Factors Affecting Employee Retention in the Hotel Industry in Mombasa County

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Abstract: The hotel industry has experienced problems with retaining their employees over a period of time in the recent years. It is important for hotels to retain their already existing employees because they are already familiar with the work environment hence efficiency as well as to save on the cost of recruiting and training new employees. This study sought to analyse some of the factors that affect employee retention in the hotels in Mombasa County. The factors were selected with caution derived from the literature reviewed on the factors that have a high likelihood of affecting retention of employees in various industries. The general objective was to determine the factors affecting employee retention in the hotel industry in Mombasa County. It specifically sought to establish how staff training and development, compensation plans, work environment and leadership style affected employee retention in the hotel industry in Mombasa County. The study adopted descriptive research design. The target population of the study was hotels in Mombasa County registered with the Kenya Association of Hotel Keepers (KAHC) which is the main association for the hotels in the country. The sample size was 55 obtained through stratified sampling. Data was collected by use of questionnaires which were administered to staff from different hotels drawn from the sample through drop and pick method. The collected data was edited and then coded. Data was analyzed using descriptive and inferential statistics with the aid of Statistical Package for Social Sciences (SPSS) Version 22.0. Correlation facilitated drawing of inferences on relationship between each of the independent variables (staff training and development, compensation plans, work environment and leadership styles) and the dependent variable (employee retention). Multiple regression enabled assessment of the effect of the independent variables on employee retention as a whole. All hypotheses were tested at 5% level of significance. From the findings, the response rate was good at 82 percent which means that information gathered would be accurate. Most of the respondents were men representing 64.44% of the respondent while 35.56% represented the women and a majority of the respondents were between 26-35 years old. On education level majority of respondent have diploma qualification. On working experience majority have worked for between 2-5 years with only 13.33% of employees having stayed in the organisation for more than ten years. The survey, most of the respondents agreed with the opinion that employee retention level is higher when workers are well trained to be multi-skilled within the organizations. Further the results showed that compensation plans are designed to increase in value over time hence employees will stay longer with expectations of good compensation plans in place in an organisation. According to the findings, it was clear that there was a positive correlation between training and development, compensation plans, working environment and leadership styles to employee retention in the hotel industry in Mombasa County. This indicated that the independent variable and dependent variable move in the same direction, that is, as one increase the other one also increases. The study recommended that the management of hotels industry in Mombasa County should strategize on implementing policies and structures that will enhance and increase employee retention.

Key Words: Compensation, Employee Retention and Career Development

INTRODUCTION

Employee retention refers to the process of employee remaining on the job for a long time and not willing to quit for other job opportunities in the job market. (Armstrong, 2006) states that the retention of employees has shown to be significant to the development and the accomplishment of the organization’s goals and objectives especially in building competitive advantage over other organizations in the phase of increased globalization. The negative effects of an organization not being able to retain its employees over a period of time ranges from loss of productivity, strained communication between management and employees, increased costs of hiring and training new employees, employers losing their invested resources to their competitors, loss of corporate memory, employee-customer...
relationships being strained and above all the morale of existing staff goes down.

In Kenya, most of the hotel employments lack a regulatory body that defines job structure and remuneration policy however one is trained (ILO, 2001). This has impacted negatively in hotel business sustainability due to high costs of training new employees, replacement and separation for the departing employees as well as affecting customer satisfaction. The (ILO 2001) indicates that, majority of hotel workers have diploma certificate while thirty three percent studied up to secondary level without any post-secondary qualification. This confirms that the about two thirds or 64 percent of jobs in the hotels, restaurants and catering sector are either unskilled or semiskilled. The nature of hotels employment includes working odd hours, working in shifts and the social stigma of working in the hotels curtailed. One of the greatest challenges plaguing the hotel industry in Kenya has remained to be the ability of these institutions to retain qualified and experienced workers across a wide spectrum of professions (Kaiser, 1974). As a result, establishments at the upper end of the industry tend to rely on foreign nationals for the required expertise (Copeland et al, 2000). Furthermore, the hotel industry in the region has generally struggled to retain good professionals due to low wage and salary levels, poor leadership styles, working environment and career progression schemes.

