

# **INFLUENCE OF TALENT MANAGEMENT STRATEGIES ON EMPLOYEE RETENTION IN HOTEL INDUSTRY IN KENYA**

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## **ABSTRACT**

The current study sought to establish how talent management strategies influence retention of employees in Kenyan hotel industry. The study aimed at establishing how reward system, employee engagement, training and career management influences retention of employees in hotel industry in Kenya. The study was anchored on equity theory, Maslow's needs hierarchy theory, human capital theory and resource based view. The target population comprised of 183 hotels in Kenya with ratings of one to five stars with the unit of observation being human resources managers of the hotels. Fishers formula 1998 was adopted in determining the sample size of 96 hotels while stratified proportionate sampling was used in selecting the hotels per region according to TRA classifications. The study used questionnaires formulated in a 5-point Likert scale in collecting primary data. The data collected was analyzed by employing descriptive statistics and inferential analysis using SPSS software version 21 and MS Excel Software. The results and findings will be presented in tables, figures and charts. The findings of the study revealed that Reward Systems, career development, employee engagement, and training positively and significantly influences the retention of employees in Kenyan hotel industry. The study recommends that the hotel industry should focus on enhancing reward systems since the practice has a positive significance influence on retention of employee in the hotel industry. The management of the hotels can achieve this by rewarding employees with reasonable salaries and wages, rewarding employees

with performance bonuses, paying employees for overtime and holidays, rewarding employees with extended leave, rewarding employees with fair compensation, providing enough recreational facilities, paying salaries that match the work and matching the hotel's salaries with other hotels' compensations. The study also recommends that the hotel industry should focus on promoting employee engagements since the practice has a positive significance influence on retention of employee in the hotel industry. The management of the hotels can achieve this by practicing employee involvement and participation, involving employees in the process of making decisions, providing employees with mentoring and counseling sessions, having incentive schemes for employees and offering clear job expectation for all employees. The study further recommends that the hotel industry should enhance employee training since the practice has a positive significance influence on retention of employee in the hotel industry. The management of the hotels can achieve this by providing frequent training programmes, offering staff training opportunities, providing on and off the job training programmes, providing frequent seminars for training and conducting adequate training needs assessment. The study finally recommends that the hotel industry should aim at promoting career management since the practice has a positive significance influence on retention of employee in the hotel industry. The management of the hotels can achieve this by providing enough skills development opportunities to employees, providing equal

opportunities for advancement to employees, providing career growth opportunities to all employees, encouraging personal initiative for career advancement

and offering all the employees career advancement opportunities.

**Key Words:** *talent management strategies, employee retention, hotel industry, Kenya*

## **INTRODUCTION**

Hospitality development in any economy aims at providing employment thus boosting the welfare of citizens (Kusluvan, 2004). The industry comprises of several sectors such as tour operators, food and beverage, travel agencies, accommodation, attractions and transportation which requires a combination of occupational skills. According to Baker (2014), employment in hotel industry amounted to 230 million jobs and over 10% of the GDP worldwide by 2014 (Baker, 2014). In 2007, the hotel industry alone created over 509,000 jobs in Kenya which represented a 10% of total employment, or 1 in every 10.7 jobs. By 2017, the hotel industry was estimated to create more than 628 000 (WTTC, 2006).

The provision of essential accommodation in the past has widely been substituted by quarters with modern amenities, including integral bathrooms and climate control or air conditioning. Supplementary similar features availed in hotel includes television, telephone, a safe, alarm clock, and a mini-bar with munchies and bite foods (Butt & Bharwani, 2012). Executive hotels usually provide more guest services like a swimming pool, health center, production center, convention centre and social utility amenities (Siu & Gu, 2009).

Of importance to the management of hotels is employee retention because this sector creates more job opportunities and therefore employs more people (Peric, Mujacevic, Simunic, 2011). Advancing employee retention entails efficient management with a lasting view. Dealing with organizational hurdles including employee retention requires the intervention of different players such as academia, business sector and the government (Cavico & Mujtaba, 2010). According to Cavico and Mujtaba (2010), employee retention is attainable if employees are competent and professional in their area of work. This is difficult in the contemporary business environment given the level of ideas and knowledge employees have (Solnet Kralj, & Kandampully, 2012). There is high tendency for the modern-day employees not to stay in the same corporation or industry for their full work engagement. The organization need to distinguish this by responding proactively and retaining brilliant people (Buchanan, Bailey, Denyer, Kelliher, Lawrence, Osbourne, & Wainwright, 2009).

