	36.8%	20.0%	26.4%	40.0%	46.2%	53.8%	47.2%	34.0%
	f	11	14	8	33	8	12	14	34	67
Strongly Agree	%	2.2%	0.0%	2.5%	1.6%	10.0%	15.4%	11.5%	12.5%	5.6%
	f	1	0	1	2	2	4	3	9	11
<b>Total</b>		46	38	40	125	20	26	26	72	197
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Slightly above a third of the participants stated that the hotel conducts proper exit interview with 34% in agreement. Jyoti(2019) states that good exit interviews yield productive and useful information regarding]g the organization which may further help in accessing and improving the work environment in all its aspects.

#### 4.3.4.6 My hotel takes corrective action based from exit interview.

The responses are indicated in Likert scale as shown.

**Table 4. 38 Corrective Action Based from Exit Interview**

Responses	Operative					Managerial				Total
	Hotel category					Hotel category				
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	17.4%	13.2%	22.5%	17.6%	5.0%	7.7%	11.5%	8.3%	14.2%
	f	8	5	9	22	1	2	3	6	28
Disagree	%	28.3%	36.8%	22.5%	28.8%	10.0%	15.4%	7.7%	11.1%	22.3%
	f	13	14	9	36	2	4	2	8	44
Neutral	%	28.3%	26.3%	30.0%	28.0%	45.0%	15.4%	26.9%	27.8%	27.9%
	f	13	10	12	35	9	4	7	20	55
Agree	%	19.6%	23.7%	20.0%	20.8%	35.0%	53.8%	42.3%	44.4%	29.4%
	f	9	9	8	26	7	14	11	32	58
Strongly Agree	%	6.5%	2.6%	5.0%	4.8%	5.0%	7.7%	11.5%	8.3%	6.1%
	f	3	1	2	6	1	2	3	6	12
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

According to the study findings, 29.4.4% of the study participants agreed that my hotel takes corrective action based from exit interview.

#### 4.3.4.7 I feel the hotel is fair in general and treat employees fairly.

The responses are indicated in Likert scale as shown.

**Table 4. 39 Fair Employee Treatment**

Responses	Operative					Managerial				Total
	Hotel category				Hotel category					
	3- Star	4- Star	5- Star	Sub Total	3- Star	4- Star	5- Star	Sub Total		
Strongly disagree	%	8.7%	13.2%	10.0%	10.4%	5.0%	3.8%	3.8%	4.2%	8.1%
	f	4	5	4	13	1	1	1	3	16
Disagree	%	10.9%	23.7%	7.5%	13.6%	5.0%	11.5%	15.4%	11.1%	12.7%
	f	5	9	3	17	1	3	4	8	25
Neutral	%	30.4%	34.2%	30.0%	31.2%	40.0%	15.4%	23.1%	25.0%	28.9%
	f	14	13	12	39	8	4	6	18	57
Agree	%	32.6%	28.9%	30.0%	30.4%	45.0%	53.8%	42.3%	47.2%	36.5%
	f	15	11	12	38	9	14	11	34	72
Strongly Agree	%	17.4%	2.6%	22.5%	14.4%	5.0%	15.4%	15.4%	12.5%	13.7%
	f	8	1	9	18	1	4	4	9	27
<b>Total</b>		<b>46</b>	<b>38</b>	<b>40</b>	<b>125</b>	<b>20</b>	<b>26</b>	<b>26</b>	<b>72</b>	<b>197</b>
<b>%</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

I feel the hotel is fair in general and treat employees fairly with a mean of 3.92 and majority (37.7%) stating that they agree with the statement.

#### 4.3.4.8 Summary of compensation strategy practices.

The summary is indicated in Likert scale as shown.

**Table 4. 40 Compensation Strategy Practices**

	<b>Variables</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>SD</b>
		<b>%(f)</b>	<b>%(f)</b>	<b>%(f)</b>	<b>%(f)</b>	<b>%(f)</b>	<b>(<math>\bar{x}</math>)</b>	<b>(<math>\sigma</math>)</b>
1	The hotel provides a more flexible compensation system	8.4% (16)	12.0% (23)	9.4% (18)	33.5% (64)	36.6% (70)	<b>4.24</b>	<b>0.522</b>
2	My hotel periodically evaluate the effectiveness of compensation	8.4% (16)	14.7% (28)	27.7% (53)	37.2% (71)	12.0% (23)	<b>3.50</b>	<b>1.287</b>
3	There is reasonable periodical increase in salary	13.6% (26)	15.7% (30)	29.8% (57)	30.4% (58)	10.5% (20)	<b>3.18</b>	<b>1.186</b>
4	I am involved in a compensation related decisions	15.2% (29)	27.7% (53)	20.9% (40)	22.5% (43)	13.6% (26)	<b>2.92</b>	<b>1.194</b>
5	My hotel conducts proper exit interview	14.7% (28)	23.6% (45)	20.9% (40)	35.1% (67)	5.8% (11)	<b>3.97</b>	<b>0.988</b>
6	My hotel takes corrective action based from exit interview	11.5% (22)	23.0% (44)	28.8% (55)	30.4% (58)	6.3% (12)	<b>4.02</b>	<b>0.637</b>
7	I feel the hotel is fair in general and treat employees fairly	5.2% (10)	13.1% (25)	29.8% (57)	37.7% (72)	14.1% (27)	<b>3.92</b>	<b>0.873</b>
	<b>Compensation practice</b>						<b>3.679</b>	<b>0.955</b>

