

**FACTORS INFLUENCING EMPLOYEE TURNOVER INTENTIONS IN TECH
STARTUP ORGANIZATIONS IN KENYA**

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**THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE AWARD OF MASTER OF COMMERCE DEGREE OF STRATHMORE
UNIVERSITY**

DECLARATION

I affirm that this thesis has not been previously presented or endorsed for the attainment of any degree by this or any other academic institution. To the utmost of my understanding and conviction, the content of this thesis does not incorporate any material that has been previously published or authored by another person, except in cases where explicit acknowledgment is provided within the thesis text.

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DEDICATION

To the silent architects of my academic journey. This thesis reflects the steadfast support and encouragement of my family. I extend my heartfelt appreciation for your exceptional support. Your invisible but powerful presence has been the bedrock of my success.

This work is dedicated to the encouragement that has driven my accomplishments.

I hope this achievement will fulfill the dream you envisioned for me.

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ABBREVIATIONS

AVCA	Africa Venture Capital Association
HR	Human Resource
NACOSTI	National Commission for Science, Technology and Innovation
SD	Standard Deviation
SET	Social Exchange Theory
SMEs	Small and Medium Enterprises.
SU-ISERC	Strathmore University Institutional Scientific and Ethical Review Committee
WLB	Work-Life Balance

ABSTRACT

Employee turnover has long been a challenge for organizations striving to attract and retain top talent. In newly established start-up environments, particularly within the tech sector, small teams must retain institutional knowledge and minimize recruitment costs to sustain operational continuity. This study investigated the factors influencing employee turnover intentions in tech start-up organizations in Kenya. The research was motivated by a notable rise in employee exits in start-ups, which poses a threat to long-term sustainability and growth. The study was anchored in Social Exchange Theory (SET), which posits that employees evaluate their organizational relationships based on perceived reciprocity and balance between contributions and rewards. The research objectives were to determine the rate of turnover intention, examine the key organizational and individual-level drivers of turnover intention, and explore strategies that could mitigate this trend within the Kenyan tech start-up sector. A descriptive research design was used, and data were collected through structured questionnaires administered to employees across various start-ups in Nairobi County. A total of 52 valid responses were analyzed using descriptive statistics, correlation analysis, and binary logistic regression. The results revealed that 65.4% of respondents had considered leaving their current employer within the past three months. Key predictors of turnover intention included dissatisfaction with compensation and benefits, limited opportunities for career growth, job insecurity, and challenges with work-life balance. Conversely, leadership style and organizational culture, though rated positively, did not significantly predict turnover intention in the regression analysis. Based on the findings, the study recommended that start-up organizations prioritize competitive compensation structures, structured career development opportunities, and flexible work models to support retention. The study also offered theoretical insights by highlighting the importance of adapting SET to account for contextual challenges in start-up environments, such as job insecurity and limited advancement pathways. However, the study was limited by its cross-sectional design, geographical focus on Nairobi, and exclusive reliance on employee self-reports. These constraints suggest the need for longitudinal and multi-stakeholder research to validate and expand on these findings.

CHAPTER ONE

1 INTRODUCTION

1.1 Background of the study

In recent years, technology start-ups have emerged as significant engines of innovation, employment creation, and digital transformation in developing economies. According to (Autio, 2014), start-ups contribute disproportionately to job creation and sectoral innovation despite their relatively small size. In Kenya, the growth of the digital economy has been closely linked to the rise of these enterprises, especially in urban centers such as Nairobi (World Bank, 2020); (Disrupt Africa, 2022). These firms operate in diverse sectors including fintech, agritech, e-commerce, and health tech, providing both formal and informal employment opportunities for thousands of skilled and semi-skilled workers.

While these organizations have shown great promise in generating value and absorbing talent, their sustainability is now being tested by persistent human capital challenges—particularly the inability to retain skilled employees. High turnover intentions among staff threaten operational continuity, erode institutional knowledge, and inflate recruitment costs, all of which are especially detrimental in resource-constrained environments like start-ups. The sustainability of such organizations often hinges on their ability to attract, retain, and engage talent effectively (Segerqvist & Bäck, 2022).

Recent reports highlight this trend: in 2023, more than 2,500 employees were laid off across African tech start-ups due to funding slowdowns and operational challenges. Notably, Kenyan firms such as Twiga Foods, Copia, and Sendy were among those affected, either scaling back operations or shutting down entirely (AVCA, 2023). AVCA further reported that at least 20 start-ups across Africa shut down in 2023, while many others reduced their workforce significantly. In Kenya, notable firms such as Zumi and Copia either closed entirely or downsized, contributing to widespread job losses and market uncertainty (AVCA, 2023).

Despite these challenges, the Kenyan start-up ecosystem has shown resilience. As of November 2022, 308 tech start-ups were operational in Kenya, employing over 11,000 individuals. However, the high rate of employee turnover remains a pressing issue (Disrupt Africa, 2022).

Employee turnover intention, the conscious, deliberate inclination of employees to leave their current organization, has become a central issue within the tech start-up ecosystem. While actual turnover is the end result, turnover intention serves as a leading indicator of organizational instability. This phenomenon is influenced by a complex interplay of individual and organizational factors.

This study specifically investigated the following organizational and individual-level factors: Compensation and Benefits, Career Development Opportunities, Job Satisfaction, Job Security, Work-Life Balance, Leadership Style, and Organizational Culture

Compensation, for instance, plays a pivotal role in shaping employee motivation and loyalty. When employees perceive pay structures as inadequate or unfair relative to their efforts or market standards, their intent to leave the organization increases (Vulpen, 2024). Similarly, limited opportunities for career growth can undermine employee engagement and long-term commitment, (Shukla & Sinha, 2013), particularly in environments where professional development is highly valued. Job satisfaction, often shaped by recognition, work-life balance, and a sense of purpose, also directly influences whether employees feel inclined to remain or depart. Meanwhile, organizational factors such as leadership style and workplace culture serve as contextual anchors that either reinforce or erode employee morale.

In Kenya's burgeoning tech ecosystem, dubbed the "Silicon Savannah", these dynamics are especially pronounced. The fast-paced nature of start-up operations, coupled with funding uncertainties and talent competition, creates a high-pressure environment. Consequently, many tech start-ups experience elevated turnover intentions, which hinder their ability to scale effectively and maintain a stable workforce.

By focusing on the above-mentioned factors and using a structured, employee-centered methodology, this study aims to fill conceptual and contextual gaps in understanding turnover intention in the Kenyan start-up sector.

1.1.1 Employee Turnover Intentions

Employee turnover intention is widely recognized as a key indicator of future employee exits, often serving as a precursor to actual turnover. In the context of Kenya's technology sector,

turnover intention has become a persistent challenge, particularly for early-stage start-ups with lean teams and limited redundancy in roles. The growing tendency among skilled professionals to seek alternative employment opportunities disrupts institutional knowledge, drains recruitment budgets, and hinders strategic continuity.

This study explores turnover intention not merely as an administrative HR concern but as a strategic issue affecting organizational sustainability and growth potential. While actual turnover reflects completed exits, turnover intention enables proactive intervention by identifying underlying dissatisfaction and disengagement. A detailed conceptual discussion of this construct, including its theoretical basis and measurement approaches, is provided in Section 2.2.1 of Chapter Two.

1.1.2 Factors Influencing Employee Turnover Intentions

Employee turnover intention is shaped by a complex and multifaceted interaction of individual, organizational, and environmental factors. Scholars agree that these drivers vary across industries, sectors, and national contexts, but several key categories consistently emerge in the literature: compensation and benefits, career development opportunities, job satisfaction, leadership style, organizational culture, job security, and work-life balance.

Compensation and Benefits

Compensation is one of the most cited factors influencing turnover intention, particularly in competitive labor markets like the tech sector. When employees perceive their pay to be unfair relative to their contributions or market standards, their intention to leave increases (Vulpen, 2024); (Ramlawati, 2021). According to (Al-Khrabsheh, 2022), perceived inequity in reward systems can erode trust and lead to psychological contract breaches. In the context of start-ups, where salary packages may lag behind those of larger firms, compensation dissatisfaction becomes a prominent retention challenge.

Career Development Opportunities

Employees are more likely to remain in organizations that provide structured and transparent career advancement pathways. (Shukla & Sinha, 2013) emphasize that the lack of promotional opportunities is a critical driver of turnover in high-growth sectors. This is especially relevant in

start-ups, which often operate with flat hierarchies that offer limited upward mobility. Recent studies have found that even lateral growth, such as skill-building and cross-functional exposure, can mitigate turnover intentions when formal promotions are not immediately available (Jogi, 2024).

Job Satisfaction

Job satisfaction, defined as the extent to which individuals feel fulfilled and valued in their work, is a powerful predictor of turnover intention (Wan & Duffy, 2022). Dissatisfaction often arises from unmet expectations regarding workload, recognition, autonomy, and interpersonal relations. (Apriani N. & Mulyadi, 2023) and (Randhawa, 2007) found that employees with lower satisfaction levels are significantly more likely to express intent to leave, particularly when organizational support and psychological safety are lacking.

Leadership Style

The quality of leadership within an organization plays a central role in shaping employee retention. Transformational and participative leadership styles, which emphasize support, feedback, and empowerment, have been linked to lower turnover intentions (Al-Suraihi & Al-Harbi, 2021). Conversely, autocratic or inconsistent leadership can create disengagement, particularly in agile work environments like start-ups where employees value autonomy and mentorship (Cropanzano R. & Mitchell, 2005).

Organizational Culture

An organization's culture, its shared values, norms, and behavioral expectations, acts as a contextual anchor that influences how employees perceive their work environment. A culture that promotes innovation, collaboration, and inclusivity can strengthen organizational commitment and reduce turnover intention (Kim & Fernandez, 2017). However, in start-up settings, rapid change and a lack of codified values can sometimes lead to cultural misalignment, increasing employee dissatisfaction and turnover risk.

Job Security

Perceived job security refers to employees' confidence in the continuity and stability of their employment. It has been identified as a significant predictor of turnover intention, particularly in volatile sectors like technology, where funding uncertainties and short product cycles create frequent disruptions (Almalki, 2012); (Andeyo, 2018). Employees who perceive their roles as unstable are more likely to seek employment elsewhere, even when other conditions are favorable.

Work-Life Balance

Maintaining a healthy balance between professional obligations and personal life is increasingly recognized as a determinant of employee well-being and retention. Poor work-life balance leads to stress, burnout, and disengagement, all of which increase the likelihood of turnover (Andeyo, 2018). Flexible work arrangements, hybrid schedules, and wellness initiatives have been shown to buffer this effect and enhance retention, particularly among younger professionals in start-ups (Wan & Duffy, 2022).

Demographic and Personal Factors

Turnover intention is also influenced by demographic variables such as age, tenure, marital status, and education level. For example, younger employees tend to report higher turnover intentions due to their stronger focus on career mobility and skill acquisition (Kaur, 2020). Meanwhile, experienced workers may prioritize job stability and organizational fit, making them less likely to leave if those needs are met.

Overall, the literature affirms that turnover intention is not driven by a single factor but by the dynamic interplay between internal motivations and external work conditions. This study focuses on the following seven primary predictors based on both theory and empirical evidence: compensation and benefits, career development opportunities, job satisfaction, job security, work-life balance, leadership style, and organizational culture.

1.1.3 Technology Startup Organizations in Kenya

The Kenyan tech ecosystem has grown exponentially in the last decade positioning itself as a major hub for digital innovation in sub-Saharan Africa. Nairobi is often referred to as the "Silicon Savannah" because of its burgeoning tech scene, mirroring the innovative drive characteristic of

the Silicon Valley in the U.S. (World Bank, 2019). From mobile payments and logistics platforms to agritech and digital healthcare solutions, these start-ups contribute significantly to job creation, technology transfer, and financial inclusion. Nairobi, in particular, has evolved into a leading launchpad for early-stage ventures, supported by incubators, accelerators, and investor networks.

Despite their agility and innovation, start-ups face unique operational challenges, including limited resources, funding volatility, and human capital instability. One of the most pressing concerns among start-up founders and investors alike is the difficulty in retaining qualified personnel. The absence of formalized HR structures, constrained compensation packages, and flat hierarchies often contribute to high employee turnover intention within this sector.

This study focuses specifically on tech start-ups in Nairobi, acknowledging their importance to Kenya's broader economic and digital agenda. A comprehensive conceptual review of technology start-up organizations, their defining features, strategic context, and workforce dynamics, is provided in Section 2.2.2 of Chapter Two.