PROBLEM OF THE STATEMENT

In the global business environment, employee commitment, productivity and retention issues are emerging as the most critical workforce management challenges of the immediate future, driven by employee loyalty concerns, corporate restructuring efforts and tight competition for key talent. This phenomenon is especially true in the light of current economic uncertainty and following corporate downsizing when the impact of losing critical employees increases exponentially (Caplan, Gayle and Teese 1997). Employee turnover can result in interruptions, increased replacement and recruitment costs, loss of efficiency, incomplete projects, customer dissatisfaction, scheduling difficulties and the depletion of the company’s intellectual capital.

The features characteristic of work in hotels and catering of long, antisocial hours, low pay, instability and leadership styles among others have made it unattractive as a career choice, and as a result the sector continues to suffer from high staff turnover and difficulties in retaining suitable staff (Riley, 1996). This tends to perpetuate the skills gaps that currently exist. Together, these negative factors damage the reputation and perception of the sector. The primary challenge is to reverse this negative perception, first by improving working conditions to attract suitable staff and retain them, and second by investing in their development and taking interest in their well-being, introduction of attractive compensation schemes and improving on the leadership styles used by the management. Research indicate that employees will leave companies in search of better payments package, better career and development opportunities better working conditions and job satisfaction among other factors.

The rapid growth of the hotel industry, increase in environmental variability and degree of competition, acute shortage of labor, the corresponding increase in labor turnover and costs of employee replacement have forced firms to aggressively compete for employees. The aim of this study is to contribute to the research regarding what degree the hotel industry in Mombasa County play to its employees that influences their job satisfaction so that they can improve their performance and satisfaction and remain in the organizations. Factors such as training and development, leadership styles, working environment and compensation plans are mostly related to employees demand that organizations continually assess its internal processes and capabilities of remain competitive in today’s market.

SPECIFIC OBJECTIVES

I. To determine the influence of employee training and development programs on employee retention in hotels in Mombasa County.
II. To assess the effects of compensation plans on employee retention in hotels in Mombasa County.
III. To investigate the effects of working environment on employee retention in hotels in Mombasa County.
IV. To determine the role of leadership styles on employee retention in hotels in Mombasa County.

RESEARCH QUESTIONS

I. What are the effects of staff training and development programs on employee retention in hotels in Mombasa County?
II. How does staff compensation plans influence staff retention in hotels in Mombasa County?
III. What is the effect of working environment on employee retention in hotels in Mombasa County?

IV. What is the role of leadership styles on employee retention in hotels in Mombasa County?

LITERATURE REVIEW

This chapter gives a review of related literature on the subject under study as presented by various researchers, scholars, analysts and authors. The research drew materials from several sources which are closely related to the theme and the objective of the study which includes both theoretical and empirical review.

THEORITICAL REVIEW

A. Theory X AND Y

Theory X and Theory Y represent two extremes of motivation spectrum which inform the style of leadership adopted by different managers according to their view of workers. Theory X is perceived as a traditional view of direction and control. It stipulates that employees are inherently averse to work and must be constantly motivated from external sources and that people have to be directly supervised, coerced, controlled and directed to ensure the organizational objectives are met and that the threat of punishment must exist within an organization for the organizational goals to be achieved. It suggests that people are generally unambitious and will try to avoid responsibility as much as they can. Managers who adopt this perspective believe that a hierarchical structure is needed with narrow span of control at each and every level.

McGregor was of a view that managers who want to achieve a competitive edge ad retain their employees should adopt the perspective of theory Y and shun the dictates of theory X because there are situations where it is possible to obtain commitment to objectives, after the matter has been fully explained to the employees so that they may grasp the purpose or the result of an action. Consequently, the employees will exert self-direction and control to do better work than if they had simply been carrying out an order which they did not fully comprehend.

B. Hierarchy of Needs Theory

Maslow’s theory is modeled on three basic assumptions. The first is that people must satisfy needs in the lower level before moving on to the needs in the next level of the hierarchy. Secondly, behavior (or motivation) is only stimulated by unsatisfied needs and the third is that human needs range from the very basic to the most complex. He postulated that when a need occurs, motivational tension develops and is directed towards satisfaction of the felt need. According to this theory, individuals experience five levels of needs namely physiological needs, safety and security needs, social needs, self-esteem needs and self-actualisation needs.

