

# **INFLUENCE OF EMPLOYEE RETENTION STRATEGIES ON COMPETITIVENESS OF PRIVATE HOSPITALS IN NAIROBI COUNTY, KENYA**

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©2019

**International Academic Journal of Human Resource and Business Administration  
(IAJHRBA) | ISSN 2518-2374**

**Received:** 14<sup>th</sup> September 2019

**Accepted:** 11<sup>th</sup> October 2019

Full Length Research

**Available Online at:** [http://www.iajournals.org/articles/iajhrba\\_v3\\_i7\\_36\\_56.pdf](http://www.iajournals.org/articles/iajhrba_v3_i7_36_56.pdf)

**Citation:** Yeswa, E. M. Y. & Ombui, K. (2019). Influence of employee retention strategies on competitiveness of private hospitals in Nairobi County, Kenya. *International Academic Journal of Human Resource and Business Administration*, 3(7), 36-56

## **ABSTRACT**

The current study aims at investigating the influence of employee retention strategies on competitiveness of private hospitals in Nairobi County, Kenya. The study specifically focused on establishing the influence of career development plans, employee recognitions, compensation plans and work environment on competitiveness of the private hospitals. The study was anchored on Maslow's Hierarchy of Needs Theory, Two Factor Theory, Expectancy Theory and the Equity Theory. The target population comprised of 53 private hospitals in Nairobi County. The study adopted census method where all members of the target population was included. The HRM and their assistants of each of the hospital made up the unit of analysis thus making a total of 53 respondents. The study used quantitative data that was collected from respondents using 5 point Likert scales questionnaire with closed ended questions. A pilot test was conducted on three private hospitals to detect weaknesses in design and instrumentation. Data was analyzed using SPSS software version 22. Both descriptive and inferential statistics was used. The study findings were presented in form of tables and figures for easier interpretation. The findings of the study revealed that career development plans, recognition, compensation plans and work environment positively and significantly influences competitiveness of private hospitals in Nairobi County. The study recommends that management of private hospitals in Nairobi County should focus on establishing and enhancing career development plans by providing employees with opportunities for career development, career progression/path,

having an established skill development programs, and on and off the job training for employee in the organization and coaching and mentorship program. Another recommendation was that the management of private hospitals should establish and advance recognition practices by establishing new assignments for good performing employees, having appraisal policies to guide employee appraisals, having an excellent employee appreciation for better performance, fairly appraising and recognizing employees and having a regular and appreciation and recognition programs. The study further recommends that the management of private hospitals enhance compensation plans by having attractive salaries and wages to employees, offering attractive allowances(House, travel, leave etc.) to health workers, provision of bonuses to the employee, offering payments for employees working overtime, having a regular salary increments in the hospital, offering competitive remunerations, having a transparent and fair allocation of bonuses in the hospital and providing regularly salary supplements inform of bonus. The study finally recommends that the management of private hospitals should focus on establishing a conducive work environment by having a flexible work schedules that allows employee to take breaks in between the work, having sufficient work equipment and tools, ensuring existence of employee security throughout, having sufficient supplies needed by employees to do jobs safely, having a manageable workload in the hospital, emphasizing on employees wellbeing and creating an employee friendly work environment by integrating various specialized work arrangements.

These practices enhance competitiveness of private hospitals in Nairobi County.

**Key Words:** *employee retention strategies, competitiveness, private hospitals, Nairobi County, Kenya*

## **INTRODCUTION**

Employee retention is one of the most challenging tasks that organizations face in today's turbulent and competitive business operational environment. Exodus of employees from an organization have detrimental consequences on the general operations of the organization as it results to the loss of skilled and competent workforce that would contribute significantly to the realization of set targets (Malvern *et al.*, 2010). Additionally, a firm incurs extra costs in recruiting new employees and training them. A report by ILO (2010) revealed that an organization that continuously loses skilled and competent employees is bound to lag behind in achieving its mission. Consequently, such an organization ends up offering unsatisfactory services to clients, which causes loss of loyalty and trust amongst the customers thus diminishing its competitive advantage.

According to Ansong and Akuoko (2012), employee retention refers to the systematic ability and efforts by employers to create a conducive work environment that motivates present employees to remain in the organization. Additionally, McCann and Nelson (2010) add that employee retention comprises of the ability of a firm's management to retain current employees and it is therefore the responsibility of the management to create a work environment that encourages employee retention and engagement. Through employee retention, a firm is in a position to manage and plan its activities which contributes to smooth flow of operations.

