INFLUENCE OF LEADERSHIP STYLES ON EMPLOYEES TURNOVER IN THE INSURANCE INDUSTRY IN KENYA

Esther Nyandoya Azinga
Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya

Dr. Mary Kamaara, PhD Solutions
Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya

Dr. Joyce Nzulwa, PhD
Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya

Dr. Kepha Ombui, PhD
Jomo Kenyatta University of Agriculture and Technology (JKUAT), Kenya


ABSTRACT

The Insurance Industry is a growing industry that contributes a lot to the Gross Domestic Product of Kenya. However, despite the merit that surrounds the insurance companies, the employee turnover in these organizations has been increasing over time a matter that puts the continued performance of the companies at risk. Based on the high cost of training and recruiting new employees, it simply means that the insurance companies are on the losing end as far as employee turnover is considered. It is against this background that the study sought to fill the existing gaps by assessing the influence of leadership styles on employee turnover in insurance companies in Kenya. The scope of the study was Nairobi City County which hosts most of the head offices of the insurance companies. The study adopted the descriptive research design which used both quantitative and qualitative approaches. The units of analysis were the 55 licensed insurance companies in Kenya, which have a total population of 10, 634 employees and the units of observation was top five performing insurance companies: Jubilee Insurance, APA insurance, UAP insurance, Britam insurance, and CIC insurance, with a total population of 2,167 employees. The philosophy of the study that was adopted is the positivism approach. Multi-stage sampling technique was adopted where purposive random sampling was used in the first stage to identify the top five performing insurance companies. In the second stage stratified random sampling was used to come up with a sample size of employees in the top five companies. The sample size was 95 employees. Data was collected using a structured questionnaire for employees. It had both close-ended and open-ended questions and an interview guide for human resource managers. The study established that leadership styles had a significant and positive influence on employee turnover among insurance companies in Kenya. The study concluded that as a result of poor leadership styles, employee turnover was high in Kenyan insurance industry. The study therefore recommended that the management of the insurance firms should embrace effective remuneration and proper leadership styles so as to minimize employee turnover and enhance retention.
1.0 INTRODUCTION

1.1 Background of the Study
Leadership is a dynamic process at work in a group whereby one individual over a particular period of time and in a particular organizational context, influences the other group members to commit themselves freely to the achievement of group tasks or goals (Cole, 2011). The early studies on leadership focused on personal qualities or trait of leaders. Since the 1950s, much of the study of leadership has centred on the behavior or style of the leader.

Nemaei (2012) argues that the principles of leadership are already changing and leadership paradigm has shifted from individual to collective, and control to learning and power over to power with. Participative leadership style was first proposed in an experiment conducted by America’s National Research Council at a large telephone-parts factory called the Hawthorne Plant near Chicago in 1924 (Amahundu, 2016).

Khung and Thuy (2015) define democratic or participative leadership as one that involves managing group meetings, influencing commitment and conformity and assisting in conflict and communication issues. Nwokocha and Iheriohanma (2015) also refer to participative leadership style as democratic leadership and state that it encourages employees to participate in the decision making process in an organization. Teshome (2011) in an Ethiopian study reported that laissez-faire leadership style is significantly and negatively related to employee commitment though it is relatively weak.

PayScale survey (2015) reveals that employee loyalty is currently at record lows as reflected in this: less than 10 firms on the list had employees with tenures of 10 years or more. In today’s tightening labor pool in the US, the competition for insurance talent is fierce. Faced with an aging industry, an impending wave of retirements and growing staffing demands, the insurance industry has shifted its focus to recruiting young professionals to fill the gap.

Martin (2016) reveals that there is no minimum skill or educational level required to enter the U.S. insurance industry. A study of more than 120 insurance Chief Executive Officers (CEOs) found out that between 50-60% of the insurance executives stated that identifying and attracting new talent is becoming increasingly difficult (Johansdottir, Olaffson, & Davidsdottir, 2014). The general business problem was that businesses in the insurance industry are affected by employee
turnover, which results in the loss of profit and productivity for the business. The specific business problem was that some insurance managers lack strategies to retain talented employees.

Getachew (2016) indicated that the Ethiopian Insurance Corporation has had high turnover rate. As indicated by the five years summary of turnover data (Ethiopian Insurance Corporation, 2015), the increase in rate of turnover from year to year seems attention seeking. A preliminary survey within the study organization also revealed that professional employees were looking for a better offer and opportunity to leave the corporation.