**KEY:** 1= Strongly Disagree, 2=Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree

As shown in item (1) of table 4.39 above, sample respondents are asked whether the hotel provides them with a more flexible compensation system, the results show

that 72.1% of the respondents disagree and strongly disagree with this statement. Alongside, 20.4% agree and strongly agree whereas 9.4% are neutral. In regard that the majority of the respondents disagree, the hotels should consider revising their compensation system in order to reduce possible turnover.

Employees are sensitive with regard to compensation. If they perceive that they are under compensated relative to others in the industry they will probably leave the organization even for a slight difference in benefit. In this regard, organizations should assess whether employees are satisfied with the existing implemented benefit. In line with this, item (2) of table 4.39 discloses that 49.2% disagree with this statement whereas 23.1% agree and 27.7% are neutral. In this case a great number of respondents confirm that there is no periodic increase in salary and this could result to turnover.

According to item (4) of table 4.39, respondents are asked about their involvement in compensation related decisions. Thus, the results showed that 36.1% confirmed that they are not involved in the compensation related decisions. Further, 32.9% agreed with the statement and 20.9% remained neutral. This indicates that hotels under study should consider their decision on this subject and give their employees a chance to participate in compensation related decisions. This may help the hotels as a retention mechanism.

Companies commit a significant amount of time and resources to recruit, interview and train new employees. The revenue lost when these employees resign is quite substantial. Determining why employees leave is one key to taming turnover ([www.backtracker.com](http://www.backtracker.com)). In line with this, the findings in item (5) of table 4.39 above

reveals that 48.3% disagree that there are proper exit interviews whereas 40.9% agree to this statement. 20.9% are neutral. According to item (6) of the table 4.39, respondents were asked whether their hotels uses feedback from exit interviews and makes corrective action, the findings reveal that 36.7% agree whereas 34.5% disagree with this statement. 28.8% are neutral. Therefore, the hotels under study should conduct proper exit interviews to determine the cause of turnover and use these findings to know their strength and weakness and take corrective actions.

As indicated in item (7) of table 4.39, respondents express their feelings on the statement "I feel the hotel is fair in general and treat employees fairly". 51.8% agree with this statement whereas 18.3% disagree and 29.8 were neutral. This statement implies that majority of the employees think that their hotel is fair and treat employee fairly.

My hotel takes corrective action based from exit interview ( $4.02 \pm 0.637$ ), My hotel conducts proper exit interview ( $3.97 \pm 0.988$ ), I feel the hotel is fair in general and treat employees fairly ( $3.92 \pm 0.873$ ), My hotel periodically evaluate the effectiveness of compensation ( $3.5 \pm 1.287$ ), There is reasonable periodical increase in salary  $3.18 \pm 1.186$  and least rated in terms of agreement being I am involved in a compensation related decisions ( $2.92 \pm 1.19$ ). The overall rating of the compensation practices was reported with a mean of 3.679 and standard deviation of 0.955. The high degree of variation indicates a statistically significant effect of the variable on the respondents.

The findings revealed that most of the participants would look for other job opportunities with a mean score of 3.851 indicating that turnover is inexorable in the

hotel industry. This clearly indicated that on average, the likelihood of an employee deciding to exit an organization is 0.8. It can be concluded that in every 10 employees, two are likely to decide to exit a facility.

72.1% of the participants disagreed that their institution has a more flexible compensation system the study findings revealed therefore the due consideration should be made to revise their compensation system in order to combat turnover. Employees are sensitive with regard to compensation. If they perceive that they are under compensated relative to others in the industry they will probably leave the organization even for a slight difference in benefit.

The study revealed that 36.1% of the participants were not involved in Compensation related decisions. This indicates that the hotels under study should consider their decision on this subject and give their employees a chance to participate in compensation related matters. This may help the hotels as a retention mechanism. According to (Colleen & William, 1993), involving all members of an organization in formulating and overseeing compensation policies and procedures can be a potent means of demonstrating a genuine commitment to empowerment in the workplace.

Study findings indicate that 48.3% of the participants disagreed that exit interviews are done the hotels under study should conduct proper exit interviews to determine the cause of turnover and use these findings to know their strength and weakness and take corrective actions. The revenue lost when these employees resign is quite substantial. Determining why employees leave is one key to taming turnover ([www.backtracker.com](http://www.backtracker.com)).