To gain competitive advantage, various organizations design different employee retention strategies that seek to encourage employees remain competent on their duties and contribute to the achievement of set goals and objectives. Some of the creative employee retention strategies that surpasses payments and adopted by firms include workplace diversity, employee development and inclusion, communication, work life balance, recognition, employee engagement and formal wellness programs. Said (2011) notes that retention strategies should aim at strengthening the capacity of the organization to retain its competent employees while at the same time attracting more workforce. Organizations that attaches values on employees, attends to the needs of their employees to the fullest and applies the best strategic retention practices and policies enables employees to remain productive and committed to the goals of the organization.

Retention strategies that many organization design aim at attracting skilled employees while retaining the existing ones and making their presence fruitful as the employees work for the benefit of the organization. Important organizations such as hospitals that play a crucial role towards maintaining the health of a nation and cannot afford to lose competent employees as this is bound to interfere with delivery of medical services to the nation. Similarly, loss of employees reduces the competitive nature of the health institutions. However, the health institutions such as the private hospitals have continued to lose employees to other institutions and it is due to this reason that the hospitals have designed employee retention

strategies in a bind to retain employees and at the same time stand at better competitive advantage within the market.

## **STATEMENT OF THE PROBLEM**

Retention of employees is a key determinant of organizational success (Lyria *et al.*, 2014). Retention of employees is also one of the challenges that organizations both public and private face and is occasioned by globalization which has heightened competition and intensified movement of highly skilled and competent employees (Ngethe *et al.*, 2013). The health sector which comprise of both public and private health institutions contributes significantly to the development of the economy by creating job opportunities to citizens which enhances standards of living. The sector has also witnessed an increase in the number of health institutions thus heightening the level of competition. However, the sector faces a high rate of employee turnover which have detrimental effects on the firm's performance and competitive position. According to Long *et al* (2012), high employee turnover contributes to hiring of inexperienced staff mostly fresh graduates on temporal basis coupled with induction of casual labour. Continuity of recruiting staff on temporary basis hinders significantly career progression amongst employees. According to Staffing Trends 2011-2015 from the Ministry of health, hospitals private and public recruited 1678 medical officers, 1101 nursing officers, 845 clinical officers 381 lab technicians and enrolled 2406 nurses. At the same period, the number that exited the sector comprised of 972 doctors, 356 clinical officers, 461 nursing officers, 185 lab technicians and enrollment of nursing students stood at 2406 (MOH, 2015). A report by KAPH (2012) indicated that more than 27% of employee in private hospitals exits every year and this interferes with the normal operations of the hospitals. The causes of exit of employees from these institutions are attributed to lack of motivation and insufficient rewards and recognition practices. This high exit of employees exposes the health institution to operational challenges that greatly hinders their competitiveness levels. To contain the problem of employee turnover, various employee retention strategies have been adopted by the private health institutions. Despite the adoption of these strategies, the rate of employee turnover remains a problem which has negative consequences on competitiveness of the hospitals. The current study therefore seeks to establish how employee retention strategies influence competitiveness of private hospitals in Nairobi County, Kenya. Previous studies on employee retention strategies and competitiveness have left both conceptual and contextual gaps which motivates the current study. Studies such as Mwangi and Omondi (2016) on employee retention strategies and competitiveness of commercial banks focused on employee promotion, remuneration and work life balance. The study was however conducted in the banking sector. Assumpta and Kihara (2017) on the effects of staff retention strategies on performance of telecommunication firms in Kenya focused on job satisfaction, career development, training, remuneration and rewards and recognition. The study was conducted in a different context and focused on performance rather than competitiveness. In another study, Ngaira and Oyagi (2016) sought to analyze how employee retention strategies affect organization performance in hospitals in Mombasa County. This study was however conducted in a different context. The current study therefore sought to address the existing

gaps by establishing how employee retention strategies influence competitiveness of private hospitals in Nairobi County, Kenya.

## **GENERAL OBJECTIVE**

The study seeks to establish how employee retention strategies influences competitiveness of private hospitals in Nairobi County, Kenya.

## **SPECIFIC OBJECTIVES**

1. To find out the influence of career development plans on competitiveness of private hospitals in Nairobi County Kenya
2. To assess the influence of employee recognition on competitiveness of private hospitals in Nairobi County, Kenya
3. To determine the influence of compensation plans on competitiveness of private hospitals in Nairobi County, Kenya
4. To establish the influence of work environment on competitiveness of private hospitals in Nairobi County Kenya.

## **THEORETICAL REVIEW**

According to Gabriel (2008), a theoretical framework demonstrates an understanding of the concepts of theories relevant to the topic of the study and that relate to the broader areas of knowledge being considered. The study was guided by Maslow's Hierarchy of Needs Theory, Two Factor Theory, Expectancy Theory and Equity Theory.

