

Employee Remuneration Practices and Performance of Star- Rated Hotels in Kenya: Moderating Effect of Working Conditions

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Abstract: Performance is an organization's ability to achieve its goals and optimize its results. Employee remuneration is a human resource function that deals with every type of rewards employees receive in exchange for performing their tasks. It is a practice of employee relations that involves providing monetary and non-monetary benefits to employees. The main objective of this study was to determine the influence of employee remuneration practice and performance of star rated hotels in Kenya. The specific objectives were; wages and salaries, Incentives and bonuses, and fringe benefits, and the moderating variable was working conditions, while the dependent variable was performance of star rated hotels. The theories underpinning this study were, Equity theory and Herzberg two-factor theory. The study used descriptive research design, the target population was 180 star rated hotels, a sample of 116 star rated hotels were selected from each hotel region using stratified random sampling. A structured questionnaire was used to collect primary data. Collected data was analyzed using statistical package for social science version 2.3. Descriptive and Inferential statistics, correlation and linear regression were used to measure the relationship between dependent and independent variables. Multiple regression analysis was used to determine the moderating effect of working conditions on the independent variable employee remuneration and dependent variable performance of star rated hotels. The results of the study were presented in the form of charts, tables and graphs. The descriptive results indicated with a mean of 4.60 and a standard deviation of 0.546 that employee remuneration practices enhanced performance of star rated hotels in Kenya. The correlation results also indicated that there is a very strong and positive correlation ($r=0.804$) between employee remuneration practices measures and performance of star rated hotels. Regression analysis results and multiple regression results indicated that employee remuneration practices positively influence performance of star rated hotels and it also helps star rated hotels to attract and retain employees. The study recommends that hotels should star rated hotels should remunerate employees well to enhance their performance

Keywords: Employee Remuneration practices, performance of star rated hotels, working conditions.

1. INTRODUCTION

According to Onyekwelu, Dike, and Muogbo (2020) employee remuneration is a human resource function that deals with every type of reward employees receive in exchange for performing their tasks. Thus, employee remuneration is important to employees as it reflects the size of their work in the organization, while to organizations it is an act of duty meant to

comply with workplace regulations to ensure employees receive what they deserve for the work done. Kathombe, Kipchumba and Kirui (2018) note that employee remuneration has two main components namely, direct compensation and indirect compensation: a direct compensation consists of salary i.e. financial rewards paid to employees regularly such as annually, quarterly, weekly, or monthly. Salaries are the most important financial rewards paid to employees. Balogun and Omotoye (2020) explained that wages are direct financial rewards paid to workers based on working hours, the amount of goods produced or services provided. Salaries are relatively fixed amount of wages offered to employees at the end of the month. Wages and salaries are offered to attract prospective employees. Wasaf and Khan (2021) explained that indirect compensation consists of fringe benefits which are additional payments given to employees at the discretion of the organization. It is meant to improve employee welfare i.e. health insurance, life insurance and housing finance. It is the duty of any organization to ensure employee remuneration is fair and equitable to all employees in an organization. Bibi, Bilal, Ahmad and Hussain (2020) report that a salary is a fixed periodical payment for non-manual employees. It is expressed in annual terms, paid per month with generally no additions to productivity. Kerdpitak and Jermstiparsert (2021) described a salary as the remuneration of an agreed annual amount paid at agreed interval (monthly. Fortnight). It is paid irrespective of the number of hours an employee has worked and it's subject to annual increment. According to Awan, Habib, Akhtar and Naveed (2020) wages are direct financial rewards paid to employees depending on their number of working hours and the amount of goods and services produced. In addition, employees paid hourly wages are said to be doing "blue collar labour jobs" which implies that such individuals are either unskilled or semi-skilled depending on the type of work they are doing. Thus, they are paid daily wages in order to meet their personal daily needs. Nor, Mohamed, Mohamed and Hassan (2020) posit that the salaries and wages offered to employees working in hotels is mainly meant to ensure hotels are operating at a competitive level in comparison to what other hotels offer. Thus, salaries and wages are used to attract and retain employees who will offer better service delivery, increase productivity enhance effectiveness and efficiency. Failure to offer better salaries and wages leads to employees' feeling demotivated and the result is poor performance and high turnover. Fubara (2022) opine that bonuses are additional compensation given to an employee above his/her normal wage. It is used to reward employees for achieving specific goals set by the organization or for being dedicated to the organization. Ismail (2020) further notes that bonus payments are usually backward looking and decided by management to reward past achievements. i.e. reaching specific profits or some specific milestones employees have helped the organization achieve. Kim and Jang (2020) report that incentive schemes are usually forward looking. They are payments tied to achievement of specific objectives that have been pre-determined and communicated to employees by the organization. In addition, incentives are meant to influence behavior of employees to motivate them to work towards organizational goals. Lack of employee incentive schemes also leads to poor performance and eventually employee turnover. Zhang, Wyrick and Moncrief (2019) observed that hotels incentive schemes include recognition programs i.e. 'star employee of the month', gift vouchers, and appreciation in the form of awards are some of the most common incentive schemes used by hotels to enhance performance which in turn increases customer satisfaction and overall performance. Francis, Zirra and Mambula (2022) report that fringe benefits are indirect compensation given to an employee or a group of employees as part of organizational membership. These benefits focus on maintaining or improving employee's quality of life, providing protection and financial security to both the employee and his/her family members. According to ILO report on decent work (2021), the main objective of fringe benefits is to attract, retain, and maintain employees in an organization. The benefits also help organizations to maintain cordial and healthy working relations between management and employees. Adaeze, Chukwuma, and Nnenna (2019) explain that fringe benefits are part of total compensation provided to employees in addition to base or performance pay. Law mandates some of these benefits while others are offered at the discretion of the employer. Among those benefits mandated by law, include; medical cover, retirement benefits and leave days with payment. The employer can additionally offer employees other benefits such as paid vacations, education reimbursements, profit sharing and best performance rewards.