Once the other four levels of need have been satisfied, individuals now focus on self-fulfillment. They seek to realize their full potential in both personal and professional life. Employees now seek challenging and creative jobs. (Pieter G. et al, 2006). According to Maslow’s hierarchy of needs, employees are now making strategic career moves to guarantee employment that satisfy their need for security, safety, esteem, and self – actualization, (Robin, 2007).

C. Adam’s Equity Theory

Adam’s equity theory is used to explain how employees judge the fairness of rewards received in proportion to resources invested for completing a task by assessing one’s own investment – reward ratio, and compare it against the ratio of another colleague holding a similar position (Robbins, 2007). Investments made by the employee are termed as ‘inputs’ while rewards are known as ‘outcomes’. In order to receive outcomes such as extrinsic rewards and /or intrinsic rewards, the employee must first invest inputs such as time, commitment, effort, and experience. The ideal situation would be the employee feels equitable in terms of reaping the rewards sowed relative to a fair comparison with the other.

Employers can offer choices on health or dental insurance as well as other choices among benefits. This type of plan, called a cafeteria style, allows employees to select outcomes that they value most. This can help prevent perceptions of inequity because each employee has the outcomes that they value the highest. This helps increase their ratio of inputs to outcomes when compared to their co-workers. Employers can also utilize intangible rewards such as a pat on the back, a luncheon, or even simple praise in front of co-workers. These simple intangible rewards can help balance a measure of inputs and outcomes. Utilizing equity theory to understand how employees measure their inputs and outcomes can help employers prevent problems related to perceptions of inequity, such as reduced productivity, theft, and or resignations.
CONCEPTUAL FRAMEWORK

This represents a model that this research work will use to conceptualize the relationships between variables in the study and shows the relationship diagrammatically. It is made up of a hypothetical model identifying the concepts under the study and showing their interrelationships.

**Independent Variables**

**TRAINING & DEVELOPMENT PROGRAMS**
- Orientation
- Skill Training
- High Education

**COMPENSATION PLANS**
- Salaries
- Benefits

**WORKING ENVIRONMENT**
- Tools and Equipment
- Personal Protective Tools
- Work Schedule

**LEADERSHIP STYLES**
- Transactional
- Transformational

**Dependent Variable**

**EMPLOYEE RETENTION**
- Sustainability
- Efficiency

Figure 2.1 Conceptual Framework

**Effect of Training and Staff Development Programs on Employee Retention**

Investment on employee Training and career development is considered one of the important factors in employee retention. Organizations have the incentive to make investment in form of training & development only on those workers, from whom organization expect to return and give output on its investment. According to (Clark, 2001), organizations have intensified development for talented employees through proficiency analysis, input on employee interests, need development and multisource appraisal of capabilities and have formulated the plans for action.

According to (Noel, 2008), employees have perception to acquire new knowledge & skills which they apply on the job and also share with other employees. Research studies have found that organization often delay employee training program to determine that workers personal value good matches with organization culture or otherwise, hence identify the employee turnover intention (Lauri, 2009). According to Gomez et al, (2010), training provides specialized technique and skills to employee and also helps to rectify deficiencies in employee performance, while development provide the skills and abilities to employee which will need the organization in future.

According to (Frazis et al, 2009), firms that offer more benefits as compared to others and train their
workers by adopting innovative job practices are likely to satisfy and retain their employees. (Storey and Sisson, 2011), recommend that training was sign of organization commitment to employees. Training reflects organization strategy that is based on value adding rather than cost lowering. Leading firms of the industry recognize that comprehensive range of training, skill and career development is the key factor of attraction and retention the form of flexible, sophisticated and technological employees that firms strategy to succeed in the computerized economy.

**Effect of Compensation Plans on Employee Retention**

Compensation plans consists of explicit policies, practices and procedures which are organised and managed as a whole (Armstrong, 2008). Rewarding employees makes them feel appreciated and wanted hence enhancing their bond with the organisation. Compensation plans play a role in retention of employees by making them feel wanted and motivated which in return leads to job satisfaction and a higher probability of staying within an organisation. Organisations need to understand the factors that determine the degree to which rewards satisfy people as this contributes to their motivation and engagement.

