

**EFFECT OF MOTIVATIONAL FACTORS ON EMPLOYEE RETENTION: A CASE  
OF KENYA AIRWAYS LIMITED**

**BY**

**NDONGA AYOO CAROLINE**

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**DECLARATION**

I declare that this project is my original work and has not been presented for the award of a degree in any other University or any other award.

**Signature**..... **Date** .....

Caroline Ndonga

PG/MBA/00077/2012

**Supervisors Approval**

I confirm that this project has been submitted to the University for Examination with my approval as the university supervisor.

Dr. Ombok, Benjamin.

**Signature**..... **Date** .....

**Department of accounting and finance**

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## **DEDICATION**

This research project is dedicated to my husband Prof. Aguyoh, my children Emmanuel and Pauline and my parents.

## ABSTRACT

Business environment has become very competitive due to advances in technology, increased globalization, and changing customer expectation, among others. Retention of key employees remains key remedy in ensuring competitive advantage in any industry. Although motivational theorists contend that employee retention is achievable through provision of motivational factors, there is scanty information of the same with regard to Kenya Airways Limited. Whereas Kenya Airways has in the past employed substantial resources on motivational factors, it has lost about 17% of its ground staff between 2011 and 2014, implying a disconnect between motivational factors and retention levels. Study findings commonly give positive results between motivational factors and employee retention. However, some of them give inconsistent results. The purpose of this study was to examine the effect of motivational factors on employee retention in Kenya Airways. The specific objectives were to: establish the effect of reward system; the effect of working relations; and the effect of career development opportunity on employee retention. The research was based on Herzberg two factor theory of motivation; with independent variable being motivational factors while dependant variable being employee retention. Correlation research design was used. Target population of the study was 1168 employees. Stratified random sampling was used to select a sample size of 34 management staff and 263 non-management staff. Primary data was obtained using semi structured questionnaires. Split half method was used to test reliability in a pilot study involving 16 Kenya Airways employees of which coefficient of 0.8 was accepted. Instrument validity was enhanced through the appraisal of experts from the fields of social research, human resource management, from Maseno University. Data was analysed using Pearson's correlation and multiple regression for testing the relationships. It was found that Employee retention is generally poor ( $M=2.1111$ ;  $SD=0.84096$ ). Further, working relations was found to correlate highly ( $r =.816$ ,  $p<.01$ ) with employee retention, and the stated aspects of motivational factors together explain 79.4% of the observed variance in employee retention, with a significant model fitting ( $F=360.832$ ;  $P<0.00$ ). Regression analysis revealed that working relations contributes to 0.609 of employee retention; career development opportunity to 0.468 of employee retention; reward system contributes to -0.164 of employee retention in Kenya Airways. This infers that working relations contribute most to employee retention. The researcher concluded that poor employee retention at Kenya Airways is due to poor working relations. The study recommends that working relations should be enhanced in the organization so as to improve employee retention. For further research, it is therefore recommended that a study be done on the contribution of trade unions on enhancement of working relations and employee retention in Kenya Airways. The findings in this study will be significant to managers in their endeavours to enhance employee retention through provision of appropriate working relations.

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## **LIST OF ACRONYMS**

**FCMB** – First City Monument Bank

**HR** - Human Resources

**IT** – Information Technology

**KQ** - Kenya Airways

**MSD** - Musculoskeletal Disorder

**MRQ** - Multiple Resource Questionnaires

**PWCP**- Perceived Work Performance Scale



## DEFINITION OF TERMS

**Career Development Opportunity:** - A lifetime process encompassing growth and changes that continue throughout a person's working life into retirement.

**Motivation:** - Refers to a psychological process that drives individuals to accomplish personal and organizational goals.

**Motivational factors** – Are human resource management practices meant to enhance employee retention in an organization.

**Retention-** Is a voluntary move by an organization to create an environment which engages employees for a long time.

**Reward System:** - Refers to bonuses, basic salary and other compensations aimed at retaining employees.

**Turnover-** Refers to the number of employees who are quitting from the organization.

**Working Relations:** - Is the relationship between employees and supervisor employee and employer within a work situation.

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## **CHAPTER ONE**

### **INTRODUCTION**

The chapter introduces the concept under study, the research problem, the objective of the study, the hypothesis, value of the study and the conceptual framework that was adopted in the research.

#### **1.1 Background to the study**

Attracting and retaining key employees has been proved to enhance organizational performance. However, Armstrong (2009) contends that ensuring that key employees remain in the organization is a big challenge to organizations, owing to globalization and competitive environment. Thus, employees make the major differentiating factor for competitive advantage in the industry (Samuel & Chipunza, 2009). Neog and Barua (2015) state that employee retention is the processes in which employees are encouraged or motivated to stay with the organization for the maximum period of time or until the completion of the project. Chaminade (2007) defined retention as a voluntary move by an organization to create an environment which engages employees for long term.

Employee retention is considered important because when an employee remains in an organisation for a longer period then he/she becomes the storehouse of knowledge and secrets of the organisation (Cave, Chung and Choi, 2013). This is opposed to when an employee leaves the current organisation and joins a new organisation when knowledge and secrets are moving away with the employee. However, motivational factors capable of inducing retention among employee vary, and are dependent upon individual groups of employees.

Motivation is derived from the word motive, which is a reason for doing something (Armstrong, 2009). Motivation is concerned with the strength and direction of behaviour and the factors that influence people to behave in certain ways. It refers variously to the goals individuals have, the ways in which individuals chose their goals and the ways in which others try to change their behaviour. Several theories have been used to underpin motivation, although none has provided specific bundles of motivational factors that explain employee motivation within particular industries.

Hitt, Black and Porter (2012) introduced a motivation theory named expectancy theory from Victor Vroom which is based on people's expectation. This theory simply explores the concept that there are two kinds of beliefs which impact on the amount of effort people will choose to put forth. One belief is effort-to-performance ( $E \rightarrow P$ ) and the other one is called instrumentality belief, performance-to-outcome ( $P \rightarrow O$ ). The third important variable in this theory is the valence ( $V$ ), or the anticipated value people attach to an outcome. This is denoted as:

$$\text{Effort} = (E \rightarrow P) * (P \rightarrow O) * V.$$

Hitt, et al (2012, P268) contended that in expectancy theory "three variables are multiplied to determine the level of effort, a low value of any one of the three would result in very low motivation."

The other theory which explains motivation is the hierarchy of needs theory by Abraham Maslow. Maslow's hierarchy of needs consist of:

- i. Self- actualisation: fulfilment and nature of the individuals and the achievement.
- ii. Esteem: self-esteem, self-worth, self-regard, and the esteem, value and regard of others.
- iii. Social: the need to belong, to love and be loved, to interact with others.
- iv. Safety: the need for protection and security.
- v. Physiological: the need for shelter, survival, food and drink.

Liang (2013) asserts that the essence of Maslow's need hierarchy theory is stated that "People will first attempt to fulfil basic needs, such as physiological and safety needs, before making efforts to satisfy higher-order needs, such as social and esteem needs." The main way to understand a person's motivation from a need hierarchy perspective is to recognise the person's most basic need that is not yet met. Once the need has been satisfied, however, it ceases to be a motivator unless its fulfilment is threatened again. Another theory upon which motivation is underpinned is the Two-factor theory is also related to motivation which found by American psychologist Frederick Herzberg. According to Branch (2011), this theory is paying attention on the dissatisfaction between factors that can increase job satisfaction (motivator) and those that can prevent dissatisfaction but cannot improve satisfaction (hygiene factors). According to this theory, organisations are better to focus on improving

how the jobs are structured what they do, so as to motivate employees. In other word, focusing on hygiene factors can prevent dissatisfaction but will not affect positive motivation.

Globally, studies have showed that employees get motivated through various factors. Nawaz, Atif, and Faiq (2014) investigating the factors which contribute to employees' retention in the banking sector of Karachi, Pakistan, using data collected through closed ended questions on a purposively sample size of 250 respondents, established that there is a strong relationship between employees' motivation and employees' retention among employees of banking sector while employees' training and development has no relationship with employees' retention.

Similarly, Domfeh (2012), in examining the effects of employee retention strategies on the performance of selected rural banks in Ashanti Region, Ghana, revealed that human resource managers of the rural banks use competitive salary package, guarantee of job security, challenging and interesting job opportunities, good training and development opportunities as the main strategies to retain employees in their banks. Whereas the two studies focused on the banking sector, there is need to test the relationship of these variables in other service firms which suffer high staff turnover as the aviation sector.

Kwenin, Muathe & Nzulwa (2013), while investigating the influence of employee rewards, job satisfaction and human resource policies on employee retention in Vodafone Ghana Limited established that when organisations' reward systems are adequate, it does not only lead to equity, but increased retention. The findings again showed that job satisfaction and favourable human resource policies have positive link with retention. On the other hand, Cao, Chen, & Song (2013) used hierarchical regression analysis to investigate the relationship between total reward for core employees and turnover intentions in Pearl River Delta, China; they found that the five elements: salary, rewards, work-life, performance & recognition, and development & career are negatively related to employees' turnover intention. On the other hand, distributive justice and interactional justice significantly moderate (albeit negatively) the relationship of total rewards and turnover intentions. It remains, however, critical to note the above studies (Kwenin, et al., 2013 & Cao, et al., 2013) have not related the effect of rewards alone on employee retention. The current study intends to show the effect of rewards on employee retention among employees of Kenya Airways. Moreover, it seems that most studies have concentrated on the development of detailed predictors of employee

performance, without paying much attention to employee retention. Therefore such deficiencies in the studies necessitated putting in rigorous research contribution to better understand ways of managing employee retention in KQ through motivational factors

Equally, the environment within which work is carried out has also been established to affect job satisfaction and an intention to quit, according to Masood (2013). Neog and Barua (2015) did a study to find out the relationship of different motivational factors with retention of employees working in the Automobile service workshops of Assam in India. The result revealed that job security is the most important factor for employee's retention in their present job.