### **Maslow's Hierarchy of Needs Theory**

The theory was proposed by Abraham Maslow in 1943 and comprises of a five-tier model outlining the needs of human. The theory poses an argument that in attempt of trying to meet basic needs, people seek to meet needs that are higher and outlined in a form of a pyramid. Abraham Maslow created a system of classification which aimed at reflecting the societal needs universally as the base and then to more acquired emotions. The arrangement of the needs in the hierarchy from the bottom is as follows: At the very bottom, there are physiological needs, then safety, followed by belonging and love, and lastly self-actualization and esteem. This implies that there is a need for satisfaction of individuals themselves for motivation to exist in the subsequent level. The theory aims at attaining the fifth stage or level, (self- actualization) but for this to happen, the basic needs of individuals must be satisfied before they are motivated to achieve needs in the high level.

According to the theory, the model can further be divided into growth and deficiency needs where the needs in the first four levels comprise of the deficiency needs while the needs at the top level comprise of the growth needs. Deficiency needs results from deprivation and tends to motivate people when they fail to be met which mean that the levels of motivation aiming at fulfilling these needs will be stronger thus lengthening the duration they are being denied. According to Maslow's initial statement, individuals must first satisfy the needs in the lower level before focusing on meeting higher growth needs in the higher level. However,

the theorist later offered a clarification that needs satisfaction is not an all-or-none phenomenon.

The needs classified as growth needs do not emanate from deficiencies in something, but rather comes from a person's growth desire. At the point where growth needs are fully satisfied, a person may be in a position to reach the highest satisfaction levels referred to as self-actualization. Every person has the possibility of moving up the satisfaction hierarchy, but there is a possibility of interruptions in case the needs in the lower levels are not fully met. Experiences of life and job loss are the major causes of fluctuations of individuals in between the hierarchy levels. This causes the possibilities of people oscillating between the different levels of needs.

This theory is relevant to the study as it contributes to the importance of opportunities for career development amongst organization. Availability of opportunities for career development enables employees to grow which motivates them to remain in the organization.

### **Expectancy Theory**

This theory was developed by a Canadian professor of psychology Victor Vroom in 1964, and proposes that people act or behave in a specific way since they are motivated in selecting specific behaviors in presence of others promoted by their outcome expectations of the selected behavior. The theory has a belief that increased efforts contributes to performance increasement. The theory further emphasizes on the organizational needs and rewards as relating directly to its performance. The organization should ensure that the provided rewards are the ones the recipients wants and deserves. Vroom argues that when employees are given a room for making choices in course of executing their work, they will probably prefer to go with what motivates them fully.

Vroom uses three key elements: Expectancy refers to expectations of employees from their individual efforts in relation to good performance. The theory generally believes that when efforts increase, performance also increases. Instrumentality is a form of belief that asserts that if there is good performance of a person, there will be a valued outcome that is bound to be received where transparency in the entire process of reward is a crucial condition. Valence is the level of importance placed by individuals upon the outcomes expected. Individuals value the final results differently because they are based on their personal basic needs. It is therefore good for an organization to look for what an employee at individual level values.

Expectancy theory is founded on four premises, first that people join organizations bringing with them certain expectations which influence how they will react to the organization. Secondly is that a person's behavior such as the intention to stay is a deliberate choice. Thirdly is that individuals have varied expectations from an organization, e.g. good pay, career growth and job security. Lastly is that from the alternatives presented, people will select outcomes that are personally beneficial to them (Lunenburg, 2011).

The theory informs of the importance of recognitions expected by employees as they carry out their duties. Presence of employee recognitions in respect to exemplary performance

makes employees feel appreciated for their work which motivates them to stay longer in the organization.

### **Equity Theory**

This theory was developed by John Stacey Adams in 1963 and is based on the belief that employees become de-motivated when they feel that the inputs they are giving exceeds the outputs they are receiving. This theory argues that there is a need for managers to formulate a balance on employees' inputs and what they receive as outputs. According to the theory, high motivational levels and positive outcomes can be realized when employees perceive they are being treated fairly. The idea surrounding the theory tends to strike a balance which is healthy between inputs and outputs of employees.

While evaluating the levels of fairness, employee tends to compare the input of a job (contribution) to the levels of outcomes (compensation) which they compare with that of another employee in a similar category. If the employee is able to find his or her right balance then it would lead to a more productive relationship with the management. An individual's satisfaction at the workplace is directly linked to efforts being put and what he or she is getting out of it.

This theory is relevant to the study as it informs the variable of compensation plans which makes employees move from one organization to another. According to the theory, employees tend to shift to other organizations which offer attractive compensation terms in respect to the inputs employees put in the course of executing their duties. Accordingly, management of organizations need to understand that compensation affects the level of morale and job satisfaction in an organization, as there is often balance (equity) that must be reached between the monetary value the employer is willing to pay and the sentiments of worth felt by the employee.