Financial rewards or the provision of an attractive remuneration packages are one of the most widely discussed retention factors since they not only fulfill financial and material needs but also have a social meaning, with the salary level providing an indication of the employee’s relative position of power and status within the organization. However, research shows that there is much individual variability in the importance of financial rewards for employee retention (Pfeffer 1998, Woodruffe 1999).

According to SHRM, (2007) Job Satisfaction Survey, HR professionals face the dilemma of balancing the right mix of employee compensations while taking into consideration the increasing costs of offering benefits. Compensations have a high monetary value for both employees and organizations, and it is important for organizations to better understand the needs and preferences of their workforce, taking into account employee attributes such as job tenure, age, gender, etc. It is also necessary that employees understand the full suite of rewards they receive. Organizations that are more committed to their workers typically make more investment as compared to similar organization in progressive Human Resource practices i.e. education, training & development and compensation package (Arthur, 2010; Huselid, 2010).

**Effect of Working Environment on Employee Retention**

Employees are concerned with their work environment for both personal comfort and facilitating doing a good job. Studies demonstrate that employees prefer physical surroundings that are not dangerous or uncomfortable. Additionally, most employees prefer working relatively close to home, in clean and relatively modern facilities, and with adequate tools and equipment (Robbins, 2007). Employees need enough resources such as time, money and equipment/ tools to be able to do their work effectively.

The physical layout of the work environment such as neatness, organization, convenience, attractiveness and stimulus (noise, air, hazards and so on) should not threaten the well – being of employees (Noel, 2004). In general work environment refers to the environment wherein employees both learn and work. More specifically, the concept could be described by referring to guidance and appreciation at work, pressure of work, the amount of empowerment and the responsibility that employee’s experience, choice in job tasks and development, provision of challenging and meaningful work, and advancement and development opportunities. Results from previous research show that the appreciative approach, operationalized through an appreciative learning and working climate, positively influences employee retention (Robbins, 2007)

**Effect of Leadership Styles on Employee Retention**

Leaders and their skills in creating a culture of retention are emerging as the key in why people stay in organizations and what usually drives them away. A landmark study by Gullop organization that includes interviews with one million employees and 80,000 managers, net out that, people leave managers not companies. The study concluded that if a company has turnover problems it should focus on the managers first. Diane (2001) acknowledges that, hiring practices, rewards, training and performance management all play an important role in retention but it is the leader who makes the difference. The concept of leadership is further collaborared by Bernatovicz (1997), who see supervision as the aspect of organizational environment, which is mostly consistently linked to retention. Several studies suggest that employees view supportive supervision as the key in enabling
them cope successfully with rigors of their work and remain on the job. People get more out of work majorly not for merely money or tangible achievements. For most employees, work also fills the need for social interaction.

It is common to find managers who are quick to criticize but slow to praise, who are too tied up in their own work to show an interest in their subordinates and who prefer to impose their own solutions without first taking account of their own staff’s views. The solution is to take action on various fronts to improve the effectiveness of supervisors (Torrington, 2008). Further recognition from bosses, team members, coworkers and customer enhance loyalty to the organization hence likelihood for employees to remain in the organization. Employee participation in decision making and influence in actions are also important elements of employee retention in organization (Davies, 2001; Gold, 2001)

RESEARCH METHODOLOGY

The methodology outlines the research design and methodology that was used to carry out the study.

*Table 3.1 Target Population*

<table>
<thead>
<tr>
<th>Tiers</th>
<th>No of Hotels</th>
<th>Proportionate Sampling</th>
<th>Sample Size (30%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier I</td>
<td>15</td>
<td>45</td>
<td>14</td>
</tr>
<tr>
<td>Tier II</td>
<td>20</td>
<td>60</td>
<td>18</td>
</tr>
<tr>
<td>Tier III</td>
<td>25</td>
<td>75</td>
<td>23</td>
</tr>
<tr>
<td>TOTAL</td>
<td>60</td>
<td>180</td>
<td>55</td>
</tr>
</tbody>
</table>

A sample size was chosen in a way that it gives a wide scope for the aim of the study (Ngechu, 2006). The study used proportionate sampling. According to (Mugenda and Mugenda, 2003) proportionate sampling is a sampling strategy used when the population is composed of several subgroups that are vastly different in number. The number of participants from each subgroup is determined by their number relative to the entire population. From a population of 60 registered hotels in Mombasa County, the study targeted three respondents from each hotel. The study used proportionate simple random sampling technique to identify the 60 hotels which were given questionnaires to fill. This technique was used to give each and everyone in the target population an equal chance of inclusion.