1.2 Problem Statement

Technology start-ups are increasingly positioned as engines of economic growth, innovation, and job creation in developing countries, including Kenya. However, despite their potential, many of these firms are experiencing high rates of employee turnover that threaten their operational stability and long-term success. This problem is particularly concerning given that tech start-ups often depend heavily on small, specialized teams where the loss of even a few key employees can significantly disrupt workflows, delay innovation, and erode investor confidence.

The key motivator for this study is the rising turnover intentions among employees in Kenya's tech start-up ecosystem, where anecdotal evidence and emerging reports suggest that many firms are struggling to retain talent. According to the *African Startup Layoff Tracker* and industry analyses from AVCA and Disrupt Africa, more than 2,500 employees in African start-ups were laid off in 2023, with Kenya's ecosystem experiencing both downsizing and closure of firms such as Sendy, Copia, and Zumi (AVCA, 2023); (Disrupt Africa, 2022). These trends point to both structural vulnerabilities and deep-rooted human resource challenges within the sector.

While global literature has extensively documented the predictors of turnover intention, including job dissatisfaction, poor compensation, lack of career development, weak leadership, and toxic work culture (Wan & Duffy, 2022); (Ramlawati, 2021); (Shukla & Sinha, 2013), there is limited empirical research that contextualizes these drivers within the fast-growing and resource-constrained environment of African tech start-ups. Most existing studies focus on large, established firms or public institutions, with little attention paid to how these factors manifest uniquely in start-up settings, especially in emerging markets like Kenya.

Moreover, studies that do explore employee turnover in Africa often generalize across sectors, failing to account for the distinctive pressures faced by start-ups: rapid scaling demands, fluctuating funding cycles, and evolving workplace cultures. In these environments, employees are not only motivated by salaries but also by career growth, autonomy, work-life balance, and job stability—factors that are frequently underdeveloped in early-stage companies (Jogi, 2024) (Al-Khrabsheh, 2022)

The problem, therefore, is twofold: first, there is a growing incidence of employee turnover intentions in Kenya's tech start-up sector; second, there is a lack of localized, evidence-based research identifying the factors influencing these intentions.

Conceptual gaps exist in understanding the multidimensional nature of turnover intentions, particularly how organizational factors (like leadership, culture, compensation) interact with individual factors (such as job satisfaction or career development). Few Kenyan studies explicitly adopt such integrative frameworks or explore these relationships in the startup environment.

Methodologically, many past studies have relied solely on HR reports or managerial perspectives, for instance (Aduda, 2022), overlooking employee self-reports which are crucial in capturing intention as an attitudinal construct. Additionally, most studies are either qualitative or cross-sectional without stratified sampling that accounts for sub-sector differences within tech start-ups.

This study sought to address these gaps by examining the factors influencing employee turnover intentions in tech start-ups in Kenya, using a structured, employee-level quantitative approach with representation across different start-up subsectors.

1.3 General objective

The study sought to determine the factors influencing employee turnover intentions in tech startups.

1.3.1 Specific Objectives

- i. To establish the rate of employee turnover intention in tech start-ups in Nairobi Kenya
- ii. To determine the drivers of employee turnover intention in tech start-ups in Nairobi Kenya.
- iii. To determine the strategies for addressing the employee turnover intentions in start-ups

1.4 Research questions

- i. What is the rate of employee turnover intentions in tech start-ups?
- ii. What are the drivers of employee turnover intentions?
- iii. Which strategies are most preferred to address turnover intentions?

1.5 Scope of the study

This study focused on examining the factors influencing employee turnover intentions within technology start-up organizations operating in Nairobi County, Kenya. The population of interest consisted of employees working in active tech start-ups drawn from key subsectors, including Fintech, Agritech, E-commerce, Logistics, and E-health. According to the *Kenyan Startup Ecosystem Report* (Disrupt Africa, 2022), these sectors collectively account for a substantial proportion of employment within the start-up landscape.

The research was conducted between December 2024 and March 2025. Data was collected using structured questionnaires distributed to employees currently working in these start-ups. The study adopted a descriptive cross-sectional design, applying a quantitative approach to analyze employee perceptions related to turnover intention.

The unit of analysis for this study was the individual employee, while the unit of observation was the self-reported data gathered directly from employees through the administered questionnaires.

This scope allowed the study to capture a snapshot of turnover intentions during a specific period and to identify key organizational and individual-level factors contributing to employees' intention to leave. The findings are therefore contextualized to Nairobi-based tech start-ups and may not be generalized to other regions or non-tech sectors without further research.

1.6 Significance of the study

Policy contribution: The findings of this study offer valuable insights for policymakers and labor regulators in Kenya, particularly those focused on employment policy in emerging sectors such as technology. By identifying compensation, career development, and job satisfaction as major drivers of turnover intention, the study highlights areas where government and labor institutions can introduce incentives or standards to support talent retention in start-up environments. Policymakers can also use the findings to inform the design of training programs, startup incubation policies, and employment regulations tailored to the unique challenges faced by small, high-growth tech firms.

For founders, HR managers, and executives in tech start-ups, this study provides actionable strategies to reduce employee turnover. These include improving compensation packages, clarifying career growth paths, and promoting supportive leadership and organizational culture. The study's sector-specific focus ensures its relevance to the Kenyan context, helping organizations understand what factors employees value most and where interventions are likely to yield the highest retention impact. Practitioners can apply these insights to improve workforce stability, reduce recruitment costs, and enhance organizational performance.

Theoretical Contribution: This research contributes to turnover intention literature by integrating both individual-level and organizational-level factors within the context of Kenyan tech start-ups. Anchored on Social Exchange Theory, the study confirms that perceived imbalance in rewards, support, and career growth significantly influences an employee's intention to leave. By focusing on a developing economy and a high-growth, under-researched sector, the study adds empirical evidence to existing models of turnover intention, enhancing the understanding of how traditional HR theories apply in non-traditional, fast-paced work environments.

1.7 Chapter Summary

This chapter introduced the research study by outlining the context, motivation, and objectives guiding the investigation into employee turnover intentions within Kenya's tech start-up sector. The background of the study emphasized the rapid growth of start-ups in Kenya's digital economy, their critical role in job creation, and the rising challenge of employee turnover, a phenomenon increasingly recognized as a threat to organizational sustainability.

A clear key motivator for the study was established: the surge in employee exits and high turnover intentions within early-stage start-ups, despite their innovative and flexible work environments. This concern is supported by recent regional reports that highlight high attrition rates and organizational instability among tech firms operating in Nairobi and other urban hubs. The problem statement articulated a dual concern: first, the increasing incidence of turnover intentions in the Kenyan tech sector; and second, the lack of localized empirical research examining the drivers of this trend within a start-up context. While global studies point to compensation, job satisfaction, and leadership style as key predictors, this study recognizes the need to contextualize these factors within the unique operational and cultural dynamics of tech start-ups in a developing economy.

The chapter also presented the main objectives of the study: to determine the rate of turnover intentions, to identify the key organizational and individual-level drivers influencing these intentions, and to explore strategies that could help mitigate voluntary turnover. These objectives are operationalized through clearly defined research questions.

In summary, Chapter One laid a robust conceptual and contextual foundation for the rest of the thesis. It justified the need for a sector-specific study on employee turnover intention and provided a structured roadmap for the research by aligning background insights, literature gaps, and practical challenges in talent retention within the Kenyan start-up ecosystem.

CHAPTER TWO

2 LITERATURE REVIEW

2.1 Introduction

This chapter explains the causes of employee turnover intentions, the theory that supports it, and the proponents of the theory. The chapter also reviews other empirical studies related to this topic, summarizes the existing literature, identifies gaps in the knowledge, and outlines a conceptual framework.

2.2 Conceptual Review

2.2.1 Employee Turnover Intention

Employee turnover intention refers to an individual's conscious and deliberate willingness to leave their current organization within a specified time frame. It is considered a strong predictor of actual turnover behavior and is often studied as a precursor to employee resignation (Mobley W. H., 1977); (Hom, 1995). Turnover intention typically occurs in stages, beginning with job dissatisfaction, followed by evaluation of alternative employment opportunities, and culminating in the intention to exit (Tett, 1993).

Turnover intention is a critical concept in organizational behavior and human resource management because it provides early warning signs of employee disengagement, job dissatisfaction, and organizational instability (Ramlawati, 2021). It allows organizations to proactively implement retention strategies before employees actually resign. Researchers often measure turnover intention using multi-item scales such as the Michigan Organizational Assessment Questionnaire (MOAQ), which assesses the frequency and intensity of thoughts about quitting (Cammann, 1983).

A wide range of factors influences turnover intention, including compensation, leadership, career advancement, organizational culture, job security, and work-life balance (Wan & Duffy, 2022); (Jogi, 2024). While these determinants are consistent across many sectors, their impact can vary depending on the specific organizational context. In start-ups, where growth, uncertainty, and

resource constraints are common, employees may be more sensitive to certain predictors, such as job security and career development opportunities.

This study conceptualizes turnover intention as a dependent variable that is shaped by both structural and relational organizational factors. Understanding what drives this intention is crucial for developing context-specific interventions that can enhance retention and organizational stability.

2.2.2 Technology Start-Up Organizations

Technology start-up organizations are newly established ventures that aim to deliver innovative products or services in the technology domain, often with scalable business models and high growth potential (Ries, 2011). These firms are typically characterized by small team sizes, flat organizational structures, experimental business strategies, and reliance on external funding sources such as venture capital. Start-ups differ from traditional firms in that they operate in uncertain environments and face frequent changes in structure, direction, and leadership.

In the Kenyan context, the tech start-up ecosystem, often referred to as the "Silicon Savannah"—has grown rapidly over the past decade, driven by investments in mobile technology, digital finance, agritech, and health tech (Disrupt Africa, 2022). These organizations have become central to youth employment and innovation but continue to face persistent challenges, particularly in attracting and retaining skilled talent.

Start-ups often offer dynamic work environments and opportunities for skill development but may lack the formal systems found in established firms, such as defined career paths, job security, and structured HR policies (Al-Khrabsheh, 2022). These characteristics make them fertile ground for high turnover, especially among early-career professionals who seek stability and upward mobility.

From a HR perspective, start-ups demand a high level of adaptability from employees but often fall short in offering long-term career security. The absence of strong institutional systems, coupled with intense workloads and funding volatility, may increase psychological strain and turnover intention (Andeyo, 2018); (Almalki, 2012).

2.3 Theoretical Review

The topic of employee turnover intentions has been anchored and enriched by several theoretical frameworks over the years. These theories provide a structured foundation upon which empirical research can be based, offering insights into the dynamics, processes, and drivers of turnover intentions. The study is anchored on social exchange theory.

2.3.1 The Social Exchange Theory

Social Exchange Theory (SET) was initially introduced by George Homans (Homans, 1958) and later expanded by scholars such as Peter Blau (Blau, 1964) and Robert Emerson (Emerson, 1976). The theory is grounded in the premise that human relationships are formed through subjective cost-benefit analyses and the comparison of alternatives. It suggests that individuals enter and remain in relationships, including employment relationships, when the perceived benefits outweigh the costs. In an organizational setting, employees are more likely to remain committed when they feel that the organization reciprocates their efforts with adequate rewards, recognition, and support.

In the context of this study, SET provides a useful lens to explain employee turnover intention. It supports the role of compensation and benefits, leadership support, organizational culture, and career growth opportunities as critical factors influencing whether employees perceive the exchange relationship as fair or imbalanced. When employees feel undervalued or unsupported, the psychological contract is breached, resulting in increased intention to leave.

Despite its usefulness, SET has faced several criticisms. One notable limitation is its assumption of rational behavior, that employees always evaluate exchanges logically and predictably. In reality, decisions to leave an organization can also be influenced by emotional, cultural, or situational factors that go beyond a rational cost-benefit analysis. Additionally, the theory may oversimplify complex workplace dynamics by reducing them to transactional interactions, ignoring systemic and structural issues such as power imbalances or inequality in the workplace (Cropanzano R. & Mitchell, 2005).

(Cropanzano R. & Mitchell, 2005) further developed the application of Social Exchange Theory by integrating it with concepts such as perceived organizational support and leader-member exchange. They argued that employees' perceptions of support from their organization and the

quality of their relationships with supervisors significantly influence their job satisfaction, commitment, and ultimately their choice to stay with or leave the organization.

Nonetheless, SET remains a widely applied theoretical framework in turnover studies due to its explanatory power and relevance in understanding employee-employer dynamics, especially in environments like tech start-ups where support, growth, and recognition play key roles in retention.

2.4 Empirical Literature Review

This section provides a recap of research conducted on turnover intentions and their implications for the sustainability of start-up enterprises. Additionally, it examines studies investigating the factors driving employee turnover. These investigations encompassed global, regional, and local levels of analysis.