Another study by Shujat, Cheema, and Bhutto (2011) analyzed the impact of work life balance on employee job satisfaction and retention in private banking sector of Karachi. Factors analysed were job satisfaction and work life balance with respect to flexible working conditions, work life balance programs, employee intention to quit, work pressure/stress and long working hours. Findings revealed that work life balance has very less impact on employee retention in private commercial banking sector of Karachi. The reason of such results may be due to the uncertain conditions, high inflation and unemployment rate in Pakistan. Equally, Kubaison, Gachunga, and Odhiambo (2014) explored the degree to which direct employee participation practices in the organization contribute to employee retention and organizational performance. Findings indicated a strong relationship between direct participation and performance of state corporations in Kenya. Direct team based participation was the more preferred mode of participation, compared with direct individual-based participation

The mentioned studies (Kubaison, et al, 2014; Neog and Barua, 2015; Shujat, et al., 2011) concentrated on service sectors other than the aviation industry in their investigations on determinants of employee retention. Moreover, other aspects of working relations like supervisor-employee relations or employee – employee relations in the aviation industry like KQ is unknown. Furthermore, whether or not the presence of these factors contributes to employee retention is not stated. The current sought to fill this gap in the context of KQ.



Further studies have also been done on the effect of career development opportunities on employee retention. Mwanje (2010) used a case study of Bank of Uganda to examine how career development affects staff motivation and retention. Respondents for the self-administered questionnaires were picked through stratified sampling. Data analysis was done using percentages. The study revealed that among other things, low chances of promotion after training seem to point to the irrelevance of training to promotion. A marked lack of opportunities regarding career paths was revealed. The study revealed that although Bank of Uganda recognized skills and accomplishments after training, staff at levels do not benefit from career advancement after training.

Equally, Patrick and Kumar (2011) investigated the relationship between career planning, performance and employee growth, and explored the alignment between individual and organization's career planning using 100 employees from five Indian IT companies. It was found that Career guidance, leadership roles, network building, developing new skills, taking up special assignments and receiving productive feedback from the boss play the most important role in making the career path easier and also aids in the performance and employee growth.

Although the stated studies (Mwanje, 2010; Patrick & Kumar, 2011) have covered key elements in career development, whether or not the presence of these factors contributes to employee retention is not stated. Moreover, whether or not such practices enhance employee retention in Kenya Airways is unknown.

Kenya airways have employed a number of motivation practices to improve on employee productivity, organizational performance and employee retention. The company has instituted motivational factors through salaries and wages, overtime payments, provision of ICT systems to enhance communication within the company and trainings. According to KQ financial statement of 2013/2014, the company spent substantial amount of resources amounting to Kenya Shillings 12.5 billion towards improvement of human resource department so as to enhance satisfaction and consequently employee. These efforts have however not translated to improvement in employee retention. This is evident in staff turnover of 17% experienced during 2011 and 2014. This implies that there is disconnect between motivational expectation and retention levels. Consequently, the company has also significantly experienced reduction on skilled staff which is a contrast from expectation of a

well motivated workforce. Although theorists like Herzberg link motivational factors with staff satisfaction and consequently employee retention, there is little information with regard to this relationship in KQ. It was therefore critical to investigate the effect that motivational factors employed by KQ have on employee retention.

### **1.2 Statement of the problem**

Employees in an organization have always been key assets as they drive the company to its performance thereby gaining competitive advantage. Their departure could have significant effects on the implementation of the organization's strategic goals and objectives and may eventually cause a decline in productivity. Retaining efficient and experienced workers in an organization is very essential to the overall performance of the organization. However, retention of skilled employees is a global challenge due to competitive environment and globalization. Whereas Kenya Airways has in the past employed substantial resources, quantified at 12.5 Billion shillings for the period spanning 2011 to 2014 with expectation of improved employee satisfaction and eventual motivation, there has been little impact to count for this. Despite these efforts, the company has for the same period experienced up to 17% loss of employees, implying a disconnect between motivational expectation and retention levels. Studies have related motivational factors with employee retention within industries like banking, manufacturing, medical and education. Furthermore, while limited research literature has been documented, the phenomenon of employee retention in KQ has continued to persist with little attention from researchers. The current study endeavored to fill this research gap through seeking to determine whether reward system, working relations and career development opportunities are the causes of low employee retention in KQ.

### **1.3 Objectives of the study**

The general objective of this study was to examine the effect of motivational factors on employee retention in Kenya airways. The specific objectives of the study were:

- i. To establish the effect of reward system on employee retention in Kenya Airways
- ii. To establish the effect of working relations on employee retention in Kenya Airways
- iii. To determine the effect of career development opportunity on employee retention in Kenya Airways

## **1.4 Research Hypothesis**

For the researcher to realise the objectives of the study, the following research hypotheses were tested:

H<sub>01</sub>: There is no effect of reward system on employee retention in Kenya Airways.

H<sub>02</sub>: There is no effect of career development opportunities on employee retention in Kenya Airways.

H<sub>03</sub>: There is no effect of working relations on employee retention in Kenya Airways.

## **1.5 The Scope of the Study**

This study investigated the effect of motivational factors on employee retention in Kenya Airways. The study was to be carried out in Kenya. The motivational factors that were covered include reward system, working conditions, and career development opportunities. Data was collected from KQ stations in Nairobi, Mombasa, Kisumu and Malindi using structured questionnaire. Data for the study was collected from ground service department.

## **1.6. Justification of the Study**

The findings obtained by the researcher in this study were aid in understanding motivational factors undertaken by the major aviation company in Kenya. This may assist the company (and others) in adjusting, appropriately, motivational factors so as to gain competitive advantage in the industry. The study findings also aimed at assisting KQ (and other firms) in adjusting their (employees) expectations to enable accumulation of work experience from staying in employment in one industry over time. Similarly, the Ministry of Labour and Employment would also be informed by the study findings on the conditions of work that are provided by KQ, compared with the expected conditions of work stipulated by the statutes. Kenya Airways on the other hand, was to be able to understand how prevailing motivational practices affect employee retention in the organization from the data obtained by the researcher. Lastly, the study was to provide a basis for further studies to scholars from the findings and recommendations made by the researcher.

## **1.7 Conceptual Framework**

The conceptual framework guiding this study is derived from Herzberg's (2003) two factor theory of motivation. The two factor theory underpins the proposition that motivation should provide for both financial and non-financial satisfaction. The wants of employees are divided

into two groups. One group revolves around the need to develop in one's occupation a source of personal growth (career development). The second group operates as an essential base to the first and is associated with fair treatment in compensation, supervision, working conditions and administrative practices. The fulfilment of the needs of the second group does not motivate the individual to high levels of job satisfaction. The two factors are motivation (intrinsic) and hygiene (extrinsic) factors; motivation factors are related to work content (being work itself, recognition, advancement, responsibility, or personal growth) while hygiene factors are related to work environment (which includes company policies and administration, interpersonal relations, working conditions, salary, job security, and benefits). Any employee who fails to attain either the motivating or hygiene factors would negotiate for their (the two factors') attainment, or opt to quit (whichever option that seems suitable). Figure 1.1 presents the conceptual framework.