Structured questionnaires were used to collect data from the hotel employees. Questionnaires were chosen because with high reliability they would receive similar answers if done again and again or by other researchers (Bryman & Bell, 2015). The questionnaire used Likert scale because it required respondents to respond to a series of statements by indicating whether they agreed to a great extent or no extent. Likert scale is used because it is easy to understand and responses are easily quantifiable and subjective to computation of mathematical analysis (Allen et.al, 2011).

The pilot test was done to the main research instruments; the questionnaire for reliability hence validity of data collected. The researcher was interested in testing the reliability of the research instruments, the questionnaire hence validity of data collected. (Kothari, 2011) argues that data collected has to be processed, analyzed and presented in accordance with the outlines laid down for the purpose at the time of developing the
research plan. Descriptive and inferential statistics was done using SPSS version 22.0 and multiple regression mode applied. Set of data was then described using percentage, mean, standard deviation and coefficient of variation and presented using tables, charts and graphs. (Fraenkel & Wallen, 2011) argue that regression is the working out of a statistical relationship between one or more variables.

**RESULTS FINDINGS**

In this paper, raw data from the questionnaires were analyzed and interpreted. Various models were used to test the relationship between variables, level of significance and reliability. Specifically, the study used Cronbach’s alpha test, descriptive statistics test, Pearson Bivariate correlation and Multiple Regression.

### EMPLOYEE RETENTION

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better training facilities and workshops increases employee retention at work</td>
<td>45</td>
<td>4.09</td>
<td>.793</td>
</tr>
<tr>
<td>Appropriate compensation plans strategies formulated increases employee retention</td>
<td>45</td>
<td>4.31</td>
<td>.701</td>
</tr>
<tr>
<td>Managers and other stakeholders should invest much in providing better working environment and conditions</td>
<td>45</td>
<td>4.40</td>
<td>.654</td>
</tr>
<tr>
<td>Better leadership traits should always be emulated at the top management</td>
<td>45</td>
<td>4.53</td>
<td>.726</td>
</tr>
<tr>
<td>Better bonuses, salaries and wages would enhance employee retention</td>
<td>45</td>
<td>4.38</td>
<td>.614</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Most of the respondents strongly agreed that employee retention influences leadership styles demonstrated by the top management with a mean of 4.53 and standard deviation of 72.6% indicating that top management leadership has significance role in increasing employee retention. Asare-Bediako,(2002) Most of the respondents agreed with the opinion that compensation strategies formulated by the hotel industry would increase the employee retention with a mean of 4.31 and a standard deviation of 70%. Most of the respondents agreed with opinion that better bonuses, salaries and wages increases employee retention within any hotel industry with a mean score of 4.38 and a standard deviation of 61.4%. Respondents agreed that better training facilities and workshops would ultimately increase employee performance in organization (Igoki, 2011). Therefore managers should invest much in providing training activities and workshop seminars to steer head the performance of the organization.

### TRAINING AND DEVELOPMENT PROGRAMS

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective training can change the attitude of workers in an organization</td>
<td>45</td>
<td>4.49</td>
<td>.749</td>
</tr>
<tr>
<td>Employee turnover is lower when workers are trained to be multi-skilled</td>
<td>45</td>
<td>4.31</td>
<td>.633</td>
</tr>
<tr>
<td>Access to regular training programs enhances growth prosperity and retention for both employees and employers</td>
<td>45</td>
<td>4.36</td>
<td>.712</td>
</tr>
<tr>
<td>The core reason for training and development is to give organization a competitive edge</td>
<td>45</td>
<td>4.38</td>
<td>.747</td>
</tr>
<tr>
<td>Organization should invest much in training of its employees to increase employee retention</td>
<td>45</td>
<td>4.42</td>
<td>.657</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>45</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The second objective of the study was to establish the effect of training and development programs on employee retention in hotel industry in Mombasa County.