### **Two Factor Theory**

The theory was proposed and developed by Frederick Herzberg in 1959 and states that workplace factors cause satisfaction of job while others cause dissatisfaction, where all the factors act independently. The theory notes that satisfaction of employees is affected by two vital elements, motivators and hygiene factors. The motivators are seen to lead to increased job satisfaction if present in an organization while hygiene factors are predicted to cause job dissatisfaction if absent. According to this theory, the motivating factor pertains to work itself and includes, recognition, responsibility, achievement and growth possibility, while the hygiene factors pertains to work setting and includes, company policies and procedures, work conditions, job security, pay and supervision.

Herzberg (1959) established that characteristics of a job associated with what a person does, that is, the nature of work a person does, bears the possibilities of gratifying needs such as self-realization, status, achievement, personal worth and competency thus satisfying the employee and making him/her happy. Absence of such gratifying characteristics of a job however does not necessarily lead to dissatisfaction and unhappiness. Instead, dissatisfaction

emanates from assessments that are unfavorable such as factors that are job-related like policies of a company, technical problems, supervision, on-the-job interpersonal relations, salary, and working conditions.

This theory is relevant to the study especially considering a variable like the working environment. According to Herzberg, factors on hygiene are the major causes of employee dissatisfaction in the workplace. To remove the level of dissatisfaction in the working environment, there is a need to fully eliminate these hygiene factors since it bears the possibilities of reducing the rate of turnover of employees.

## **EMPIRICAL REVIEW**

### **Career Development Plans**

Kaya and Ceylan (2014) conducted a study on roles played by programs on career development in organizations and the level of commitment of organization towards job satisfaction of employees. The researchers conducted a survey on employees working in different sectors in Instabul and Turkey. Questionnaires were used in gathering primary data. The study results revealed that programs for career development and levels of commitment of an organization directly and positively effects employee's job satisfaction. The study cited training opportunities as one of the organizational career management practices whose aim is to develop employee performance and identify and prepare for emerging or future human resource needs which contributes to effective running of organizations.

Dehghani (2014) conducted a study on the relationship between employee career management, career ability, and career satisfaction on competitiveness of hotel industry in Iran. The study focused on hotels that had showed extemporary performance. The study used interview guides as the main data collection method. The study findings established that career management directly affects career satisfaction which enhances the competitiveness and performances of hotels. The study further revealed that organizations can improve employees' satisfaction by providing career management activities such as training and development programs, co-learning between co-workers, and career assessment to help employees to remain marketable and updated on the current developments and opportunities within the firm.

Iyria, Namusonge, and Karanja (2014) studied the importance of support and managerial involvement in career development programs for improved performance. The study targeted firms listed on NSE through a survey research design. The researchers established that career development was an important component of employee needs which positively and significantly influence organizational performance. The findings also indicate the need for leadership in implementing mechanisms to support career development such as career centers, career mentors, career counseling facilities, and succession planning.

### **Employee Recognition**

Khan, Farooq and Ullah (2010) conducted a study to examine the relationship between employee recognitions and employee motivation in commercial banks of Pakistan. A

purposive technique of sampling was adopted and targeted 17 commercial banks. The units of analysis of the study comprised of employees from human resource department. The study results revealed that employee recognitions positively and significantly relates with employee motivations. Additionally, the study findings established that commercial banks that had a well-established employee recognition systems gained higher competitive advantages as compared to their counterpart without employee recognition system.

Rizwan *et al.*, (2010) conducted a study with an aim of measuring how recognition and rewards impacts employees' motivation and job satisfaction in Pakistan. The study targeted health and hospitality sectors and assessed the respective impacts of job satisfaction on the sector's performance. A descriptive research design was adopted in the study and where the management of the two sector were involved. Both primary and secondary data were used in the study. The results revealed existence of a significant relationship between recognition and employee work motivation which positively correlates with performance of health and hospitality sectors.

In another study, Reena *et al.*, (2009) sought to examine how recognition and reward system impacts employees at Unilever. The study aimed at examining the level of impacts recognitions have on employees individual performance and the contribution the performance have on the general performance of the firm. The study targeted employees in top, middle and lower levels of management in the firm. Questionnaires containing both close and open-ended questions were used in collecting data. The study findings revealed that employee recognitions bears a positive influence on individual employee performance which positively correlates with the general performance of the firm.

### **Compensation Plans**

Levenson (2010) conducted a study to determine the roles played by compensation in driving employee retention in Price Waterhouse Coopers (PWC), Kenya. A descriptive survey research design was adopted in the study and targeted employees in the junior positions only. The study findings revealed that pay satisfaction was a key driver of retention and commitment as was perceived by equity of pay. This study established that intention of employees to stay with the firm was pegged on pay and on how quickly they anticipated their compensation would grow.