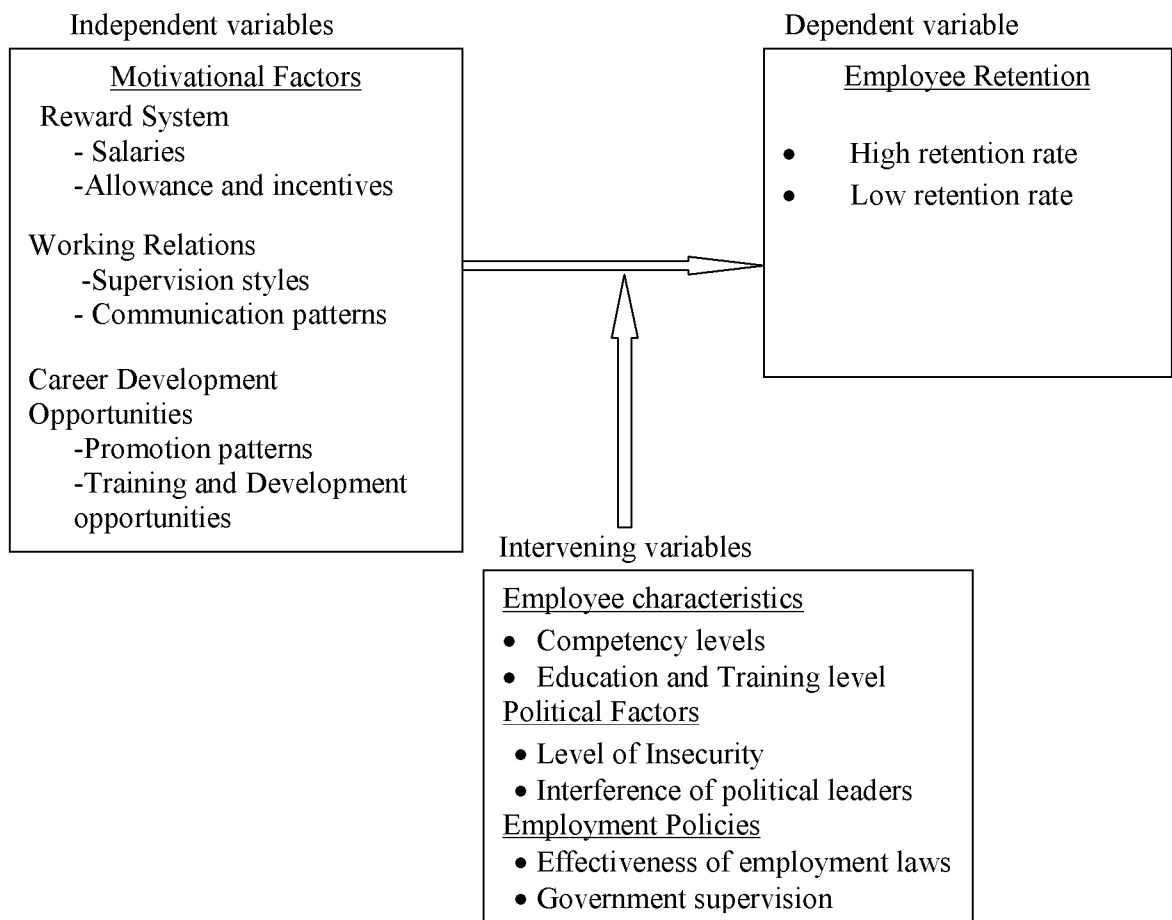


Figure 1.1: Conceptual framework of the effect of motivational factors on employee retention

Source: Adapted from Herzberg (2003) two factor theory of motivation

As is illustrated by Figure 1.1, the dependent variable, employee retention, a situation where an organization is able to hold key employees so as to remain ahead of competitors in performance. By succeeding in holding key employees, employee turnover is checked. This is the dependant variable of the study. Employee retention depends on the reward system of an organization; working relationship, and career development opportunities that are offered to the employees: these are the independent variable of the study. Most employees prefer to stay in organizations which offer better salary and allowances (rewards); organizations whose supervisors are not autocratic (good working relationship); and firms which offer promotion and training opportunities (career development opportunities) to employees. This was the independent variable of the study.

However, there are normally other factors which may influence employee retention other than motivational factors that have been conceptualized in this study. Factors like employee personal characteristics (educational level, competency level, etc), prevailing security or political atmosphere in the area, and employment policies that have been formulated by the government (like employment laws and effectiveness of government regulations) can also result into high or low employee turnover. These were the intervening variables in the study.

## CHAPTER TWO

### LITERATURE REVIEW

This chapter reviews both theoretical literature and empirical literature related to the study and develops the study's theoretical framework.

#### 2.1 Theoretical framework

The two-factor model of satisfiers and dissatisfiers, also known as motivational-hygiene model states that employee motivation is achieved when employees are faced with challenging but enjoyable work where one can achieve, grow, and demonstrate responsibility and advance in the organisation. That is, when the employees' efforts are recognized, it brings about job satisfaction and motivation. Environmental factors, such as poor lighting, poor ventilation, poor working conditions, low salaries, and poor supervisory relationships are causes for dissatisfaction in a job. These for Herzberg (1959) are basic needs and for that matter, it is the responsibility of society's businesses and industrial institutions to provide for its people in order to self-actualize.

According to Herzberg (1959), the work one considers to be significant leads to satisfaction. Thus factors that depict job satisfaction are completely different from those factors that lead to job dissatisfaction. Therefore, these feelings are not polar opposites: in other words the opposite of job dissatisfaction is not job satisfaction, but no job satisfaction.

George and Jones (2005) highlighted on the attention paid to motivator needs and to work itself, as determinants of job satisfaction. They (George and Jones, 2005) therefore entreated managers to pay special attention to the important topic of job design and its effect on organizational behaviour and employee motivation. Managers are therefore to concentrate on designing jobs that would create job enlargement and enrichment thereby increasing the number of tasks an employee performs, increasing employee's responsibility and control over the work. By so doing, managers would be serving the motivator needs of employees as postulated by Herzberg.

Herzberg's (2003) Two Factor Theory of Job Satisfaction is useful in explaining relationships involving job satisfaction and dissatisfaction. Job content and job design has a lot of

influence on turnover intent due to the level of motivation they arouse from employees. Motivation will be enhanced by leadership which sets the direction, encourages and stimulates achievement and provides support to employees in their efforts to reach goals and improve their performance generally (Armstrong, 2009). Satisfaction is also gained from work which provides people with the means to achieve their goals, a reasonable degree of autonomy, and scope for the use of skills and competences should be recognized, according to Armstrong (2009). People are more likely to be motivated if they work in an environment in which they are valued for what they are and what they do. Job satisfaction served as a key mediating variable between work environment and turnover intent (Vasquez, 2014). This means paying attention to the basic need for recognition (Carmeli and Weisberg, 2006).

Implementation of the stipulated favourable working conditions has become a challenge to many companies operating in the labour intensive and highly competitive aviation industry. Firms are split between the urge to charge clients favourably (and be able to secure and retain more clients) and to pay (for example) better salaries to employees. Huling (2003), and Swailes and Al Fahdi (2010) aver that motivators (job security, salary, and personal relations) and hygiene factors (supervision style, recognition, and autonomy, among others) are key drivers of satisfaction. However, key drivers of satisfaction in KQ should be investigated and clearly highlighted.

The two factor theory of job satisfaction befitted this study, given that some researchers have linked dissatisfaction with turnover intent. Boswell, Boudreau, and Tichy (2005) stated that low satisfaction usually precedes a voluntary change of employment followed by an increase in satisfaction, a situation usually referred to as honey moon stage. Carmeli and Weisberg (2006) also found in their study that there is a direct link between dissatisfaction and turnover. Therefore, the high rate of employee turnover within private security sector might be attributable to dissatisfaction with working condition.

However, in as much as some behavioural scientists agree with Herzberg (1959) that employees are well motivated when the motivator and hygiene factors are achieved, there are other schools of thought that share different opinion. Schroder (2008) used the two-factor theory as the theoretical framework for a study of 835 university employees in order to understand the impact of demographical factors on job satisfaction. The researcher found that overall job satisfaction was related to age and educational level, and that levels of intrinsic

and extrinsic job satisfaction were not the same for different occupational groups – findings that contradicted Herzberg's findings (Schroder, 2008).

Herzberg's two-factor theory was also tested among construction workers in Bangkok (Ogunlana & Chang, 1998). The study did not provide support for the theory, but it was hypothesized that the conflicting results were due to the lower placement of Thailand's construction workers on Maslow's hierarchy of needs. Because survival was still a basic need for these workers, they were not able to desire self-actualization and place value on Herzberg's motivators (Ogunlana & Chang, 1998).

## **2.2 Concept of Motivation**

According to Chamande (2007), employee motivation is a complex and difficult term to define therefore, a precise definition of this concept is elusive as the notion comprises the characteristics of individual the situation as well as the perception of that situation by the individual. The meaning of motivation is therefore particularly useful in its ability to increase general understanding and prediction of behavior. Ololube (2005) defined motivation as an internal arousal, which directs and maintains behavior towards achieving set goals. Motivated and committed staff can be a determining factor in the success of an organization. Employees in organizations such as Kenya airways like to feel that someone cares about their work and appreciates it which in turn motivates them to work more effectively. Owens (2004) describes motivation as the forces that cause people to behave as they do. He further points out that behaviourists think of it as extrinsic while others believe it is intrinsic. Generally, in various organizations the biggest challenge for managers is to develop highly motivated workforce that actively performs and able create or open to new ideas. Motivational practices in KQ need, therefore, to be investigated and their (motivational practices) adequacy determined.

## **2.3 Concept of Retention**

Retention is defined as a voluntary move by an organization to create an environment which engages employees for long term Chaminade (2007). The retention of employees has become a leading challenge faced by many organizations worldwide. Consequences such as the high cost of recruitment and selection, the possible loss of productivity during the adjustment period, the probable loss of business opportunities, poor customer rapports, as well as the hidden cost of lost productivity have drawn organizations attention (Chew and Chan, 2008).



Luna and Camps (2008) believe that maintaining a stable workforce is one of the key sources of sustainable competitive advantage for organizations.

Retention of employees is crucial to the overall success of any organization. Employee retention is one of the most critical issues facing organizational managers as a result of the shortage of skilled manpower, economic growth and high employee turnover (Armstrong, 2009). The primary aim of retention is to prevent the loss of competent employees from the organization as this could have an adverse effect on productivity and service delivery. However, retention of high performing employees has become more challenging for managers as many employees nowadays frequently move from one job to another as they are being attracted by more than one organization at a time (Abassi and Hollman, 2000; Hewitt Associates, 2006; Sherman et al. 2006). Samuel and Chipunza (2009) reveal reasons for employee turnover in the organizations as: hiring practices; managerial style; lack of recognition, lack of competitive compensation system, toxic workplace environments. Others include lack of interesting work, lack of job security, lack of promotion and inadequate training and development opportunities, amongst others. These are intrinsic and extrinsic motivational factors which can assist managers to influence employee retention in their organizations.

