Employee Reward Systems and Knowledge Retention in Non-Governmental Organizations in Kenya

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ABSTRACT

Knowledge retention is important for non-governmental organizations due to several factors that contribute to their effectiveness, sustainability, and mission fulfillment. However, non-governmental organizations have been experiencing a challenge in their knowledge retention. This study therefore sought to examine the effect of employee reward systems on knowledge retention within NGOs operating in Nairobi, Kenya. The specific objectives of the study were to establish the effect of monetary rewards, employee development, recognition, and Skill-based reward on knowledge retention among non-governmental organizations in Kenya. The study was anchored on Vroom's expectancy theory, human capital theory, and social exchange theory. The study adopted a descriptive research design. The target population of the study was 636 heads of finance, fundraising and communications, human resource, and programs departments in the 159 NGOs based in Nairobi County. The study used Slovin's Formula in the determination of the sample size. Stratified random sampling was used in the selection of the sample size. The study used primary data, which was collected by use of semi-structured questionnaires. Both quantitative and qualitative data were generated by the questionnaires. The study concluded that Monetary rewards are vital and significantly contribute to increased knowledge retention in NGOs in Nairobi County Kenya. If employees receive monetary rewards in the form of bonuses, compensation for overtime, and competitive salary, then knowledge retention will be maintained.

Keywords-Employee development; Employee reward systems; Knowledge retention; Monetary rewards; Recognition, Skill-based reward.

INTRODUCTION

Nongovernmental organizations (NGOs) play a crucial role in complementing government efforts by addressing social, environmental, and economic challenges within a nation. They often fill gaps in service delivery, advocate for marginalized populations, and facilitate community development initiatives (Agyare & Asamany, 2019). NGOs contribute to fostering democratic governance, promoting human rights, and advancing sustainable development goals, making them indispensable partners in nation-building and fostering inclusive societies. According to Cook-Lundgren and Carr (2022), knowledge retention in NGOs is crucial for preserving institutional memory, sustaining organizational effectiveness, and facilitating continuity in delivering impactful programs and services to communities.

Knowledge retention is the ability of an organization to capture, store, and effectively transfer critical knowledge and expertise from experienced employees to new or existing employees (Letoluo, 2019). In NGOs, where turnover rates can be high, preserving institutional knowledge becomes crucial for maintaining continuity, enhancing organizational learning, and improving overall performance. This retention of knowledge allows NGOs to build upon past successes, avoid repeating mistakes, and ensure that valuable insights and lessons learned are not lost with the departure of experienced staff members (Alhmoud and Rjoub, 2019). Moreover, effective knowledge retention facilitates efficient decision-making, innovation, and adaptation to changing environments, enabling NGOs to remain responsive to the needs of their beneficiaries and communities.

Employee reward systems encompass organizations' practices, policies, and strategies to recognize and reward employee contributions, achievements, and performance. These systems aim to motivate employees, increase job satisfaction, and promote employee retention by providing tangible and intangible benefits. Cook-Lundgren and Carr (2022) Moreover, Employee reward systems play a vital role in ensuring knowledge retention within organizations by incentivizing employees to remain with the organization, encouraging continuous learning and development, and recognizing and rewarding valuable contributions (Ampofo, Karatepe & Wilberforce, 2023). These systems help foster a positive work environment where employees feel valued, motivated, and invested in the organization's success, leading to increased loyalty and commitment (Arasanmi and Krishna, 2019). Rewards can be monetary on non -monetary rewards. In their study iClerkin and Quinn (2021) found that non-monetary rewards such as public recognition, awards, and appreciation events reinforce positive behaviors, foster a culture of appreciation, and enhance employee morale.

By nature of their operation NGOs are unique and they face exceptional challenges Chetty, Bangalee, and Brysiewicz (2020) observed that NGOs face unique challenges that can affect the design and implementation of employee reward systems. In a similar breath, Agyare and Asamany (2019) indicated that limited financial resources, competing priorities, and the need to focus on the organization's mission constrain the types and levels of rewards that can be offered by organizations. Additionally, cultural factors, such as the importance of intrinsic motivation and social recognition, may influence the effectiveness of extrinsic rewards in knowledge retention efforts.

Modern organizational structures have witnessed a shift in employee relations. Although production resources, such as finance, remain critical to the organization's functionality, workers are gradually perceived as the most crucial component. In a study conducted in Kenya, Omolo and Mose (2019) state that employees possess prerequisite skills and knowledge in a given line of the profession; therefore, their ability to execute their mandate is vital in attaining desired outcomes. Such significance implies that an organization's success depends on its ability to nurture and retain its human capital. These trends are pronounced among NGOs entities because their operations entail social interactions. As a result, modern organizational entities are gradually shifting their functional priorities, and workers are becoming integral.

By understanding the relationship between rewards and knowledge retention, organizations can develop tailored strategies that enhance employee motivation, foster a culture of learning and knowledge sharing, and ultimately contribute to the long-term success of NGOs initiatives in diverse communities. Organizations can positively impact employee morale, performance, and retention rates by developing a well-designed reward system. However, developing a practical employee reward system depends on multiple factors.