**4.3.4.9 Hypothesis four: Test of Relationship between Compensation practices and Labour Turnover using Chi-square.**

**H<sub>0</sub>4:** There is no significant relationship between compensation practises and labour turnover in 3-5 star rated hotels in Nairobi City County- Kenya

Compensation Practice P=0.071. This clearly indicates that there is an intention to leave. The association between compensation strategy and turnover intention was reported as statistically not significant.

**Table 4.41:Test of Relationship between Compensation practices and Labour Turnover using Chi-square.**

Compensation strategy	Turnover intention		Chi-Square (P-Value)
	Stay	Leave	
Compensation Practice	105(54.7%)	87(45.3%)	36.053 (0.071)

Compensation Practice P=0.071. This clearly indicates that there is an intention to leave. The association between compensation strategy and turnover intention was reported as statistically not significant hence the null hypothesis was accepted. According to the findings, the relationship between turnover intention with compensation practice was reported as statistically significant with a  $X^2=36.053$  **P Value=0.071 (P>0.5)**.

Hypothesis testing was performed to test the significance levels between various study variables. Table below shows summary of the chi-square test and P-Values.

**4.3.4.10: Summary of Testing of Hypothesis One, Two, Three and Four Using Chi-Square**

**Table 4. 42:Hypothesis Testing**

<b>Variable</b>	<b>Chi-Square (X<sup>2</sup>)</b>	<b>P-Value</b>	<b>Remarks</b>
Direct financial compensation	67.854	0.001	Significant
Indirect financial compensation	43.897	0.002	Significant
Non-Financial Compensation practices	48.744	0.001	Significant
	36.03	0.071	Not significant

Findings revealed that compensation strategies that are likely to be adopted by most organizations: Direct financial compensation; Indirect Financial Compensation; and Non-Financial compensation were significantly associated with employee decision to leave or stay ( $P < 0.005$ ) with  $P = 0.013$ ,  $P = 0.004$ ,  $P = 0.05$ ,  $P = 0.004$ ,  $P = 0.001$ ,  $P = 0.002$ ,  $P = 0.001$  AND  $P = 0.071$  respectively as can be seen on table. This clearly indicated that based on statistical analysis the significance level is below the cut-off value of 0.05, we therefore reject the null hypothesis and conclude that the compensation strategies are statistically significant.

**4.3.5 Objective 5: Moderating Influence of Social Demographic Characteristics relationship between independent variables and dependent variables.**

The moderating influence of the Social Demographic Characteristics on the relationship between independent variables and dependent variables was tested using chi-square as indicated below;

**4.3.5.1 Moderating influence of Age Group on relationship between independent and dependent variables.**

**Table 4. 43: Relationship between Age Group and Labour Turnover**

Age group	Turnover intention		Chi-Square (P-Value)
	Stay	Leave	
20 to 30	30(56.6%)	23(43.4%)	3.921(0.028)
31 to 40	28(44.4%)	35(55.6%)	
41 to 50	36(63.2%)	21(36.8%)	
Above 50	16(66.7%)	8(33.3%)	

Findings revealed that 56.6% of the respondents aged between 20 to 30 are likely to stay, 55.6% aged between 31 to 40 likely to exit and 66.7% of the participants aged over 50 likely to stay. Participant age group was reported as statistically significant ( $P < 0.05$ ).

**4.3.5.2 Moderating influence of Numbers of Years Worked in the Hotel on relationship between independent and dependent variables.**

**Table 4. 44: Number of Years You Have Worked in the Hotel**

Number of years you have worked in the hotel	Turnover intention		Chi-Square (P-Value)
	Stay	Leave	
0-5	34(60.7%)	22(39.3%)	1.262 (0.738)
6-10	32(57.1%)	24(42.9%)	
11-20	33(50.8%)	32(49.2%)	
Above 50	11(55%)	9(45%)	

Number of years served in a hotel was reported as statistically insignificant ( $P>0.05$ ). with those aged 6 to 10 years more likely to stay compared to any other age category. Respondents aged 11 to 20 years are more likely to leave. According to these results, majority of the employees do not stay long in the same employment up to the retirement age.

**4.3.5.3 Moderating influence of Education Qualifications on relationship between independent and dependent variables.**

**Table 4. 45: Educational Qualification**

Educational Qualification	Turnover intention		Chi-Square (P-Value)
	Stay	Leave	
Diploma	56(47.9%)	61(52.1%)	10.915(0.004)
BA Degree	34(60.7%)	22(39.3%)	
Masters or above	20(83.3%)	4(16.7%)	

Educational qualification of a participant was strongly associated with turnover intention for the study population statistically significant ( $P<0.05$ ). Respondents with Master and above are more likely to stay. This is because most of them are in the management positions. This is in congruence with the study by (Riley, 1996), that about two thirds or 64 percent of jobs in the hotels, restaurants and catering sector are either unskilled or semiskilled.

#### 4.3.5.3.1 Hypothesis Testing for Moderating influence of Education Qualifications on relationship between the variables

This Baron and Kenny model hypothesizes that education qualifications have a direct relationship on labor turnover. By using the mediation model, it is hypothesized that education qualifications have a direct relationship on compensation, and then compensation has a direct relationship on labor turnover. In other words, we are attempting to establish a chain of influence where education qualifications have a direct relationship on compensation, and compensation, in turn, influences turnover.