Most of the respondents strongly agreed that effective training can change the entire workers in an organization with a mean score of 4.49 and a standard deviation of 74.9% with implication that organization need to invest much in training of workers in various programs thus lead to increased employee retention (Cole, 2005). Most of the respondents agreed that investing in training of employees will give the organization a competitive advantage over the other organizations with a mean score of 4.42 and a standard deviation of 65.7% implication of high significance response rate (Donya, 2007). Most of the respondents agreed with the opinion that employee turnover is lower when workers are well trained to be multi-skilled within the organizations with a mean score of 4.31 and a standard deviation of 63.3% showing high significance response rate (Duckel, 2003).

## COMPENSATION PLANS

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee compensation plans provide services that employees...</td>
<td>45</td>
<td>4.53</td>
<td>.588</td>
</tr>
<tr>
<td>Compensation plans are designed to increase in value over time...</td>
<td>45</td>
<td>4.56</td>
<td>.686</td>
</tr>
<tr>
<td>Compensation package have an effect on the performance of the...</td>
<td>45</td>
<td>4.47</td>
<td>.661</td>
</tr>
<tr>
<td>Compensation plans enhances satisfaction, improve service...</td>
<td>45</td>
<td>4.56</td>
<td>.624</td>
</tr>
<tr>
<td>Better compensation plans can be rewarded in form of package...</td>
<td>45</td>
<td>4.64</td>
<td>.789</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td></td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>

The study sought to determine the influence of compensation plans on employee retention. Most of the respondents strongly agreed with the opinion that better compensation plans can be rewarded in form of package and benefits with a mean score of 4.64 and a standard deviation of 79% implying high rate of response rate (Goldstein, 2008). Most of the respondents strongly agreed with opinion that compensation plans are designed to increase in value over time with a mean score of 4.56 and a standard deviation of 69%. Most of the respondents strongly agreed that compensation plans enhances satisfaction and improves quality service with a mean score of 4.56 and a standard deviation of 62.4% signifying good response rate (Frank, 2009).

## WORKING ENVIRONMENT

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals will stay with a company that clearly considers and...</td>
<td>45</td>
<td>4.62</td>
<td>.790</td>
</tr>
<tr>
<td>The physical layout of the work environment should not threaten...</td>
<td>45</td>
<td>4.20</td>
<td>.968</td>
</tr>
<tr>
<td>My organization has successfully created an employee friendly...</td>
<td>45</td>
<td>4.33</td>
<td>.739</td>
</tr>
<tr>
<td>Organization should provide conducive working conditions and...</td>
<td>45</td>
<td>4.44</td>
<td>.624</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td></td>
<td>45</td>
<td></td>
</tr>
</tbody>
</table>

The study sought to determine the influence of working environment on employee performance. Most of the respondents strongly agreed with the opinion that individuals will stay with a company that clearly considers and cares for their wellbeing with a mean score of 4.62 and a standard deviation of 79% signifying high response rate (Mulinge, 2004). Most of the respondents strongly agreed that organizations that had successfully created an employee friendly environment by...
integrating specialized work arrangements retain thee employees for longer periods with a mean score of 4.33 and a standard deviation of 73.9%. Working environment is a significant factor that may lead to employee retention therefore management from human resource need to strategize and ensure employees get best working conditions in terms of house allowance and other social amenities that would increase employee performance (Meyer,2012).

**LEADERSHIP STYLES**

<table>
<thead>
<tr>
<th>Relationship of staff and the hotel' management is good</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel's reward and recognize employees based on merit and performance</td>
<td>45</td>
<td>4.56</td>
<td>.802</td>
</tr>
<tr>
<td>Hotel's management involve employees in decision making and assignments of duties</td>
<td>45</td>
<td>4.38</td>
<td>.684</td>
</tr>
<tr>
<td>The staff approve of the hotel's leadership style</td>
<td>45</td>
<td>4.31</td>
<td>.819</td>
</tr>
<tr>
<td>Great leadership qualities improves the employee retention</td>
<td>45</td>
<td>4.42</td>
<td>.690</td>
</tr>
</tbody>
</table>

The study sought to determine the influence of leadership styles on employee retention. Most of the respondents strongly agreed that there was good relationship between the staff and management with a mean score of 4.56 and a standard deviation of 80.2% indicating high response rate (Ng’ethe,2014). Most of the respondents agreed that great leadership qualities improves employee retention with a mean score of 4.42 and a standard deviation of 70% implying that leadership is a significant factor in any organization especially how employees are handled and their welfare being solved (Ngome,2010). From the study results on hotel management involving employees in decision making and assignments of duties with a mean score of 4.38 and standard deviation of 68%. This is a good implication that respondents agreed on the issue and therefore management and key players need to initiate such strategies to harmonize them thus increasing employee performance (Bediako,2002).