## **STATEMENT OF THE PROBLEM**

The Kenyan economy is vastly reliant on the growth of key sectors, the hospitality industry being one of them. However labor turnover in this sector has persistently increased especially among hotels affecting their performance (Kuria, Wanderi & Ondigi, 2011). According to ILO Report (2017), employee turnover in the hospitality sector globally stood at 29%. This report further established that 68% of turnovers resulted from lack of remuneration motivation in the

workplace, 13% emanated from absence of career development opportunities, 10% from poor working environment while the other 9% was accounted by other factors within and outside the organization. In Kenya, a 2015 report from Deloitte established that employee turnover in the hotel sector can be as high as 31% and may rise further as the decline is left behind. An exodus of employees from their current organization at any given period brings about damaging effects not just to the employee but also to the employer with regard to performance and efficiency (Long, Perumal, & Ajagbe, 2012). The current study seeks to examine the influence of talent management strategies on retention of employees in Kenyan hotel industry aiming at preventing exit of competent employees from the hotels that could adversely affect service delivery and productivity. This study is also motivated by gaps in existing literature associated with the theme of the current study. For instance, a study by Kimunge (2014) on Kenya Vision 2030 Delivery Secretariat, examined the role of reward, balance between life and work, acquisition of skills and career progression and found that the above factors affect employee retention. However, the study was conducted in the secretariat of Kenya Vision 2030 and therefore failed to address issues facing the hotel industry in Kenya. Onyango (2014) also tested the association between employee retention and rewards in NGOs in conservation lines within Nairobi. This study too focused on a different sector making it unsuitable to generalize findings. Based on the above gaps, this study will determine the influence of talent management strategies on employee retention in hotel industry in Kenya.

## **GENERAL OBJECTIVE**

The main objective of this study is to determine the influence of talent management strategies on employee retention in hotel industry in Kenya

## **SPECIFIC OBJECTIVES**

1. To assess the influence of reward system on employee retention in hotel industry in Kenya
2. To establish the influence of employee engagement on employee retention in hotel industry in Kenya
3. To determine the influence of training on employee retention in hotel industry in Kenya
4. To evaluate the influence of career management on employee retention in hotel industry in Kenya

## **THEORETICAL REVIEW**

A theoretical framework is important to a researcher because it helps in limiting the scope of data relevant to the study by focusing on specific variables and viewpoint. Cherry (2015) defines a theory as a fixed principle that has been developed to elucidate some characteristic of the natural world. It is any statement that explains what is described or measured about effect or cause (Frey, Botan, Friedman, & Kreps, 2007). Theories describe, explain, predict, or control human

phenomena in a variety of contexts. The current study was based on: equity theory, Maslow's needs hierarchy theory, human capital theory and resource based view.

### **Equity Theory**

Stacey Adams (1963) is the proponent of this theory which postulates that all people desire to be treated reasonably for the purposes of job motivation. The theory focuses on equity as a two way scenario: one is when being treated respectably when compared to others and two is inequity which is scenario that makes individuals feel unfavorably treated as others. The baseline of whether an individual is being treated with justice or injustice focuses on individual's outputs and inputs. Inputs comprise of what a person brings to the place of work such as know-how, skills and knowledge while outputs comprise of the rewards for an employee's input to the work. Employees tend to draw comparisons between inputs with outcome proportion and act according to how they perceive existence or non-existence of disparity (Al-Madi & Al-Zawahreh, 2012).

According to Adams (1963), the accessible options to persons to correct any discrimination or unfairness is to adjust according to inputs and outputs. When salary differences are high, high performing employees make self-comparisons to distinguish high justice or equity, while standard and low performing employees make general comparisons thus perceiving low equity (Shin & Grant, 2011). Martin (1981) argued that the feeling of dissatisfaction comes from a principle that one is receiving less than one deserves. Consequently, inequality especially in rewards leads to frustration and finally to organizational exist (Murtaza, 2017).