The total effect of education qualifications to compensation is statistically significant ( $P < 0.006$ ) and thus further steps of comparison were considered as shown below;

#### 4.3.5.4 Moderating influence of Monthly Salary on relationship between the Variables

The Responses are indicated as shown.

**Table 4. 46: Relationship between Monthly Salary and Turnover Intentions**

Monthly Salary (in KSH)	Turnover intention		Chi-Square (P-Value)
	Stay	Leave	
1,000-5,000	6(31.6%)	13(68.4%)	7.16(0.05)
5,001-10,000	16(61.5%)	10(38.5%)	
10,001-15,000	13(44.8%)	16(55.2%)	
Above 15,000	75(61%)	48(39%)	

According to the study findings, participants earning above Ksh. 15,000 are likely to stay with those earning less than 5,000 likely to leave. Monthly salary is associated with turnover intention.

#### 4.3.5.4.1 Hypothesis Testing for Moderating influence of Monthly Salary on relationship between the Variables

This Baron and Kenny model hypothesizes that monthly salary has a direct relationship on labor turnover. By using the mediation model, it is hypothesized that monthly salary has a direct relationship on compensation, and then compensation has a direct relationship on labor turnover. In other words, we are attempting to establish a chain of influence where monthly salary has a direct relationship on compensation, and compensation, in turn, influences turnover.

The total effect of monthly salary to compensation is not statistically significant (P=0.565) and thus further steps of comparison were not considered as shown below;

#### 4.3.5.5 Moderating influence of Job Category on relationship between the variables.

The Responses are indicated as shown.

**Table 4. 47: Relationship between Job Category and Turnover Intention**

Job Category	Turnover intention		Chi-Square (P-Value)
	Stay	Leave	
Operative	61(48.8%)	64(51.2%)	6.869 (0.004)
Managerial	49(68.1%)	23(31.9%)	

On establishing test for significance between respondent job category and Turnover intention, most of the managerial respondents are likely to stay (68.1%) with 51.2% of staff in the operative areas having an intention to leave. Job category had an association with turnover intention (P<0.05).

**4.3.5.5.1 Hypothesis Testing for Moderating influence of Job Category on relationship between independent variables and dependent variables.**

This Baron and Kenny model hypothesizes that job category has a direct relationship on labor turnover. By using the mediation model, it is hypothesized that job category has a direct relationship on compensation, and then compensation has a direct relationship on labor turnover. In other words, we are attempting to establish a chain of influence where monthly salary has a direct relationship on compensation, and compensation, in turn, influences turnover.

From this Baron and Kenny Model, the total effect of job category to turnover is not statistically significant (P=0.223) and thus further steps of comparison were not considered as shown;

**4.3.6 Predictors of Eemployee Turnover**

Following on the Chi-Squire computation, the researcher did an odd Ratio as well as Multiple Linear tests to identify the predictor variables of employee labour turnover.

**4.3.6.1 Odd Ratio Test for identifying predicator variable for employee labour turnover Intention.**

The results for this test are indicated as shown.

**Table 4. 48: Predictors of Employee Turnover**

<b>Variable</b>	<b>B</b>	<b>S.E</b>	<b>Wald</b>	<b>Sign.</b>	<b>OR</b>
<b>Gender</b>					
<b>Mode of compensation</b>					
Direct Financial	0.613	1.711	.332	.596	3.414
Indirect Financial	-.985	1.002	.590	.455	.422
Non – Financial	-1.762	1.3	1.863	.520	.1200
Compensation Practice	.888	.957	.639	.518	3.01

Further, findings revealed that there exists a strong positive relationship by 0.965. R squared is 0.931 which implies that 93.1% of determinants of employee turnover intention can be accounted to Direct Financial compensation, Indirect Financial compensation, Non – Financial compensation and Compensation Practice. Thus, it can be concluded that other determinants of turnover intention contribute to 6.9%. The adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to the alterations in the independent variables.

#### **4.3.6.2 Multiple Linear Regression Test for identify of the most influential variable in relation to employee labour turnover Intention.**

The research conducted multiple regression analysis to determine the relationship between the dependent variable and the predictor variables. Table below summarizes multiple regression analysis.

**Table 4. 49: Multiple Regression Analysis**

<b>Model Summary</b>				
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.965 <sup>a</sup>	.931	.929	3.418

a. Predictors: (Constant), Direct Financial, Indirect Financial, Non – Financial, Compensation Practice

b. Dependent Variable: Employee turnover intention

Table above shows that the coefficient of determination that the percentage variation determination in the dependent variables is supported by the variation in independent

variables. R is the correlation coefficient which shows the relationship between the factors contributing employee turnover intention. Findings revealed that there exists a strong positive relationship by 0.965. R squared is 0.931 which implies that 93.1% of determinants of employee turnover intention can be accounted to Direct Financial compensation, Indirect Financial compensation, Non-Financial compensation and Compensation Practice. Thus, it can be concluded that other determinants of turnover intention contribute to 6.9%. The adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to the alterations in the independent variables.