1.1 Statement of the Problem

The role of management to its human resources in an organization is to remunerate them for the work done, services rendered and playing a role towards achievement of organizational goals. Employee remuneration enhances job satisfaction, enhances employee's loyalty to the organization, and increases employee's productivity and overall performance of the organization. Kenya's hotel industry is a labor-intensive sector that highly depends on employees to offer their best service quality to customers hence they need to remunerate their employees well. However, according, to Palwasha, Hazrat, Ashfaq and Jawad (2020) star rated hotels have not given sufficient attention to implementing effective employee remuneration

policies, for this they experience high labour turnover, constant conflicts and complaints from employees, poor service quality and eventually poor performance. Previous studies on employee remuneration practices have been done in other sectors of the economy in Kenya. i.e. Sitati, Were, Waititu, and Miringu (2019) studied effects of remuneration on employee retention in hotel industry in Kenya, Puka, Wanyama and Aliata (2019) studied employee compensation and job performance in County government of Kakamega in Kenya, while Udali and Wabala (2020) looked at employee remuneration at the judiciary in Kenya. In addition, Ekhsan, Parashakti, and Fahlevi. (2019). studied employee compensation practices and employee performance in selected Biscuit manufacturing firms in Kenya. None of the above studies can be able to adequately address employee remuneration practices and performance of star rated hotels in Kenya. Therefore, this study sought to fill this gap by examining the influence of employee remuneration practices and performance of star rated hotels in Kenya.

1.2 Objectives of the Study

- To determine the influence of wages and salaries and performance of star rated hotels in Kenya.
- To establish the influence of bonus and incentives and performance of star rated hotels in Kenya.
- To evaluate the influence of fringe benefits and performance of star rated hotels in Kenya
- To establish the moderating effect of working conditions on the relationship between employee remuneration and performance of star rated hotels in Kenya.

1.3 Hypothesis of the study

H0₁: Employee remuneration has no significant influence on performance of star rated hotels in Kenya.

H0₂: Working conditions do not moderate the relationship between employee remuneration and performance of star rated hotels in Kenya.