Equity theory is linked to reward variable of this study as it explains how employees seek to maintain equitable ratio between the inputs they bring to the workplace and the outcomes (rewards) they obtain from it. Equity theory brings the initiative that employees gauge their inputs and outcomes in comparison with inputs and outcomes of others forming perceptions of equality (Shore & Strauss, 2012). If all employees were perhaps rewarded the same, it would assist the personnel understand that the organization is just, watchful, and grateful and thus stay longer in the organization. Equity theory thus supports the variable of reward system as it addresses the issue of equitable ration between the inputs and outputs at the workplace.

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

According to Abraham Maslow (1943), employees are motivated by five types of unsatisfied needs, starting with the basic-level called physiological needs and proceeding through the higher-level called self-actualization, which is never fully satisfied. When individuals met need at one level, they are motivated to satisfy other needs in the other levels (Almsafir, & Alkharabsheh, 2013). Maslow brings five major needs, in a hierarchical order, typically illustrated and described in a pyramidal form. The start point is physiological needs (food, drink, survival) leading through safety needs (security and protection), social needs (to love, to belong, to interact with others, to be loved), esteem needs (self-regard, self-esteem, value and regard of others) to the higher-level needs, self-actualization for fulfillment (Armstrong, 2012).

Due to the category in ranking, it can be said that employees whose lower level of requirements are unmet may be demotivated by needs in the higher level, like higher levels of remuneration as noted by Udechukwu (2009). It was also noted that needs in the lower-level are unmet if employees are earning insufficient payment for their essential needs. In the same sense, employees in the lower levels of payment tend to be motivated more by monetary rewards than those who were being compensated more than sufficiently to meet their essential needs.

Gunnigle, Heraty and Morley (2011) affirm that the most important part of Maslow's work revolves around recognizing wants of human in an orderly manner and the capability of recognizing human activities as an important application area in sophisticated theories of psychology and techniques that are today applied in management studies and other areas. Maslow's theory is relevant to the variable of employee engagement in that creating a favorable environment for employees and each staff member to thrive during their experience in employment creates a sense of self-actualization which helps them remain in the organization for a long time.

### **Human Capital Theory**

The theory was developed in 1964 by Becker and postulates that human capital is useful in the process of production and directly increases productivity in a range of tasks. The theory asserts that skilled/educated workforce enables a firm to implement new and advanced technologies thus strengthening returns on training and education. Human capital is grounded in individual talents, training, and experience. Bartel and Borjas (1977) asserts that since there is limited economic value available in the alternative settings from specific human capital, outcomes that are efficient may be realized only if returns and costs of investments from specific human capital are shared between employees and the firm.

Sutherland (2004) notes that large amount of value of an organization is in possession of employees and when competent employees exit companies, they carry with them this value. It is indeed the abilities, skills and knowledge of individuals that create value, which necessitates focus to be directed on the means of developing, retaining, attracting and maintaining the human capital they represent. This theory supports the variables of career management and training because it is crucial for the employees to realize their line of career within the hotel which will motivate them to realize their personal goals by remaining in the organization.

It is important to note that hotel industry in Kenya invests a lot in career development programs of their employees and it is only through greater employee tenure and attachment that can make the investment pay off (Mokaya, Musau, Wagoki, & Karanja, 2013). The theory however is limited in the perspective that it fails to explicitly consider the problem of underinvestment or threats of transaction costs resulting from incomplete contracting which forms a fundamental barrier in sharing returns and costs from specific human capital (Glick & Feuer, 1984). Adopting the human capital theory in the study merges well with and human resource, and thus human resource training is clearly acknowledged as important in employee retention.

## **Resource Based View**

The resource based view (RBV) asserts that posits that organizational and human resources such as financial, technical or physical have the ability of providing the firm with a sustained competitive advantage due to their emulation difficulties. The system within a firm amongst other characteristics that enables the firm in achieving better performance forms the central idea of resource based view. RBV argues resources possessed by firms enables it to achieve competitive advantage while others enables the firm achieve superior performance. In order for resources to generate competitive advantage, they must be inimitable, rare and valuable (Choi, & Moon, 2015). The RBV points that competitive advantage on firms can be sustained by creating value through a means that is difficult and rare for imitation by competitors.