Kimunge (2014) conducted a study to establish how total rewards affects retention of employees working at the secretariat of Vision 2030. The study sought to establish whether there exist any association between rewards and employee retentions and the consequent performance effects at the secretariat. The study specifically focused on rewards such wages and a salary, bonuses, paid leaves and overtime payments and how they affects the retention of employees. Random sampling technique was adopted in the study to acquire a sample of 79 respondents from the secretariat. The study findings revealed that most of the employees based their urge to stay longer in the secretariat with the existing rewards and expectations in the future on increase in the levels of the rewards. The nature of compensations to a great

extent contributes to employee retentions in the secretariat which ensures a smooth flow of activities in the organization.

Ihsan and Naeem (2009) conducted a study with the aim of establishing the relationship job promotion and turnover and used diverse variables correlated to work. The study adopted a longitudinal quasi experimental design and a sample of 157 sales people was used. The results of the study revealed a relationship between external and internal employee movements. Several important attitudes related to job such as propensity to leave, organizational commitment promotion satisfaction and salary vary over time were examined. Additionally, there existed significant variations between groups of non-promoted leavers and promoted stayers for supervisor satisfaction, and time was found to have a significant influence on the dependent variables except job anxiety.

### **Work Environment**

Kinyili (2015) conducted a study on the role of work environment in employee retention in public health institutions in Machakos County. The study through a descriptive research design targeted major telecommunication firms. The study used Zikmund sampling formula in acquiring a sample of 96 respondents. The study results established that most of the respondents were of the opinion that work environment management practices such as provision of adequate work tools, proper design of the workplace to ensure privacy, provision of protective gear and risk allowances, involvement in decision making, stress management, manageable workloads and supervisor support among others, enhance retention of staff in public health care institutions. The result showed a significant positive relationships between the work environment management practices and the retention of staff.

Poilpot-Rocaboy *et al.*, (2014) conducted a study to establish the determinants of retention of employees in Turkish public hospitals. The study further aimed at establishing how the determinants contribute to hospitals' performance. The study findings revealed that determinants of employee retention are of a psychological, sociological, and economic nature. Their explanatory model of employee retention integrates different types of determinants, such as working conditions, environmental conditions, and employee characteristics. The findings further revealed that public hospitals with high levels of employee retention achieves continuity in its operations thus competing well with other hospitals.

MacKusick and Minick, (2010) conducted a study in the US on factors contributing to nurses leaving their jobs and the consequence the turnover have on performance. The study involved both public and private hospitals found in USA. The target population of the study comprised of HR official in each of the hospital included in the study together with top officials in the hospitals' management. The study was highly qualitative and applied interview guides in data collection. The data collected was analyzed through content analysis. The findings of the study identified factors such unfriendly workplace (belittling, confrontations, sexual harassment, or gender abuse with co-workers), fatigue and exhaustion and emotional distress

associated with patient care. These factors detrimentally effected performance of hospitals as they resulted to disruption of services.

## **RESEARCH METHODOLOGY**

### **Research Design**

Kathori (2011) defines a research design as a method of obtaining responses to formulated questions under study and plan for dealing with challenges that may interfere with research process. A research design offers a description of how the research strategy connects key study objectives and whether the issues under research policy or theoretical oriented. The current study adopted a descriptive survey design. According to Macfarlane (2014), a descriptive survey focuses on giving explanation of facts. The study adopted a descriptive survey design since it aims at getting opinions and facts pertaining to employee retention strategies that will help in answering the research questions.

### **Target Population**

Ott *et al* (2010) defines a target population as consisting of all members of the population from where a sample is drawn. Mugenda and Mugenda (2013) views a population as elements that bear the study's characteristic. The study targeted 106 human resource managers and their assistants from 53 private hospitals operating in Nairobi County and spread over 17 constituencies. According to Kenya Medical Directory (2017), Nairobi County has 53 private hospitals offering both in-patient outpatient services.

### **Sampling and Sampling Techniques**

Abu *et al* (2014) defines a sampling frame as a list of population from where a sample is drawn. The sampling frame consisted of 53 private hospitals in Nairobi County according to Kenya Medical Directory (2015). The unit of observation of the study comprised of one resource manager and one assistant HRM working in each of the private hospital. According to Leary (2013), a sample acts as a representative of the whole population under study. A census approach was adopted in the current study since the population under study is relatively small. The approach ensures that all the members of the population are completely enumerated reducing bias. Wilson (2014) asserts that a census approach provides avenue for examining small groups as it ensures complete involvement of all members. Since a census technique was applied, the study ruled out application of sampling design and technique.