Notably, Kumari et al. (2021) maintain that the reward system must be aligned with the overall goals and strategies of the organization. The research has shown that when rewards are closely tied to organizational objectives, employees are more likely to understand how their efforts contribute to the company's success. This alignment enhances employee motivation and engagement. Additionally, defining clear and measurable performance metrics is vital for an effective reward system. For instance, Rohim and Budhiasa's (2019) findings suggest that using objective and quantifiable criteria for evaluating employee performance increases fairness and perceived equity in the reward allocation process. Therefore, it is essential to establish performance metrics that are specific, measurable, and aligned with the organization's goals. Clear metrics help employees understand what is expected of them and enable managers to assess performance objectively. Additionaly it important to strike a balance between individual and team based rewards for a well rounded reward system .

Knowledge retention refers to the process of capturing, preserving, and transferring critical knowledge and expertise within an organization to ensure its availability and continuity over time (Alhmoud & Rjoub, 2019).

In particular, retaining skilled employees reduces recruitment and training costs while ensuring program delivery continuity and organizational stability (Bussin & Brigman, 2019). Therefore, NGOs in Nairobi, Kenya, should prioritize workforce retention strategies as a critical driver of their functionality and long-term impact.

Knowledge retention helps streamline multiple organizational processes. Effective retention strategies help organizations reduce expenses associated with employee turnover, including recruitment costs, training expenses, and productivity losses during the transition period (Nguyen, 2020). As a result, organizations can allocate resources more efficiently and minimize financial burdens by retaining employees. Additionally, Arasanmi and Krishna (2019) assert that retention strategies enable organizations to preserve valuable institutional knowledge and expertise built over time by experienced employees. When employees leave, their knowledge leaves with them, potentially causing a loss in efficiency and productivity.

Furthermore, by implementing effective retention strategies, organizations can retain top talent and ensure the continuity of critical knowledge. Also, retained employees are already familiar with the organization's systems, processes, and culture, resulting in reduced onboarding and training time (Jayathilake, Daud & Annuar, 2021).

Knowledge management is often overlooked, yet it directly affects an organization's productivity. Cirillo et al. (2021) assert that companies and institutions often focus on diversifying their operation strategy scope and ignore the significance of retaining their workforce. The use of misaligned employee reward systems further exacerbates this scenario. Subsequently, organizations are prone to lose valuable employees, adversely affecting their output due to the loss of valuable workers. In particular, developing nations, such as Kenya, have been struggling with this phenomenon. For instance, Kamau et al. (2021) hold that employee turnover rates in Kenya are highest regionally and worldwide, with records at more than 60%. These trends are unsustainable for these entities du, e to their proneness to inefficiencies. Therefore, these dynamics illustrate a prevailing challenge of high workforce attrition within Kenyan organizations.

This study therefore seeks to investigate the effect of employee reward systems on knowledge retention within NGOs operating in Nairobi, Kenya. More specifically the study sought to find out the effect of monetary rewards, employee development recognition and skill based reward on knowledge retention.

LITERATURE REVIEW

The study was supported a by various theories which include Victor Vroom's Expectancy Theory is a psychological model that focuses on explaining individual motivation and decision-making in the workplace (Nhung & Do, 2020). This idea, which was put forth by Victor Vroom in 1964, contends that people are driven to behave a specific way by the results they anticipate from their activities.

The Human capital theory was developed by economists Gary Becker and Theodore Schultz in the 1950s and early 1960s (Hsu & Chen, 2019). The theory suggests that individuals and societies can be viewed as investments in human capital, much like physical capital such as machinery or infrastructure. Human capital theory posits that education is a key determinant of an individual's productivity. Higher levels of education are believed to be associated with increased skills, knowledge, and efficiency in the workplace.

George Homans, a sociologist, advanced the social exchange theory in 1958. At its core, the theory revolves around the concept of reciprocity, where people anticipate that their actions will be reciprocated by others, forming the foundation of social transactions. Central to Social Exchange Theory is the evaluation of interactions in terms of rewards and costs. Individuals weigh the positive outcomes, or rewards, they receive against the negative outcomes, or costs, they incur in a particular social exchange (Kim & Wirtz, 2022).

Research has demonstrated that monetary rewards, encompassing both remuneration and bonuses have an effect on employee retention. In their study, Alhmoud and Rjoub (2019) examined the effect of monetary rewards on employee retention. The study hypotheses were tested using structural equation models (SEMs) and the partial least squares (PLS) approach. The findings indicated that monetary rewards including remuneration and bonuses had a significant effect on the retention of employees. In a related related study. Natalia and Mundende (2023) examined the effect of monetary rewards on teacher retention. The study employed a mied method approach. The results showed that financial incentives had a big impact on teachers' retention. In contrary some some stuies have show an insignificant relationship between remuneration preferences and knowledge retention (Bussin and Brigman 2019)

Monetary rewards have been found to have positive effect on employee retention in telecommunication firms in Kenya. In their study, Rotich (2020) use an explanatory research design was employed and the target population was 519 employees of telecommunication firms. Self-administered questionnaires were used to collect data. The study findings indicated a positive significant relationship between monetary rewards and employee retention in telecommunication firms in Kenya. This implies that when employees receive monetary rewards, such as salary increases, bonuses, or other financial incentives, it is associated with higher levels of retention within the telecommunication sector.