Systems in the human resource can contribute to sustained better performance by facilitating retention of employees and thereby enhancing the development of competencies that are firm specific, such as employee skills and knowledge of their work. Joo and Mc Lean, (2006) argued that employees who are engaged are strong assets relevant for strategic asset and sustained competitive advantage. The strength of RBV lays on its focus on less 'static' advantage creating resources, such as brands to focus more upon exploring how these resources are created and used for employee retention for improved business performance thus its relevance to this study. The theory informs the variable career management as one of the organizational important resource.

## **EMPIRICAL REVIEW**

According to Hamari, Koivisto and Sarsa (2014), empirical review refers to examination of other works done by other researchers on the subject under study. This is crucial in order to highlight similarities as well as differences in terms of conceptualization, methodology and context with an aim of establishing a research gap. This section therefore discusses past studies on the influence of talent management strategies on employee retention in hotel industry in Kenya. The section has reviewed literature on the influence of reward system, employee engagement, training and career management on employee retention.

### **Reward System**

Obwogi and Msengeti (2015) conducted a study to examine how work environment and pay affects retention of employees in the Hotel Industry. The study focused on hotels located in Mombasa County. The results of their study indicated that work environment had a significant and the strongest effect on employee retention while pay had a weak and insignificant influence. According to the results, it was clear that the amount of salary one would earn was not an independent factor to determine employees' retention. Therefore for companies to remain competitive in the hotel industry the study recommended that employers in the hotel industry have to re-examine the current discrepancies associated with reward and pay system.

Hammad and Alkandari (2009) conducted an exploratory study in Kuwait to explore employee's retention in private sector. The findings of the study established that that beneficial factors such

salary and compensation were amongst the highly rated contributors to retention of employees in the private sector then leave benefits and differed compensation.

Johnston *et al.* (2011), 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 positive 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 effect on the dependent variables except job anxiety.

### **Employee Engagement**

A study by Andrew and Sofian (2012) on work outcomes and individual factors of employee engagement state that the results of the study conducted on 104 HR officers to establish individual factors of employee engagement concurs with a lot of literature on employee engagement. They argued that employee engagement have the ability of being a strong factor for success and performance in the organization, as it significantly effects retention of employees, their loyalty and productivity, and it is also associated with organizational reputation, satisfaction of customers and general stakeholder value.

A study by Perrin (2008) on closing the engagement gap indicated that there is a link between engagement and employee retention. The study examined 50 multinational companies whereby it the study observed that companies that had a higher level of employee engagement outperformed the ones with low levels of employee engagements. The companies further experienced high employees retention levels. The study however, revealed that despite engagement having a positive impact on retention, that alone does not necessarily retain employees. The study concluded that turnover on employee can be reduced by employees engagement in the company.

Abok and Makwaro (2014) investigated factors that affected management of talent in state corporations. Stratified random sampling was adopted in the study to select a sample of 224 staff nurses and doctors in KNH in Kenya. The results of regression analysis revealed that selection and recruitment, compensation and development have a positively and significantly effect on integrated management of talent at KNH in Kenya. The study revealed factors such as career development, employee engagement, workforce environment and reward significantly affect talent management implementation.

### **Training**

A study conducted by Karemu, *et al.* (2014), on analysis of talent management amongst medical employees retention in Kenyan public hospitals revealed that strategies on talent management positively impacts the retention of nurses and doctors at KNH in Kenya. The study had focused



on benefits and compensation attractiveness, career development and levels of training and development. The data gathered revealed that talent management strategies positively impacts retention of nurses and doctors at KNH in Kenya. Training opportunities also revealed a significant relationship with retention of employees.

Piansoongnern, Kuyawattananonta and Anurit (2011) investigated strategies on employee engagement and talent management adopted in Thailand's cement companies. The study aimed at investigating implemented talent management strategies and factors influencing employee engagement in the cement companies. The study findings revealed that employee training, work life balance and support of management were crucial factors necessary for keeping talents rooted to organizations.

Isa and Ibrahim (2014) focused on talent management in Pakistanian Islamabad corporate sector and revealed that employees training positively and significantly affect organizational effectiveness and employee attitudinal outcomes such as employee value addition, turnover avoidance and work engagement. The study led to conclusions that organizations aiming at gaining competitive advantages over others need to offer training to their employees.