2. LITERATURE REVIEW

2.1 Employee Remuneration and Performance of Star rated hotels

According to Cainarca, Delfino, and Ponta (2020) performance is an indicator of the level of achievement and reflects the success of an organization, as well as the results achieved from the behavior of organizational members. Performance can also be said as a result (output) of a particular process carried out by all components of the organization against certain sources used (input). Performance is also the result of a series of process activities carried out to achieve certain organizational goals. Watkins and Fusch (2022) organizations remunerate employees because of the contributions they make towards helping the organization achieve its goals or objectives. It is an organizations obligation to remunerate its employees, and this remuneration is usually based on three key indicators; performance (pay for performance), position (pay for position) and individual (individual pay). Okoye (2022) explained that pay for performance (P4P), also known as value-based payment, comprises payment models that attach financial incentives/disincentives to provider of performance. It's a type of financial incentive that allows your employees to earn more when they hit certain benchmarks. Position pay is a type of remuneration where employees are rewarded based on the position they hold in an organization. A well-designed salary structure allows management to reward performance and skills development while controlling overall base salary cost by providing a cap on the range paid for particular jobs or locations. Individual pay, or spot salaries or spot rates. It is a single hourly/weekly pay rate, or a single annual salary, attached to each job, or possibly each person, within an organization. This pre-defined approach to pay allows for easy and accurate estimation of hiring viability and employee value. Indirani and Heruwasto (2020) note that performance itself cannot be achieved optimally if employee remuneration is not given proportionally. Thus, organizations use remuneration to achieve their goals and objectives. In addition, remuneration is used to attract competent and experienced employees, while at the same time maintaining qualified and competent staff. It is also used to motivate employees to work effectively. Maina and Nyakwara (2020) opine that employee remuneration is a key driver of performance and employee productivity within organizations. This is because employees are naturally inclined to help the organization achieve its goals when they perceive that they will get sufficient payment or returns for their efforts. Similarly, Sorn, Fienena, Ali, Rafay, and Fu, (2021) report that to organizations or companies, employee remuneration is important because it shows the organization's efforts to maintain and improve the welfare of its employees. Experience shows that inadequate remuneration can reduce work performance, work motivation, and

satisfaction, and can even cause potential employees to leave the organization. This in turn affects overall performance of both employees and the organization. Singh (2019) also posits that employees who feel their remuneration is adequate and have access to a full range of benefits are usually more committed to their work and consequently more productive. They also feel valued and acknowledged by their employer and will therefore work towards helping the organization attain its goals or objectives thus enhancing its overall performance. Muchai, Makokha and Namusonge (2019) report that when organizations offer competitive remuneration packages and attractive benefits, they boost employee's morale and hence it has an impact on overall performance of the organization. Similarly, remuneration enhances employee engagement, fosters loyalty, and reduces turnover rates. Moreover, comprehensive benefits support employee's wellbeing thus contributes to a positive work environment and overall organization performance. Therefore, to remain competitive and ensure sustained growth organizations must recognize the significance of investing in employee remuneration and benefits.

Richard, Inyiama, and Okwo (2021) argued that competition within the hotel industry has intensified and therefore, these organizations have been forced to identify the drivers of overall organization performance. This has not been restricted to only financial performance aspects but also non-financial performance aspects, which have proved to be critical to organization success as well. Rotich and Deya (2021) further explain that traditionally hotel industry performance has been linked to financial performance aspects such as profitability and market share and totally disregarding non-financial aspects. However, in the recent past the role of non-financial indicators, such as customer satisfaction, employee efficiency, timeliness, productivity and quality service have proved to be of importance to this sector. Ouma and Mutinda, (2022) further argues that non-financial indicators of organization performance are the better performance indicators than financial indicators in service sector organizations like hotels. Munala and Mwasijaji (2023) explained that in order to optimize organization performance, both organizational strategy and performance measurement indicators should be aligned together. This is because performance of any organization is measured using certain indicators. In addition, such information is utilized to evaluate unit and overall performance of an organization. As a result, every organization has to develop its own performance indicators depending on the organizations core business. This study used non-financial performance indicators such as; quality service delivery, timeliness, customer satisfaction, and employee efficiency