Remuneration, encompassing salary, benefits, and other financial incentives, plays a significant role in influencing employee retention within the hotel industry. Sitati and Miringu (2019) investigated the impact of remuneration on employee retention within the hotel industry. The study revealed that compensation has a major and favorable impact on staff retention hotel sector. According to the study's findings, a company needs an efficient compensation plan in order to draw in, keep, and motivate its workforce.

The enhancement of job performance through training and development has a major role in the retention of young workers in general. Nguyen (2020) investigated the impact of job performance and training and development on young employee retention in Vietnam. The retention of young employees is positively correlated with training and development. There is a direct correlation between youthful employee retention and job happiness.

Most work place are dominated by Generation Z workers. In the post-COVID-19 workplace, employee development is vital. Jayathilake, Daud, and Annuar (2021) explored how employee development affected Gen-Z employees' retention in the post-COVID-19 workplace. Employee development programs emphasize continuous learning and skill development are crucial for retaining Generation-Z employees. These programs should align with emerging technologies and industry trends. Employee development initiatives focus on enhancing digital literacy and providing training on tools that facilitate remote collaboration. Generation-Z employees value clear career pathing and opportunities for advancement

Training and development are recognized as essential elements of a successful retention strategy in India. In a particular food industry, Shibu (2019) investigated the impact of training and development on employee retention. The study discovered a connection between employee retention and training and development. The findings imply that staff retention is positively impacted by training. The study found that employee retention and training and development are positively correlated. It highlights how crucial it is for businesses to fund training initiatives in order to improve skills and, in turn, keep workers in the cutthroat corporate world

Organizations that understand the value of employee development programs can enhance employee performance and, consequently, retention, Tesfaye (2019) examined the effect of employee development program on employee retentionThe study findings indicate that effective employee development programs contribute to employee satisfaction and the ability to retain valuable human capital. The study suggests that effective employee development programs play a crucial role in fostering employee satisfaction and retention.

Employee recognition has a significant role in impacting both employee retention and job satisfaction. Recognition of employees makes employees feel that their work is valued and appreciated. In their study Tirta and Enrika (2020) studied the effect of employee recognition on employee retention with job satisfaction.. The outcome of the study show that job happiness and recognition significantly improve employee retention. It was discovered that the association between employee retention and recognition was mediated by job satisfaction. The study came to the conclusion that it is critical to comprehend how employee retention is affected by recognition and how job satisfaction is affected by it.

Employee recognition has a significant relationship with knowledge sharing among firms. Ampofo, Karatepe and Wilberforce (2023) studied interrelationships among employee recognition, knowledge sharing, service orientation, and abusive supervision. The study found that employee recognition had a significant effect on job embeddedness (JE) and knowledge sharing. Job embeddness mediated the impact of recognition on both knowledge sharing and service orientation. Recognition had a progressively mediated effect on service orientation through JE and information sharing.

Recognition awards have a positive role in staff retention within non-governmental organizations (NGOs). Esinyen (2023) examine the effect of recognition awards on staff retention in non-governmental organizations. The study was grounded in a descriptive research design, The findings indicated that recognition had a positive and statistically significant effect on staff retention in NGOs

Skill-based reward is a compensation strategy where employees receive additional pay or bonuses based on the acquisition and utilization of specific skills, knowledge, or competencies relevant to their job roles. In Pakistan, Kang (2023) investigated the meaningful differences between job-based pay and Skill-based reward in the current literature. The comprehensive literature analysis reveals a clear comparison between job-based pay and Skill-based reward, identifying one similarity and four differences. The study highlighted distinctions in how pay is determined based on job duties or individual skills. The findings indicated that employees can benefit from opportunities to advance in their careers by aligning with the right compensation schemes. The findings encourage HR practitioners to consider the nuances of job-based and Skill-based reward systems and their impact on employees' professional development.

Implementing Skill-based reward in private higher education institutions can have significant implications for employee retention and job satisfaction among lecturers. In a recent study by Heng and Lau (2022) they examined the effect of skill-based reward on employee retention and job satisfaction among private higher education institutions' lecturers. The study found a significant relationship between Skill-based reward and job satisfaction. This implies that the level of satisfaction with remuneration has an impact on the overall job satisfaction of academic employees.

The implementation of competency-based pay in the banking industry in Malaysia can have various effects on pay satisfaction among employees. Yap and Ng (2019) examined the impact of competency based pay on pay satisfaction in the banking industry in Malaysia. The research adopted a systematic literature review as its methodology to synthesize existing knowledge and develop a conceptual framework for the study. The findings indicated that competency based pay has a significant effect on pay satisfaction in the banking industry in Malaysia. Competency-based pay is designed to reward employees for the skills they bring to their roles and their contributions to the organization, potentially leading to a greater sense of fairness and satisfaction. .