#### **4.3.6.3: logistic Regression Model Results**

On controlling participant gender, salary, level of education, job category, modes of compensation, job category was a significant predictor of employee turnover (OR: 95%CI; 0.101: 0.018 – 0.651). Those employees in the managerial category are less likely to exit as compared to those in the operative category. Similarly, employees with a BA degree are more likely to leave compared to those with a masters or secondary though not statistically significant (OR: 95%CI; 3.801: 0.655 – 9.22). Hotels focus on direct financial compensation neglecting the compensation alternatives. The statistical model however indicated that salary is not a driver to employee's decision to exit.

**Table 4. 50: Preditors of Employee Turnover**

<b>Variable</b>	<b>B</b>	<b>S.E</b>	<b>Wald</b>	<b>Sign.</b>	<b>OR</b>
<b>Gender</b>					
Male	-.506	1.15	.216	.710	.455
Female	1.13	1.191	.777	.431	1.912
<b>Monthly Salary (less than 10,000)</b>					
	-.401	1.919	.313	.700	.611
<b>Level of education (Degree)</b>					
	1.1	.897	2.415	.131	3.801
<b>Job Category (Managerial)</b>					
	-1.933	.741	5.978	.001	.101

#### **4.4 Role of Compensation Package in Retaining Employees in Star rated Hotels**

On establishing whether the compensation policy in place is serving its purpose, the feedback covered two main broad themes –Compensation strategies and Turnover.

##### **According to four respondents from five-star rated hotels;**

*“Properly compensating workers shows how you value them as staff and human beings. When people feel valued, they feel better about coming to work. Overall company morale increases and people are motivated to come to work and do a good job. However, the current policy is not well implemented due to budgetary constraints.”*

Based on the finding of this study, most of the respondents stated that the amount of pay they receive<sup>4</sup> was not adequate for the type of work that they perform with 35% of the respondents affirming this whereas 30% of the respondents remained neutral on this aspect.

**Six respondents from four-star rated hotels reiterated:**

*“In our hotel, the policy has instilled a good working culture. In our case, compensation policy includes wages, bonus, salary, and other kinds of commission structures. The implemented benefits play a key role as they help to present the contracts in a way which makes employees feel vital and wanted”*

According to the research findings, the current compensation strategies are insufficient and unable to retain competent staff. The following issues were identified:

**Eight respondents of the three- &four-star hotels indicated as summarized by one interview that:**

*“The current strategy isn’t sufficient since it does not cover all the financial and non-financial benefits. Employees are not only motivated by money aspect but also the general wellbeing, feeling of belong to a certain workforce. The current policy isn’t transparent with no or minimal competitive benefits for the employees.”*

Based on the research findings, the respondents stated that they do not feel that the performance bonus structure fairly rewarded them. They further stated that they were not well paid in comparison to their experience, responsibilities and qualifications.

**Two four-star rated hotel respondents indicated that:**

*“It’s insufficient. The human resource unit which plays a critical role in the management of compensation issues does not encourage organizational effectiveness with clear structures of award. However, due to increased turnover, HR has redirected its efforts to attract and retain best employees through introduction of special exemplarily performance packages.”*

On identifying basic factors that affect compensation decision in the hotels and adequacy of financial compensation, respondents unanimously agreed that labour market conditions dictate the decision, economic conditions, prevailing wage level, government control, cost of living, union's influence, globalization and cross sector mobility.

**Two respondents from five-star hotel said that:**

*“Determining the right compensation can be tricky. Not only is money touch subject but also a myriad of factors plays into determining compensation rates that are both fair and competitive. The most vital factors such as industry, location, in demand skills, supply and demand, the cost of not offering a competitive package and profitability. Ability to pay is the most significant factor. Successful firms have special arrangements so as to attract, retain superior calibre of personnel.”*

Besides the issues of compensation, the researcher wanted to determine how hotels manage exits. According to most of the participants, exit interviews are held though for a very short time and lack the required concentration.

**A Respondent in a five-star rated hotel indicated that:**

*“We conduct exit interview so as to understand reasons for exit but most employees give vague responses such as greener pastures. This is even some getting jobs in 3-star hotels and exiting from 5-star hotels. In addition, the information obtained does not form a major part of hotel decision making.”*

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS & RECOMMENDATIONS

#### 5.0 Summary of the Study

Analysis of the study data has revealed a myriad of major findings. First, there is significant positive relationship between Labour turnover due to Direct Financial compensation, Indirect Financial compensation, Non – Financial compensation and Compensation Practice in the selected hotels in Nairobi County.

Although base pay and commissions were the most popular compensation alternatives, they were not significantly related to employee turnover, whereas indirect and non-financial compensation were significantly associated with employee turnover with 42.2% indicating that they would likely leave.