2.2 Working Conditions and Performance of star rated hotels

Anggariani (2024) explained that working conditions are factors that are closely interlinked and have an impact on organizations overall productivity and performance. The quality of working conditions has a huge impact on employee's level of motivation and performance Bashir, Amir, Jawaad and Hassan (2020) also described working conditions as important factors that are critical to employee's performance and they include; adequate spacing, adequate lighting, effective equipment and provision of safety gear. Such factors make an employee comfortable at his or her place of work. Cabarcos, Paula and Pinerio (2022) explained that hotel workers are exposed to poor and stressful working conditions and this has been a major contributor of labour turn over in this industry. Thus, some of the issues addressed in order to improve working conditions include; work environment, supervisor support, equipment, and tools. Sinkey (2024) explained that the work environment has its effect on employee's productivity. It involves elements such as office arrangement, ventilation, and lighting; they make the working environment comfortable. This in turn enhances employee's performance and to an extent the entire organization. Budi (2024) found out that there are certain factors, which are detrimental to an employee's health such as lack of fresh air circulation, overcrowding and poor lighting. Thus, organizations should ensure that such factors are adequately addressed to enable employees work in stress free environment. In addition, office layout is another factor that directly influences how employees perform their duties, separate office spaces allow employees to work in private compared to open office layout. Kiiru and Kiiru (2022) classified physical office space into two-office layout and office comfort. Office layout enables employees to work smoothly in an office, while office comfort is meant to match the environment of office to work process. This two when combined should provide employees with an adequate work environment that would enable them perform their work tasks effectively and efficiently. Yattani, Wario, Ombui & Nyangau (2024) described supervisors support as the degree to which supervisors value the contributions and care about the well-being of subordinates who work under them to take measures to help them perform their tasks better. The reason for this support is that supervisors in an organization are in good position to influence employees work attitudes and behaviors as they work with them on a daily basis. Mutegi, Mugambi and Kinyua (2023) further explained that first line supervisors are important for building employee engagement initiatives because they have a duty to direct and evaluate employee's performance through implementing policies and procedures hence, they motivate employees to more engaged in their jobs by providing timely and constructive feedback and adopting fair rewards and promotion. In addition, performance feedback

between employees and their supervisors involves information exchange where the employee gets to know what he or she is doing right and where there is need for improvement. Okongo, Riungu and Nzioki (2024) report that supervisors support can be in the form of emotional or instrumental support which enables employees to achieve their targets, spread positive attitude across the organization as well as increase employees' awareness of organizations goals and objectives. Similarly, strong support from supervisors to their employees improves work environment by relieving employees' stress related to work. In addition, employees who perceive that they receive support from their supervisors often feel obligated to pay back by performing their work duties well in order to help their supervisors achieve their stated goals. Mwasawa and Wainaina (2021) opined that supervisor support involves encouragement of employees. This support is critical especially in eliminating or reducing work related stress (WRS). In addition, supervisor support also plays a role in neutralizing employees' experience of occupational stress.