**Regression Analysis**

**Analysis of Variance (ANOVA)**
The study used ANOVA to establish the significance of the regression model. In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05 (Newman, 2014). Analysis of Variance is a data analysis procedure that is used to determine whether there are significant differences between two or more groups at a selected probability level (Mugenda, 2008). Table 4.8 below clearly shows that regression model is significant to factors affecting employee retention in hotel industry in Mombasa County. The results indicate high reliability based on the significant level with Frequency of 21% and P value of 0.000. Based on the results from table 4.8 it clearly indicates that leadership styles, compensation plans, training and development programs and working environment are statistically significant to the dependent variable employee retention.

**Table 4.8 Analysis of ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>32.088</td>
<td>4</td>
<td>8.022</td>
<td>1.832</td>
<td>0.000^</td>
</tr>
<tr>
<td>Residual</td>
<td>175.157</td>
<td>40</td>
<td>4.379</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>207.244</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Retention  
b. Predictors: (Constant), Leadership Styles, Compensation Plans, Training and Development Programs, Working Environment

**Multiple Regression Analysis**
The study used multiple regressions to determine the relationship between independent variables and dependent variable (Mugenda,2008). As depicted in table 5.0 below, there was a positive relationship between employee retention and the four variables. It attempts to determine whether a group of variables together predict a given dependent variable (Mugenda,2008).
Table 4.9 Multiple Regression Analysis

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>36.236</td>
<td>7.150</td>
<td>5.068</td>
<td>.000</td>
</tr>
<tr>
<td>Training and Development Programs</td>
<td>.331</td>
<td>.149</td>
<td>.336</td>
<td>2.228</td>
</tr>
<tr>
<td>Compensation Plans</td>
<td>.150</td>
<td>.169</td>
<td>.138</td>
<td>.890</td>
</tr>
<tr>
<td>Working Environment</td>
<td>.072</td>
<td>.164</td>
<td>.068</td>
<td>.439</td>
</tr>
<tr>
<td>Leadership Styles</td>
<td>.103</td>
<td>.162</td>
<td>.098</td>
<td>.638</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Retention

The regression equation was:
\[ Y = 36.236 + 0.331X_1 + 0.150X_2 + 0.072X_3 + 0.103X_4 \]

Where:
- \( Y \) = the dependent variable (Employee Retention)
- \( X_1 \) = Training and Development Programs
- \( X_2 \) = Compensation Plans
- \( X_3 \) = Working Environment
- \( X_4 \) = Leadership Styles

The regression equation above has established that taking all factors into account (Employee Retention) as a result of training and development programs, compensation plans, working environment and leadership styles constant at zero, employee performance in hotel industry will be 36.236. A unit increase in training and development programs would lead to a 0.331 increase in employee retention. A unit increase in compensation plans would lead to a 0.150 increase in employee retention. A unit increase in working environment would lead to a 0.072 increase in employee retention. A unit increase in leadership styles would lead to a 0.103 increase in employee retention (Frank, 2009). These coefficients indicate the extent to which each of the variables affects the employee retention in hotel industry in Mombasa County.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This paper accordingly summarizes the findings in line with the objectives, draws conclusions and makes the necessary recommendations. Areas of further study that may enrich the study area are also suggested. From the analysis and data collected, the following discussions, conclusions and recommendations were made.

Employee Retention

Most of the respondents strongly agreed that employee retention is influenced by the leadership styles demonstrated by the top management with a mean of 4.53 and standard deviation of 72.6% indicating that top management leadership has a significance role in increasing employee retention (Scott, 2010). Most of the respondents agreed with the opinion that compensation strategies formulated by the hotel industry would increase the employee retention with a mean of 4.31 and a standard deviation of 70%.