### **Career Management**

Jeetesh and Sangaran (2015) conducted a study to examine job satisfaction factors affecting decision of employees' to quit the hotel industry. The study adopted survey method and involved a sample of 150 respondents comprising of operational employees in 4-star or 5-star hotels in Kuala Lumpur. The results of the study revealed a negative correlation between job performance and choice of work and turnover. Satisfaction factors that were found to contribute to turnover were career progression and advancement opportunities. The study recommended that for the purpose of improving employee retention, it is necessary to have a balance on factors of job satisfaction particularly on career advancement so as to attract and maintain employees.

Bigliardi, Petroni, and Dormio (2005) conducted a study to examine turnover intentions, career aspirations and organizational socialization among design engineers. The study used a sample of 442 engineers. The findings indicate in the presence of a prominent organizational socialization, low levels of turnover intentions are reported amongst the design engineers.

Jumah and Mapelu (2013) sought to investigate effects of development and training on employee turnover on medium-sized hotels located in Kisumu County, Kenya. The study specifically focused on HR practices effect on employee turnover. The study adopted a survey research design and targeted 24 medium sized hotels with population of 350. The study used purposive sampling technique in selecting hotels and stratified sampling technique in selecting departments. A sample of 187 employees and 245 management staff were drawn from six hotels and involved in the study. The study results revealed that employee development positively and significantly correlated with employee turnover.

## **RESEARCH METHODOLOGY**

### **Research Design**

According to Bryman and Bell (2015), a research design is organization of different components of a research logically and consistently to effectively address the research questions and merge relevance of research purpose with economic outcomes. This study will use a descriptive research design. The design chosen for this study is suitable since it depicts the situation as it is and the researcher has no control over the variables (Kombo & Tromp 2009). The design will allow the study to generate both numerical and descriptive data that was used in measuring correlation and coefficient between variables which will lead to answering the research questions.

### **Target Population**

A target population is an entire group of persons or objects that the study intends to examine in order to generalize findings and conclusions to other related population (Etikan, Musa, & Alkassim, 2016). The target population of the study will comprise of hotels rated from one to five stars in Kenya. According to the Tourism Regulation Authority 2018, there are currently 183 hotels distributed countrywide in 8 regions (Nairobi, Coast, South Rift, Western, Eastern, Central and Mount Kenya, North Rift and Northern) and rated from one to five stars. The study will involve human resource manager of each of the hotel. The choice of human resource manager is informed by the fact that they are involved in day-to-day activities of all the employees in the hotel and are conversant with HR management policies and strategies of the hotel.

### **Sampling and Sampling Technique**

A sampling frame is list of the total population to be examined during the research (Ishak, & Bakar, 2014). The sampling frame of the study will comprise of a list of the 183 hotels with ratings of one to five stars according to Tourism Regulatory Authority Hotel Classification 2018. The unit of observation for the study will comprise of human resource managers of each of the hotel under examination. The respondents are involved in day-to-day activities of all the employees in the hotel and are conversant with HR management policies and strategies of the hotel. Vogt (2010) defines a sample as a subset of the population under study and acts as a true representation of the population being studied. Given that the number of hotels is widely distributed country wide, adopting a survey technique will require resources and a lot of time. As result, Mugenda and Mugenda (2013) advocates for a formula in determining the sample size of the study. In determining a sample size for a large population, it is assumed that the population is normally distributed at 95% confidence interval or 10% significance level. This study will apply Fishers formula 1998 in determining the sample size of the study. The formula is:

$$n = \frac{z^2 p(1 - p)}{d^2}$$

Where:  $n$  =sample size;  $z = 1.96$  (Critical standard score from the cumulative standard normal table);  $p =$  probability of success set as 50% in this study;  $d=$  level of significance which is 0.1%

Substituting the values in the formula to determine the sample size of the large population, it becomes;

$$n = \frac{(1.96)^2 * (0.5) * (0.5)}{(0.1)^2}$$

$$n = 96$$

Stratified random sampling technique was adopted in this study. According to Creswell (2013), stratified proportionate sampling technique is probability from where the population under study is divided into strata followed by a random sampling of target units according to the defined proportions from the diverse study strata. In this study, the strata will comprise of the regions (Nairobi, Coast, South Rift, Western, Eastern, Central and Mount Kenya, North Rift and Northern).