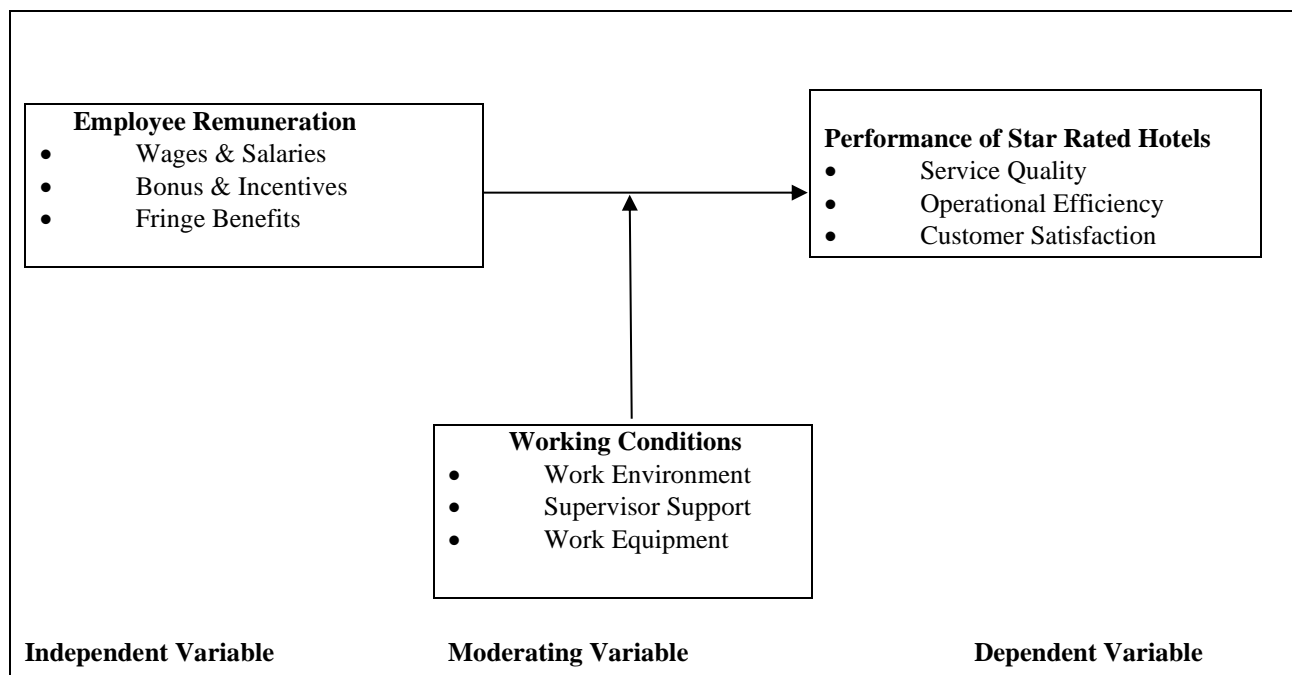


Figure 2.1: Conceptual Framework

3. RESEARCH METHODOLOGY

The research design for this study was descriptive research design. Makari and Neely (2021) explain that descriptive research design enables the researcher to summarize and organize data in an effective way. It provides tools for describing collection of statistical observations and reducing information to an understandable form. Apuke (2019) further explain that the role of descriptive research design is to enable a researcher to process collection of data and then test a hypothesis or answer questions related to the topic under study. The research philosophy for this study was based upon the research philosophical and methodological foundations of logical positivism. Kirongo and Otieno (2020) described a research philosophy or research paradigm as the development of a research background and knowledge that outlines the perceptions, beliefs, and understanding of the theories and practices used to conduct research. The target population for this study was 180 star rated hotels registered with the tourism and regulatory authority of Kenya. The hotels were grouped into seven regions; greater Nairobi (44), Coast (39), South Rift (41), North Rift (11), Western (14), Eastern (14), and Central (11). Hennink and Kaiser (2022) described a sample size as the subset of a population required to ensure that there is a sufficient amount of information to draw conclusions. A sample size is the total number of subjects in the sample. The sample size for this study was 116 star rated hotels. The sample size was determined using Saunders Thornhill and Lewis formula.

3.1 Statistical Measurement Model

In order to investigate the influence of employee remuneration practices and performance of star rated hotels in Kenya. The study used the following regression model.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where by Y= Performance of Star rated hotels.

β_0 = Constant

β_1 = Coefficients of determinant

X_1 = Employee Remuneration

X_2 = Working Conditions

ϵ = Error Term

3.2 Measuring the Moderating Variable

The moderating variable for this study was working conditions and the study used multiple regression analysis (stepwise method) to establish the moderating effect of working conditions and independent variable employee remuneration, and the dependent variable performance of star rated hotels. The following statistical model was used.

The statistical model used for analysis was as follows;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 Z + \epsilon$$

Where by

Y= the dependent variable, performance of star rated hotels.

β_0 = Constant

β_i = Coefficient for X_i ($i = 1, 2, 3, 4$)

X_i = independent variables

Z = Moderating variable (working conditions)

β_z = Coefficient of moderator

ϵ = error term

4. RESEARCH FINDINGS AND DISCUSSION

4.1 Research Findings and Discussion

4.1.1 Response Rate

Table 4.1: Response Rate

	Frequency	Percent
Responses	106	91.0
Non – responses	10	9.0
Total	116	100.0

The sample size for this study was 116 star rated hotels registered with Tourism regulatory authority of Kenya (see table 3.2). Of the 116 questionnaires, distributed 106 were filled and returned. This represents a response rate of 91.0 % (see table 4.1). Stedman, Connelly, Heberlin, Decker and Alfred (2019) report that a response rate of 50% or more is adequate and acceptable for analysis and publishing, 60% and above is good and 70% is regarded as very good.

4.1.2 Factor Analysis for Employee Remuneration

Table 4.2 (a) Employee Remuneration Measures KMO Bartlett's Test

Kaiser-Meyer Olkin Measure of Sampling Adequacy		.762
Bartlett's Test of Sphericity	Approx. Chi-Square	270 .352
	Df	21
	Sig.	.000

The KMO measure of sample adequacy was 0.762 which indicated that the set of variables were suitable for factorization. Bartlett's test of Sphericity was significant (Chi-square 270.352, $p = 0.000$).