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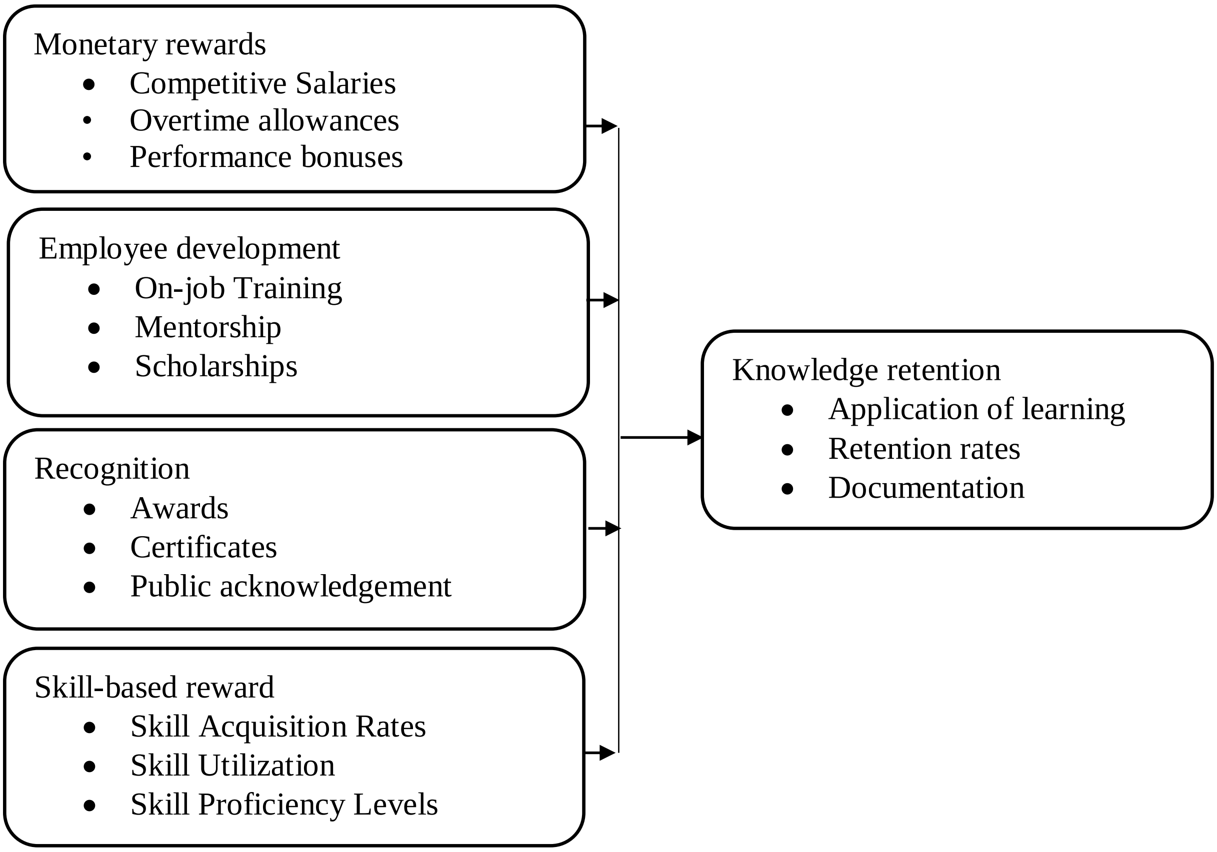
CONCEPTUAL FRAMEWORK

Figure 2.1 is a diagrammatic presentation of the relationship between the independent variables and dependent variables The independent variables will be monetary rewards, employee development, recognition and Skill-based reward. The dependent variable will be knowledge retention among non-governmental organizations in Kenya.

Figure 2. 1: Conceptual Framework

Independent Variables **Dependent Variable**



Research design refers to the overall plan or structure that guides the systematic investigation and collection of data in order to answer a specific research question or test a hypothesis. The study adopted a descriptive research design. In a descriptive research design, the researcher observes, records, analyzes, and interprets data without intervening or altering the conditions under study. Descriptive research design is used to identify "what exists" in connection to the variables or conditions in a certain setting and acquire information about the current state of phenomena. Descriptive research design is reliable in giving responses to when, how, who and where which are connected to the topic being studied.

The target population included all Nairobi County's non-governmental organizations served as the analytical unit. Nairobi County is home to 159 registered non-governmental organizations, as reported by the NGOs Co-ordination Board (2022). In a research endeavor, the individual entities or cases that are examined and analyzed are referred to as the unit of observation. The heads of the departments of finance, communications, fundraising, human resources, and programs served as the unit of observation for this study. They represent critical stakeholders whose perspectives and decision-making influence the design, implementation, and impact of employee reward systems A total of 636 heads of the finance, communications, fundraising, human resources, and programs departments of the 159 NGOs with headquarters in Nairobi County were the study's target population.

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Table 3.1: Target Population

Departments	Target Population
Finance	159
Fundraising and communications	159
Human resource	159
Programmes	159
Total	**636**

Source: NGOs Co-ordination Board (2020)

The sample size for the study was determined using Slovin's Formula. When the population is huge and the researcher wants to take a representative sample, they can utilize Slovan's formula to estimate the sample size (Krishna, 2020). The formula is expressed as follows:

$$n = \frac{N}{1 + Ne^2}$$

Where:

n is the required sample size;

N is the total population size.

e is the desired margin of error or precision (expressed as a decimal).