Compensation strategies have a significant impact on retaining and attracting superior and competent staff. According to the interviews, most competent officers are attracted by good compensation strategies such as commission, health insurances, better pay and bonus. When the packages are implemented well touching on exemplarily workers motivates the whole team and spurs hard work and happiness.

Third, management support plays an important role. Organizations with clear direction and are generating good revenues tend to attract and retain staff. Educational qualification of a participant was strongly associated with turnover intention for the study population statistically significant ( $P < 0.05$ ).

## **5.1 Conclusion of The Research Study**

A quarter of the employees in the star rated hotels under study are not satisfied with their current employee compensation and intend to leave. Salary and commissions are insignificant predictors of employee turnover in the hotels although salary increments are very important in controlling employee turnover. Apart from salary, merit, pay, travel/meal/house allowance and medical allowance were significantly associated with employee turnover. The star rated hotels should improve working environment, appreciate employees and provide leadership to control turnover. Hiring of older employees does not guarantee control over employee turnover intentions. The three to five star rated hotels should hire tertiary and graduate level employees over secondary graduates to minimize employee turnover intentions.

## **5.2 Recommendation for Policy**

The Study findings established that 57% of the participants disagree that they received praise from their bosses upon completion of a task successfully. The hotels under study should review their strategies on this aspect to retain their talented and experienced employees by reducing turnover. Praising and recognising the efforts and achievements of others can bring about some very positive results in the workplace. Being praised makes the recipient feel good about themselves and this can help to boost their performance and may reduce turnover intentions.

The study recommends that the Hotels under study should employ staff on permanent basis and train them to enhance performance and retention. Apart from base pay and commissions, the star rated hotels should provide their employees with retirement benefits, insurance cover, medical allowance, travel and meal allowances and merit

pay. Salaries should be reviewed regular to offer competitive packages. The hotels should improve work environment and ensure employees work life balance. Clear job descriptions should be provided and match employee skills with their work. Supervision should be adequate and objective. To improve retention, the hotels should ensure that performance appraisal is satisfactory to all employees.

### **5.3 Recommendation for Practice**

Human resource managers should strive to look for newer and innovative compensation policies to retain good employees because it appears that the employee is keen on them.

### **5.5 Recommendations for Further Studies**

Based on the findings of this study, which revealed that salary is not a driver to employee's decision to exit was high with a  $P < 0.08$  hence there is need to address the issue of compensation practices employed in the hotel industry. Further studies should be carried out on how other variables not studied influences employees may influence turnover in another sector.

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## **APPENDICES 1: INTRODUCTION LETTER**

**Dear Respondent,**

I am a student pursuing a Masters of science degree in Hospitality Management, School of Tourism and Hospitality Kenyatta university, undertaking a research thesis on: **EMPLOYEE COMPENSATION STRATEGIES AND LABOUR TURNOVER IN 3-5 STAR RATED HOTELS IN NAIROBI CITY COUNTY KENYA**. The data being collected is purely for academic purposes and a copy of the findings will be availed to you upon request. Any information received will be treated with strict confidentiality and at no point will your name or that of your organization be mentioned in the final report.

Your cooperation will be highly appreciated.

Yours faithfully

Joan Mbithe Mutiso



## **APPENDICES 2: QUESTIONNAIRE FOREMPLOYEES**

### **INSTRUCTIONS:**

Research questionnaire to be filled by employees of star rated hotels in Nairobi City County –Kenya.

**Dear Sir/Madam**

This questionnaire is used to collect data from employees of star rated hotels in Nairobi County \_Kenya, for conducting Masters of Science in Hospitality Management (MSC) thesis on the title '**employee compensation strategies and labour turnover in star rated hotels in Nairobi county Kenya**', as academic requirement for MSC degree. I assure you that your response to the questionnaire will be treated with utmost confidentiality. The survey will be analyzed for academic purposes. Thank you for your cooperation in the conduct of this study. Your response will contribute to this academic research.

#### General Instructions

- No need to write your name
- Please complete the following questions o reflect your opinions as accurately as possible and to answer factual questions to the best of your knowledge and at your earliest possible time.

Please check tick (√) the box that best cooresponds to your answer for each question below.

If you have any query, please contact Joan Mutiso –0721651679 e-mail –  
[mbithe68@gmail.com](mailto:mbithe68@gmail.com)

**Part I: Demographic Characteristics of thr Respondents**

1. Gender

Male  Female

2. Age Group

20-30  31-40  41-50  Above 50

3. Number of years you have worked in the industry

0-5  6-10  11-20  Above 50

4. Number of years you have worked in the current hotel

0-5  6-10  11-20  Above 50

5. Educational Qualification

Diploma  BA Degree  Masters or above

6. Monthly Salary(in KSH)

1000-5000  5001-10000  0001-15000  Above 15000

7. Job Category

Operative  Manageria

**Part II: Questions related to compensation and Turn over intension**

Listed below are statements related to compensation and turnover in your Hotel. Please indicate your level of agreement with the statement by putting a check tick (✓) on appropriate number.