Kemei (2014) asserts that turnover of the staff members in two companies; Jubilee Insurance company and Cooperative Insurance company, which are among the top performing insurance companies in Kenya, was influenced by working environment, relationship with colleagues, level of stay in the company, level of experience, rewards and incentives, salary and remuneration, experience with the firm, social behavior of the management staff, number of supervisors, and retirement package.

Kenya is the largest insurance market in East Africa and its insurance companies have established subsidiary and associate companies within the region. There are 55 licensed insurance companies in Kenya (Insurance Regulatory Authority, 2016). Kenya’s insurance industry has continued to grow though marginally in real terms. General insurance business grew by 11.4% (3.4% in real terms) slightly below the global real-terms growth of 3.6%. Life business grew by 9.7% (1.7% in real terms) compared to the global real terms growth of 4% (Abdi, 2015). It currently contributes about 4% to Gross Domestic Product (GDP) (Kibati, 2016).

Emerging trends in the insurance sector are micro-insurance, Banc assurance, agricultural insurance and marine cargo insurance. IRA (2017) reveals that from 1st January 2017, imports into the country are to be insured by local (Kenyan) insurance companies in accordance with Section 20 of the Insurance Act. Ngugi (2017) argued that this insurance covers movement of goods from one location to another against risks such as damage, pilferage, theft or non-delivery. Until recently this was the preserve of deep-pocketed foreign underwriters.

1.2 Statement of the Problem

Employee turnover is the rate at which an employer gains and loses employees. The simple way to describe it is "how long employees tend to stay" or "flow rate through the revolving door"
(Anvaria, JianFub, & Chermahinic, 2014). There has been a lot of employee turnover in the last five years in the insurance industry in Kenya. The industry significantly contributes to about 4% Gross Domestic Product to financial intermediation of the economy in Kenya (Kibati, 2016).

Bersin (2013) explains that the real “total cost” of losing an employee includes: Cost of hiring and on-boarding a new person, lost productivity lost engagement by other employees, And training cost. Flaxington (2013) states that turnover costs can be between 8 and 20 times the employee’s salary if he or she leaves within the first 2 years. Turnover may have a negative impact on the employee as well (Waweru, 2015). Some people have committed suicide after dismissal from work and some have been mentally challenged and ended up in Mental hospitals.

Githinji (2014) researched on how staff turnover affects financial performance but did not look at what contributes to staff turnover. Gossen (2016) explains how workplace diversity is beneficial to Canada but did not show how it affects employee turnover. Okiko (2014) focused on sales agents only. Kinyanjui (2015) studied employee turnover in the insurance industry in Kenya but she concentrated on compensation, lack of upward mobility and hiring process as contributors to labour turnover. This paper sought to fill these gaps by establishing the influence of leadership styles on employee turnover in insurance companies in Kenya.

1.3 Objectives of the Study

i. To determine the influence of leadership styles on employee turnover in the Insurance industry in Kenya.

ii. To examine the moderating influence of firm characteristics on employee turnover in the Insurance industry in Kenya.

1.4 Research Hypotheses

i. \( H_{A1} \): Leadership styles have a significant influence on employee turnover in the Insurance Industry in Kenya.

ii. \( H_{A2} \): Firm characteristics have a significant moderating influence on the relationship between workplace diversity and employee turnover in the Insurance Industry in Kenya.
2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Lewin’s Leadership Styles Theory
The independent variable, leadership styles was informed by Lewin’s leadership theory. Lewin, Lippit and White (1939) carried out leadership decision experiments and identified three different styles of leadership, in particular around decision-making and behaviour. The study of these three scholars influenced the ‘Style Theorists.’ The autocratic, democratic and laissez-faire styles were discussed by these three scholars. In Lewin’s experiment he discovered that the autocratic style caused the most discontentments, the democratic style which is also participative makes decisions that are appreciated by the people (Lewin et al, 1939). This style of leadership may help mitigate employee turnover since the employees will confidently see themselves as citizens of the organization.

Under laissez-faire leadership, the leader is inactive, rather than reactive or proactive. It is marked by a general failure to take responsibility for managing (Irungu, 2015). Laissez-faire leadership is considered the most passive component and the least effective form of leader behavior (Khan, Ramzan, Ahmed & Nawaz, 2011). This theory is relevant to this study because it shows how the style employed by a leader may stir discontentment in an employee leading to resignation.