### **Data Collection Instruments**

Ngechu (2004) notes that data collection tool and instrument depends on the type of research characterized by topic, research questions, expected data, design and results. Each tool of data collection collects particular data. According to Donald (2006), researchers use primary and secondary data as major source of information. Primary data is the type of data collected directly from respondents and was collected by use of questionnaires. When formulating questionnaires, Cooper and Schindler (2008) suggest identification of variables under study followed by their respective operational definition since the questions formulated in the

questionnaires relate directly with research questions. Questionnaires were used since they are cheaper and their administration is quicker.

### **Data Collection Procedure**

Vogt (2010) defines data collection as the precise and systematic way of gathering data useful to research questions. The study used questionnaires to collect data whose administration was by the help of research assistants. The study additionally applied drop and pick data collection procedure to give respondents more time to respond to the formulated questions. Data collection started after the approval of the proposal and issuance of permission letter from the university.

### **Data Analysis and Presentation**

Data analysis, according to Kothari (2004), is the process that kicks off instantly after the closure of data collection and lasts to the point where processing and interpretation of data is done. After data collection, the questionnaires were scrutinized for completeness and if they had been completed as required. Data was then be coded and classified in terms of similarities. Descriptive statistics were used in analyzing quantitative data with the help of SPSS program. The results presented in form of pie charts, graphs and frequency tables for easier interpretation. The study also used inferential statistics in determining the level of association between the study variables. The model for this study is as illustrated below:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Where: Y = Competitiveness of Private Hospitals;  $X_1$  = Career Development;  $X_2$  = Employee Recognition;  $X_3$  = Compensation Plans;  $X_4$  = Work Environment;  $\alpha$ =regression coefficient;  $\beta_1, \beta_2, \beta_3$  and  $\beta_4$ = coefficients of various independent variables;  $\epsilon$  =error term

The analyzed data was presented in form of tables, graphs and charts to enhance easier interpretation and understanding of the research findings.

## **RESEARCH RESULTS**

The study sought to establish the influence of employee retention strategies on competitiveness of private hospitals in Nairobi county, Kenya. The study was specifically guided by the following objectives: To find out the influence of career development plans on competitiveness of private hospitals in Nairobi County Kenya, To assess the influence of employee recognition on competitiveness of private hospitals in Nairobi County, Kenya, To determine the influence of compensation plans on competitiveness of private hospitals in Nairobi County, Kenya and To establish the influence of work environment on competitiveness of private hospitals in Nairobi County Kenya. Study respondents comprised of 100 human resource managers and their assistants from 53 private hospitals distributed across Nairobi County.

### **Career Development Plans**

The results of the analysis revealed that career development plans positively and significantly correlates with competitiveness of private hospitals in Nairobi County. The regression results further revealed that career development plans positively and significantly influences competitiveness of private hospitals in Nairobi County. The result implies that advancing career development plans leads to increased competitiveness of private hospitals. This implies that private hospitals can enhance their levels of competition through enhancing plans for career development amongst employees.

### **Employee Recognition**

The results of the analysis also revealed that employee recognitions positively and significantly correlate with competitiveness of private hospitals in Nairobi County. The regression results further revealed that recognitions positively and significantly influence competitiveness of private hospitals in Nairobi County. The result implies that advancing recognitions practices leads to increased competitiveness of private hospitals. This further implies that when employees are fairly recognized in an organization, they tend to discharge their duties as expected which increases the levels of performance of the entire firm.

### **Compensation Plans**

The results of the analysis further revealed that compensation plans positively and significantly correlate with competitiveness of private hospitals in Nairobi County. The regression results also revealed that compensation plans positively and significantly influence competitiveness of private hospitals in Nairobi County. The result implies that enhancing compensation plans leads to increased competitiveness of private hospitals. The results further implies that proper compensation plans acts as motivators of performance amongst employees and therefore the better the compensation plans, the higher the level of performance.

### **Work Environment**

The results of the analysis finally revealed that work environment positively and significantly correlate with competitiveness of private hospitals in Nairobi County. The regression results also revealed that work environment positively and significantly influence competitiveness of private hospitals in Nairobi county. The result implies that enhancing work environment leads to increased competitiveness of private hospitals. Additionally, a conducive work environment creates an avenue where employees are free to interact with one another freely in the course of executing allocated duties which increases the quality of their outputs.

### **INFERENTIAL STATISTICS**

The study sought to establish how independent variables (career development plans, employee recognition, compensation plans and work environment) influence dependent variable (competiveness of private hospitals). Table 1 presents the correlation analysis results. The correlation results show that career development plans and competitiveness of

private hospitals correlates as shown by a correlation value of 0.296 and a p-value of 0.009. The results means that the correlation is positive and significant implying that increase in career development plans increases competitiveness of private hospitals. The findings are consistent with Dehghani (2014) who established that career management directly affects career satisfaction which enhances the competitiveness and performances.