Table 4.3 (b): Rotated Component Matrix for Employee Remuneration Measures

Employee Remuneration Measures	Component	
	1	2
Wage and salary policy is fairly administered	.733	.786
Salaries and wages match employees' work	.743	.836
Wages and salaries are fairly competitive	.811	
Employee incentive scheme policy in place	.758	
Attractive bonuses are paid to employees	.722	
Employees get fringe benefits	.704	
Employee remuneration enhances performance		.896

Extraction Method: Principal Component Analysis

Rotation Method: Oblimin with Kaiser Normalization.

Rotation converged in 6 iterations

From the rotated matrix Table 4.3 (b), a two-factor solution was obtained explaining 64.101% of the total variance in ER. Factor one had six items (6) with significant factor loading; wage and salary policy that is fairly administered 0.733, wages and salaries that match employees' work 0.743, wages and salaries that are fairly competitive 0.811, employee incentive scheme policy being in place 0.758, attractive bonuses being paid 0.722, fringe benefits offered to employees 0.704. This factor is named Employee Remuneration (ER). Factor two had three items with significant loading, namely, wages and salary policy 0.786, star rated hotels had wages and salary matching work 0.836, and employee remuneration enhances organization performance had 0.896. This factor was renamed fair and competitive remuneration (FCR). The rotation matrix table indicated that employee remuneration had two factors with very high loadings and therefore high significance.

Table 4.4 (c): Descriptive Results of Employee Remuneration Practice

Measurement	Performance facilitated by Employee Remuneration Practices.	
	Wages & Salaries	Bonus & Incentives
Mean	4.7743	4.717
Cronbach's Alpha	0.867	0.856

Key: 1- Strongly Disagree, 2 – Disagree, 3 – Neutral, 4 – Agree, 5 – Strongly Agree

The factor analysis results revealed two components. The first component was wages and salaries with a mean of 4.7743 and Cronbach's alpha of 0.867 indicating that it was strongly agreed by the respondents. The second component was bonus and incentives offered to employees by star rated hotels. It had a mean of 4.717 and Cronbach's alpha of 0.856 and agreed by the respondents. Therefore, the two components and boost performance initiatives of star rated hotels in Kenya. Zayed, Rashid, Darwish and Alam (2023) opine that employee remuneration has a beneficial connection to overall organization performance. It enhances employees' desires and expectations towards their job and the organization. The remuneration packages offered to employees by organizations significantly affects how employees will perform their work and how long they will remain working for the organization.

4.1.3 Factor Analysis for Performance of Star Rated Hotels.

Akinbowale, Lourens and Jinabhai (2021) explained that non-financial organization performance measures include quality work, employee efficiency, employee effectiveness, customer satisfaction, and offering quality services. In this study there were five (5) measures of performance in star rated hotels and were all subjected to factor analysis in order to check whether or not all of them were suitable for measuring the variables that were conceptualized to measure before any further analysis was done.

Table 4.5 (a) KMO and Bartlett's Test o Performance Measures

Kaiser-Meyer Olkin Measure of Sampling Adequacy			.777
Bartlett's Test of Sphericity	Approx. Chi-Square	174	.894
	df.		15
	Sig.		.000

The KMO measure of sample adequacy was 0.777, which indicated that the set of variables was suitable for factorization. Bartlett's test of Sphericity was significant (Chi-square 174.894, $p = 0.000$)

Table 4.5 (b): Rotated Component Matrix for Performance measures

Performance Measures	Component	
	1	2
Service quality is an aspect of performance	.539	.675
Efficiency enhances performance.	.748	
Quality work reflects performance.	.881	
Customer's satisfaction reflects performance.	.650	
Employee effectiveness reflects performance.	.825	

Extraction method: Principal component analysis

Rotation method: Oblimin with Kaiser Normalization

a rotation converged to 6 iterations

From the rotated matrix table 4.5(b) a two-factor solution was obtained explaining 65.126% of the total variance in organization performance (OP). Factor one had (5) five items with significant loading namely service quality is an aspect of organization performance 0.539, Efficiency enhances organization performance 0.748, Quality work reflects organization performance 0.881, Customer satisfaction reflects organization performance .650, and employee effectiveness reflects organization performance 0.825. This factor was renamed Employee efficiency. Factor two had one item with significant loading namely quality service is an aspect of organization performance 0.675. This factor was renamed Quality of Service (QS).