2.4.1 Employee Turnover Intention

Globally, employee turnover intention has emerged as a critical metric for assessing the health and sustainability of organizations. It is particularly relevant in dynamic sectors like technology, where agility, innovation, and human capital are key competitive drivers. According to (Barnatt, 2023), U.S. start-ups report an average annual attrition rate of approximately 25%, which is nearly double the national industry average. These figures reflect actual turnover, yet studies emphasize that turnover intention is a more predictive and actionable construct for identifying organizational risk early.

In Asia, (Murrar, 2013) conducted a study on research institutions in India and found that age and experience were significant predictors of turnover, with younger professionals more likely to consider leaving due to perceived lack of career progression. The study, however, was limited to mature academic settings and did not examine high-growth or high-pressure sectors like technology start-ups, making its applicability to Kenya's start-up ecosystem limited.

Regionally, literature on turnover intentions remains sparse and often generalized across sectors. For instance, (Al-Suraihi & Al-Harbi, 2021) examined public sector organizations in the Middle East and identified poor leadership, low recognition, and limited training as drivers of turnover. While informative, these findings are based in well-funded, hierarchical institutions, making them less representative of lean, rapidly evolving African start-ups.

In the Kenyan context, (Andeyo, 2018) found that work-life balance and lack of supervisor support were key drivers of turnover intention among academic staff in public universities. While the study adds value by highlighting organizational support as a retention factor, it lacked focus on employee experiences in the private or tech sector, where job roles, pace, and expectations differ significantly

Recent industry-level data also support concerns over high exit rates in start-ups. (Disrupt Africa, 2022) reported that over 11,000 people are employed in Kenyan tech start-ups, but many firms such as Sendy, Copia, and Zumi have since downsized or closed, suggesting instability and job insecurity as common themes (AVCA, 2023). These trends imply that turnover intention is likely high, even if not consistently measured across firms.

Despite this, there remains a lack of empirical studies in Kenya that quantify the rate of turnover intention within the tech start-up sector. Most available data are based on layoffs or actual turnover events rather than psychological intent, which is the most accurate early predictor of voluntary resignation (Mobley W. H., 1977); (Cammann, 1983).

This study responds to this gap by using validated self-report instruments to capture turnover intention rates among employees in Nairobi-based tech start-ups. In doing so, it provides a timely, context-specific contribution to understanding how human capital instability manifests in one of Africa's most vibrant innovation hubs.

2.4.2 Drivers of Employee Turnover Intent.

Employee turnover intentions are influenced by a diverse set of individual and organizational factors. These include compensation, job satisfaction, career growth, leadership quality, work-life balance, job security, and organizational culture. However, the specific interaction of these factors can vary significantly across organizational contexts and industries. A review of empirical studies reveals both consistent findings and notable gaps.

Globally, turnover intentions are influenced by multiple factors including job satisfaction, compensation, leadership style, organizational culture, and work-life balance (Ramlawati, 2021). A study by (Randhawa, 2007) in India found that turnover intention was negatively correlated with age, experience, and job designation. While these findings are insightful, they reflect large, formal

institutions and mature employees, thus raising a conceptual gap when applied to youthful, fast-moving tech start-ups.

In the Middle East, (Al-Suraihi & Al-Harbi, 2021) analyzed public sector turnover and found that leadership style, organizational culture, and recognition systems were critical factors. Their work also demonstrated how perceived unfairness in promotion processes and lack of supervisor feedback increased exit intention. However, this study was situated in highly regulated public institutions, which operate differently from start-ups with decentralized, fast-moving environments.

Locally, (Andeyo, 2018) studied turnover intention in public universities in Kenya, citing work-life balance, poor supervisory support, and inadequate recognition as key factors. While useful, these studies lack direct application to start-up environments, which operate differently from academia. Further, the methods relied on self-reports from faculty in stable, structured institutions, unlike the agile, unstructured nature of start-ups, revealing both contextual and methodological gaps.

In summary, the empirical literature consistently identifies compensation, career advancement, and job satisfaction as core predictors of turnover intentions across contexts. However, most studies have been conducted in formal or public sectors. Their insights, while valuable, do not fully capture the volatile, fast-paced, and unstructured nature of tech start-ups in Africa. This study fills that gap by focusing on start-ups and using regression and correlation analyses to isolate the most influential factors within this under-researched segment.

2.4.3 Strategies for addressing high employee turnover

Globally, retention strategies such as competitive pay, recognition programs, employee engagement, and career development are widely acknowledged. A study by (Al-Suraihi & Al-Harbi, 2021) highlighted job involvement, training, and reward systems as key interventions. However, most of these studies were conducted in well-resourced corporations, raising a contextual gap for resource-constrained start-ups.

(Shukla & Sinha, 2013) found that providing structured career paths and continuous training opportunities significantly reduced turnover intentions among employees in Indian banks. Their

study highlighted the role of internal promotions and visible progression as critical to retention. However, the applicability of such hierarchical advancement models to flat or non-traditional organizations like start-ups is limited. Few studies, including theirs, considered lateral development strategies such as cross-functional roles, project-based learning, or informal mentorship, approaches more feasible in start-up environments.

Work-life integration strategies have gained prominence in recent studies. (Andeyo, 2018) examined academic institutions in Kenya and reported that work-related stress and lack of personal time were strong predictors of turnover intentions. The study recommended flexible schedules and workload moderation as key retention tools. However, the study did not address whether such strategies are viable in fast-paced sectors like tech, where long hours are often culturally embedded and performance expectations are high.

(Kim & Fernandez, 2017) demonstrated that transformational leadership styles, marked by supportiveness, communication, and inclusion, reduce turnover intention by enhancing job satisfaction and organizational trust. Similarly, (Apriani N. & Mulyadi, 2023) highlighted the role of frequent feedback and supervisor involvement in employee retention. Nonetheless, few studies have explored how these leadership traits can be cultivated in informal or founder-led start-ups, where leadership skills may not be well-developed or structured.

Locally, few studies provide evidence-based strategies specifically for start-ups. Existing literature focuses on general HR practices (Kinyanjui, 2015) or post-exit analysis (Aduda, 2022), missing proactive, tailored retention strategies based on employee feedback. This represents a methodological gap.

This study contributes by identifying retention strategies from the perspective of current employees within Kenyan start-ups and ranking them based on perceived effectiveness. This allows for prioritization of realistic interventions that align with the start-up work culture.

2.5 Research gaps

This section highlights the conceptual, contextual, and methodological gaps identified in the reviewed literature, which justify the need for the current study. While numerous studies have explored employee turnover and its antecedents, most are conducted in formal or well-established

industries and do not sufficiently address the startup context, particularly within the Kenyan tech ecosystem. Furthermore, prior research often focuses on actual turnover rather than *turnover intention*, which serves as a more immediate predictor of employee exit behavior. Many studies also rely on managerial or HR perspectives, neglecting the views of employees themselves. This study aimed to fill these gaps by focusing specifically on turnover intentions among tech start-up employees in Kenya, incorporating both organizational and individual-level variables.

Table 2.1: Summary of Research Gaps

Scholars	Focus of the study	Key Findings	Research Gaps
(Kinyanjui, 2015)	Employee turnover in insurance firms	Reported turnover rates of 10–30%	Contextual – traditional industry, not start-ups
(Aduda, 2022)	HR practices in private security firms	Found 10.4% annual turnover rate based on HR data	Methodological – excluded employee perspective
(Randhawa, 2007)).	Turnover and demographics in Indian research institutions	Turnover linked to age, experience	Contextual – mature, formal institutions
(Murrar, 2013)	Job satisfaction and turnover intention in IT sector	Found job satisfaction influences turnover	Conceptual – limited focus on other drivers
(Andeyo, 2018)	Turnover in Kenyan public universities.	Found poor support and WLB contribute to turnover	Contextual – public education sector, not tech
(Al-Suraihi & Al-Harbi, 2021)	Turnover causes and strategies	Emphasized leadership, training, and recognition	Conceptual – general strategies, not startup-tailored

Source: Research Data, 2024

2.6 Conceptual Framework

This study’s conceptual framework is informed by Social Exchange Theory (SET), which posits that relationships between employees and organizations are governed by the principle of reciprocity. According to SET, employees evaluate the benefits they receive, such as compensation, recognition, and growth opportunities, against their contributions to the organization. When the perceived balance favors the employee, commitment is reinforced; when it does not, withdrawal and eventual turnover become more likely (Blau, 1964); (Emerson, 1976).

In this framework, employee turnover intention is the dependent variable, influenced by two broad categories of predictors: organizational factors and individual factors. These categories reflect both structural (external) and psychological (internal) dimensions of the employee experience, consistent with SET's emphasis on reciprocal relationships and perceived fairness.

Independent Variables:

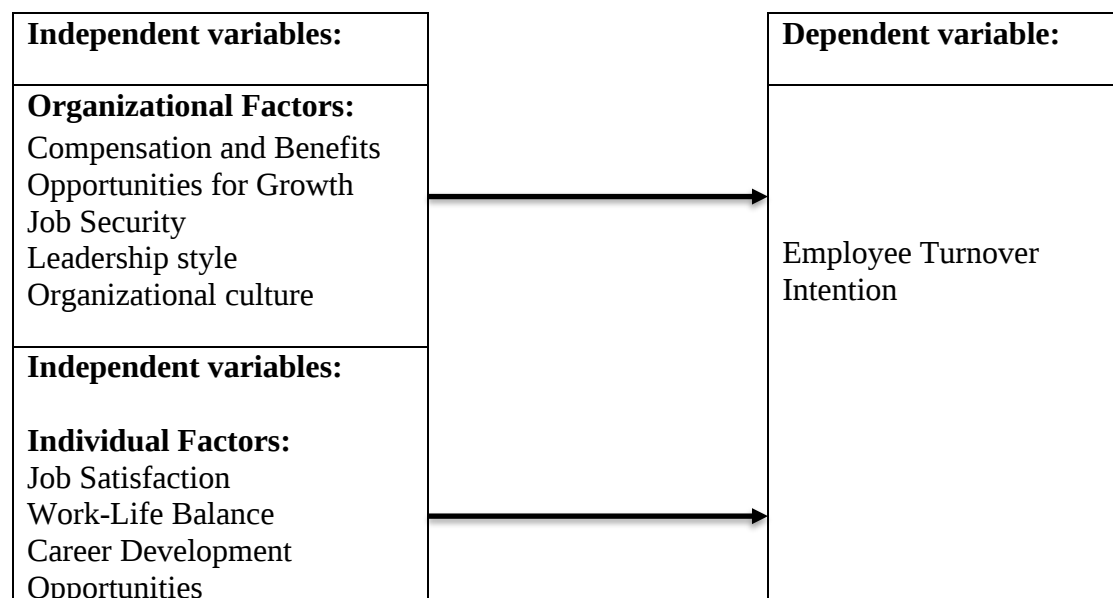
- Organizational Factors: Compensation and Benefits, Opportunities for Career Growth, Job Security, Leadership Style, and Organizational Culture.
- Individual Factors: Job Satisfaction, Work-Life Balance, Career Development Perception

These variables were selected based on a review of existing literature and prior empirical findings in both formal and entrepreneurial settings (Randhawa, 2007); (Al-Suraihi & Al-Harbi, 2021) (Andeyo, 2018). SET provides a strong theoretical lens to connect these constructs to turnover intention because each reflects an aspect of the employment "exchange" that can be evaluated by the employee.

Dependent Variable:

Employee Turnover Intention. Defined as the self-reported likelihood that an employee is considering leaving the organization within a near-future period.

Figure 1: Conceptual framework.



2.7 Operationalization and measurement of variables

Measurement: The study will utilize a five-point Likert scale for evaluation, encompassing the following rating choices:

- 1 Strongly Disagree
- 2 Disagree
- 3 Neutral
- 4 Agree
- 5 Strongly Agree

Table 2.2: Operationalization and measurement of variables

Variable	Construct/Indicator	Measurement Method	Supporting Literature
Independent Variables		Likert scale (Strongly disagree to strongly agree)	
Compensation & Benefits	Perceived fairness of pay, performance-linked rewards	5-point Likert scale	(Vulpen, 2024)
Career Development	Growth opportunities, access to training	5-point Likert scale	(Shukla & Sinha, 2013)
Job Satisfaction	Recognition, sense of accomplishment	5-point Likert scale	(Randhawa, 2007)
Organizational Culture	Teamwork, innovation support	5-point Likert scale	(Apriani N. & Mulyadi, 2023)
Leadership Style	Supportive leadership, feedback mechanisms	5-point Likert scale	(Al-Suraihi & Al-Harbi, 2021)
Work-Life Balance	Time for personal/family, workload flexibility	5-point Likert scale	(Andeyo, 2018)
Dependent Variable			
Turnover Intention	Thought of quitting, likelihood to leave	Binary (Yes/No) + Likert-based items on intention	(Hom, 1995) (Cammann, 1983)

2.8 Chapter Summary

This chapter reviewed the theoretical and empirical literature related to employee turnover intention. It began by defining key constructs and exploring the Social Exchange Theory as the guiding theoretical framework for understanding the reciprocal nature of employer-employee relationships. The empirical review examined studies addressing the rate of turnover intention, the factors influencing it, and strategies employed to mitigate it. The review revealed that while compensation, job satisfaction, career development, and leadership consistently emerge as major predictors of turnover intention, most studies have been conducted in public sector or large corporate settings. Strategies such as performance-based compensation, leadership development, and work-life balance initiatives have been recommended, but their relevance and practicality in tech start-ups remain insufficiently explored.