The problem, however, is that managers have failed in identifying and properly using these variables as retention strategies thereby resulting in the prevailing high turnover rate in the organizations. According to Phillips and Connell (2002), employee retention involves being sensitive to employee needs and demonstrating the various strategies in meeting those needs. These strategies, according to Czakan (2005), include career growth and development, competitive compensation benefits, opportunities for training and good working relations. Apart from the strategies mentioned above, employers should use a flexible approach to encourage retention and this approach should consider a number of value-adding components. It remains to be established the methods that are used (if at all there are any methods) in KQ to attain employee retention.

## **2.4 Empirical studies**

This subsection reviews several studies that have been conducted in both the developed and developing countries, as well as Kenya, on the interested areas of this study.

#### **2.4.1 Effect of reward system on employee retention**

An organization's reward system can affect the performance of the employee and their desire to remain employed (Nyanjom, 2013). There are also numbers of researchers who demonstrate that there is a great deal of inter-individual difference in understanding the significance of financial rewards for employee retention. Swailes and Al Fahdi (2010) examined voluntary turnover from public to private sector employment in Oman through Semi-structured interviews held with 15 employees working in the public sector and 11 private sector employees who had transferred from the public sector, sampled through snowball methods. It was found that retention is low in the public service because of low pay, poor management style, and little promotion opportunities. The main reasons for turnover are dissatisfaction with management style, pay and promotion opportunities along with perceptions of better opportunities elsewhere.

Another study, Cao, Chen, & Song (2013) used hierarchical regression analysis to build model with organizational justice as moderator variable to investigate the relationship between total reward for core employees and turnover intentions in Pearl River Delta, China. Questionnaire was administered online to 356 respondents. Results showed that the five elements: salary, work-life, performance & recognition and development & career have negative relationship to employees' turnover intentions. Secondly, distribute justice and interactional justice significantly moderate (albeit negatively) the relationship between total rewards and turnover intentions. However, process justice only has significantly negative moderating effect on work-life balance and development & career to turnover intentions, while the negative effect of salary, welfare and performance are not significant.

Within Africa, Terera and Ngirande (2014) explored the impact of rewards on job satisfaction and employee retention among nurses in Eastern Cape Province, South Africa. The objectives of this study were to determine the impact of rewards on employee retention, to establish whether there is a relationship between rewards and job satisfaction, to establish the relationship between job satisfaction and employee retention and to make recommendations to the policy makers in the organization on possible ways/strategies to improve employee retention based on the research findings. The study utilized a quantitative research design and 180 nurses were randomly selected as research participants. Self-administered questionnaires were administered to participants/respondents. The data was analysed using Statistical

Package for the Social Sciences (SPSS), version 20.0. Hypotheses were formulated to test the relationships between the independent variable and the dependent variable. The study revealed that employee rewards lead to employee retention but however, they do not result in job satisfaction.

While in Nigeria, Osibanjo, Adeniji, Falola and Heirsmac (2014) examined the effect of compensation packages on employees' job performance and retention in a selected private University in Ogun State. A model was developed and tested using one 111 valid questionnaires which were completed by academics and non-academic staff of the university. Data was analyzed using simple percentage supported by structural equation modelling to test the hypotheses and relationships that may exist among the variables under consideration. The results showed strong relationship between compensation packages and employees' performance and retention. The summary of the findings indicates that there is strong correlation between the tested dependent and independent variables (salary, bonus, incentives, allowances, and fringe benefits).

Equally in Kenya, Cherotich (2012) sought to evaluate the rewards used in banks and the influence they have on job satisfaction and retention of employees in Nakuru. Data was collected through self-administered questionnaires from a sample of 108, obtained through stratified random sampling technique. The results were analysed in terms of descriptive statistics (mode) followed by inferential statistics (correlation, regression) on the variables, and presented in tables, pie charts and graphs. The outcome of the study shows that there is a significant relationship between job satisfaction of employees in the banking sector and benefits, and learning and development. Correlation between rewards and absenteeism, lateness, turnover intention is significant and negative whilst relationship with job performance is positive. Biographical factors were found to significantly influence the preference of rewards and thus difference in job satisfaction among different groups of employees in the banking sector.

The aforementioned studies (Swailles and Al Fahdi, 2010; Cao, et al., 2013; Terera and Ngirande, 2014; Osibanjo, et al., 2014; Cherotich, 2014) have tended to concentrate on respondents drawn from financial institutions rather than the aviation industry. Moreover, it seems that most studies have concentrated on the development of detailed predictors of employee performance, without paying much attention to employee retention. Therefore such

deficiencies in the literature necessitated putting in rigorous research contribution to better understand ways of managing employee retention in KQ through motivational factors.

#### **2.4.2 Effect of working relations on employee retention**

One of the most important factors that have impact on retention is the relationship between a worker and a supervisor. Supervisors are the “human face” of an organization. According to Madiha, et al (2009) a worker’s view of the organization is strongly influenced by their relationship with their supervisor. The work environment and relations is one of the two factors articulated by Herzberg, known as hygiene factors. According to Dartey-Baahand and Amoako (2011), these factors include; company policy and administration, technical supervision, interpersonal relations with supervisor, interpersonal relations with peers and subordinates, salary, job security, personal life, work conditions and status (p. 2). Herzberg called these hygiene factors, since they are necessary to maintain a reasonable level of satisfaction and can also cause dissatisfaction. A number of scholars have established that working relations and environment can determine retention and turnover intentions.

Sypniewska (2013) sought to identify the factors affecting job satisfaction and employee turnover among employees working in different organizations in Poland, and who were chosen in a random manner. The analysis shows that in the opinions of 215 respondents, the factor with the greatest impact on job satisfaction was the atmosphere at work, and the factor with the least impact - the culture of the company. It turned out that by grouping factors and examining them in different categories, the most important factors are associated with interpersonal relations and economic aspects of work, but just comparing between factors, employment stability was rated as the most important. Thus, according to the respondents, the factor having the second greatest impact on job satisfaction is job stability.

Shujat, Cheema, and Bhutto (2011) analyzed the impact of work life-balance on employee job satisfaction and retention in private banking sector of Karachi. Factors analysed were job satisfaction and work life balance with respect to flexible working conditions, work life balance programs, employee intention to quit, work pressure/stress and long working hours. A total of 300 questionnaires were distributed out of which 273 were returned back after filling. The selected method for sampling in this research is snowball sampling. The data was analyzed using SPSS, test applied was correlation. Findings revealed that work life balance has very less impact on employee job satisfaction in private commercial banking sector of

Karachi. The reason of such results may be due to the uncertain conditions, high inflation and unemployment rate in Pakistan.

Similarly, Kwenin (2013) explored the link between work environment, career development opportunities and employee retention in Vodafone Ghana Limited. The study used 142 employees, representing 10% of the target population of 1,420. Data was collected primarily through semi-structured questionnaire. The paper adopted descriptive research survey, specifically cross sectional. Data was analyzed with Descriptive Statistics. Pearson Correlation Coefficient was employed to establish the relationship among the variables. The findings indicated that work environment and career development opportunities had positive relationship with employee retention and thus affect employees' decision to stay in Vodafone Ghana Limited.

Equally, Ali, Ali, and Abdi (2013) studied Working condition and employee productivity in manufacturing companies with the objective of investigating the effects of Working condition especially working hours and Workload on employee's productivity and whether there is a relationship between working condition and employee's productivity in Mogadishu manufacturing industry. Using purposive sampling, 150 respondents were selected from workers of selected manufacturing companies in Mogadishu- Somalia. Data was analyzed using SPSS. Analysis found that there is a positive relationship between working condition and Employees productivity  $r\text{-value}=0.276$  at 0.10 Thus, working hours, and Workload leads to high level of Employees productivity in other words, working hours has positive relationship on Employees productivity  $r=0.69$  at 0.10. Moreover, the outcome from the findings of the study and linear regression model revealed that 50percent of the variability of employees' productivity is accounted for by the variables in this model.

Within Kenya, Kubaison, Gachunga, and Odhiambo (2014) explored the degree to which direct employee participation practices in the organization contribute to organizational performance. Direct participation schemes in the organization examined include empowerment of individuals through attitude surveys, suggestion schemes and use of various work teams. The study was a descriptive survey design and utilized a correlation studies strategy to establish the relationship between independent and dependent variables. Multi stage sampling procedure was used to select a sample of 378 respondents from a list of 178 state corporations that participated in performance contract in 2010/2011. Questionnaire was

used for data collection. Descriptive and inferential statistics were utilized. Correlation was analyzed using Pearson's correlation method and with the help of SPSS tool to determine relationships between variables. Hypotheses were tested to establish whether various participation schemes had significant influence on the performance of state corporations in Kenya. Findings indicated a strong relationship between direct participation and performance of state corporations in Kenya. Direct team based participation was the more preferred mode of participation, compared with direct individual-based participation.

It is clear that contribution of working relations towards employee retention differs across studies as well as sectors. Previous studies have established this relationship using different descriptions or elements of working relations like employee participation, working hours and work load, and work life balance. However, it is evident in the stated studies (Sypniewska, 2013; Shujat, et al., 2011; Kwenin, 2013; Ali, et al., 2013; Kubaison, et al., 2014) that none has examined effect of working relations on employee retention in KQ.