Table 4.5 (c) Descriptive Results of Performance of star rated hotels

Measurement	Performance Measures	
	Employee Efficiency	Quality Service
Mean	4.08	4.21
Cronbach's Alpha	0.873	0.883

Table 4.5(d) indicates the factor analysis results for dependent variable organization performance. The study results indicate two components employee efficiency and quality work. The study indicates that employee efficiency had an agreed mean of 4.08 and a Cronbach's alpha of 0.873 while quality service had an agreed mean of 4.21 and a Cronbach's alpha of 0.883. Stoffers and Eringa (2022) note that organization performance helps organizations to stay ahead of competition. Among the factors that can be used to measure organization performance include; customer satisfaction, employee efficiency, service quality and customer satisfaction. Such factors are critical to organizations success and sustainability

4.1.3 Regression Analysis on Employee Remuneration practices and Performance of star rated hotels.

Table 4.6 (a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.804 ^a	.647	.644	.23075

a. Predictors: (Constant), Employee Remuneration

b. Dependent Variable: Performance of star rated hotels

The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The regression model is statistically significant in predicting the influence of employee remuneration on performance of star rated hotels in Kenya. The results indicate that F - calculated was 190.651 and F - critical (1,105) was 3.92. This shows that there was a linear positive significant relationship between employee remuneration (X_2) and performance of star rated hotels. Further, the p-value = 0.000 was less than the significance level (0.05). This confirms the goodness of fit model in predicting how employee remuneration influenced performance of star rated hotels.

Table 4.6 (b) ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.151	1	10.151	190.651	.000 ^b
	Residual	5.538	104	.053		
	Total	15.689	105			

a. Dependent Variable: Performance of star rated hotels

b. Predictors: (Constant), Employee Remuneration

Using the unstandardized coefficients, the following equation applies.

$$Y = 2.514 + 0.445X_2 \dots\dots\dots \text{Equation (1)}$$

As shown in Table 4.27(c), the constant 2.514 shows that holding employee remuneration constant; performance of star rated hotels had an index of 2.514 while the beta coefficient (β_2) was 0.445. Thus, a unit increase in employee remuneration would lead to a 0.445-unit increase in performance of star rated hotels in Kenya. The findings also show that the t-statistic was 13.808 with p-value = 0.000 which is less than the selected level of significance 0.05. Therefore, the study rejects the second null hypothesis and concludes that employee remuneration has an influence on performance of star rated hotels in Kenya

Table 4.6 (c) Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	2.514	0.112		22.382	.000
	Employee Remuneration	.445	0.032	0.804	13.808	.000

a. Dependent Variable: Performance of star rated hotels

The findings concur with Zikanga, Anumaka, Tamale and Mugizi (2021) who explained that employee remuneration had a positive and significant influence on organization performance. Similarly, the study results agree with Ugherughe, Ndudi, and Aliemeke (2023) who found out that employee remuneration had a positive and significant influence on performance of employees and hotels in Delta state, Nigeria. According to Afriyie, Twumasi, Sarpong and Darko (2020), employee remuneration had a strong positive correlation with organization performance and it helps to enhance employees' attitudes towards work and overall organizational goals.

4.2 Multiple Regression Analysis

4.2.1 Moderating Effect of Working Conditions on Employee Remuneration and Performance of star rated hotels

a) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.804 ^a	.647	.644	.23075
2	.857 ^b	.734	.726	.20231

a. Predictors: (Constant), Employee Remuneration

b. Predictors: (Constant), Working Conditions, Employee Remuneration, M2

The model summary for linear regression analysis between working conditions, employee remuneration and organization performance indicated an R^1 of .647 as shown in Table 4.6(a). With the introduction of the moderating variable, the R^2 increased to 0.734. It shows that introduction of working conditions as a moderating variable on employee remuneration increased explained variation of the dependent variable performance of star rated hotels to 73.4%.

b) ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	10.151	1	10.151	190.651	.000 ^b
	Residual	5.538	104	.053		
	Total	15.689	105			
2	Regression	11.514	3	3.838	93.774	.000 ^c
	Residual	4.175	102	.041		
	Total	15.689	105			

a. Dependent Variable: Performance of star rated hotels

b. Predictors: (Constant), Employee Remuneration

c. Predictors: (Constant), (Constant), Working Conditions, Employee Remuneration, M2