### **Data Collection Procedure**

Ghuri and Chidlow (2017) defines data collection procedure to the methods employed to collect data after formulation of the research instrument. Before the researcher proceeds to the field to collect data, an introduction letter from Jomo Kenyatta University of Agriculture and Technology and a research permit from the National Commission for Science, Technology and Innovation was obtained. The researcher will also include a cover letter to each of the hotels under study detailing who is conducting the study; the purpose of the study; why it is important that the respondents answer the questionnaires and assuring the respondents that their responses was held in strict confidence and used only for the intended purpose. Drop and pick method was applied in data collection to improve response rate.

### **Data Analysis and Presentation**

Data analysis can be defined as interconnected operations performed on the data collected with the purpose of summarizing the data and manipulating the data to answer the research question(s) (Kothari, 2004). After completing the field survey, the collected data was edited for accuracy, uniformity, consistency and completeness, organized, summarized, coded and tabulated before final analysis. The data was transferred from the questionnaires into the worksheet as a data base file. Both descriptive statistics and inferential statistics was applied to analyse the data. Descriptive analysis will summarize the primary data to enable meaningful interpretation and description. Percentages, means and standard deviation are the main descriptive statistics that was used. Data gathered from the questionnaires was analyzed quantitatively using SPSS computer software version 21. The results of the study was summarized and presented by the use of tables, bar and pie-charts and diagrams. The following multivariate model was used to establish the relationship between talent management strategies and employee retention.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where: **Y** = Employee Retention in Hotel Industry; **X<sub>1</sub>** = Reward System; **X<sub>2</sub>**= Employee Engagement; **X<sub>3</sub>**= Training; **X<sub>4</sub>** = Career Management;  $\varepsilon$  = Error term ;  $\beta_0$ = Regression constant or intercept;  $\beta_1$ ,  $\beta_2$ ,  $\beta_3$  and  $\beta_4$  are the unknown coefficients of independent variables.

## **RESEARCH RESULTS**

The study aimed at establishing how talent management strategies influence retention of employees in hotel industry in Kenya. Specifically, the study sought to assess how reward system, employee engagement, training and career management influences retention of employees in hotel industry in Kenya. Study respondents comprised of 74 human resource managers from hotels with ratings of one to five stars and spread across 8 regions in the country. The summary of the findings per research objective are presented in this section.

### **Reward Systems**

The study results revealed that reward systems positively and significantly correlates with retention of employees in Kenyan hotel industry. Additionally, the results of regression revealed that reward system positively and significantly relates with retention of employees in Kenyan hotel industry. The result implies that increasing in reward systems leads to increase in retention of employees in the hotel industry in Kenya.

### **Employee Engagement**

The study results revealed existence of a positive and significant correlation between employee engagement and retention of employees in Kenyan hotel industry. Additionally, the results of regression revealed that employee engagement positively and significantly relates with retention of employees in Kenyan hotel industry. The result indicates that increasing in employee engagement practices leads to increase in retention of employees in the hotel industry in Kenya.

### **Training**

The study results further revealed existence of a positive and significant correlation between training and retention of employees in Kenyan hotel industry. Additionally, the results of regression revealed that training positively and significantly relates with retention of employees in Kenyan hotel industry. The result indicates that increasing in training practices leads to increase in retention of employees in the hotel industry in Kenya.

### **Career Management**

The study results also revealed existence of a positive and significant correlation between career management and retention of employees in Kenyan hotel industry. Additionally, the results of regression revealed that career management positively and significantly relates with retention of

employees in Kenyan hotel industry. The result indicates that increasing practices in career management leads to increase in retention of employees in the hotel industry in Kenya.

**INFERENCE STATISTICS**

The study sought to establish the relationship between independent variables and dependent variable. The study indicates a correlation coefficient matrix that assesses the relationship between study variables (independent variables) themselves. The results are as shown in table 1. The results of the correlation shows that rewards system and employee retention correlates as shown by a correlation value of 0.451 and a p-value of 0.000. This means that the correlation is positive and significant implying that increase in reward systems leads to increase in employee retention in the hotel industry. The findings are consistent with Ombui and Wambugu (2013) which revealed a positive correlation between reward strategies and work performance of employees.