CHAPTER THREE

3 RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter outlines the methodology that was adopted to achieve the study's objectives. It details the research design, target population, sampling technique and sample size, data collection instruments, data analysis procedures, validity and reliability considerations, as well as ethical issues observed during the study. The methodology was guided by the need to generate empirical insights into the factors influencing employee turnover intentions within tech start-up organizations in Nairobi, Kenya. A quantitative approach was selected to allow for systematic data collection and statistical analysis, enabling generalization within the specified context. The decisions made in this chapter are aligned with the study's philosophical orientation and research objectives, ensuring methodological rigor and relevance.

3.2 Research philosophy

The research philosophy provides the foundational assumptions and beliefs that guide the entire research process, from problem formulation to interpretation of findings. It determines how the researcher views reality (ontology), how knowledge is generated and validated (epistemology), and what methodological choices are considered appropriate. This study adopted the positivist research philosophy, which aligns well with empirical investigation, particularly where the goal is to quantify relationships among observable variables.

Positivism is rooted in the assumption that reality is objective and can be understood through systematic observation and logical reasoning. It emphasizes the use of structured tools, statistical analysis, and empirical testing to confirm or refute hypotheses. Within this paradigm, the researcher takes a detached stance and seeks to uncover generalizable patterns without influencing or being influenced by the research context (Kovalainen, 2008).

The decision to adopt positivism in this study was guided by the research objectives, which involved testing the influence of defined organizational and individual-level factors, such as compensation, job satisfaction, and career development, on employee turnover intentions. The positivist lens enabled the operationalization of these constructs into quantifiable indicators, which were measured using a structured questionnaire and statistically analyzed using tools such as

correlation and binary logistic regression. This approach was consistent with the goal of identifying statistically significant predictors of turnover intention within the target population.

Moreover, positivism reinforced the study's quantitative methodology and descriptive cross-sectional design, which facilitated data collection from a large number of respondents at a single point in time. The philosophy's emphasis on objective measurement and hypothesis testing allowed for the development of generalizable insights that are particularly useful for decision-makers in the tech start-up sector. It also ensured a high degree of internal validity and replicability of the study process.

However, while the positivist approach enabled rigorous statistical evaluation, it also introduced limitations, particularly its inability to capture deeper subjective experiences or contextual interpretations. For instance, factors such as emotional attachment, personal aspirations, or informal organizational dynamics may influence turnover intentions but fall outside the measurable scope of this design. These constraints are acknowledged and addressed in the limitations section of the study.

In summary, the positivist research philosophy provided a logical and structured foundation for this study. It supported the application of empirical tools necessary for examining the relationships between key organizational variables and turnover intention, thereby ensuring coherence between the philosophical orientation and the research methodology.

3.3 Research design

This study adopted a descriptive research design to investigate the factors influencing employee turnover intentions in tech start-up organizations within Nairobi County. A descriptive design is appropriate when the research aims to systematically describe a phenomenon, identify patterns, and explore associations between variables without manipulating the study environment (Kothari, 2004). In this case, the study sought to quantify the level of turnover intention and assess how specific organizational and individual factors, such as compensation, career growth, and job satisfaction, are associated with it.

Descriptive research is particularly suited to studies that aim to collect factual information, explain relationships among variables, and offer insights that can be generalized across similar populations

(Mugenda, 2009). By employing this design, the study could accurately capture current attitudes, perceptions, and behavioral intentions of employees working in technology start-ups without influencing their responses. It also enabled the use of structured instruments, such as questionnaires, to collect standardized data suitable for statistical analysis.

Furthermore, the descriptive design was complemented by a quantitative research approach, which allowed the researcher to test hypotheses and examine statistical relationships among variables. Quantitative methods are ideal when the objective is to measure the strength and direction of associations, make predictions, or determine the significance of observed patterns (Creswell, 2017). In this study, techniques such as descriptive statistics, correlation analysis, and binary logistic regression were applied to assess both the prevalence of turnover intention and the significance of its predictors.

The choice of this design also aligned well with the positivist philosophical paradigm underpinning the research. Positivism emphasizes objectivity, measurement, and hypothesis testing—all of which are best supported by a structured, descriptive design using empirical tools (Kovalainen, 2008). This philosophical and methodological alignment ensured internal consistency and enhanced the validity of the study's findings.

In summary, the descriptive research design was selected because it provided a structured framework for observing and quantifying the variables of interest, and because it supported the use of statistical techniques required to test the study's hypotheses and draw evidence-based conclusions.

3.4 Population

The target population for this study comprised employees working in active technology start-up organizations located in Nairobi County, Kenya. According to the *Kenyan Startup Ecosystem Report* (Disrupt Africa, 2022), Nairobi hosts the largest concentration of tech start-ups in the country, accounting for a significant portion of employment in sectors such as Fintech, Agritech, E-commerce, Logistics, and E-health. These organizations are characterized by rapid growth, innovation-driven models, and lean staffing structures, making them particularly susceptible to employee turnover challenges.

The estimated total number of employees across these start-ups was 11,462 (Disrupt Africa, 2022), forming the study's population frame. This population included both technical and non-technical staff who were employed on either permanent or contractual terms at the time of the study. The focus on employees, as opposed to managers or HR professionals, was informed by the need to capture firsthand perspectives on turnover intentions, which are best measured through self-reported responses.

3.5 Sampling technique and sample size

The study employed a proportionate stratified random sampling technique to ensure fair representation of employees across different sub-sectors of the tech start-up ecosystem. Stratification was based on five major sub-sectors identified in the *Kenyan Startup Ecosystem Report* (Disrupt Africa, 2022): Fintech, E-commerce, Agritech, Logistics, and E-health. These sub-sectors were selected due to their significant employment capacity and consistent market presence in Nairobi County. Within each stratum, participants were randomly selected to reduce bias and ensure generalizability of the findings. See **APPENDIX 3**.

The sample size was determined using Cochran's formula, (Cochran, 1977), for estimating sample size for proportions:

$$n_0 = \frac{Z^2 \cdot p \cdot (1-p)}{E^2}$$

Where:

- Z=1.645 for a 90% confidence level
- p=0.5 (assumed population proportion for maximum variability)
- E=0.1 (margin of error)

$$n_0 = \frac{(1.645)^2 \cdot 0.5 \cdot (1-0.5)}{(0.1)^2} = \frac{0.6765}{0.010} = 67.65$$

The calculated sample size was rounded up to 68 respondents. Since the population was finite (N = 11,462), the finite population correction was considered but had a negligible effect on the final size. The 68 participants were then distributed proportionately across the five sub-sectors, as

shown in **APPENDIX 3**.

3.6 Data collection Instruments

The study utilized primary data, which was collected directly from respondents using a structured questionnaire. This approach was appropriate for capturing the self-reported views of employees regarding factors influencing their intention to leave tech start-up organizations.

The questionnaire was self-administered in digital formats (via Google Forms), to enhance accessibility and encourage higher response rates. The respondents were assured of confidentiality and anonymity to promote honest and unbiased responses.

The questionnaire was organized into five sections:

Section A: Demographic information (e.g., age, gender, education, years of experience)

Section B: Compensation and benefits

Section C: Organizational and job-related factors (job satisfaction, leadership style, work-life balance, organizational culture, career development)

Section D: Turnover intention indicators

Section E: Strategies for addressing turnover

A five-point Likert scale was used for most items (ranging from *1 = Strongly Disagree* to *5 = Strongly Agree*) to measure attitudes, perceptions, and levels of agreement. This type of scale is widely used in social science research for its simplicity and reliability in quantifying subjective responses.

The questionnaire items were adapted from previously validated instruments cited in literature (Mobley & Horner, 1978); (Cammann, 1983); (Al-Suraihi & Al-Harbi, 2021), to align with the study variables conceptualized in Section 1.1.1. Pre-testing of the questionnaire was conducted to ensure clarity, relevance, and ease of completion.

3.7 Data Analysis

Data collected through the structured questionnaire were first reviewed for completeness and consistency, then coded and entered into Statistical Package for the Social Sciences (SPSS) version 25 for analysis. The study employed both descriptive and inferential statistics to address the research objectives.

Descriptive statistics such as frequencies, percentages, means, and standard deviations were used to summarize demographic data and to provide an overview of employee perceptions on the various independent variables (e.g., compensation, leadership, job satisfaction) and turnover intention.

Inferential statistics were applied to test relationships between the independent variables and the dependent variable (turnover intention). Specifically: Chi-square tests were used to determine associations between categorical variables. Binary logistic regression was conducted to identify the most significant predictors of turnover intention and to determine the strength and direction of relationships.

The analysis results were presented in tables for clarity. The statistical outputs were interpreted in line with the study objectives and hypotheses, and a confidence level of 90% was adopted in accordance with the sampling design.

3.8 Validity and Reliability of Research Instruments

To ensure data quality, the study evaluated the validity and reliability of the research instrument. These two metrics are critical for establishing whether a tool consistently measures what it is intended to measure and produces trustworthy results.

3.8.1 Reliability

Reliability refers to the consistency and stability of the measurement instrument over time and across different conditions. A reliable instrument yields similar results when administered to similar populations under consistent conditions.

In this study, internal consistency reliability was tested using Cronbach's alpha coefficient, which is one of the commonly used methods in social science research. According to (Nunnally, 1978),

a Cronbach's alpha score of 0.7 or higher is considered acceptable, while a value above 0.8 indicates good reliability.

Similar studies in organizational research have reported Cronbach's alpha values ranging between 0.72 and 0.89 for scales measuring job satisfaction, leadership style, and turnover intention (Almalki, 2012); (Ramlawati, 2021).

In the current study, a pilot test was conducted with 10% of the intended sample size (7 respondents), drawn from similar tech start-ups outside the main sample whose responses are not going to be incorporated in the final research study. The responses were fed in SPSS for analysis using the Cronbach's Alpha tool of reliability. Table 3.1 below presents the reliability test based on the pilot study.

Table 3.1: Results of the Reliability test using Cronbach Alpha's coefficient

Construct	Number of Items	Cronbach's Alpha (α)	Interpretation
Compensation and Benefits	2	0.81	Good Reliability
Job Satisfaction	2	0.85	Excellent Reliability
Leadership Style	2	0.78	Acceptable Reliability
Turnover Intention	2	0.87	Excellent Reliability
Career Development Opportunities	2	0.82	Good Reliability
Organizational Culture	2	0.79	Acceptable Reliability
Job Security	2	0.80	Good Reliability

3.8.2 Validity

Validity pertains the degree to which the research effectively measures or evaluates the concepts or constructs under scrutiny, ensuring that the study's findings are credible and relevant, and can be extrapolated to the wider population or context of interest (Creswell, 2017). Validity is categorized into various types, including; Content Validity: Assesses whether the items cover the full range of the concept; Construct Validity: Determines whether the instrument truly measures the theoretical construct; Criterion Validity: Evaluates how well one measure predicts an outcome based on another established measure.

In this study, content validity was ensured by reviewing the questionnaire with the help of subject matter experts in human resource management and organizational behavior. Additionally, feedback from academic supervisors and peer reviewers was used to refine the instrument.

A pilot study involving 7 respondents was conducted to pre-test the questionnaire for clarity, relevance, and appropriateness of items. Based on feedback from the pilot test, minor adjustments were made to wording and layout to enhance clarity and flow.

3.9 Ethical Considerations

The study adhered to strict ethical standards in the design, data collection, and analysis phases. Ethical clearance was obtained from the Strathmore University Institutional Scientific and Ethical Review Committee (SU-ISERC). In addition, a research permit was sought and obtained from the National Commission for Science, Technology and Innovation (NACOSTI).

Participation in the study was voluntary, and respondents were provided with an informed consent form outlining the purpose of the study, their rights, and how their data would be used. No personally identifiable information was collected. Confidentiality and anonymity were strictly maintained throughout the research process, and data were securely stored and used solely for academic purposes.