#### **2.4.3 Effect of career development opportunities on employee retention.**

According to Baer, Flexer, Luft and Simmons (2008) an individual's career development is a lifetime process that encompasses the growth and change process of childhood, the formal career education at school, and the maturational processes that continue throughout a person's working adulthood and into retirement. Schreuder and Coetzee (2006) explain that a career consists of different stages and the individual is confronted with different issues during each of these stages. Several studies have drawn clear relationships between career development opportunities and employee retention.

Patrick and Kumar (2011) investigated the relationship between career planning, performance and employee growth and commitment, and explored the alignment between individual and organization's career planning using 100 employees from five Indian IT companies. Questionnaires and interview schedules were used for data collection. It was found that Career guidance, leadership roles, network building, developing new skills, taking up special assignments and receiving productive feedback from the boss play the most important role in making the career path easier and also aids in the performance and employee growth, and consequently commitment.

Equally, Omotayo, Oyewunmi, Ibiyinka (2014) used a sample drawn from First City Monument Bank (FCMB) Nigeria, with two hundred and sixty five respondents to research on career development as a determinant of employee retention and organizational growth. SPSS was used to analyze demographic characteristics of the respondents, while AMOS 21 was adopted for the Structural Equation modelling of the survey model. Results revealed many associations between the tested variables as strong and positive. However, all the tested independent variables such as reward, recognition, skills, promotion had positive impact on organizational growth, while experience had negative impact.

Mwanje (2010) used a case study of Bank of Uganda to examine how career development affects staff motivation and retention. Respondents for the self administered questionnaires were picked through stratified sampling. Data analysis was done using percentages. The study revealed that among other things, low chances of promotion after training seem to point to the irrelevance of training to promotion; a marked lack of opportunities regarding career paths was revealed; staff at lower levels do not benefit from career advancement after training; the inflexible organizational structure, poor policies on promotion, favouritism and irrelevant training were responsible for lack of career advancement after training.

Another study by Kuria, Wanderi, and Ondigi (2011) examined factors influencing labour turnover in three and five star rated hotels in Nairobi (Kenya). An in-depth analysis of the findings was done using questionnaires. A total of five star-rated hotels were visited with 493 respondents selected through simple random sampling method. Descriptive statistics such as mean, standard deviation ratio, percentile and correlation were used to present the study findings. The results indicated that, labour turnover is higher (68%) in the three star-rated hotels compared to 13% in the five star-rated hotels. The results further indicated that, training, experience; age, promotions and the star-rating of the hotels were key factors in determining labour turnover.

However, studies (Patrick & Kumar, 2011; Omotayo, et al., 2014; Mwanje, 2010; Kuria, et al., 2011) have tended to concentrate on respondents drawn from IT industry, financial institutions and hospitality sector rather than the aviation industry. Moreover, it seems that most studies have concentrated on the development of detailed predictors of employee performance and satisfaction, without paying much impetus to employee retention. It remains unknown whether these career development opportunity factors have the same effect on

employees in KQ. Therefore such deficiencies in the literature necessitated putting in rigorous research contribution to better understand ways of managing employee retention in KQ through career development opportunities.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

This chapter presents the research design for the study. It also details the study area, the target population, sample size, sampling techniques, instrumentation and data analysis.

#### **3.1 Research Design**

A research design constitutes the collection, measurement and analysis of data (Schindler, 2008). This study was carried out through correlational research design. Correlational research design attempts to compare systematically, the relationship that exists between variables, and attempts to highlight how a dependent variable is influenced by an independent variable (s) (Kumar, 2005). The design was deemed suitable for the study because it (the study) aimed at establishing how motivational factors relate with employee retention in KQ.

#### **3.2 Study Area**

The empirical study component of this study is limited to Kenya airways ground services department. The company on which the research is based consists of 60 station offices worldwide. In making the research manageable, the study was concentrated on the Nairobi, Mombasa, Kisumu and Malindi stations since they have the majority of ground service employees combined compared to others. This implies that the result of this research could apply to other stations.

#### **3.3 Target Population**

The target population included both 136 management staff and 1032 non management staff of KQ ground services department. This translated to 1168 employees. This is attributed to the fact that in the recent past the company experienced challenges with its employee retention and being a national carrier and with its impact to economy, the researcher felt that the structure of motivation and level of employee retention should provide an insight into the issue of retention in the organisation.

#### **3.4 Sample Size**

A sample is a smaller group or sub-group obtained from the accessible population (Mugenda & Mugenda, 2005). This subgroup is carefully selected to be representative of the whole

population with the relevant characteristics. Each member or case in the sample is referred to as respondent or participant. There are several approaches to determining the sample size. These include using a census for small populations, imitating a sample size of similar studies, using published tables, and applying formulas to calculate a sample size. This study adopted Yamane's (1967; cited in Israel, 2013) formula to calculate the sample size for households as shown below.

$$n = N / (1 + Ne^2) \dots\dots\dots 3.1$$

$$n = \frac{1168}{1 + 1168 (0.05)^2} = 297$$

Where  $n$  is the sample size,  $N$  is the population size, and  $e$  is the level of precision (0.05). Therefore the sample size was 297 respondents from whom information was gathered through questionnaire administration.

Stratified random sampling was used to divide the population into two strata. This was done to enable the researcher to draw inferences about both sub groups. This method results to more efficient statistical estimates. Both management staff and non management staff were examined; the employees were randomly selected from different sections. The researcher ensured all cadres of employees were represented. For example, management staff whose population is 136 had a proportional representation calculated as

$$\frac{136}{1168} \times 100 = 11.64\%$$

Therefore, 11.64% of 297 employees equal 34 management staffs. The same proportional calculation applied to other sub groups. The distribution of sample size is as shown in Table 3.1.

Table 3.1 Distribution of sample size

Category	Target Population	Percentage	Sample Size
Management staff	136	11.64	34
Ground service dept staff	1032	88.36	263
TOTAL	1168	100	297

Source (Author 2015)

### 3.5 Data collection methods

Quantitative research approach was used to carry out this study. The major concern for this study was to assess the effect of motivational factors on employee retention and quantitative information was of relevance in providing information that can use statistics to generalize findings (Cooper & Schindler, 2008). This study used questionnaires and observations to get primary data for this research. The specific target group for quantitative method was management and non management employees from KQ ground serviced department. This was the main source of primary quantitative data.

#### 3.5.1 Data Source

Data was collected from both primary and secondary source. According to Saunders, Lewis, and Thornhill (2009), secondary data is information that has been gathered previously for some purpose other than the current research project. The secondary data for this study was sourced from key informant interviews KQ corporate library from published and unpublished journal, periodicals, dissertations, thesis, and textbooks. The primary data of the study was collected directly from the employees of KQ using questionnaires.

#### 3.5.2 Data Collection Procedure

Proportionate stratified sampling was applied such that the researcher divided the population into separate groups then a probability sample was drawn from each group (Cooper & Schindler, 2008). For the purpose of pre-testing the research instrument, two employees were purposely selected from both the management and ground service departments (4) in each of the 4 stations, making up 16 respondents. The respondents were issued with questionnaires whereby the researcher reached them by walking to where they were working at KQ premises and requested their participation.

### 3.5.3 Data collection Instruments

A structured questionnaire was the main instrument of the study that was administered to the respondents to gather quantitative data. The researcher preferred this method because of its ability to solicit information from respondents within a short time as supported by Gupta, (2009). The questionnaire to be used for data collection was composed of five sections. Section one solicited information related to biographic data of respondents; section two assessed employee retention factors; section three sought to establish the effect of reward system; section four assessed the effect of career development opportunity, while section five sought information on effect of working relations on employee retention. The Questionnaire used is in Appendix I.

### 3.5.4 Reliability Tests

Reliability is a measure of the degree to which a research instrument yields consistent results after a repeated trial Amin (2005). Split - half test method was used to measure reliability of the questionnaires. In this method, the researcher divided the scale/test in the questionnaire into two halves, so that the first half formed the first part of the entire test/scale and the second half formed the remaining part of the test/scale. Estimation of instrument reliability based on correlating the results obtained from the pilot study (3.5.2) of the two parallel halves of the same test/scale (because the instrument had 10 items), and the researcher obtained coefficients stated in Table 3.2.

Table 3.2: Reliability Test

<b>Variables</b>	<b>Cronbach's Alpha</b>	<b>No of Items</b>
Employee Retention	0.832	10
Rewards System	0.816	10
Working Relations	0.767	10
Career Development opportunity	0.883	10

Table 3.2 shows the results obtained from a reliability analysis test carried out using Cronbach's alpha test. Results revealed very good reliability measures for the constructs which all above 0.7 as recommended by Nunnally (1978).

### 3.5.5 Validity Tests

According to Mugenda and Mugenda (2003), instrument validity represents the extent to which the instrument measures what it purports to measure; it leads to the degree to which the

analysed data actually represents the phenomenon under study. To ensure instrument validity, the data collection questionnaire was appraised by the two experts from the field of social research, another two experts from behavioural psychology department, and also two experts from human resource department in Maseno University.