**Table 1: Correlation Analysis**

		Reward Systems	Employee Engagement	Training	Career management	Employee Retention
Reward Systems	Pearson Correlation Sig. (2-tailed)	1				
Employee Engagement	Pearson Correlation Sig. (2-tailed)	-0.191	1			
Training	Pearson Correlation Sig. (2-tailed)	-0.1	-.263	1		
Career management	Pearson Correlation Sig. (2-tailed)	0.07	0.138	.341**	1	
Employee Retention	Pearson Correlation Sig. (2-tailed)	.451**	.376**	.399**	.245**	1
	N	74	74	74	74	74

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

The correlation results further indicates that the correlation between employee engagement and retention of employees is 0.376 and a p-value of 0.001. This means that the correlation is positive and significant implying that increase in the practices of employee engagement leads to increase in employee retention in the hotel industry. The findings concur with Abok and Makwaro (2014) findings when investigating the factors that affected management of talent in state corporations and revealed factors such as career development, employee engagement, workforce environment and reward to significantly affect talent management implementation.

The results also indicate that the correlation between training and employee retention is 0.399 and a p-value of 0.001. This implies that the correlation is positive and significant meaning that increase in training practices leads to increase in employee retention in the hotel industry. The findings are consistent with Piansoongnern, Anurit and Kuyawattananonta (2011) findings on their investigations on strategies on talent management and employee engagement which revealed that employee training, work life balance and support of management were crucial factors necessary for keeping talents rooted to organizations.

The correlation analysis results finally revealed that the correlation between career management and employee retention is 0.245 and a p-value of 0.042. This means that the correlation is positive and significant implying that improvement on career management practices leads to increased retention of employees in the hotel industry. The findings concurs with Mapelu and Jumah (2013) study which revealed that employee development positively and significantly correlated with employee turnover.

The study adopted a multiple linear regression analysis to evaluate the statistical relationships between independent variables (Reward Systems, employee engagement, training and career development) and dependent variable (employee retention). A confidence level of 95% ( $\alpha = 0.05$ ) was used. The results in table 4.9 indicates existence of a relationship between reward systems, employee engagement, training and career development and employee retention as shown by  $R = .857$ . R-square which is the coefficient of determination was 0.734 meaning that 73.4% of variation in retention of employees in Kenyan hotel industry can be explained by reward systems, employee engagement, training and career development.

**Table 2: Model Summary**

<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
.857 <sup>a</sup>	0.734	0.692	2.062

Table 3 shows the results of ANOVA tests. According to the results, the overall model linking reward systems, employee engagement, training and career development with employee retention was statistically significant. This is confirmed by comparing the F calculated value and the F critical value. The F calculated value (47.697) exceeds F critical value (2.5252) 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	331.014	4	82.7535	47.697	0.14258
Residual	119.713	69	1.73497101		
Total	450.727	73			

The results of coefficients of the model are presented in Table 4. The results shows that reward system has a positive and significant influence on employee retention as shown by  $\beta = 0.439$  and

Sig = 0.000 <0.05. This implies that a unit change in reward system results to an increase of 0.439 units in employee retention in hotel industry in Kenya. The findings are consistent with Ombui and Wambugu (2013) findings which revealed existence of a positive correlation between reward strategies and work performance of employees.

The model of coefficient results also indicates that employee engagement has a positive and significant influence on employee retention as shown by  $\beta = 0.382$  and Sig = 0.004 <0.05. This implies that a unit change in the employee engagement practices results to an increase of 0.382 units in employee retention in the hotel industry in Kenya. The findings concur with Abok and Makwaro (2014) when investigating the factors that affected management of talent in state corporations and revealed factors such as career development, employee engagement, workforce environment and reward to significantly influence talent management implementation.

The model of coefficient additionally indicates that training has a positive and significant influence on employee retention as shown by  $\beta = 0.319$  and Sig = 0.006 <0.05. This implies that a unit change in training practices results to an increase of 0.319 units in retention of employees in Kenyan hotel industry. The findings are consistent with Piansoongnern, Anurit and Kuyawattananonta (2011) on their investigations on strategies on talent management and employee engagement which revealed that employee training, work life balance and support of management were crucial factors necessary for keeping talents rooted to organizations.