**Table 1: Correlation Analysis**

		Career Development Plans	Recognition	Compensation Plans	Working Environment	Competitiveness of Private Hospitals
Career Development Plans	Pearson Correlation	1				
	Sig. (2-tailed)					
Recognition	Pearson Correlation	-0.191	1			
	Sig. (2-tailed)	0.161				
Compensation Plans	Pearson Correlation	0.019	0.132	1		
	Sig. (2-tailed)	0.491	0.196			
Working Environment	Pearson Correlation	0.099	0.138	.021**	1	
	Sig. (2-tailed)	0.281	0.21	0.236		
Competitiveness of Private Hospitals	Pearson Correlation	.296**	.114**	.539**	.354**	1
	Sig. (2-tailed)	0.009	0.012	0	0.006	
	N	100	100	100	100	100

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

The correlation results also show that employee recognition and competitiveness of private hospitals correlates as shown by a correlation value of 0.114 and a p-value of 0.012. The results means that the correlation is positive and significant implying that increase in employee recognition practices increases competitiveness of private hospitals. The findings are consistent with Bradler (2013) who established that employee recognition acts as a motivator that encourages employees to increase their productivity levels, increases retention rates within the organization, and minimize incidental expenses associated with job duties inattentiveness that culminates into dissatisfaction of customers, on-the-job downtime or safety issues.

The correlation results further show that compensation plans and competitiveness of private hospitals correlates as shown by a correlation value of 0.539 and a p-value of 0. The results means that the correlation is positive and significant implying that increase in compensation plans increases competitiveness of private hospitals. The findings are consistent with

Kimunge (2014) who established that the nature of compensations to a great extent contributes to employee retentions in organizations which ensures a smooth flow of activities thus enhancing performance.

The correlation results finally show that work environment and competitiveness of private hospitals correlates as shown by a correlation value of 0.354 and a p-value of 0.006. The results mean that the correlation is positive and significant implying that increase in compensation work environment practices increases competitiveness of private hospitals. The findings are consistent with Yesufu (2010) who noted that a conducive environment for work generates a high reciprocal commitment degree level between individuals' development needs and that of the organization which enhances performance.

The statistical relationship between independent variables (career development plans, employee recognition, compensation plans and work environment) and dependent variable (competitiveness of private hospitals) was assessed through a multiple linear regression analysis. The results presented in table 2 shows existence of a strong relationship between independent variables and dependent variable as shown by R= .769. R-square, the coefficient of determination was .592 implying that 59.2% of variation in competitiveness of private hospitals can be explained by career development plans, recognition, compensation plans and work environment.

**Table 2: Model Summary**

<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
.769 <sup>a</sup>	0.592	0.534	0.010

Table 3 presents the ANOVA test results. The results shows that the overall model linking career development plans, recognition, compensation plans and work environment with competitiveness of private hospitals was statistically significant. This is confirmed by comparing the value of F calculated and the value of F critical. The F calculated value (18.5387) exceeds F critical value (2.4472) implying that the overall model is statistically significant.

**Table 3: ANOVA (Model Significance)**

	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
Regression	8.231	4	2.0578	18.5387	0
Residual	10.548	95	0.1110		
Total	18.779	99			

The coefficients results of the model are presented in table 4. According to the results, career development plans has a positive and significant influence on competitiveness of private hospitals as shown by  $\beta = 0.156$  and Sig = 0.013 <0.05. This implies that a unit change in career development plans results to an increase of 0.156 units in the competitiveness of private hospitals. The findings are consistent with Dehghani (2014) who established that

career management directly affects career satisfaction which enhances the competitiveness and performances.

The coefficient results also shows that employee recognition has a positive and significant influence on competitiveness of private hospitals as shown by  $\beta = 0.133$  and  $\text{Sig} = 0.014 < 0.05$ . This implies that a unit change in employee recognition practices results to an increase of 0.133 units in the competitiveness of private hospitals. The findings are consistent with Reena *et al.*, (2009) who revealed that employee recognitions bears a positive influence on individual employee performance which positively correlates with the general performance of the firm.

The coefficient results further shows that compensation plans has a positive and significant influence on competitiveness of private hospitals as shown by  $\beta = 0.493$  and  $\text{Sig} = 0.000 < 0.05$ . This implies that a unit change in the practices of compensation plans results to an increase of 0.493 units in the competitiveness of private hospitals. The findings are consistent with Kimunge (2014) who established that the nature of compensations to a great extent contributes to employee retentions in organizations which ensures a smooth flow of activities thus enhancing performance.

The coefficient results finally shows that work environment has a positive and significant influence on competitiveness of private hospitals as shown by  $\beta = 0.389$  and  $\text{Sig} = 0.006 < 0.05$ . This implies that a unit change in work environment practices results to an increase of 0.389 units in the competitiveness of private hospitals. The results concur with Yesufu (2010) who noted that a conducive environment for work generates a high reciprocal commitment degree level between individuals' development needs and that of the organization.