Where

**1=Strongly Disagree    2=Disagree    3=Neutral    4= Agree    5=Strongly Agree**

No.	Items	1	2	3	4	5
A	Direct Financial Compensation					
1.	The amount of pay I receive for my job is about equal to others doing similar work in other hotels					
2.	I feel that I am well paid in relation to my experience, responsibilities and qualification					
3.	I feel that the performance bonus structure fairly rewards my effort					
4.	I am fairly rewarded taking into account the amount of education, training and experience that I have					
5.	Salary packages/monetary incentives are sufficient in my hotel					
6.	The current salary and benefits being offered by the hotel are adequate to cope with the ongoing cost of life					
7.	Salary and Reward available in my hotel is fair					
8.	I feel that I am rewarded with better appraisal rates and grade promotions on my actual performance					
B	Indirect Financial Compensation	1	2	3	4	5
1.	The number of vacation, Sick leave and Insurance policy (safety, health) set by					

	hotel is adequate for me					
2.	I am happy with company's assistance for loans –housing ,vehicle, personal and staff loans					
3.	My qualification and experience are considered for promotion					
4.	My company's retirement plan is competitive with others in the industry					
5.	I receive services such as, counseling, legal referral, career planning, wellness plan and fitness club membership from my hotel					
<b>C.</b>	<b>Non – Financial Compensation</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	I am happy with the working condition					
2.	The working hours are satisfactory in the organization					
3.	I am happy with organizational culture and environment					
4.	The hotel gives enough recognition for well done work and I feel I am appreciated at work					
5.	I receive a praise from my boss every time I accomplish a task successfully					
<b>D.</b>	<b>Compensation Practice</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	The hotel provides a more flexible compensation system					
2.	My hotel periodically evaluate the effectiveness of compensation					
3.	There is reasonable periodical increase in salary					
4.	I am involved in a compensation related decisions					
5.	My hotel conducts proper exit interview					

6.	My hotel takes corrective action based from exit interview					
7.	I feel the hotel is fair in general and treat employees fairly					
E.	Turnover	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1.	I often think about quitting my present job					
2.	I am prepared to leave my job because of poor compensation I receive from this hotel					
3.	I am not satisfied with the working environment in my current job, so I would look for outside opportunities					
4.	I would look for other job opportunities, if I find no career advancement in this hotel					
5.	Whenever I get a job in another hotel I will definitely leave this hotel					
6.	As soon as possible I will leave this organization					

**Thank you for your cooperation to fill the questionnaires willingly!!!**



### **APPENDICES 3: INTERVIEW QUESTIONNAIRE SCHEDULE FOR HUMAN RESOURCE MANAGERS**


#### **List of interview questions**

#### **“Assessment of Compensation strategies and Employee Turnover Intention in 3-5 Star Rated Hotels in Nairobi City County”**

1. Do you think the compensation policy in your hotel is serving its purpose?
2. Do you think the current compensation is sufficient?
3. Do you think the current compensation of the hotel is capable of retaining qualified employees?
4. What are the basic factors that affect your compensation decision in your hotel?
5. Do you feel that your employees earn adequate financial compensation when compared to the market?
6. Does the hotel make exit interview, when employees resign?
7. Does the hotel use the information obtained from exit interview?
8. What mechanism does your hotel use to retain its experienced and qualified employees?

## APPENDICES 4: AUTHORITY LETTER

### Kenyatta University Authority Letter



**KENYATTA UNIVERSITY**  
**GRADUATE SCHOOL**

E-mail: [dean-graduate@ku.ac.ke](mailto:dean-graduate@ku.ac.ke) P.O. Box 43844, 00100  
Website: [www.ku.ac.ke](http://www.ku.ac.ke) NAIROBI, KENYA  
Tel. 020-8704150

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**Internal Memo**

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**FROM:** Dean, Graduate School **DATE:** 22<sup>nd</sup> October, 2019

**TO:** Ms. Joan Mbithe Mutiso **REF:** T129/OL/CTY/26486/15  
C/o Department of Hospitality & Tourism Management

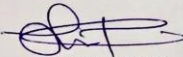
**SUBJECT: APPROVAL OF RESEARCH PROPOSAL**  
=====

We acknowledge receipt of your Research Proposal after fulfilling recommendations raised by the Graduate School Board of 26<sup>th</sup> June, 2019.

You may now proceed with your Data collection, subject to clearance with the Director General, National Commission for Science, Technology & Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking Forms per semester. The form has been developed to replace the Progress Report Forms. The Supervision Tracking Forms are available at the University's Website under Graduate School webpage downloads.

Thank you.