Training and Development Programs

Most of the respondents strongly agreed that effective training can change the entire workers in an organization with a mean score of 4.49 and a standard deviation of 74.9% with implication that organization need to invest much in training of workers in various programs thus lead to increased employee retention (Igoki, 2011). Most of the respondents agreed that investing in training of employees will give the organization a competitive advantage over the other organizations with a mean score of 4.42 and a standard deviation of 65.7% implication of high significance response rate (Meyer, 2012).

Compensation Plans

The study sought to determine the influence of compensation plans on employee retention. Most of the respondents strongly agreed with the opinion that better compensation plans can be rewarded in form of package and other benefits with a mean score of 4.64 and a standard deviation of 79% implying high rate of response rate (Anderson, 2011). Most of the respondents strongly agreed with opinion that compensation plans are
designed to increase in value over time with a mean score of 4.56 and a standard deviation of 69%.

**Working Environment**
The study sought to determine the influence of working environment on employee performance. Most of the respondents strongly agreed with the opinion that individuals will stay with a company that clearly considers and cares for their career organization with a mean score of 4.62 and a standard deviation of 79% signifying high response rate (Fraenkel,2003). Most of the respondents strongly agreed that commitment to the employee tends to create a more committed and responsible workforce with a mean score of 4.60 and a standard deviation of 70% (Fajana,2014).

**Leadership Styles**
The study sought to determine the influence of leadership styles on employee retention. Most of the respondents strongly agreed that there was good relationship between the staff and management with a mean score of 4.56 and a standard deviation of 80.2% indicating high response rate (Porter,2008). Most of the respondents agreed that great leadership qualities improves employee retention with a mean score of 4.42 and a standard deviation of 70% implying that leadership is a significant factor in any organization especially how employees are handled and their welfare being solved (Storey,2009).

**Conclusions**
Based on the findings of this study the following conclusions were drawn: The results reveal that training and development programs, compensation plans, working environment and leadership styles had a strong positive and significant correlation on employee retention in the hotel industry in Mombasa County. The study also concludes that hotels in Mombasa County are emphasizing on working environment to improve employee retention.

**Recommendations**
Based on the following findings of this study the following recommendations were made:

1. The study recommends the management of hotels industry in Mombasa County to strategize on implementing policies and structures that will enhance and increase employee retention.
2. The study recommends management to capitalize on providing sufficient trainings and development programs to employees in hotel industry to increase the employee retention.
3. The study recommends management to formulate and restructure working environment for their employees in various hotel industries through provision of conducive working environment thus increase of employee retention.
4. The study recommends management to restructure their leadership policies and structures in order to accommodate their employees thus increasing their employee retention.
5. Policy makers and key stakeholders in human resource management should implement corporate policies on human resource which enhances employee performance in the organization.
6. Policy makers, relevant bodies and government should decide on amicable mechanism and initiatives that encourage and increases employee performance.
7. The study recommends that managers should make employees feel valued and appreciated, being given feedback and provided with growth opportunities.

**Limitation of the Study**
The study faced challenges of time constraint which limited the researcher from collecting data for the study particularly where the respondent delayed in filling the questionnaire and travelling for collecting the filled questionnaires. The researcher had to adjust to the limited time frame so that the study could be completed within the stipulated period. The respondents were also found to be uncooperative because of the sensitivity of the information that was required for the study. The researcher explained to the respondents that the information they provided was to be held confidential and was only for academic purpose only. The respondents took a lot of time in filling in the questionnaires therefore the researcher had to collect the already filled questionnaires to do the analysis because of the time constraints. This made the response rate not to be 100% as expected. The respondents were also not free to give personal information as they considered it of private nature but the researcher assured them the information would be treated confidentially and purely used for academic purposes.

**Areas for Further Research**
The general objective of this study was to determine factors employee retention in hotel industry in Mombasa County. Specifically, this study investigated the influence of training and development programs, compensation plans, working environment and leadership styles on
employee retention on hotel industry in Mombasa County. These factors are not exhaustive hence further research can be carried out to unearth other areas like motivation, job satisfaction, career development and on how they affect employee retention in hotel industry.

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