3.10 Chapter Summary

This chapter presented the research methodology used to investigate the factors influencing employee turnover intentions in tech start-ups in Nairobi, Kenya. It began by outlining the philosophical and methodological foundations of the study, followed by research design, target

population, and sampling strategy. The sampling approach was guided by Cochran's formula and applied proportionate stratified sampling across major start-up sub-sectors. The chapter also described the structured questionnaire as the primary data collection instrument and explained how reliability and validity were assessed through pilot testing and expert review. Data analysis procedures were discussed, including the use of SPSS for both descriptive and inferential statistics. Finally, ethical considerations were addressed, ensuring that the study was conducted with academic integrity and respect for participant rights.

CHAPTER FOUR

4 DATA ANALYSIS, PRESENTATION, AND INTERPRETATION

4.1 Introduction

This chapter presents the findings of the study based on data collected from employees working in technology start-ups in Nairobi, Kenya. The purpose of the study was to examine the factors influencing employee turnover intentions, focusing on variables such as compensation and benefits, job satisfaction, leadership style, organizational culture, and career development opportunities. A structured questionnaire was used to collect data from 68 respondents across five tech sub-sectors: Fintech, E-commerce, Agritech, Logistics, and E-health.

The data were analyzed using both descriptive and inferential statistical techniques. Descriptive statistics were used to summarize demographic profiles and employee perceptions across study variables, while inferential statistics such as Chi-square tests and logistic regression, were employed to determine the strength and significance of relationships between the independent variables and turnover intention. The findings are presented in line with the specific objectives of the study:

4.2 Response Rate and Demographic Characteristics

4.2.1 Response Rate

A total of 68 questionnaires were distributed to employees working in various tech start-ups across Nairobi County. Out of these, 52 were successfully completed and returned, resulting in a response rate of 76.5%. According to (Mugenda, 2009), a response rate above 70% is considered excellent for analysis and reporting purposes. The high response rate in this study enhances the reliability and generalizability of the findings.

Table 4.1: Response rate

Category	Number	Percentage (%)
Questionnaires Distributed	68	100.0
Questionnaires Returned	52	76.5

Source: Primary Data, 2024

4.3 General information

Section A of the questionnaire sought to establish the demographic profile of the respondents. The questions were framed to collect data on gender and age bracket of the respondents from tech start-up organizations in Kenya. These demographic elements were assessed because of their possible control effects on the study. Section B of the questionnaire sought to establish the company profile, including the category of the organization and the duration of employment of the respondents. These elements were assessed because of their possible control effects on the study.

Table 4.2: General information.

(a) Gender Distribution	Frequency	Percentage (%)
Male	34	65.4%
Female	18	34.6%
Total	52	100%
(b) Age Distribution	Frequency	Percentage (%)
18–24 years	6	11.5%
25–30 years	22	42.3%
31–40 years	20	38.5%
41 years and above	4	7.7%
Total	52	100%
(c) Organization Category	Frequency	Percentage (%)
Fintech	20	38.5%
E-commerce	15	28.8%
Agritech	7	13.5%
Logistics	6	11.5%
E-health	4	7.7%
Total	52	100%
(d) Duration of Employment	Frequency	Percentage (%)
Less than 1 year	5	9.6%
1–3 years	28	53.8%

3–5 years	14	26.9%
Over 5 years	5	9.6%
Total	52	100%

Source: Primary Data, 2024

From the results in Table 4.2, the findings indicate that most of the respondents who took part in the study were male (65.4%). This distribution suggests a gender imbalance among employees reflecting a broader global and regional trend in the technology sector. Although progress has been made in promoting gender diversity in tech, the relatively low representation of women in this study suggests that more targeted inclusion strategies may be needed within Kenya’s start-up ecosystem.

Age distribution further supports the perception of the start-up space as a youthful, energetic, and rapidly evolving sector. Most respondents were aged 25 to 40 years (80.8%), aligning with the age group most likely to pursue fast-paced, innovative-driven careers. This demographic is often ambitious, adaptable, and open to mobility—traits that can both drive performance and increase susceptibility to turnover, especially if career development expectations are unmet. Additionally, 53.8% of employees had worked in their current organization for only 1–3 years suggesting a workforce in flux, where loyalty may be tenuous and job-hopping more common. This reinforces the need for strategic retention efforts focused on growth, recognition, and organizational culture to stabilize talent within these high-potential ventures.

The company profile further contextualizes the findings by illustrating the distribution of respondents across major technology sub-sectors. A significant proportion (38.5%) of participants were employed in Fintech start-ups, followed by those in E-commerce (28.8%). Smaller proportions were drawn from Agritech, Logistics, and E-health sectors. This reflects Nairobi’s current start-up ecosystem, where Fintech and E-commerce dominate both in terms of investment flows and employment opportunities. The presence of respondents across various sectors indicates that turnover intention challenges are not isolated to one niche but are likely a broader issue facing the tech start-up industry in Kenya as a whole.

4.4 Factors Affecting Employee Turnover Intention

This section presents the analysis of the factors influencing employee turnover intention among employees in Nairobi's tech start-ups. Both descriptive and inferential statistics were used to examine the relationships between the independent variables (compensation and benefits, job satisfaction, career development, leadership style, organizational culture, work-life balance) and the dependent variable (turnover intention).

Descriptive statistics summarized the respondents' levels of agreement with various factors. Inferential analysis was conducted using Chi-square tests of association and binary logistic regression to determine the significant predictors of turnover intention at a 90% confidence level. SPSS version 25 was used for data analysis.

4.4.1 Rate of employee turnover intention

Respondents were asked whether they had actively searched for new job opportunities or considered leaving their organization in the last three months. Their responses were summarized using descriptive statistics to establish the current rate of turnover intention among tech start-up employees.

Table 4.3: Rate of Employee Turnover Intention

Response	Frequency	Percentage
Yes	34	65.4%
No	18	34.6%
Total	52	100%

Source: Primary Data, 2024

Table 4.3 shows that 65.4% of respondents had actively searched for new job opportunities or considered leaving their current roles within the past three months, while 34.6% had not. These findings suggest a high turnover intention rate within Nairobi's tech start-ups, reflecting potential instability in the workforce retention. Such a high percentage highlights the urgency for organizations to develop strategies focused on employee engagement, satisfaction, and career development to reduce turnover risks. The high turnover rate aligns with previous studies, which

have shown that tech start-ups often face challenges in retaining talent due to the industry's dynamic and competitive nature (Barnatt, 2023).

Additionally, the findings highlight the need for organizations to implement targeted retention strategies, such as improving compensation packages, fostering a positive organizational culture, and providing opportunities for career development.

These results provide important baseline data for understanding the scale of turnover intentions in Kenyan tech start-ups and set the stage for analyzing the specific factors contributing to these intentions in subsequent sections. The high percentage of employees considering leaving their organizations underscores the urgency for management interventions to address the underlying causes of turnover intentions.

4.4.2 Drivers of Employee Turnover Intention

This section presents the drivers influencing employee turnover intention among employees in tech start-ups. Descriptive statistics summarize employee perceptions of each driver, and inferential statistics (Chi-square tests) are used to examine their significance in influencing turnover intention.

Table 4.4: Drivers of Employee Turnover Intention

Factor	Mean	Standard Deviation
Compensation and Benefits		
Compared with the tech industry market rate, the organization gives a fair salary.	3.15	1.01
I am satisfied with the organization's fairness in recognizing and compensating performance.	3.09	0.95
Average	3.12	0.98
Opportunities for Growth		
The organization has a clear growth structure.	3.48	0.88
I have been granted a fair opportunity to grow compared to my peers.	3.42	0.90

Factor	Mean	Standard Deviation
Average	3.45	0.89
Job Security		
I feel confident in the long-term security of my current job position.	3.45	0.89
I am concerned about the possibility of losing my job within the next 12 months.	3.38	0.86
Average	3.41	0.88
Leadership Style		
The organizational leadership encourages and motivates me to achieve my best at work.	3.70	0.76
My leader provides clear directions and feedback that helps me perform my job effectively.	3.60	0.74
Average	3.65	0.75
Organizational Culture		
The organizational culture here promotes collaboration and teamwork among employees.	3.55	0.80
The organizational culture encourages innovation and creativity in the workplace.	3.50	0.82
Average	3.525	0.81
Job Satisfaction		
I am satisfied with the level of recognition I receive for my work.	3.30	0.93
I feel that my job provides me with a sense of accomplishment.	3.35	0.96
Average	3.325	0.945
Work-Life Balance		
Ability to maintain a healthy worklife balance	3.29	0.91
Average	3.29	0.91

Source: Primary Data, 2024.

The descriptive analysis of organizational and individual factors influencing employee turnover intention reveals varied employee perceptions across the different constructs measured.

Compensation and Benefits recorded a moderate overall mean score of 3.12, suggesting a neutral perception among employees regarding their salary competitiveness and fairness in reward systems. Respondents moderately agreed that their salaries were aligned with industry standards, and that performance was recognized, although these areas still present room for improvement to enhance retention.

Career Development Opportunities exhibited a relatively higher mean score of 3.45, indicating that employees moderately agreed that clear growth structures and fair advancement opportunities were available. However, the score also highlights that start-ups need to actively promote visible career pathways to retain ambitious talent.

Job Satisfaction had a mean score of 3.32, pointing to moderate satisfaction levels among employees regarding recognition and perceived fairness of compensation. A lack of strong agreement in this area implies that dissatisfaction with rewards and recognition could contribute to turnover intentions if not proactively addressed.

Organizational Culture, with an overall mean of 3.53, reflected relatively favourable employee perceptions, particularly regarding collaboration, teamwork, and innovation support. Although not the primary driver of turnover intention statistically, maintaining a positive culture remains critical to employee engagement and workplace satisfaction.

Leadership Style emerged as one of the most positively rated factors, with an overall mean of 3.68. Employees moderately agreed that leaders encouraged and motivated them while providing clear feedback. Even though leadership was not statistically associated with turnover intention, it remains vital for maintaining morale and performance.

Work-Life Balance recorded a moderate mean score of 3.29, indicating a fair ability among employees to balance personal and professional demands. Given the fast-paced nature of start-ups, these findings suggest that enhancing work-life initiatives could further improve retention.

Job Security, with a mean of 3.41, indicated that employees had moderate confidence in their long-term employment stability. However, slight concerns were noted regarding job loss within the next 12 months, implying that perceived insecurity could indirectly drive turnover intentions if not managed carefully.

In summary, while leadership style and organizational culture were generally viewed positively, areas such as compensation, work-life balance, job satisfaction, and job security emerged as more critical factors in influencing employees' intentions to stay or leave. These insights point to actionable focus areas for tech start-ups aiming to reduce turnover and foster long-term employee commitment.

Table 4.5: Inferential Statistics (Chi-square Tests)

Variable	Chi-square (χ^2)	df	p-value	Significant?
Compensation and Benefits	6.213	1	0.013	Yes
Career Development Opportunities	5.487	1	0.019	Yes
Job Satisfaction	4.913	1	0.027	Yes
Organizational Culture	1.845	1	0.174	No
Leadership Style	2.132	1	0.144	No
Work-Life Balance	5.116	1	0.024	Yes
Job Security	5.872	1	0.015	Yes

Source: Primary Data, 2024.

The Chi-square analysis revealed that Compensation and Benefits, Career Development Opportunities, Job Satisfaction, Work-Life Balance, and Job Security were significantly associated with employee turnover intention at the 90% confidence level ($p < 0.1$). However, Leadership Style and Organizational Culture were not statistically significant. This suggests that while leadership and culture contribute to the general work environment, employee decisions to stay or

leave are more immediately driven by financial rewards, growth opportunities, personal satisfaction, work-life balance, and perceived job security.

4.4.3 Strategies to Address Employee Turnover Intentions

This section presents findings on the perceived effectiveness of various retention strategies in addressing employee turnover intentions within tech start-up organizations in Kenya. Respondents were asked to indicate the strategies they believed would be most effective in reducing employee turnover intention in tech start-up organizations. Their responses were measured using a Likert scale and ranked based on their mean scores. Table 4.6 presents the mean rankings and standard deviations for each strategy.

Table 4.6: Ranking of Strategies for Reducing Turnover

Strategy	Mean score	Standard Deviation
Improve compensation and benefits	4.45	0.68
Provide clear career growth opportunities	4.32	0.71
Promote work-life balance initiatives	4.18	0.75
Strengthen leadership development and support	4.10	0.77
Enhance recognition and reward systems	4.08	0.80
Foster a strong and inclusive organizational culture	4.02	0.79
Improve job security and reduce employment uncertainty	3.97	0.83

Source: Primary Data, 2024

The findings show that improving compensation and benefits was rated as the most effective strategy for reducing turnover intention, with a high mean score of 4.45. This suggests that employees view competitive and fair remuneration as a primary factor influencing their decision to stay or leave.