  
**JULIA GITU**  
**FOR: DEAN, GRADUATE SCHOOL**

CC. Chairman, Department of Hospitality & Tourism Management

**Supervisors:**

1. Dr. Rahab Mugambi  
C/o Department of Hospitality & Tourism Management  
**Kenyatta University**
2. Dr. Vincent Maranga  
C/o Department of Hospitality & Tourism Management  
**Kenyatta University**

## APENDICES 5: NACOSTI PERMIT

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: <b>589807</b>	Date of Issue: <b>07/November/2019</b>
<b>RESEARCH LICENSE</b>	
	
<b>This is to Certify that Ms. Joan Mutiso of Kenyatta University, has been licensed to conduct research in Nairobi on the topic: EMPLOYEE COMPENSATION STRATEGIES AND LABOUR TURNOVER IN STAR RATED HOTELS IN NAIROBI CITY COUNTY KENYA for the period ending : 07/November/2020.</b>	
License No: <b>NACOSTI/P/19/2587</b>	
<b>589807</b> Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code 
<b>NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.</b>	

## **APENDICES 6:PARTICIPANTS INFORMATION CONSENT FORM**

### **Informed Consent**

My name is **Joan Mbithe Mutiso**. I am an MSc student from Kenyatta University conducting a study on “COMPENSATION STRATEGIES AND LABOUR TURNOVER AMONG EMPLOYEES OF 3-5 STAR RATED HOTELS IN NAIROBI CITY COUNTY-KENYA”

This study will provide basis for future research and offer an important insight on employees’ turnover challenges that hotels in Kenya face today hence help management formulate a strong strategy in retaining their employees.

### **Procedure to be followed;**

Participation in this study will require that I ask some questions and record the information that you will give me in a questionnaire.

You have the right to refuse to participate in this study. Please remember that participation in the study is voluntary. You may ask any question related to the study anytime. You may stop filling the questionnaire at any time without any consequences from your organization now or in future.

### **Discomforts and Risks**

The interview will take at least twenty minutes of your time and the filling the questionnaire will take about twenty-five minutes. In case some questions make you feel embarrassed or make you uncomfortable, you may refuse to answer if you chose to.

You may also stop the interview at any time.

### **Benefits**

If you participate in this study you will help us to learn how to effectively address compensation strategies and labour turnover in the 3-5 star rated hotels. This will help your management improve your work satisfaction in your workplace.

### **Reward**

There will be no form of any rewards after filling this questionnaire or participating in this interview schedules relating to the study.

### **Confidentiality**

The interview will be conducted in a private setting within your work premises. Your name will not be recorded on the questionnaire. The questionnaire will be kept safe by

the interviewer and later will be shredded once the study is completed. Everything will be kept private.

**Contact information**

If you have any questions you may contact Dr. R Mugambi on 0722220080 or Dr V Maranga on 0791487540 or The Chairman KUERC Kenyatta university on [chairman.kuerc@ku.ac.ke](mailto:chairman.kuerc@ku.ac.ke)

The above information regarding my participants in the study is clear to me. I have been given a chance to ask questions and my questions have been answered to my satisfaction. My participation in this study is entirely voluntary.

Signature or thumb print;..... Date.....

**Investigator’s Statement**

I **Joan Mbithe Mutiso** the undersigned, I have explained to the volunteer in a language she/he understands, the procedures to be followed in the study and the risks and benefits involved.

Signature:..... Date.....

## APPENDICES 7: SAMPLING FRAME

No.	Establishment	County	Rating
1.	Villa Rosa Kempinski	Nairobi	*****
2.	Hemingway's Nairobi	Nairobi	*****
3.	Sankara Nairobi	Nairobi	*****
4.	Fairmont The Norfolk	Nairobi	*****
5.	Tribe Hotel	Nairobi	*****
6.	The Sarova Stanley	Nairobi	*****
7.	Radisson Blu Hotel Nairobi	Nairobi	*****
8.	Dusit D2	Nairobi	*****
9.	Intercontinental Nairobi	Nairobi	*****
10.	The Boma Nairobi	Nairobi	*****
11.	Crowne Plaza	Nairobi	****
12.	Ole Sereni Hotel	Nairobi	****
13.	House of Waine	Nairobi	****
14.	Weston Hotel	Nairobi	****
15.	Southern Sun Mayfair Nairobi	Nairobi	****
16.	Fairview Hotel	Nairobi	****

17.	Sarova Panafric Hotel	Nairobi	*****
18.	Silver Springs Hotel	Nairobi	*****
19.	Hilton Nairobi Limited	Nairobi	*****
20.	Nairobi Safari Club	Nairobi	*****
21.	Windsor Golf Hotel and Country Club	Nairobi	*****
22.	The Clarion Hotel	Nairobi	***
23.	Ngong Hills Hotel	Nairobi	***
24.	The Heron Portico	Nairobi	***
25.	Utalii Hotel	Nairobi	***
26.	The Panari Hotel	Nairobi	***
27.	Marble Arch Hotel	Nairobi	***
28.	Kenya Comfort Suits	Nairobi	***
29.	Sportsview Hotel Kasarani	Nairobi	***
30.	Boma Inn Nairobi	Nairobi	***
31.	La Masion Royale	Nairobi	***

**Source: Kenya Tourism Regulatory Authority (TRA, 2018)**

**APPENDICES 8: MAP SHOWING STAR RATED HOTELS IN NAIROBI CITY COUNTY**