### 3.6 Data Analysis

This study used quantitative data analysis method. Quantitative data such as statistical information on biographical backgrounds of the respondents, motivational practices, employee retention practices, and the influence of motivation on employee retention was analyzed by the help of statistical packages for social sciences (SPSS) version 20. SPSS package is able to handle a large amount of data and given its wide spectrum in the array of statistical procedures which are purposefully designed for social sciences, it is deemed efficient for the task (Amin, 2005). Descriptive statistics such as frequency distribution and percentages were used to analyse biographical information of study respondents, while Pearson’s correlation and multiple regressions was used to analyse the relationship between rewards system, working relations, career development opportunities and employee retention in Kenya Airways ground service department.

Thus, reward system, working relations, and career development opportunities were compared with employee retention. These variables were tested from a general multiple regression equation of the form:

$$Y_i = a_i + biX_i + \epsilon \dots\dots\dots \text{Eq.3.2}$$

Where

$Y_i$  = Employee retention, measured on a summated scale of 1= strongly disagree and 5 = strongly agree

$a_i$  =Constant retention ( $a_1 \dots\dots\dots \alpha_3$ )

$b_i$  =Coefficients of the predictors (being reward system, working relations, and career development opportunities)

$X_i$  =Independent variables ( $X_1, \dots, X_3$ )

$i = 1, 2, 3$

$e$  =Margin term (The moderating variables like personal characteristics of employees, political factors and employment policies were assumed to be constant). A partial regression coefficient represents the change in dependent variable, due to unit change in independent variable;  $e$  is the margin term.

### **3.7 Data Presentation**

The researcher used tables to present the analysed data related to biographical information of respondents, the relationship between rewards system, working relations, and career development opportunity.

**CHAPTER FOUR**  
**RESULTS AND DISCUSSIONS**

**4.0 Introduction**

This chapter presents data analysis and findings of the study in two major sections. The first section provides demographic characteristics of the respondent of the study, while the second section gives out the results and discussions of this research.

**4.1 Demographic Characteristics of the Sample**

The first section of the study questionnaire enquired about demographic information of the study respondents. This information was categorised as gender, age, station, academic level, and period of service of the respondents. Distribution of respondents by gender is presented in Table 4.1.

Table 4.1 Distribution of Respondents by Gender

		Frequency	Percent
Valid	Male	123	41.4
	Female	174	58.6
	Total	297	100.0

Source: Survey data, 2016

Table 4.1 illustrates that majority (58.6%) of the sampled respondents were females, while male respondents were 41.4%. This result is an indication that most job positions at KQ have been taken up by women. Similarly, the researcher also obtained information on the age of the respondents, as shown in Table 4.2.

Table 4.2: Distribution by Age of Respondents

		Frequency	Percent
Valid	20-30	92	31.0
	31-40	137	46.1
	41 and above	68	22.9
	Total	297	100.0

Source: Survey data, 2016

Table 4.2 indicates that majority (46.1%) of the sampled employees were aged between 31 and 40 years, while 31% of the respondents were between 20 and 30 years of age. The remaining 22.9% of the sampled employees were 40 years and above in age. With over 70% of the sampled employees being between 20 and 40 years of age, there is likelihood that dissatisfaction over career development (hence need for mobility to suitable engagements) could be a common occurrence in KQ. The researcher further assessed the locations where the employees were stationed, as shown in Table 4.3.

Table 4.3: Distribution work Station of Respondents

		Frequency	Percent
Valid	Nairobi	185	62.3
	Mombasa	84	28.3
	Kisumu	11	3.7
	Malindi	17	5.7
	Total	297	100.0

Table 4.3 shows that majority (62.3%) of the sampled employees at KQ were working within Nairobi airports, while 28.3% of the employees under study were from Mombasa. Malindi station had 5.7% of the employees composing the study respondents, and Kisumu provided the remaining 3.7% of the sample size. This finding suggests that Nairobi has either a bigger station or has more than one station where KQ employees are posted to. The researcher also sought to find out the education levels of the sampled employees, and results are shown in Figure 4.1.

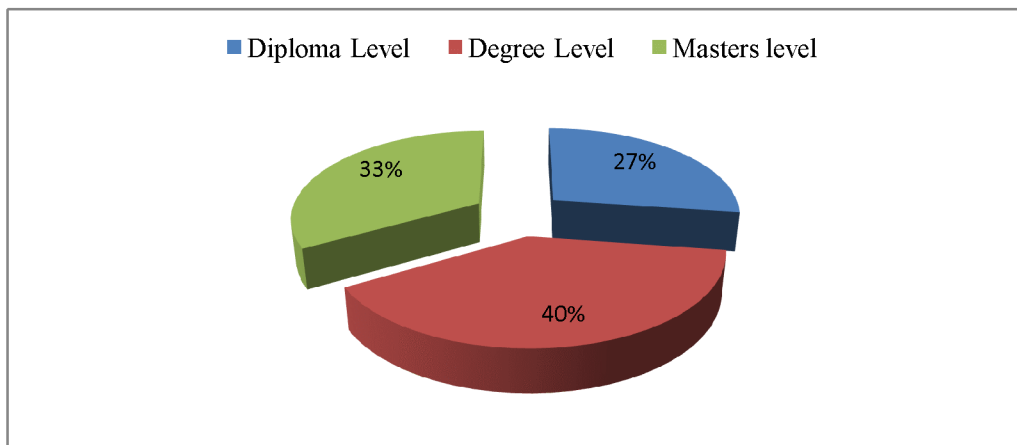


Figure 4.1: Distribution by academic level of employees



Figure 4.1 illustrates that majority (40%) of the sampled employee had degree level of education, while 33% of the sampled workers had masters level of education; the remaining 27% were of diploma level. These results show that most employees that are employed at Kenya Airways had bachelors and above level of education: this is suggestive of the fact that there may be quality of human capital in KQ. The researcher further enquired about the period that employees under study have served the organization. Results are shown in Table 4.4.

**Table 4.4: Period of service of Respondents**

	Period	Frequency	Percent
Valid	Less than 2 years	186	62.6
	3 to 4 years	92	31.0
	5 to 6 years	16	5.4
	above 7 years	2	.7
	Total	296	99.7
Missing	System	1	.3
Total		297	100.0

Table 4.4 show the result for the period of service of the respondents, 62.6% have served for less than 2 years, while 31% have served for 3 to 4 years, only 5.4% have served for 5 to 6 years and 0.7% for more than 7 year this is an indication that the level of employee retention in Kenya Airways is low. This suggests that workers often join Kenya Airways in large numbers but quit within the first two years of service, may be due to poor working conditions.

**Table 4.5 Position in the organization**

		Frequency	Percent
Valid	Management	116	39.1
	Non-Management	181	60.9
	Total	297	100.0

Table 4.5 indicates that majority (60.9%) of the sampled employees were non-management staff while 39.1% of the sampled KQ employees were management staff. This suggests that supervision level is very high in the organization, with approximately 2 subordinates assigned to one supervisor. This over-supervision could be a recipe for poor working relations in the company.

## 4.2 Motivational Factors and Employee retention

A descriptive analysis was first done to establish the extent to which employees consider motivational factors offered and ensuing employee retention in the organization as a source of satisfaction. Table 4.6 presents the results of the descriptive analysis of quantitative data.

**Table 4.6: Descriptive analyses of Employee Retention**

	N	Minimum	Maximum	Mean	Std. Deviation
Employee Retention	297	1.00	5.00	2.1111	0.84096
Career development opportunity	297	1.00	5.00	3.3300	1.25696
Reward System	297	1.00	5.00	3.6970	1.12215
Working Relations	295	2.00	5.00	2.2068	.99725
Valid N (listwise)	297				

Source: survey (2016)

Table 4.6 presents the descriptive analysis of motivational factors and employee retention. It indicates that the mean of employee retention is 2 ( $M=2$ ;  $SD=0.84096$ ). Based on the study questionnaire, this denotes “to a small extent”. Thus, employee retention has been enhanced at KQ only to a small extent. Similarly, based on the study questionnaire, working relations as a motivational factor has been implemented to a small extent by the management of KQ ( $M=2.2068$ ;  $SD=0.99725$ ). Furthermore, the sampled employees considered career development opportunity ( $M= 3.300$ ;  $SD= 1.25696$ ) and reward system ( $M= 3.6970$ ;  $SD= 1.12215$ ) as motivational factors to have been implemented at KQ to neither a small nor large extent. This implies that the management of KQ has not fostered working relations as a motivational factor for enhancing employee retention. In this context (of uncondusive working relations), employee retention have been achieved only to a small extent, it implies that there is a problem in working relations at KQ.

This finding seem to concur with Herzberg’s theory related to hygiene factors, which include company policy and administration, technical supervision, interpersonal relations with supervisor, interpersonal relations with peers and subordinates, job security, personal life, work conditions and status (Dartey-Baahand and Amoako, 2011). According to Madiha *et al* (2009), supervisors are the “human face” of an organization, and a worker’s view of the organization is strongly influenced by their relationship with their supervisor.

Workers at KQ seem to be over supervised, according to the results presented in Table 4.5. In a situation whereby one supervisor is assigned to 2 employees, the work environment is likely to be tense and one which may generate employee satisfaction. This is normally a recipe for employee turnover.