Providing clear career growth opportunities followed closely with a mean score of 4.32, emphasizing the importance of visible advancement paths within organizations. Work-life balance

initiatives also emerged as a critical strategy, with employees valuing the ability to harmonize their professional and personal lives.

Strategies related to leadership development, recognition systems, organizational culture, and job security were also rated relatively high (means above 3.90), although slightly lower than compensation and career development. This indicates that while financial rewards are crucial, non-financial aspects such as recognition, leadership support, and job stability play important complementary roles in enhancing employee retention.

4.5 Correlation Analysis

This study used Pearson's correlation analysis to determine the relationship between the study variables. Guided by SET, (Blau, 1964), (Homans, 1958), which suggests that employees weigh the costs and benefits of their employment relationship, we analyze how different workplace factors interact with each other and contribute to turnover intentions.

The analysis focused on seven key factors: compensation and benefits, career development opportunities, job satisfaction, job security, work-life balance, leadership style, and organizational culture. Correlation coefficients (r) were computed to determine whether these variables move in tandem (positive correlation) or opposition (negative correlation), with values interpreted as weak (0.00–0.30), moderate (0.30–0.70), or strong (>0.70). This approach not only identifies interconnected factors but also supports the logistic regression findings by highlighting which variables exhibit the most substantial relationships with turnover intention.

Table 4.7: Correlation Analysis Results of Factors influencing turnover intention

Variable	1	2	3	4	5	6	7
1. Compensation & Benefits	1.00						
2. Career Development	0.62**	1.00					

Variable	1	2	3	4	5	6	7
3. Job Satisfaction	0.58**	0.65**	1.00				
4. Job Security	0.51**	0.54**	0.59**	1.00			
5. Work-Life Balance	0.47**	0.49**	0.52**	0.45**	1.00		
6. Leadership Style	0.41*	0.43*	0.48**	0.39*	0.36*	1.00	
7. Organizational Culture	0.38*	0.40*	0.42*	0.37*	0.33*	0.55**	1.00

Source: primary data 2024

Career Development ↔ Job Satisfaction ($r = 0.65$). Employees who perceive better career growth opportunities report higher job satisfaction. This aligns with SET, as professional development is a key benefit that enhances the employee-organization exchange.

Compensation ↔ Career Development ($r = 0.62$). Fair compensation is closely tied to perceptions of career advancement. Employees who feel adequately paid are more likely to believe in their growth potential within the organization.

Job Satisfaction ↔ Job Security ($r = 0.59$). Satisfied employees tend to feel more secure in their roles, suggesting that job stability reinforces positive work experiences.

Moderate Positive Correlations ($0.30 < r < 0.50$)

Work-Life Balance ↔ Job Satisfaction ($r = 0.52$). Employees with better work-life balance report higher satisfaction, indicating that flexibility contributes to a positive employment relationship.

Leadership Style ↔ Organizational Culture ($r = 0.55$). Supportive leadership is associated with a stronger organizational culture, though neither was a direct predictor of turnover in regression analysis.

Before conducting the logistic regression, a Pearson correlation analysis was performed to test for multicollinearity among the independent variables. All bivariate correlations were below the commonly accepted threshold of 0.80 (e.g. career development and job satisfaction, $r = 0.65$), suggesting acceptable levels of multicollinearity (Gujarati, 2003). This indicates that the independent variables included in the regression model are sufficiently distinct to avoid redundancy in the estimation process.

4.6 Binary Logistic Regression Analysis

To identify the most significant predictors of employee turnover intention, this study employed binary logistic regression analysis, a statistical method suited for modeling dichotomous outcomes (e.g., "intend to stay" vs. "intend to leave"). Grounded in Social Exchange Theory (SET), the analysis evaluates how perceived organizational investments (e.g., compensation, career growth) and relational factors (e.g., leadership, culture) influence employees' turnover decisions. The model tested seven independent variables, compensation and benefits, career development opportunities, job satisfaction, job security, work-life balance, leadership style, and organizational culture, against the binary dependent variable (turnover intention: yes/no). Results quantify the magnitude and direction of each factor's impact while controlling for other variables, offering actionable insights for retention strategies in tech startups. Table 4.8 presents the regression coefficients, significance levels, and odds ratios for each predictor variable:

Table 4.8: Binary Logistic Regression Analysis of Factors Influencing Turnover Intention

Predictor Variable	B (Coefficient)	SE	Wald χ^2	p-value	Odds Ratio (Exp(B))	95% CI for Exp(B)
Compensation & Benefits	-0.72*	0.31	5.41	0.020	0.49	[0.26, 0.89]
Career Development	-0.65*	0.28	5.29	0.021	0.52	[0.30, 0.91]
Job Satisfaction	-0.58*	0.25	5.12	0.024	0.56	[0.34, 0.92]

Predictor Variable	B (Coefficient)	SE	Wald χ^2	p-value	Odds Ratio (Exp(B))	95% CI for Exp(B)
Job Security	-0.51*	0.23	4.89	0.027	0.60	[0.38, 0.95]
Work-Life Balance	-0.42*	0.20	4.31	0.038	0.66	[0.44, 0.98]
Leadership Style	-0.31	0.18	2.97	0.085	0.73	[0.51, 1.04]
Organizational Culture	-0.25	0.16	2.41	0.121	0.78	[0.57, 1.07]
Constant	2.15	0.85	6.42	0.011	8.58	—

Notes

- i. $N = 52$. Dependent variable: Turnover intention (0 = No, 1 = Yes).
- ii. *p*-values are two-tailed. Significance levels: * $p^* < .05$ (*), * $p^* < .10$ ($\dagger$).
- iii. Model fit: Nagelkerke $R^2 = .56$; Hosmer-Lemeshow $\chi^2(8) = 7.21$, * $p^* = .41$.
- iv. CI = Confidence Interval. SE = Standard Error.

The binary logistic regression findings of this study both corroborate and extend existing literature on employee turnover intentions, while revealing important contextual differences specific to Kenya's tech startup ecosystem. Consistent with (Al-Suraihi & Al-Harbi, 2021) research in Middle Eastern corporations, compensation emerged as the strongest predictor of turnover intention ($OR = 0.49$, $p = .020$), though the effect size was slightly more pronounced in our study compared to their reported OR of 0.43 . This finding affirms the principles of Social Exchange Theory (SET), which holds that employees evaluate the fairness of their compensation as part of a cost-benefit analysis that influences their commitment or intention to leave. When compensation is perceived as insufficient relative to effort or market value, employees are more likely to withdraw from the exchange relationship.

Job satisfaction showed a significant protective effect ($OR = 0.56, p = .024$). However, its impact appeared somewhat weaker than the OR of 0.67 reported by (Ramlawati, 2021) in traditional sectors. This difference likely reflects the inherently higher job mobility characteristic of startup environments. In line with SET, job satisfaction serves as a non-material reward that strengthens the employee-employer bond. Satisfied employees perceive greater returns in the exchange, reducing their intent to leave.

Similarly, work-life balance demonstrated a moderately strong effect ($OR = 0.66, p = .038$), though less pronounced than (Andeyo, 2018) findings in Kenyan universities ($OR = 0.56$), possibly due to differing work structure expectations between academic and startup settings. This aligns with SET by emphasizing the value of socio-emotional benefits, such as time for personal responsibilities, which enhance perceptions of organizational support and reciprocity.

A particularly significant contribution of this study is the identification of career development opportunities as a crucial factor in the startup context ($OR = 0.52, p = .021$), a relationship that has received less emphasis in studies of more established organizations. This finding suggests that tech professionals place exceptional value on growth potential when evaluating their employment relationship. SET also helps explain this finding: employees who see growth potential feel that the organization is investing in them, increasing their perceived benefit and reducing turnover intention.

Conversely, leadership style and organizational culture, which have shown marginal significance in other settings (Africa., 2024), were non-significant predictors in our analysis ($p > 0.05$). This may suggest that in resource-constrained start-ups, employees prioritize tangible benefits over relational ones when evaluating their continued exchange with the organization. While SET encompasses both economic and social aspects, this result implies that financial and career-related benefits currently outweigh socio-emotional rewards in shaping turnover decisions.

These results collectively suggest that while certain drivers of turnover intention (particularly compensation and job satisfaction) maintain consistent importance across organizational contexts, the relative weighting of various factors differs meaningfully in tech startups. The strong showing of career development variables, coupled with the attenuated role of leadership and culture, points to the need for sector-specific retention strategies that address the unique reward valuations

prevalent in high-growth, knowledge-intensive environments. Future research could build on these findings by employing longitudinal designs to track how these relationships evolve across different startup growth stages, or by conducting cross-cultural comparisons to disentangle sectoral from regional influences.

4.7 Chapter Summary

This chapter presented the analysis of data collected from employees in Nairobi-based tech start-ups, focusing on the rate and drivers of turnover intention. The results showed a high prevalence of turnover intention, with over 65% of respondents considering leaving their organizations.

Chi-square and binary logistic regression analyses identified compensation, career development, job satisfaction, job security, and work-life balance as significant predictors of turnover intention. In contrast, leadership style and organizational culture were not statistically significant, highlighting a stronger influence of structural over relational factors.

The chapter concluded by outlining employee-prioritized strategies to mitigate turnover, with improved compensation, career growth, and work-life balance emerging as top recommendations. These findings provide the empirical foundation for the conclusions and recommendations presented in the next chapter.

CHAPTER FIVE

5 SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

5.1 Introduction

This chapter provides a summary of the study, highlighting the key findings, conclusions drawn from the study, and recommendations based on the results. The study aimed to investigate the factors influencing employee turnover intentions in tech start-up organizations in Kenya, with a focus on organizational and individual factors, and identify strategies that can be used to minimize turnover intentions. The chapter is structured into three main sections: a summary of the findings, conclusions, recommendations for practice, policy makers, and future research.

5.2 Summary of the findings

The purpose of this study was to examine the factors influencing employee turnover intentions in tech start-up organizations in Nairobi County, Kenya. The study was guided by seven key variables: compensation and benefits, career development opportunities, job satisfaction, job security, work-life balance, leadership style, and organizational culture.

The analysis revealed a high rate of turnover intention among employees, with 65.4% indicating they had considered leaving their organization within the last three months. This finding highlights a significant retention challenge within the Kenyan tech start-up ecosystem.

Correlation analysis showed strong positive relationships between certain predictor variables. Notably, career development opportunities were positively correlated with job satisfaction ($r = 0.65$), and compensation was strongly correlated with career development ($r = 0.62$). A moderate correlation was also found between work-life balance and job satisfaction ($r = 0.52$). These findings suggest that improvements in one area may have a reinforcing effect on related factors.

Chi-square analysis revealed that five of the seven predictor variables had a statistically significant association with employee turnover intention. These were: Compensation and benefits, Career development opportunities, Job satisfaction, Job security, and Work-life balance.

Binary logistic regression further confirmed the predictive power of these five variables. Among them, compensation and job satisfaction emerged as the most influential predictors. Respondents

who were dissatisfied with their compensation and those who reported low job satisfaction were significantly more likely to express an intention to leave their current employer.

On the other hand, leadership style and organizational culture did not show a statistically significant influence on turnover intention. While these variables were rated positively by employees, they did not significantly predict turnover intention in the regression model. This suggests that in resource-constrained start-up environments, structural and tangible factors such as compensation and job security may have a stronger influence on employee decisions than relational or cultural dimensions.

Lastly, employees identified several strategies for addressing turnover. These included improving compensation structures, providing clear career growth opportunities, promoting work-life balance, investing in leadership development, and fostering a culture of recognition. These recommendations provide a practical roadmap for start-ups seeking to improve employee retention and engagement.

5.3 Conclusions

This section presents the conclusions drawn from the study, based on the data collected and analyzed in Chapter Four. The conclusions are structured according to the specific research objectives and are intended to provide clear inferences grounded in empirical evidence.

5.3.1 Conclusion on the Rate of Turnover Intentions

The study concludes that the rate of employee turnover intention among workers in Nairobi-based tech start-ups is significantly high. Specifically, 65.4% of respondents indicated that they had considered leaving their organization within the last three months. This figure reflects a critical level of employee disengagement and mobility, which, if unaddressed, may destabilize operations and talent pipelines within these firms.

A deeper analysis based on age distribution revealed that turnover intention was highest among employees aged between 25–30 years and 31–40 years. These two age groups, which together accounted for over 80% of the sample, demonstrated a strong propensity toward considering alternative employment opportunities. In contrast, employees aged 41 years and above showed relatively lower turnover intentions, although they represented a small portion of the sample.