The margin of error (*e*) represents the acceptable level of variability or uncertainty in the estimates made from the sample. In this study the margin of error will be 0.05.

$$n = \frac{636}{1 + 636 * 0.05^2}$$

$$n = 244$$

Table 3.2:

In this study, 244 respondents were chosen from the target population using stratified random sampling. In this study, the strata was four departments in non-governmental organizations: finance, fundraising and communications, human resource and programmes.

The study used primary data, which was collected by use of semi-structured questionnaires. A questionnaire is a research tool used to collect information from participants in a structured and systematic manner. Structured questions comprised of nominal scale, which was used to collect basic demographic data, such as age, gender, education. In addition, a 5 point Likert Scale (strongly agree, agree, neutral, disagree and strongly disagree) was used to collect data on both the independent variables and the dependent variable.

A pilot study was conducted on group of 24 people participated in the test, which was carried out to ascertain the validity of the instrument This comprised 10% o the population. The study focused on two types of validity: content validity and face validity.

Reliability in the context of a research instrument refers to the consistency and stability of the measurements or scores it produces. A reliable instrument should yield consistent results when administered under the same conditions and to the same group of participants To test reliability Cronbach's alpha was used . A Cronbach's alpha of 0.70 or above is usually regarded as adequate.

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The drop-off and pick-up later strategy was used in this investigation. Two weeks passed after which the research tools—questionnaires—were gathered from the respondents. The study participants' limited availability made the drop-off and pick-up later technique the most suitable.

Descriptive as well as inferential statistics were employed in analyzing quantitative data with an assistance of SPSS version 25 statistical software. Descriptive statistics comprised of mean, standard deviation, percentages, and frequency distribution. Inferential data analysis was carried out using Pearson correlation coefficient and linear regression analysis. Since independent variables in this research are four, the multivariate regression model was as follows;

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

Whereby:

Y = Knowledge retention among non-governmental organizations in Kenya;

β_0 = Constant;

β_1, $\square_2$, $\square_3$, $\square_4$ = Coefficients of determination;

X_1 = Monetary rewards;

X_2 = Employee development;

X_3 = Recognition;

X_4 = Skill-based reward; and

ε = Error term

Diagnostic tests are used to assess the assumptions and identify potential violations of those assumptions in regression models The assumptions include: normality, linearity , multicollinearity and heteroscedasticity. The linearity assumption in regression analysis states that the relationship between the predictor variables (independent variables) and the response variable (dependent variable) is linear Scatterplots was used to test linearity assumption. A scatterplot is a graphical representation that displays the relationship between two continuous variables. It is used to visualize the pattern or association between the variables and to identify any potential relationships, trends, or outliers.

The normality assumption in regression analysis states that the residuals (the differences between the observed and predicted values) should follow a normal distribution. Shapiro-Wilk test was used to test for normality. The Shapiro-Wilk test is a statistical test that evaluates whether a sample comes from a normally distributed population It calculates a test statistic and provides a p-value. If the p-value is greater than the chosen significance level, the null hypothesis of normality fails to be rejected.

The multicollinearity assumption in regression analysis refers to the absence or minimal presence of strong correlations among the predictor variables). It assumes that the predictor variables are not highly linearly dependent on each other, as high multicollinearity can lead to issues in the estimation and interpretation of regression coefficients. The study tested multicollinearity using Variance Inflation Factor (VIF). It assesses how much the variance of the estimated regression coefficients is inflated due to the presence of correlations among the predictor variables. VIF > 10 indicates the existence of multicollinearity in the sample (Hall, 2020).

Heteroscedasticity is an assumption related to the variability of errors or residuals in a statistical model. It refers to the condition in which the variance of the errors is constant across all levels of the independent variables Breusch-Pagan was used to test for heteroskedasticity. Heteroscedasticity occurs when the variance of the errors (residuals) is not constant across all levels of the independent variables, violating the assumption of homoscedasticity. The Breusch-Pagan test is a diagnostic tool that helps researchers assess the presence of

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heteroscedasticity and decide whether adjustments to the model or estimation method are necessary In the context of the Breusch-Pagan test for heteroscedasticity, the null hypothesis is formulated to assert that there is homoscedasticity, meaning that the variance of the errors (residuals) is constant across all levels of the independent variable

Data Analysis And Presentation

Of the total 244 issued questionnaires, 227 were duly filled and collected on time. A response rate of 93% was hence obtained..

Table 4.1: Response rate

Responses	Frequency	Percent
Returned questionnaires	227	93
Unreturned questionnaires	17	7
Gender		
Female	106	46.7
Male	121	53.3

Source: Research data, (2024)

The largest number of responders (53.3%) were men, while 46.7% were women, according to the results. Based on the aforementioned results, it is clear that all parties participated in the research equitably suggesting that sexual orientation bias did not affect the study's conclusions

Reliability Analysis

The reliability of the research was measured using Cronbach's Alpha which measures internal consistency. The acceptable reliability that was considered for this study was 0.70 and above. The results are as shown in Table 4.2.