The results in Table 4.6(b) indicate that F-critical (2,104) was 2.6802, while the F-calculated was 190.651, this showed that the F-calculated was greater than the F-critical hence a linear significant relationship between working conditions, employee remuneration and performance of star rated hotels. The introduction of working condition reduced the F value to 93.774. In addition, the p-value was 0.000, which is less than the significance level $p = 0.05$, confirming goodness of fit of the model.

c) Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		t	Sig.
		B	Std. Error	Beta			
1	(Constant)	2.514	.112			22.382	.000
	Employee Remuneration	.445	.032	.804		13.808	.000
2	(Constant)	.120	1.077			.112	.911
	Employee Remuneration	.796	.308	1.439		2.581	.011
	Working Conditions	.597	.247	.681		2.423	.017
	M2	-.094	.070	-.955		-1.350	.180

a. Dependent Variable: Performance of star rated hotels

Using the unstandardized coefficients, the following equation applies:

$$Y = 0.796 X_2 + 0.597 Z \dots\dots\dots \text{Equation (2)}$$

Table 4.32(c) showed that employee remuneration had a significant influence on performance as the beta coefficient (β_1) was 0.796 (p -value = 0.011). In addition, working conditions had a significant influence on performance of star rated hotels as shown by the beta coefficient (β_2) was .597 (p -value = 0.017), the interaction term between working conditions and employee remuneration was insignificant implying that working conditions had no significant moderating effect on employee remuneration and performance of star rated hotels. A study by Ariani (2023) supports the findings that employee remuneration had a significant and positive impact on both employee and organization performance. Satisfactory remuneration enhances employee's positive attitudes towards their jobs and therefore increases their level of performance. Wages and salaries, incentives & bonuses, and fringe benefits given to employees had a strong and significant influence on the employee's productivity and overall organization performance

5. CONCLUSION

The study concluded that employee remuneration practice measures (salaries and wages, incentives and bonuses, and fringe benefits) had a statistically significant and positive correlation influence on organization performance of star rated hotel measures (service quality, efficiency improvement, and customer satisfaction). The regression analysis results also revealed that there is a statistically significant and linear relationship between employee remuneration practices and organization performance of star rated hotels in Kenya. The study revealed that employee remuneration practices play a significant role

in influencing performance of star rated hotels in Kenya. Majority of the respondents indicated that their salaries and wages match employees work, and it also acts as a method of motivating employees to boost their productivity for the benefit of the whole organization. In addition, star rated hotels also offer incentives such as recognition for good performance and flexible work schedules, there are also bonus payments offered including commission, gifts and at times profit sharing. The fringe benefits offered to employees working in star rated hotels include health insurance, and cafeteria subsidies. The study concludes that employee remuneration increases overall employee morale provided the benefits received by employees are seen to be equitable and fair. Similarly, employee remuneration motivates employees to be more productive and loyal to the organization hence reduces the risk of high labour turnover, however remuneration does not necessarily have to be in the form of compensation, it can also be in the form of recognition, and promotion

6. RECOMMENDATION

The study recommends that employee remuneration packages in star rated hotels should be linked to performance. The aim of this is to motivate workers to be effective and efficient, while also increasing their attachment to the organization. This reduces high labour turnover and employee absenteeism. The study also recommends that the use of incentives such as employee wellness programs, flexible work schedules, and employee recognition schemes raise employee job satisfaction, lowers turnover rates and have a sizeable influence on organization performance. Similarly, incentive schemes increase wage flexibility and attracts high quality workers to high performing organizations. The study also recommends that star rated hotels should offer employees bonuses especially when employees meet their expected target. Bonuses can be in the form of commissions, profit sharing, and gift or shopping vouchers. In addition, star rated hotels should also ensure that employees have fringe benefits that will cater for their needs as well as members of their family i.e. medical insurance, tuition assistance and cafeteria subsidies. This remuneration mix should suit their employee needs so as to get the best out of them. Incentives and bonuses should be harnessed in overall remuneration packages.

7. SUGGESTIONS FOR FURTHER RESEARCH

Future research should explore the interrelationships among remuneration and other factors that affect performance in organizations such as; job satisfaction, career development and work life balance and employee retention. Additionally, future research should explore the potential moderating or mediating influence on the relationship between employee remuneration and performance with organization culture, leadership styles, and employee demographics. Future research should also consider investigating the influence of non-monetary remuneration practices and performance in hotel industry, using variables such as flexible work arrangements, training and development, and recognition programs on performance

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