The high turnover intention rate observed in this study may be attributed to the dynamic, high-pressure, and relatively uncertain nature of start-ups, which often lack the structured career progression and stability offered by larger firms. Employees in these organizations are frequently younger, highly mobile, and driven by rapid career progression, making them more susceptible to exploring alternative opportunities.

Furthermore, Nairobi's vibrant and expanding tech ecosystem provides abundant job opportunities, fueling mobility among skilled employees. This competitive environment, while fostering innovation, simultaneously exacerbates the challenge of employee retention. As such, understanding turnover intention becomes crucial for start-up managers aiming to maintain organizational stability and reduce the financial and operational costs associated with frequent staff exits.

This high turnover intention suggests that Kenyan start-ups are struggling to retain staff despite their reputation for innovation, flexibility, and agility. It infers that while start-ups may offer appealing work cultures or dynamic environments, these factors alone are insufficient to retain talent in the absence of stronger structural and motivational support. The finding affirms the urgency for founders and HR leaders in the start-up space to prioritize employee retention as a strategic imperative.

5.3.2 Conclusion on Key Drivers of Turnover Intention

Compensation and Benefits

The study found that compensation and benefits are statistically significant predictors of turnover intention, as confirmed by both chi-square analysis and logistic regression. Respondents who were dissatisfied with their pay were more likely to express intentions to leave their organization.

This leads to the conclusion that fair, competitive, and transparent compensation systems are essential for retaining employees in start-up settings. The inference drawn is that although start-ups may face financial limitations, neglecting compensation structures contributes directly to workforce instability. Compensation not only serves as a financial motivator but also as a signal of organizational value and fairness.

Career Development Opportunities

The study concludes that career development opportunities significantly influence employee turnover intentions. Employees who reported limited opportunities for advancement or skill growth were more likely to consider leaving. Furthermore, correlation analysis revealed a strong relationship between career development and job satisfaction ($r = 0.65$), suggesting that growth potential is deeply intertwined with overall workplace contentment.

This finding infers that in start-ups, despite their flat structures, employees still expect meaningful development paths. The absence of clear, structured growth trajectories contributes to turnover intention by creating perceptions of stagnation and lack of long-term opportunity. This challenges the assumption that start-up flexibility alone can fulfill employees' professional aspirations.

Influence of Job Satisfaction

Job satisfaction emerged as another strong predictor of turnover intention. Employees who were less satisfied with their jobs, due to factors such as lack of recognition, role mismatch, or weak support, were more likely to consider leaving. This was supported by both regression analysis and correlation results.

The conclusion drawn is that job satisfaction is a critical psychological anchor for retention. While often shaped by intangible factors, it reflects employees' holistic experience at work. The findings infer that even in high-pressure, goal-driven start-up settings, addressing employee satisfaction through recognition, engagement, and purpose-driven work remains essential for minimizing exit intentions.

Influence of Work-Life Balance

Work-life balance was found to be a statistically significant factor influencing turnover intention. Many employees cited stress, long working hours, and poor boundaries between work and personal life as key reasons for disengagement.

From this, the study concludes that maintaining work-life balance is increasingly important, especially among younger professionals. The inference is that tech start-ups must re-evaluate demanding work cultures that may glorify overwork at the expense of employee well-being. Retention efforts must now factor in not just what happens at work, but how work affects employees' lives beyond the office.

Influence of Job Security

Job security was also found to be a significant determinant of turnover intention. Respondents who felt uncertain about the future of their roles or the financial stability of the organization expressed higher intent to leave.

This finding leads to the conclusion that even in inherently volatile sectors like tech, employees seek assurance of continuity and organizational stability. The inference is that transparency, timely communication about company performance, and efforts to reduce employment-related anxiety are crucial for retention. Start-ups that fail to provide this may suffer higher turnover, regardless of other strengths.

Influence of Leadership Style and Organizational Culture

The study found that neither leadership style nor organizational culture had a statistically significant effect on turnover intention. While respondents generally rated leadership and culture positively, these factors did not emerge as key predictors in the regression model.

This leads to the conclusion that in start-up environments, relational and cultural strengths, though valued, do not compensate for unmet structural expectations such as pay, growth, and security. The inference is that leadership and culture, while supportive, must be complemented by tangible benefits to meaningfully impact employee retention.

5.4 Recommendations

The findings of this study highlight the urgent need for strategic interventions to mitigate the high rate of turnover intentions within tech start-up organizations in Kenya. Based on the study's conclusions, a set of recommendations is proposed for both policymakers and practitioners to enhance employee retention and organizational sustainability.

5.4.1 Recommendations for Policymakers

The findings of this study highlight a persistently high level of turnover intention among employees in tech start-up organizations, primarily driven by dissatisfaction with compensation, limited career development, job insecurity, and poor work-life balance. These outcomes suggest the need for targeted policy-level interventions to create a more stable and supportive employment environment within Kenya's innovation ecosystem.

First, introduce Incentives for Employee Development in Start-Ups. Policymakers should consider introducing tax incentives, matching grants, or innovation-linked subsidies for start-ups that invest in structured employee development programs. These could include mentorship, professional training, certification sponsorships, and skills advancement initiatives. Such policies would offset start-up budget constraints while encouraging sustainable talent growth and retention.

Second, enforce Minimum Employment Standards Tailored for Start-Ups. There is a clear need for the development of start-up-specific labour guidelines, particularly regarding:

- Compensation transparency and equity
- Probation-to-permanent contract ratios
- Job security provisions in early-stage companies

Establishing enforceable minimum standards, possibly under a regulatory innovation framework, would protect employee welfare without stifling the agility of start-ups. This would also help professionalize the ecosystem and reduce informal labour practices.

Third, develop Sectoral Benchmarking Tools. Labor authorities in collaboration with Information Communication and Technology (ICT) ministries should publish annual benchmarking reports on:

- Average compensation levels
- Staff turnover rates
- Retention practices across sectors

These reports would empower both employers and employees to make data-driven decisions and facilitate alignment of expectations in a rapidly evolving labour market.

Furthermore, integrate Talent Retention in National Innovation Strategies. The role of human capital in innovation ecosystems should be formally acknowledged within national innovation policies and digital economy blueprints. Public-private partnerships (PPPs) could be structured to provide start-up leaders with training in HR practices, employment law compliance, and mental health support for staff, areas often underdeveloped in early-stage ventures.

Finally, foster Start-Up Labor Policy Advocacy Platforms. Government agencies, such as the Kenya National Innovation Agency (KENIA) and the National Employment Authority (NEA), should collaborate with local tech hubs and incubators to develop advocacy platforms. These forums can:

- Engage start-up voices in policy formation
- Document real-time employment challenges
- Accelerate feedback loops between regulators and practitioners

By enabling participatory policy design, such initiatives can foster policies that balance the flexibility of start-ups with the labour protections necessary for workforce sustainability.

5.4.2 Recommendations for Practitioners

The findings of this study point to several practical steps that start-up leaders, human resource managers, and team supervisors can implement to reduce employee turnover intention. The recommendations address the most influential drivers identified in the analysis: compensation, career development, job satisfaction, job security, and work-life balance.

First, start-ups are advised to establish fair and transparent compensation systems. Since compensation was identified as the most significant predictor of turnover intention, organizations should regularly benchmark their salary structures against industry norms. While many start-ups may face financial constraints, they can explore non-monetary compensation options such as performance-based bonuses, employee equity schemes, wellness stipends, or hybrid work flexibility to improve the perceived fairness of compensation. Transparency in how compensation decisions are made also strengthens trust and perceived equity among employees.

Second, the study recommends the design of flexible career development models. Career stagnation was strongly linked to turnover intention, yet many start-ups lack formal advancement structures. Practitioners should provide avenues for professional growth through cross-functional projects, skill development programs, internal mentorship, or role rotation. These models enable employees to grow in influence or responsibility even where traditional promotions are limited, which is often the case in flat organizational hierarchies.

Third, job satisfaction should be addressed through improved recognition practices and clearer role expectations. Employees are more likely to remain with organizations where they feel valued and engaged. Regular feedback sessions, recognition initiatives, and clearly defined job roles can help reduce ambiguity and enhance morale. These initiatives contribute to a more predictable and supportive work experience, which in turn reduces the likelihood of voluntary exits.

Fourth, practitioners should take active steps to promote work-life balance. Many respondents in the study cited long working hours and stress as major concerns. Start-ups should therefore establish structured flexibility measures such as remote work policies, compressed workweeks, and designated wellness days. These practices should be supported by leadership behavior that models balance and discourages a culture of overwork.

Fifth, communication around job security must be improved. In the inherently uncertain world of start-ups, perceived instability can drive employees to seek employment in more stable environments. While start-ups cannot always guarantee long-term employment, honest and proactive communication about funding cycles, organizational goals, and restructuring plans can reduce anxiety and foster a sense of shared responsibility.

Finally, even though leadership style and organizational culture were not found to be statistically significant predictors of turnover intention in this study, they remain important contextual factors. Leaders are encouraged to build inclusive, transparent, and mission-aligned cultures that reinforce engagement. Training supervisors in people management, conflict resolution, and team development will create a foundation where structural improvements, such as better pay and growth opportunities, can succeed more effectively.

5.4.3 Recommendations for Theory

This study was grounded in Social Exchange Theory (SET), which posits that employee-employer relationships are shaped by a balance of reciprocal exchanges, where employees remain committed when they perceive fair and rewarding treatment. The empirical findings of this research support some aspects of SET while also highlighting important contextual nuances that suggest areas for theoretical refinement.

The study confirms SET's core proposition that employees are more likely to express turnover intention when they perceive an imbalance between their contributions and the rewards they receive. Key variables such as compensation, job satisfaction, career development, and job security, each representing a form of exchange, were found to be significant predictors of turnover intention. This aligns with SET's assertion that when the perceived benefits of remaining with an organization diminish, employees will evaluate alternatives and may choose to exit.

However, the findings also indicate that not all relational factors traditionally emphasized in SET, such as leadership style and organizational culture, were significant in this context. While these factors were rated positively by respondents, they did not predict turnover intention. This suggests that in resource-constrained environments like start-ups, employees may prioritize tangible, structural elements, such as income, growth prospects, and job stability, over interpersonal or cultural ones. The theory may therefore require contextual adaptation when applied to early-stage, high-pressure organizations.

Furthermore, the results suggest that SET should integrate the influence of perceived risk and job security more explicitly. Employees in start-ups face uncertainty not only regarding compensation or promotions but also about the viability of the organization itself. Traditional SET models often assume organizational stability and do not adequately account for the impact of environmental volatility on the psychological contract between employees and employers. Incorporating elements from uncertainty management theory or psychological contract theory could offer a more robust framework for analyzing turnover intention in high-risk organizational settings.

In addition, the study highlights the need for dynamic exchange models. Turnover intention appears to be influenced not just by the current state of exchanges but also by perceived trajectories, whether employees see improvement, stagnation, or decline in their experience. This calls for theoretical approaches that consider employees' evaluation of change over time, rather than static snapshots of exchange balance.

In conclusion, while Social Exchange Theory remains a relevant foundation for understanding employee turnover intention, this study recommends its expansion to accommodate sectoral context, environmental risk, and longitudinal perceptions of exchange. Future theoretical models

that integrate these factors will be better suited to explain employee behavior in modern, fast-paced, and uncertain work environments such as those found in the start-up sector.

5.5 Limitations of the Study and Suggestions for Future Research

5.5.1 Limitations of the Study

While this study provides important insights into the factors influencing employee turnover intentions in tech start-up organizations in Nairobi, several limitations must be acknowledged. These limitations relate to the study's design, scope, and methodology, and they provide important context for interpreting the findings and drawing conclusions.

First, the study employed a cross-sectional design, capturing data at a single point in time. As a result, it was not possible to assess how employee perceptions and intentions evolve in response to changes in organizational strategy, leadership, or economic conditions. Longitudinal studies would provide a deeper understanding of the evolution of turnover behavior.

Second, the study relied exclusively on self-reported data collected from employees. While this provided authentic insights into individual experiences, it may have introduced response bias, particularly in areas involving perceptions of leadership or job satisfaction. Additionally, the study did not incorporate perspectives from founders, human resource practitioners, or management personnel, whose views could provide further context on retention strategies and organizational policies.

Third, the research was geographically concentrated in Nairobi, Kenya's primary hub for technology start-ups. While this enhances relevance for the urban tech ecosystem, it limits the generalizability of the findings to start-ups operating in other regions, where employee experiences and organizational dynamics may differ due to economic, cultural, or infrastructural factors.

Fourth, although the study explored seven organizational and individual-level factors, it did not account for external economic or sectoral influences, such as funding trends, regulatory policies, or competitive hiring practices. These external forces can heavily impact employee decision-making but were beyond the scope of this study.