Table 4.2: Reliability Statistics

Cronbach's Alpha	No. of Items
0.905	48

As shown in Table 4.2, the overall Cronbach alpha value was 0.905 indicated high degrees of reliability as well as internal consistency therefore considered appropriate for the study.

Diagnostic Tests

The study carried out a variety of diagnostic tests which included tests of Normality, Autocorrelation, Multicollinearity, and Heteroscedasticity.

Normality Test

Normality was assessed using the Kolmogorov-Smirnov and Shapiro Wilk tests of residuals. A significance value greater than 0.05 indicated that the data was normally distributed. The results were depicted as follows in Table 4.11.

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Table 4.3 : Normality Test

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Monetary rewards	.097	227	.000	.948	227	.000
Employee development	.082	227	.001	.965	227	.000
Recognition	.075	227	.004	.989	227	.074
Skill based reward	.081	227	.001	.972	227	.000
a. Lilliefors Significance Correction						

The Kolmogorov-Smirnova (K-S) test results are shown in Table the results demonstrate that all the independent variables (monetary rewards, employee development, skill based reward) except recognition were statistically significant (sig=0.000<0.005). All the variables under study, except recognition, were not regularly distributed.

Autocorrelation Test

To evaluate for autocorrelations, the Durbin Watson statistic was cast off. The results were as follows:

Table 4.4 : Autocorrelation

Model	Durbin-Watson
1	1.781

The result on table 4.4 indicates that Durbin Watson statistic is 1.781 which lies between the recommended threshold of 1.5 and 2.5. The results therefore indicate the absences of autocorrelation.

Multicollinearity

Multicollinearity happens when the correlation between the independent variables is greater than 0.8. The Variance Inflation Factor (VIF) technique was used to test for multicollinearity, with VIF values less than 10 measured acceptable.

Table 4.5 Multicollinearity

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Monetary rewards	0.270	3.699
	Employee development	0.667	1.500
	Recognition	0.846	1.182
	Skill based reward	0.235	4.251

The table 4.5 display the VIF results. according to the findings of the study, monetary rewards has a VIF Value of 3.699, employee development has a VIF Value of 1.500, recognition has a VIF Value of 1.182, and skill-based reward has a VIF Value of 4.251. The values are less than 10, suggesting that they do not meet the requirement for lack of multicollinearity. The fact that the tolerance values and variance inflation factor (VIF) values for all of the independent variables are less than 1 and less than 10, respectively, reveals the result of the

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multicollinearity issue, showing that the independent variables in this study are within the normal range. As a result, it is assumed that the contemporary study's design and execution are free of multicollinearity.

Heteroskedasticity Test

Violation of homoscedasticity tends to constrain critical assessment of forecast errors of standard deviation, which frequently leads to confidence intervals that are extremely narrow or extremely comprehensive. Heteroscedasticity in this study was evaluated using the Breusch-Pagan test. The null hypothesis for this test was that the error variances remained equal and were a numerous function of variables. Homoscedasticity normally occurs when the p-value is greater than the significance level (0.05). The results were as presented in Table 4.14.

Table 4.6 : Breusch-Pagan test for Heteroscedasticity

Breusch-Pagan Test for Heteroskedasticity		
Chi-Square	Df	Sig.
31.270	1	0.000
a. Dependent variable: Knowledge retention		
b. Tests the null hypothesis that the variance of the errors does not depend on the values of the independent variables.		
c. Predicted values from design: Intercept + Monetary rewards + Recognition + Employee development + skill-based reward		

As indicated in Table 4.6, the p-value was 0.000, which was less than the significance level of 0.05. This implies that there was Heteroskedasticity in the regression model.

Correlation

To determine the relationship between the study variables, the study used Karl Pearson's correlation coefficient. According to Kumar (2011), correlation analysis indicates the direction and degree of the link between variables and ranges from -1 to +1. Correlation is perceived as significant if the probability value is below 0.05(p-value less than 0.05). A correlation value (r) close to zero indicates a weak relationship while a r close to one indicates a strong correlation. Table 4.15 below shows the results of the correlation analysis

Table 4.7: Correlation Analysis

		Knowledge Retention	Monetary Rewards	Employee Development	Recognition	Skill based reward
Knowledge Retention	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	227				
Monetary Rewards	Pearson Correlation	.385**	1			
	Sig. (2-tailed)	.000				
	N	227	227			
Employee	Pearson Correlation	.902**	.484**	1		

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Development	Sig. (2-tailed)	.000	.000			
	N	227	227	227		
Recognition	Pearson Correlation	.417**	.315**	.320**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	227	227	227	227	
Skill based reward	Pearson Correlation	.501**	.854	.565	.369**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	227	227	227	227	227

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

** Correlation is significant at the 0.01 level (2-tailed).

According to the findings in table above, the study found that there was a positive significant correlation between monetary rewards and knowledge retention in NGOs in Nairobi County, Kenya, which was shown by a correlation factor of 0.385.This positive relationship was found to be statistically significant since the significance value was 0.000, which was less than 0.005. This relationship was fully supported by the study findings by Sitati and Miringu (2019), compensation has a major and favorable impact on staff retention in Kenya's hotel sector.

