

ABSTRACT

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