However, there are studies which have established that factors like reward system and career development opportunity have determined employee satisfaction. For instance, Swailes and Al Fahdi (2010) found that low pay, poor management style, and little promotion opportunities are the main reasons for turnover from public to private sector in Oman. Furthermore, Osibanjo, *et al* (2014) also found that there is a strong relationship between compensation packages (salary, bonus, incentives, allowances, and fringe benefits) and job performance as well as employee retention in a selected private University in Ogun State, Nigeria. Contrary to this, Cao, *et al* (2013) also found that the five elements of total rewards, salary, rewards, and work-life, among others are not automatic predictors of employees' turnover intention.

With regard to working relations, a number of researchers came up with findings supportive of the fact that poor working relations results to low employee retention. Sypniewska (2013), in a study to identify the factors affecting job satisfaction and employee turnover among employees working in different organizations in Poland, found that the most important factors are associated with interpersonal relations. Equally, Shujat, *et al* (2011), in analysing the impact of work life balance on employee job satisfaction and retention in private banking sector of Karachi, found that work life balance has very less impact on employee job satisfaction. However, Ali, *et al* (2013), in a study on working condition and employee productivity in manufacturing companies with the objective of investigating the effects of working conditions especially working hours and workload on employee's productivity in Mogadishu manufacturing industry found contrasting results. They found working hours and workload (tasks complexity) as directly affecting employee productivity.

Concerning career development opportunity, studies have also been conducted which either conform with or contradict the findings in the present work. These findings conform to what Patrick and Kumar (2011) found: that career guidance, leadership roles, network building, developing new skills, taking up special assignments and receiving productive feedback from the boss play the most important role in making the career path easier and also aids in the

performance and employee growth, and consequently commitment. Moreover, Omotayo, et al (2014), in a study on career development as a determinant of employee retention and organizational growth, found that variables such as recognition, skills, and promotion had positive impact on organizational commitment and growth. Low chances of promotion after training seem to point to the irrelevance of training to promotion. In a study in the Bank of Uganda by Mwanje (2010) to examine how career development opportunity affect employee motivation and retention, inflexible organizational structure, poor policies on promotion, favouritism and irrelevant training were found to be responsible for lack of career advancement after training.

However, class of an organization, away from prospects of developing ones career, has been revealed to determine employee retention. In s study by Kuria, et al (2011) to examine factors influencing labour turnover in three and five star rated hotels in Nairobi (Kenya), it was found that experience; age, promotions and the star-rating of the hotels were key factors in determining labour turnover.

This study therefore examined the nature and direction of the relationship existing between motivational factors (reward system, working relations, and career development opportunity) and employee retention in KQ.

#### 4.4 Model Relationship between motivational factors and Employee Retention

To determine the nature and direction of the relationship that exists between motivational factors (reward system, working relations, and career development opportunity) and employee retention in Kenya Airways, the researcher used Pearson (r) correlation coefficients. Table 4.7 presents the results.

Table 4.7: Correlations between motivational variables and employee retention

	1	2	3	4
1 Employee Retention	1			
2 Reward System	.508** (0.01)	1		
3 Working Relations	.816** (0.01)	.224** (0.01)	1	
4 Career development opportunity	.811** (0.01)	.138** (0.01)	.414** (0.01)	1

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

Source: Survey (2016)

Table 4.7 shows the relationships between the dependent (employee retention) and all the independent (motivational factors) variables to be positively correlated. However, significant and strong relationships are found with two of the independent variables; working relations ( $r=.816^{**}$ ,  $p<0.01$ ; 2-tailed) and career development opportunity ( $r=.811^{**}$ ,  $p<0.01$ ; 2-tailed). This means that the more Career development opportunities and working relations are employed by KQ, the more likely they are to remain in that same organization. This also reveals that most employees stay in the same institution for a long time because of these two aspects rather than the economic gains they receive from KQ.

Similarly, moderate positive significant relationship was also found with reward system ( $r=.508^{**}$ ,  $p<0.01$ ; 2-tailed) and employee retention. This means that the more an employee is rewarded, the more likely they are to remain in that same organization though moderately. This also reveals that most employees stay in the same institution for a long time because of the economic gains they receive from that institution, though this is moderate in the sense that it's not an aspect that highly influence retention in KQ.

These results imply that the more favorable working relations, career development opportunity, and reward system (in that order), the high employee retention would be in Kenya Airways.

Employee retention at KQ can be enhanced optimally by improving working relations and career development opportunities. In this case, supervisor – employee relations, disputes resolution process, grievance handling procedure, and employee participation need to be improved. Similarly, fair promotions, career counseling by supervisor, financed skill acquisition, and task expansion should also be improved so as to enhance employee retention.

The researcher proceeded to conduct stepwise multiple regression analysis to examine the effects of the potential predictors (motivational factors) on employee retention in KQ. Table 4.8 presents results of the model of prediction using multiple regressions.

Table 4.8: Model of prediction using linear regression

Model		Unstandardized Coefficients		Standardized	t	Sig.
		$\beta$	Std. Error	Coefficients		
1	(Constant)	1.218	.166		7.354	.000
	Reward System	-.428	.102	-.164	-4.179	.000
	Working Relations	1.188	.093	.609	12.790	.000
	Career Development Opportunities	.601	.048	.468	12.414	.000

a. Dependent Variable: **employee retention**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			Sig. F Change	
					R Square Change	F Change	df1		
1	.891 <sup>a</sup>	.794	.792	.60088	.794	360.831	3	281	.000

a. Predictors: (Constant), Reward System, Working Relations, Career Development Opportunities

Source: Survey data (2016)

Table 4.8 shows results from a linear regression where the independent variables were reward system, working relations, and career development opportunities, while the dependent variable was employee retention. With  $R^2 = 0.794$ , this coefficient of determination (predictor indicator) reveals that for every change in motivational factors under this study results in 79.4% change in employee retention. Thus, the motivational factors: reward system, working relations, and career development opportunities all account for 79.4% of staff retention in Kenya Airways. The stability of this result is reflected by the minimum adjustment in the adjusted  $R^2$  value of 0.792; only showing a decrease of 0.002. Hence, motivational factors only explain 79.2% of staff retention, with a significant model fitting ( $F=360.83$ ;  $p<0.000$ ). This implies that 20.8% of retention is attributed to other factors outside this study.

Findings from the model above revealed that the most important motivational factor in determining employee retention was working relations ( $\beta = 0.609$ ;  $p<0.01$ ). These results suggest that KQ is likely to exhibit higher employee retention if their employee working

relations levels are made better. It was also established that career development opportunity was significantly crucial in determining employee retention ( $\beta = 0.468$ ;  $p < 0.01$ ). This implies that to improve on the employee retention at KQ, career development opportunity for each employee need to be improved.

However, reward system ( $\beta = -0.164$ ;  $p < 0.01$ ) was also found to be significant in determining employee retention in the company, albeit negatively. This implies that improving reward system may not result in enhanced employee retention in KQ. This finding, however, contradicts results obtained by Swailes and Al Fahdi (2010) who found that retention is low in the public service because of low pay, among other factors. Similarly, Terera and Ngirande (2014) explored the impact of rewards on job satisfaction and employee retention among nurses in Eastern Cape Province, South Africa, found that employee rewards lead to employee retention, although not necessarily to job satisfaction. In Nigeria, Osibanjo, *et al* (2014) examined the effect of compensation packages on employees' job performance and retention in a selected private University in Ogun State. They also found that there is strong correlation between performance and retention and compensation packages (salary, bonus, incentives, allowances, and fringe benefits).

Working relations and career development opportunity have been confirmed by many researchers as major determinant of satisfaction in a particular job. According to Herzberg's theory, the motivator factors are intrinsic to the job itself and do not result from "carrot and stick incentives". They comprise the physiological need for growth and recognition. The absence of these factors does not prove highly dissatisfying but when present, they build strong levels of motivation that result in good job performance (Dartey-Baahand and Amoako, 2011). These factors include; achievement, recognition, advancement, the work itself, the possibility of personal growth and responsibility.

In another study, Mwanje (2010), in a case study of Bank of Uganda, established that low chances of promotion after training cause much dissatisfaction and consequently employee turnover. Equally, Kuria, *et al* (2011) examined factors influencing labour turnover in three and five star rated hotels in Nairobi (Kenya) and found that training, experience; age, promotions and the star-rating of the hotels were key factors in determining labour turnover.

Furthermore, working relations as a determinant of employee retention has also been confirmed by a number of researchers. Kwenin (2013), in exploring a link between work

environment, career development opportunities and employee retention in Vodafone Ghana Limited, found that these factors had positive relationship with employee retention and thus affect employees' decision to stay or quit. However, Shujat, *et al* (2011) found that work life balance has very little impact on employee job satisfaction in private commercial banking sector of Karachi. The reason for this might have been due to the uncertain conditions, high inflation and unemployment rate in Pakistan.

These studies seem to be supportive of the findings in the present work concerning factors behind poor retention of employees in Kenya Airways: being lack of career development opportunity and poor working relations. Equally, findings in this study conform to Herzberg's hygiene factors, which operate primarily to dissatisfy most employees when they are not present. Herzberg called them dissatisfiers.



## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter presents a summary of the findings of the study, conclusion and recommendations. The researcher also suggests other areas for further studies based on the study findings.

#### **5.1 Summary of the findings**

The general objective of this study was to examine the effect of motivational factors on employee retention in Kenya airways. The motivational factors assessed were reward system, career development opportunity, and working relations.

The first objective sought to establish the effect of reward system on employee retention in KQ. Reward system was categorised as salaries and allowances, and incentives. Results obtained by the researcher reveal that reward system has been employed by KQ to enhance employee retention to neither small nor large extent. The relationship between reward system and employee retention was found to be inverse.