The findings also revealed a strong positive and significant relationship between employee development and employee retention in NGOs in Nairobi County, Kenya ($r=0.902$, $p= 0.000$). These findings were in line with Shibu (2019) who studied the impact of training and development on employee retention and found a connection between employee retention and training and development.

Recognition was also found to have a positive and significant impact on employee retention in NGOs in Nairobi County, Kenya ($r=0.417$, $p=0.000$).

Lastly, the study found skill-based reward to have a strong positive relationship with employee retention in NGOs in Nairobi County, Kenya (r=501, $p=0.000$). These findings concurred with those by Heng and Lau (2022) who found a significant relationship between skill-based reward and job satisfaction, which consequently leads to employee retention. These findings are supported by those by Yap and Ng (2019) who found

Regression Analysis

Regression analysis was used to study the relationship between monetary rewards, employee development, recognition, and skill-based reward and employee retention. The research used Statistical Package for Social Sciences (SPSS V21.0) to code, enter, and compute the measurements of the multiple regression. The model summary is presented in Table 4.16:

Table 4.8: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.917[a]	.841	.838	.30029

Table 4.8 shows that the R squared (coefficient of determination) value is 0.841, which indicates that 84.1% of the variation in employee retention in NGOs is explained by the independent variables (monetary rewards,

employee development, recognition, and skill-based reward). Therefore, 15.9% is accounted for by the error term and other factors not considered in this study. The correlation coefficient (r=0.917) value indicates a strong correlation among the variables.

The study further tested the significance of the model by use of ANOVA technique

Table 4.9:ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	106.121	4	26.530	294.215	.000[b]
	Residual	20.018	222	.090		
	Total	126.139	226			

From the ANOVA statistics, the study recognized the regression model had a significance level of 0.00% which is an indication that the data was supreme for making a conclusion on the population parameters as the value of significance (p-value) was less than 0.005.

The study also used the coefficient table to determine the study model and the findings were as presented in Table 4.18 below.

Table 4.10: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.083	.161		.515	.607
	Monetary rewards	-.169	.053	-.165	-3.204	.002
	Employee development	.835	.031	.884	26.983	.000
	Recognition	.263	.049	.155	5.346	.000
	Skill based reward	.097	.063	.085	1.550	.123

a. Dependent Variable: Knowledge retention

From the results on table 4.18 The following regression equation ($Y = \beta\ 0 + \beta\ 1\ X\ 1 + \beta\ 2\ X\ 2 + + \varepsilon$) becomes:

$Y= 0.083 - 0.169X1 -0.835X\ 2 +0.263X$

Where;

Y= Knowledge retention

X1= Monetary rewards

X2= Employee development

X3= Recognition

The results interpretation based on the equation indicates that if monetary rewards, employee development, recognition, and skill based reward remain constant, or have a value of 0, employee retention in NGOs in Nairobi County, Kenya will increase by 0.083. In addition, if monetary rewards increase by 1 unit, while holding employee development, recognition, and skill based reward constant, the employee retention in NGOs in Nairobi County, Kenya will significantly decrease by 0.169. There is a negative (B= -0.169) and significant

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(P Value= 0.002) relationship between monetary rewards and employee retention in NGOs in Nairobi County, Kenya.

Secondly, if employee development is increased by 1 unit and monetary rewards, recognition, and skill based reward remain unchanged, the employee retention in NGOs in Nairobi County, Kenya will increase by 0.835. This indicates that employee development has a positive (B= 0.835) and significant (P Value= 0.000) relationship with employee retention in NGOs in Nairobi County, Kenya. Similar findings were documented by Tesfaye (2019), effective employee development programs contribute to employee satisfaction and the ability to retain valuable human capital.

If recognition is increased by 1 unit while holding monetary rewards, employee development, and skill based reward constant, employee retention in NGOs in Nairobi County, Kenya will increase by 0.263. These findings indicate that there is a positive (B= 0.263) and significant (P Value= 0.000) relationship between recognition and employee retention in NGOs in Nairobi County, Kenya. These findings were fully supported by the findings by Esinyen (2023), recognition has a positive and statistically significant effect on staff retention in NGOs in Turkana Central Sub-County.

Lastly, if skill based reward is increased by 1 unit while holding constant monetary rewards, employee development, and recognition, employee retention in NGOs in Nairobi County, Kenya will increase by 0.097. This indicates that there is a positive (B= 0.097) and insignificant (P Value = 0.123) relationship between skill based reward and employee retention in NGOs in Nairobi County, Kenya. These findings concur with those by Njeri (2019), employee productivity is significantly impacted by Skill-based reward, performance-based pay, and training.

CONCLUSION, AND RECOMMENDATIONS

Monetary Rewards on Knowledge Retention in NGOs in Nairobi County Kenya

In line with the first objective, the study found a positive correlation between monetary rewards and knowledge retention in NGOs in Nairobi County Kenya. These findings supported the study by Rotich (2020), who found a positive significant relationship between monetary rewards and employee retention in telecommunication firms in Kenya.