Finally, the research used quantitative methods exclusively, which limited the exploration of deeper psychological or cultural drivers behind turnover intention. A mixed-methods approach could have allowed for richer, context-sensitive explanations of why certain factors, like leadership or culture, did not emerge as statistically significant despite positive perceptions.

These limitations underscore the need for cautious interpretation of the results and provide a foundation for recommendations on future research directions.

5.5.2 Suggestions for Future Research

In light of the limitations outlined above, several avenues for future research are recommended to expand and deepen the understanding of employee turnover intentions in the tech start-up sector. These suggestions are aimed at advancing theory, informing more inclusive policy design, and guiding evidence-based organizational practices.

First, future research should consider adopting a longitudinal design to track changes in turnover intentions over time. This would provide a clearer view of how employees respond to organizational changes such as leadership shifts, funding rounds, or internal policy updates. A time-series approach would also allow scholars to test how turnover intention translates into actual turnover behavior. This would significantly contribute to theory development, particularly by refining Social Exchange Theory to account for time-sensitive reciprocity and evolving perceptions of fairness.

Second, future studies should adopt a multi-stakeholder approach by collecting data from employers, founders, and HR professionals in addition to employees. This would provide a balanced perspective on the retention challenges faced by start-ups and allow researchers to examine the alignment, or misalignment, between employer intentions and employee perceptions. This approach would enhance the practical relevance of research findings and inform more holistic organizational interventions.

Third, there is a need to investigate the influence of external factors such as funding instability, macroeconomic trends, and labor market competition on turnover intentions. These contextual variables are particularly important in start-ups, which often operate under uncertain financial

conditions and fluctuating investor expectations. Incorporating such factors would strengthen the theoretical robustness of SET by integrating environmental volatility into models of employee-employer exchange.

Fourth, qualitative or mixed-method studies are recommended to explore the underlying motivations and emotional experiences that shape turnover intention. In-depth interviews or focus groups could uncover nuances that survey instruments may miss, such as unmet psychological needs, value misalignment, or team dynamics. These findings could enrich theoretical models with deeper psychological and relational constructs, and support practitioners in developing more personalized retention strategies.

In summary, addressing these research gaps will not only enhance academic understanding of turnover dynamics in start-up environments, but also support the development of better-informed HR practices and more responsive public policy in support of Kenya's digital economy.

5.6 Chapter Summary

This chapter presented the summary of key findings, conclusions, and recommendations based on the analysis conducted in Chapter Four. The findings revealed that employee turnover intention is significantly high among employees working in Nairobi-based tech start-up organizations, with 65.4% reporting that they had considered leaving their jobs in the past three months.

Key organizational factors such as compensation and benefits, career development opportunities, job satisfaction, work-life balance, and job security were found to have a statistically significant relationship with turnover intention. These findings were supported by both descriptive and inferential analyses, including chi-square tests and binary logistic regression. Meanwhile, leadership style and organizational culture, though rated positively, did not exhibit a statistically significant influence on turnover intention within the context studied.

The chapter also introduced recommendations at three levels: policy, practice, and theory. For policymakers, the study called for better labor protections and employee development incentives specific to start-ups. For practitioners, it emphasized the need to adopt multi-dimensional retention strategies that address both financial and non-financial drivers. For theorists, it proposed

refinements to Social Exchange Theory by integrating considerations of job security and environmental volatility in dynamic work environments.

Additionally, the chapter acknowledged several limitations, including the cross-sectional design, reliance on self-reported data, and geographic focus on Nairobi. Suggestions for future research included longitudinal studies, multi-stakeholder perspectives, qualitative exploration, and sectoral comparisons.

In summary, the study contributes to the growing discourse on human capital sustainability in the start-up sector by identifying actionable strategies and highlighting context-specific challenges facing employee retention in Kenya's technology-driven enterprises.

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APPENDICES

APPENDIX 1: CONSENT FORM

PARTICIPANT INFORMATION AND CONSENT FORM

Title of the Study: **FACTORS AFFECTING EMPLOYEE TURNOVER INTENTIONS IN TECH STARTUP ORGANIZATIONS IN KENYA**

SECTION 1: INFORMATION SHEET

Investigator: Lawrence Makori Oyagi

Institutional affiliation: Strathmore Business School (SBS)

SECTION 2: INFORMATION SHEET–THE STUDY

2.1 Why is this study being carried out?

The study is being conducted to determine the factors influencing employee turnover intentions and the best strategies to address the problem.

2.2 Do I have to take part in this study?

No. Taking part in this study is entirely optional and the decision rests only with you. If you decide to take part, you will be asked to complete a questionnaire to get information on Factors affecting employee turnover intentions in tech startup organizations. If you are not able to answer all the questions successfully the first time, you may be asked to sit through another informational session after which you may be asked to answer the questions a second time. You are free to decline to take part in the study from this study at any time without giving any reasons.

2.3 Who is eligible to participate in the study?

Employees of the tech startup organization.

2.4 Who is not eligible to take part in the study?

Employees who work in other sectors or industries besides tech startups

Employees who work at higher levels such as board members or directors.

2.5 What will taking part in this study involve for me?

You will be approached by the investigator and requested to take part in the study. If you are satisfied that you fully understand the goals behind this study, you will be asked to sign the informed consent form (this form) and then taken through a questionnaire to complete.

2.6 Are there any risks or dangers associated with taking part in this study?

There are no risks in taking part in this study. All the information you provide will be treated as confidential and will not be used in any way without your express permission.

2.7 Are there any benefits of taking part in this study

The information collected from the study will be used to improve the understanding of the factors affecting employee turnover intentions in tech startups. This can help to:

- Identify the specific factors affecting employee turnover in tech startups.
- Develop effective strategies to address employee turnover intentions.
- Inform policy-making and improvement of the management of tech startups

2.8 What will happen if I refuse to participate in the study?

Participation in this study is entirely voluntary. Even if you decide to take part at first but later change your mind, you are free to withdraw at any time without explanation.

2.9 Who will have access to information about the study?

All your information will be kept confidential.

The information will be kept in a secure database. Only the people closely concerned about the study will have access to information such as responses.

2.10 Who can I contact in case I have any questions?

You can contact me, Makori Lawrence, at SBS, or by e-mail (Lawrence.makori@strathmore.edu), or by phone (+254707223311).

You can also contact my supervisor, Dr. Tecla Kivuli, at the Strathmore Business School, Nairobi, or by e-mail (Tkivuli@strathmore.edu) or by phone (+254726731618)

If you want to ask someone independent anything about this research, please contact:

The Secretary–Strathmore University Institutional Ethics Review Board, P. O. BOX 59857, 00200, Nairobi, email ethicsreview@strathmore.edu Tel number: +254 703 034 375

I, _____, have had the study explained to me. I have understood all that I have read and have explained to me and had my questions answered satisfactorily. I understand that I can change my mind at any stage.

Please select from the dropdown what applies to you.

Participation in the research study

Option 1: AGREE to take part in this research.

Option 2: I DON'T AGREE to take part in this research.

APPENDIX 2: QUESTIONNAIRE

Kindly answer the questions by selecting them in the appropriate box.

SECTION A: DEMOGRAPHIC PROFILE

1. Gender

Female []

Male []

2. Age bracket

18-24 years []

25-30 years []

31-40 years []

41-50 years []

Above 50 years []

SECTION B: COMPANY PROFILE

3. What category does your organization belong to?

- a. Fintech
- b. Agritech
- c. E-commerce
- d. Logistics
- e. Healthcare

4. How long have you worked in the organization?

Less than 1 year []

1-3 years []

3-5 years []

5-10 years []

SECTION C: EMPLOYEE TURNOVER FACTORS.

Please indicate the extent to which you agree with the following statements relating to the performance of the teams.

Give your rating on a Likert Scale:

1= Strongly Disagree,

2=Disagree

3=Neither

4=Agree

5=Strongly Agree.

Organizational factors					
Compensation and Benefits	1	2	3	4	5
Compared with the tech industry market rate the organization gives a fair salary to employees.					
I am satisfied with the organization's fairness in recognizing and compensating performance					
Opportunities for growth	1	2	3	4	5
The organization has a clear growth structure					
I have been granted a fair opportunity to grow compared to my peers					
Job Security	1	2	3	4	5
I feel confident in the long-term security of my current job position.					
I am concerned about the possibility of losing your job within the next 12 months					
Leadership Style	1	2	3	4	5
The organizational leadership encourages and motivates me to achieve my best at work					
My leader provides clear direction and feedback that helps me perform my job effectively					
Organizational culture	1	2	3	4	5
The organizational culture here promotes collaboration and teamwork among employees.					

Organizational culture encourages innovation and creativity in the workplace.					
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Individual factors					
Job satisfaction	1	2	3	4	5
I am satisfied with the level of recognition I receive for my work.					
The compensation and benefits I receive are fair for the work I do.					
Career development opportunities	1	2	3	4	5
I have access to the necessary training and development programs to advance in my career					
I feel that my career progression within this organization aligns with my personal goals and aspirations.					
Work Life Balance	1	2	3	4	5
I can maintain a healthy balance between my work and personal life					

Please indicate YES or NO for the below questions.

Turnover intention	YES	NO
Have you actively searched for a new job or considered other employment opportunities in the past three months?		

SECTION D: Measures to Reduce Employee Turnover Intention

Please rank the following measures in order of their effectiveness in reducing employee turnover intention within the organization, with 1 being the most effective and 5 being the least effective:

Improve compensation and benefits packages	1	2	3	4	5
Enhance opportunities for career development and advancement					
Foster a positive work environment and organizational culture					
Increase work-life balance initiatives					

Provide more recognition and appreciation for employees' contributions					
--	--	--	--	--	--

What is the Company doing to reduce the labour turnover patterns being experienced?

1. Improving employee recognition and rewards programs
2. Strengthening communication and transparency within the organization
3. Increasing employee engagement and involvement in decision-making
4. Nothing
5. Other deed if any _____

APPENDIX 3: LIST OF KENYAN TECH STARTUPS BY SECTOR

Sector	Number of Startups	Example Startups	Notable Focus Areas
Fintech	93 (30.2%)	Tala, M-Pesa, Lipa Later, Branch international, Turaco	Digital lending, mobile payments, insurtech
AgriTech	31 (10.1%)	Twiga Foods, Apollo Agriculture, iProcure	Supply chain, farm management, marketlinks
E-Health	31 (10.1%)	MyDawa, AfyaRekod, Zuri Health	Telemedicine, health records, diagnostics
E-Commerce	29 (9.4%)	Copia, Sokowatch (now Wasoko), MarketForce	B2B retail, last-mile delivery, marketplaces
EdTech	18 (5.8%)	Eneza Education, Kidato, M-Shule	Remote learning, STEM tools, vocational training
Logistics	14 (4.5%)	Leta, Sote, Amitruck	Fleet management, cross-border trade
Mobility	8 (2.6%)	Little Cab, NopeaRide, Lynk	Ride-hailing, EV solutions, parcel delivery
Energy	7 (2.3%)	M-KOPA, SunKing, Powerhive	Solar financing, pay-as-you-go energy
Other	51 (16.6%)	-	HR tech, proptech, entertainment

APPENDIX 4: SAMPLE DISTRIBUTION BY SUB-SECTOR

Sub-sector	Population Size	Proportion (%)	Sample Size (n_i)
Fintech	3,500	30.53%	21
E-commerce	2,800	24.43%	17
Agritech	2,000	17.45%	12
Logistics	1,600	13.96%	10
E-Health	1,562	13.63%	8
Total	11,462	100%	68

APPENDIX 5 : ETHICAL APPROVAL



27th September 2024

Mr Oyagi Lawrence,
lawrence.makori@strathmore.edu

Dear Mr Oyagi,

RE: Factors Influencing Employee Turnover Intentions in Tech Startup Organizations in Kenya

This is to inform you that SU-ISERC has reviewed and approved your above SU-masters proposal. Your application reference number is SU-ISERC2379/24. The approval period is from 27th September 2024 to 26th September 2025.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used.
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 72 hours of notification.
- iv. Any changes anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 72 hours.
- v. Clearance for the export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to the expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days of completion of the study to SU-ISERC.

Before commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

Mr Ambrose Rachier,
Chairperson; SU-ISERC

APPENDIX 6 : NACOSTI RESEARCH PERMIT

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
Ref No: 124396	Date of Issue: 28/November/2024
RESEARCH LICENSE	
	
This is to Certify that Mr.. Lawrence Makori of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev.2014) in Nairobi on the topic: Factors Influencing Employee Turnover Intentions in Tech Startup Organizations in Kenya for the period ending : 28/November/2025.	
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