The second objective of the study sought to establish the effect of working relations on employee retention. Results obtained by the researcher revealed that working relations has been fostered by KQ to enhance employee retention to a small extent. The relationship between working relations and employee retention at KQ was found to be significant and positive.

The third objective of the study sought to establish the effect of career development opportunities on employee retention. Results obtained by the researcher reveal that career development opportunities have been employed by KQ to enhance employee retention to neither small nor large extent. The relationship between career development opportunity and employee retention was found to be significant and positive.

## **5.2 Conclusion**

The researcher therefore, in establishing the effect of motivational factors on employee retention in KQ, concluded that reward system is one aspect of motivational factors that do not enhance employee retention. Employees at KQ seem not to consider salaries and allowances as important factors for retention.

Similarly, the organization (KQ) has failed to foster working relations to enhance retention of its employees. Poor working relations, denoted by high supervision levels, have resulted into low retention of employees in KQ.

Further, KQ does not provide career development opportunities to enhance employee retention. Inadequate career development opportunities have resulted into low retention of employees in KQ.

## **5.3 Recommendation**

Based on the conclusions made from the study findings, the researcher recommends that some policies and guidelines should be put in place to improve employee motivation so that key employees might be retained in Kenya Airways. Provided that employees in the company do not consider reward system as a factor which largely contributes to lack of employee retention, the researcher recommends that it should be expanded to include tangible non-monetary as well as intangible non-monetary rewards. The two types of rewards should thereafter be tied to performance. This would make the rewarded employee understand that his/her exemplary work has been recognised by the organization.

Working relations is another factor which has been stated to dissatisfy most employees in Kenya Airways. Employees in the company seem to be over supervised. In this regard, the researcher recommends that work councils and self managing teams be formed in every department to ensure that each employee participates in the management of work processes. Further still, employee voice should also be enhanced. In this respect, workers' representatives (Trade Union) should be involved in developing working relationship channels in the company. This would ensure that procedural justice is observed during any process that involves disputes resolution in the organization.

Equally, owing to the fact that career development opportunity in the organization is not providing satisfaction to the employees, it is recommended that this should be improved. In this respect, promotion patterns should clearly be clearly stated in the policy. Furthermore, job enlargement and enrichment need to be done occasionally, likewise to special assignments which should be given to deserving employees only. Performance management and appraisal reports should inform such decisions.

#### **5.4 Limitations of the Study**

This study was conducted under some limitations. First and foremost, the researcher was not able to obtain information related to biographical characteristics of the respondents, and was obliged to rely solely on information that the respondents provided. Secondly, it was not possible to determine the effectiveness of the employment policies in ensuring retention among organizations since information related to the same are only contained in performance management files which of the Ministry concerned. Lastly, the researcher was unable to determine the specific reasons as to why KQ is highly supervising subordinate staff, and hence it remains to be established if this could be as a result of insecurity or any threat to the organization.

#### **5.5 Suggestions for Further Research**

Considering the recommendations for improving motivational factors aimed at enhancing employee retention, the researcher suggest that further studies need to be conducted in some of the following areas. First and foremost, it seems that salary and related allowances are not providing adequate satisfaction to some category of employees (like those in KQ). This study revealed that working relations causes dissatisfaction amongst most employees in KQ. To this end, the researcher recommended for an enhancement of employee voice by involving workers' representatives during the formulation of dispute resolution procedures. Finally, another factor which could provide motivation to employees is career development opportunity. Owing to the fact that workers in KQ seem not to be satisfied with career development opportunity being provided by the company, the researcher recommends that a study be done on the effect career development opportunity on employee motivation, taking a case of three aviation companies (KQ, 540, and Eagle Aviation). Finally, future research should aim to improve the internal validity of the research by controlling confounding and

extraneous variables. It will also be interesting to investigate how other factors other than rewards, working relations and career development opportunity impact on employee retention.

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## APPENDIX I: STUDY QUESTIONNAIRE

### EFFECT OF MOTIVATION ON EMPLOYEE RETENTION IN KENYA AIRWAYS GROUND SERVICES DEPARTMENT

To the esteemed respondent, my name is Caroline Ndonga. I am currently undertaking a study on the effect of motivation on employee retention at Kenya Airways to assist me fulfil the requirement for the award of degree of Masters. Kindly assist in filling in the questionnaire by ticking in the box you feel is correct. The questionnaire is meant to help the researcher in gathering data related to the study. The information provided will be used for academic purposes only, and will be treated with strict confidentiality.

Questionnaire Code/No.:  Date of Interview \_\_\_\_\_

#### **SECTION I. DEMOGRAPHIC INFORMATION**

1. Gender: i. Male  ii. Female:  (*Tick appropriately*)
2. Age: i. 20 – 30  ii. 31 – 40  iii. 41 and above
3. Which station are you employed in?  
i) Nairobi;  ii) Mombasa;  iii) Kisumu;  iv) Malindi;
4. Level of academic training?  
i=Diploma level;  ii= Degree level;  iii= Masters level;   
iv = Any Others (Specify) \_\_\_\_\_
5. Period of Service: i. Less than 2 years;  ii. 3 - 4 years;  iii. 5 - 6 years;   
iv. Above 7 years;
6. What is your position in the organisation?  
i) Management  ii) Non management

#### **SECTION II: EMPLOYEE RETENTION**

The following parameters define the elements or practices which may influence employee retention. In your opinion, to what extent have the following practices been used to enhance employee retention in your organization?

#### **Key:**

1- To a very small extent; 2- To small extent; 3- Neither small nor large extent; 4- Large extent 5- Very large extent



No	Items	1	2	3	4	5
1	Employee training and development					
2	Departmental transfers					
3	Secondment to branches					
4	Retraining for acquisition of new skills					
5.	Internal promotions					
6	Employee career development planning					
7.	Amicable disputes resolutions practices					
8.	Employee participation					
9	High involvement practices					
10	Result oriented employee appraisal practices					

### **SECTION III: REWARD SYSTEM**

The following parameters define the elements or practices which may influence employee retention. In your opinion, to what extent have the following practices been used to enhance employee retention in your organization?

**Key:**

1- To a very small extent; 2- To small extent; 3- Neither small nor large extent; 4- Large extent 5- Very large extent

No	Items	1	2	3	4	5
1	Competitive salaries in the industry					
2	Competitive allowances in the industry					
3	Salary increments considering qualifications					
4	Salary increments considering length of service					
5.	Overtime payment					
6	Shifts allowances					
7.	Medical allowances					
8.	Medical insurance cover					
9	Non financial gifts					
10	Vacations and picnics					

### **SECTION IV: WORKING RELATION**

The following parameters define the elements or practices which may influence employee retention. In your opinion, to what extent have the following practices been used to enhance employee retention in your organization?

**Key:**

1- To a very small extent; 2- To small extent; 3- Neither small nor large extent; 4- Large extent 5- Very large extent

No	Items	1	2	3	4	5
1	Supervisor – employee relations					
2	Employee – employee relations					
3	Recognition of work councils					
4	Effective participation through trade union					
5.	Work-life balance					
6	Tasks complexity					
7.	How tasks (duties) are distributed					
8.	Disputes resolution process					
9	Grievance handling procedure					
10	Administration of rules and regulations					

#### **SECTION IV: CAREER DEVELOPMENT OPPORTUNITY**

The following parameters define the elements or practices which may influence employee retention. In your opinion, to what extent have the following practices been used to enhance employee retention in your organization?

#### **Key:**

1- To a very small extent; 2- To small extent; 3- Neither small nor large extent; 4- Large extent 5- Very large extent

No	Items	1	2	3	4	5
1	Organizational training					
2	Financed skill acquisition					
3	Career counselling by supervisor					
4	Designed organizational career paths					
5.	Fair promotions					
6	Job rotations					
7.	Job designs and redesigns					
8.	Tasks expansion					
9	Human resource planning					
10	Human resource audits					

THANK YOU FOR OFFERING TO ANSWER THE QUESTIONS IN THIS QUESTIONNAIRE

## **APPENDIX II: LETTER OF INTRODUCTION**

**Caroline Ndonga**  
**Maseno University,**  
**P.O BOX, 30197**  
**Maseno**

**September, 2015**

**Dear Sir/Madam,**

### **RE: DATA COLLECTION**

I am a postgraduate student at Maseno university undertaking a Master of Business Administration degree Program majoring in Strategic Management. One of my academic outputs before graduating is a project and for this I have chosen the research topic “effects of motivation on employee retention in Kenya airways ground service department.

This is to kindly request you to assist me collect the data by responding to the interview guide and the questionnaire. The information you provide will be used strictly for academic purposes and will be treated with utmost confidence.

A copy of the final report will be available to you upon request. Your assistance will be highly appreciated.

**Yours sincerely,**

**CAROLINE NDONGA.**

### APPENDIX III: STAFF TURNOVER TABLE

Table 1.1: Staff turnover rate in four departments within Kenya Airways

<b>Department</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Ground Operations	10	12	16	13
Flight Operations	16	19	13	12
Marketing	5	4	7	3
Information Systems	7	10	12	8
<b>TOTAL</b>	<b>38</b>	<b>45</b>	<b>48</b>	<b>36</b>

Source: Kenya Airways Human Resource Department data (2015)