The model of coefficient finally revealed that career management has a positive and significant influence on employee retention as shown by  $\beta = 0.269$  and Sig = 0.012 < 0.05. This implies that a unit change in the career management practices results to an increase of 0.0296 units in retention of employees in Kenyan hotel industry. The findings concur with Mapelu and Jumah (2013) findings which revealed that employee development positively and significantly correlated with employee turnover.

**Table 4: Model Coefficients**

Predictors	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	0.264	0.129		2.047	0.002
Reward Systems	0.439	0.086	0.399	5.105	0.001
Employee Engagement	0.382	0.122	0.287	3.131	0.004
Training	0.319	0.236	0.250	1.352	0.006
Career management	0.269	0.212	0.210	1.269	0.012

The regression model is as shown below:

$$\text{Employee Retention} = 0.264 + 0.439(\text{Reward System}) + 0.382 (\text{Employee Engagement}) + 0.319(\text{Training}) + 0.269 (\text{Career Management})$$

From the model results, it is clear that Reward system was the most significant variable. However all the variables positively and significantly influence employee retention in the hotel industry in Kenya.

## **CONCLUSION**

The findings of the study led to conclusions that that reward systems positively and significantly influence retention of employees in Kenyan hotel industry. The study further established that practices such as rewarding employees with reasonable salaries and wages, rewarding employees with performance bonuses, paying employees for overtime and holidays, rewarding employees with extended leave, rewarding employees with fair compensation , providing enough recreational facilities, paying salaries that match the work and matching the hotel's salaries with other hotels' compensations positively and significantly influences employee retention in hotel industry in Kenya.

The study also concluded that employee engagement positively and significantly influences retention of employees in Kenyan hotel industry. The study further established that practices such as practicing employee involvement and participation, involving employees in decision making processes of the hotel, providing counseling and mentoring of all employees, offering employee recognition for their active role in decision making, having incentive schemes for employees and offering clear job expectation for all employees positively and significantly influences employee retention in hotel industry in Kenya.

The study findings further led to conclusions that training positively and significantly influence employee retention in hotel industry in Kenya. The study further established that practices such as providing frequent training programmes, offering staff training opportunities, providing on and off the job training programmes, providing frequent seminars for training and conducting adequate training needs assessment positively and significantly influences employee retention in hotel industry in Kenya.

The study findings finally concluded that career management positively and significantly influence employee retention in hotel industry in Kenya. The study further established that practices such as providing enough skills development opportunities to employees, providing equal opportunities for advancement to employees, providing career growth opportunities to all employees, encouraging personal initiative for career advancement and offering all the employees career advancement opportunities positively and significantly influences employee retention in hotel industry in Kenya.

## **RECOMMENDATIONS**

This section presents recommendations of the study. The recommendations are presented in respect to each research objective. The recommendations are directed to the management of one, two, three, four and five stars rated hotels in the country.



The study recommends that the hotel industry should focus on enhancing reward systems since the practice has a positive and significance influence on employee retention in the hotel industry. The management of the hotels can achieve this by rewarding employees with reasonable salaries and wages, rewarding employees with performance bonuses, paying employees for overtime and holidays, rewarding employees with extended leave, rewarding employees with fair compensation, providing enough recreational facilities, paying salaries that match the work and matching the hotel's salaries with other hotels' compensations.

The study also recommends that the hotel industry should focus on promoting employee engagements since the practice has a positive and significance influence on employee retention in the hotel industry. The management of the hotels can achieve this by practicing employee involvement and participation, involving employees in decision making processes of the hotel, providing counseling and mentoring of all employees, offering employee recognition for their active role in decision making, having incentive schemes for employees and offering clear job expectation for all employees.

The study further recommends that the hotel industry should enhance employee training since the practice has a positive and significance influence on employee retention in the hotel industry. The management of the hotels can achieve this by providing frequent training programmes, offering staff training opportunities, providing on and off the job training programmes, providing frequent seminars for training and conducting adequate training needs assessment.

The study finally recommends that the hotel industry should aim at promoting career management since the practice has a positive and significance influence on employee retention in the hotel industry. The management of the hotels can achieve this by providing enough skills development opportunities to employees, providing equal opportunities for advancement to employees, providing career growth opportunities to all employees, encouraging personal initiative for career advancement and offering all the employees career advancement opportunities.

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