**Table 4: Model Coefficients**

Predictors	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	0.201	0.141		1.426	0.001
Career Development Plans	0.156	0.101	0.142	1.545	0.013
Recognition	0.133	0.126	0.124	1.056	0.014
Compensation Plans	0.493	0.106	0.426	4.651	0.000
Working Environment	0.389	0.116	0.271	3.353	0.006

The regression model is as shown:

$$\text{Competitiveness of Private Hospital} = 0.201 + 0.493(\text{Compensation Plans}) + 0.389(\text{Working Environment}) + 0.156(\text{Career Development Plans}) + 0.133(\text{Employee Recognition})$$

From the model results, it is clear that compensation plans was the most significant variable followed by working environment then career development plans and finally recognition.

However, all the variables had a positive and significant influence on competitiveness of private hospitals in Nairobi County.

## **CONCLUSION**

### **Career Development Plans**

The study findings led to conclusions that career development plans positively and significantly influence competitiveness of private hospitals in Nairobi County Kenya. The study further established that practices such as providing employees with opportunities for career development, career progression/path, having an established skill development programs, and on and off the job training for employee in the organization and coaching and mentorship program positively and significantly influences competitiveness of private hospitals.

### **Employee Recognition**

The study findings also led to conclusions that employee recognitions positively and significantly influence competitiveness of private hospitals in Nairobi County Kenya. The study further established that practices such as establishing new assignments for good performing employees, having appraisal policies to guide employee appraisals, having an excellent employee appreciation for better performance, fairly appraising and recognizing employees and having a regular and appreciation and recognition programs positively and significantly influences competitiveness of private hospitals.

### **Compensation Plans**

The study findings further led to conclusions that compensation plans positively and significantly influence competitiveness of private hospitals in Nairobi County Kenya. The study further established that practices such as having attractive salaries and wages to employees, offering attractive allowances(House, travel, leave etc.) to health workers, provision of bonuses to the employee, offering payments for employees working overtime, having a regular salary increments in the hospital, offering competitive remunerations, having a transparent and fair allocation of bonuses in the hospital and providing regularly salary supplements inform of bonus positively and significantly influences competitiveness of private hospitals.

### **Work Environment**

The study findings of the study finally led to conclusions that work environment positively and significantly influence competitiveness of private hospitals in Nairobi County Kenya. The study further established that practices such as having a flexible work schedules that allows employee to take breaks in between the work, having sufficient work equipment and tools, ensuring existence of employee security throughout, having sufficient supplies needed by employees to do jobs safely, having a manageable workload in the hospital, emphasizing on employees wellbeing and creating an employee friendly work environment by integrating

various specialized work arrangements positively and significantly influences competitiveness of private hospitals.

## **RECOMMENDATIONS**

### **Career Development Plans**

The study recommends that the management of private hospitals in Nairobi County should focus on establishing and enhancing career development plans since the practice has a positive and significance influence on competitiveness of private hospitals. The management of hospital can achieve this by providing employees with opportunities for career development, career progression/path, having an established skill development programs, and on and off the job training for employee in the organization and coaching and mentorship program.

### **Employee Recognition**

The study also recommends that the management of private hospitals in Nairobi County should establish advance employee recognition practices since the practice has a positive and significant influence on competitiveness of private hospitals. The management of the hospital can achieve this by establishing new assignments for good performing employees, having appraisal policies to guide employee appraisals, having an excellent employee appreciation for better performance, fairly appraising and recognizing employees and having a regular and appreciation and recognition programs.

### **Compensation Plans**

The study further recommends that the management of private hospitals in Nairobi county should enhance compensation plans since the practice \has a positive and significance influence on competitiveness of private hospitals. The management of the hospital can achieve this by having attractive salaries and wages to employees, offering attractive allowances(House, travel, leave etc.) to health workers, provision of bonuses to the employee, offering payments for employees working overtime, having a regular salary increments in the hospital, offering competitive remunerations, having a transparent and fair allocation of bonuses in the hospital and providing regularly salary supplements inform of bonus.

### **Work Environment**

The study finally recommends that the management of private hospitals in Nairobi County should focus on establishing a conducive work environment since the practice has positive and significance influence on competitiveness of private hospitals. The management of the hospital can achieve this by having a flexible work schedules that allows employee to take breaks in between the work, having sufficient work equipment and tools, ensuring existence of employee security throughout, having sufficient supplies needed by employees to do jobs safely, having a manageable workload in the hospital, emphasizing on employees wellbeing

and creating an employee friendly work environment by integrating various specialized work arrangements.

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