Descriptive statistics showed that the criteria for receiving performance bonuses are clear and achievable, employees are adequately compensated for overtime, the salary structure at the NGOs are transparent and understandable, overtime opportunities are available and allow increase of income if needed, and salaries allow employees to comfortably meet their basic needs and some additional expenses. The descriptive statistics also showed that policies for overtime allowances are clear and consistently applied, performance bonuses are a fair and motivating way to recognize achievements, salaries at the NGOs are comparable to similar positions in other NGOs in Kenya , and employees have confidence that they will receive a performance bonus if they meet their targets.

The findings of the study agreed with those by Mbugua, Oyore, and Mwitari (2018) whose study on the effect of financial incentives on the motivation and retention of Community Health Workers (CHWs) concluded that the provision of monetary incentives has a significant influence on the attrition of CHWs.

Employee Development on Knowledge Retention in NGOs in Nairobi County Kenya

This objective sought to establish the effect of employee development on knowledge retention in NGOs in

objective sought to establish the effect of employee development on knowledge retention in NGOs in Nairobi County Kenya. The results obtained revealed that employee development has a strong positive and significant effect on the knowledge retention in NGOs in Nairobi County Kenya. This suggests that more employee development programs will boost knowledge retention in NGOs in Nairobi County Kenya. Similar findings were by Nguyen (2020), who studied the impact of job performance and training and development on young employee retention in Vietnam and discovered that the retention of young employees was positively correlated with training and development.

Descriptive statistics showed that NGOs provide access to mentorship programs or informal mentorship opportunities, mentors are knowledgeable, experienced, and invested in professional development, NGOs offer scholarship opportunities for further education or professional development, and NGOs provide enough opportunities for on-the-job training to develop skills. Further, the descriptive statistics also revealed that respondents feel confident and supported in applying what they learn through on-the-job training to their work, on-the-job training received is relevant to current roles and career aspirations, the financial support provided by the scholarship is sufficient to cover the cost of education or training, and the scholarship eligibility criteria are clear and achievable.

The study thus agreed with Abb (2018), that employee retention in the examined institutions is positively correlated with training and development.

Recognition on Knowledge Retention in NGOs in Nairobi County Kenya

Descriptive statistics showed that NGOs actively promote and celebrate the achievements of their employees through public channels, NGOs regularly recognize and reward outstanding achievements through awards, public acknowledgment has boosted morale and motivation to contribute further, and the process of obtaining certificates is clear and accessible.

The descriptive statistics also revealed that the types of awards offered are meaningful and reflect the values of the organization, the criteria for receiving awards are transparent and objective, the certificates offered are relevant and valuable for career development, and NGOs provide opportunities to earn certificates or qualifications through training programs or projects.

These findings were in line with those of Mule (2020) who studied the connection between employee retention and recognition prizes in Meru County and found correlation results that indicated a positive and significant relationship between employee recognition and employee retention.

Skill-based Reward on Knowledge Retention in NGOs in Nairobi County Kenya

Descriptive statistics showed that NGOs offer opportunities to assess and improve skills and proficiency levels, the skill development opportunities offered are aligned with the organization’s strategic goals and priorities, leaders assign challenging tasks and encourage the use of a full range of skills, NGOs provide adequate opportunities for acquiring new skills and knowledge relevant to work, feedback on skill proficiency levels is constructive and actionable, and the skill assessment process is fair and transparent.

These study findings agree with Yap and Ng (2019), competency-based pay is designed to reward employees for the skills they bring to their roles and their contributions to the organization, potentially leading to a greater sense of fairness and satisfaction, hence knowledge retention.

CONCLUSIONS

Monetary rewards are vital and significantly contribute to increased knowledge retention in NGOs in Nairobi County Kenya. If employees receive monetary rewards in the form of bonuses, compensation for overtime, and good salary, then knowledge retention will be maintained.

Employee development programs such as mentorship and training are key to knowledge retention in NPOs. In other words, the study concludes that employee development contributes positively to knowledge retention.

The study concluded that it is the responsibility of NPOs to recognize the efforts of their employees since recognition has a positive and significant effect on knowledge retention.

Lastly, the study concluded that skill-based reward is key to ensuring knowledge retention in NPOs since the two are positively correlated.

RECOMMENDATIONS

Considering the positive and significant influence monetary rewards has on knowledge retention in NGOs in Nairobi County Kenya, NPOs should give their employees monetary rewards in order to ensure knowledge retention.

The study's conclusions highlight how important employee development is on knowledge retention in NGOs in Nairobi County Kenya. NPOs should therefore invest in training and development programs which ensure continuous learning and skill development for their employees in order to encourage knowledge retention.

The study also recommends NPOs to ensure they recognize, acknowledge, and award the achievements of their employees to enhance knowledge retention.

The study lastly recommends that NPOs should provide their employees with opportunities for skill development and ensure skill-based pay.

Areas of Further Research

The study sought to examine the effect of employee reward systems on knowledge retention in NGOs in Nairobi County Kenya. Further research can consider other factors affecting knowledge retention in NGOs in other counties in the country. Further research can be done on the impact of employee reward systems on job satisfaction in NGOs in Nairobi County Kenya.

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