2.1.2 The Aston Group Theory
The moderating variable of this study, firm characteristics was anchored on the The Aston Group theory. The Aston Group (1974) study found out that size was related to organizational structure. In this study factors such as size, technology, location and type of ownership affect the structure of the organization (Cole, 2011). It operationalized organizational size as the number of full-time employees (with part-time employees counted as being half an employee). This was satisfactory in studies of firms and government organizations (Donaldson & Warner, 1974). This theory is relevant to this study in relation to firm characteristics as a moderating variable in the relationship between workplace diversity and employee turnover.

Donaldson and Luo (2014) postulate that the results of the Aston and Aston-type studies lent support to the earlier proposal that the Astonian type of relationships between size and structure
might be culture free so that all countries would have them, or have them modified to only a degree, according to cultural regions of the world (Brossard & Maurice 1976). Inkson, Schwitter, Pheysey and Hickson (1970) found similarities regarding both organizational structure and managerial roles between managers in England and the USA.

2.2 Conceptual Framework

![Diagram showing the conceptual framework]

**Independent Variable**  
**Moderating Variable**  
**Dependent Variable**

**Figure 2.1: Conceptual Framework**

2.3 Empirical Review

Amanchukwu, Stanley and Ololube (2015) posit that leadership styles are the approaches used to motivate followers. Leadership is not a “one size fits all” phenomenon. Leadership styles should be selected and adapted to fit organizations, situations, groups, and individuals. It is thus useful to possess a thorough understanding of the different styles as such knowledge increases the tools available to lead effectively.

Autocratic leadership is an extreme form of transactional leadership, where leaders have complete power over staff. Staff and team members have little opportunity to make suggestions, even if these are in the best interest of the team or organization (Amanchukwu et al, 2015). This leadership style applies a school of thought where leaders have a lot of control over most if not all decisions made in the organizations. There is little if any, delegation of duties and input from the employees is not solicited or encouraged. Most organizations with this style of leadership have a higher
turnover and employee and manager conflicts tend to be more frequent this is due to the diversity of cultures and mindset of the individuals working in the organization (Mwami, 2014).

Henson (2015) argues that another benefit of participative leadership is retention. Participative style of leadership gives employees an opportunity to improve their income through good performance in addition to the chance to be active in determining the future success of the company. Encouraging employees to be active in the growth of the organization inspires those employees to stay with the organization to see their plans result in success. This improves employee retention and cuts down on the costs of turnover.

Chaudhry and Javed (2012) argue that laissez-faire, this French phrase for “let it be” when applied to leadership describes leaders who allow people to work on their own. Laissez-faire leaders abdicate responsibilities and avoid making decisions, they may give teams complete freedom to do their work and set their own deadlines. Laissez-faire leaders usually allow their subordinate the power to make decisions about their work. This type of leadership can also occur when managers do not have sufficient control over their staff (Ololube, 2013).

2.4 Research Gaps

Githinji (2014) looked at how staff turnover affects financial performance but did not look at what contributes to staff turnover; his study ignored those important aspects. The study was more skewed to financial performance of the firm, and did not put much emphasis on the noble asset of human resource. The study was in the private security firms and not in the insurance industry. The study did not look at workplace diversity and its contribution to staff turnover.

Maritim (2014) focuses on reward management practices that help retain Generation Y employees at G4S. The study outlines the practices as: reward strategy, reward policies, job evaluation, salary survey, total rewards and grade and pay structure. The study does not specifically show the kind of rewards that employees in all cohorts of generations would prefer, which may help mitigate their turnover.

Okiko (2014) focused on remuneration and reward, organizational support and product knowledge as reasons that cause the sales agents to want to turnover. The study did not outline the diversity characteristics as some of the reasons. This study sought to seal that gap since there is a paucity of
information on the relationship between workplace diversity; demographic diversity, leadership styles, compensation diversity and job characteristics and employee turnover in the insurance industry.

3.0 METHODOLOGY

3.1 Research Design
This study adopted descriptive research design which used both quantitative and qualitative approach to determine the relationship between demographic diversity and employee turnover. Kothari and Garg (2014) opine that descriptive research studies are those studies which are concerned with describing the characteristics of an individual or of a group.

3.2 Target Population
The target population for this study was the 10,634 employees in all the 55 licensed insurance companies in Kenya (IRA, 2015). This population had heterogeneous characteristics since it consisted of insurance companies that deal in life insurance only, general insurance only, and those that deal in both life and general insurance. These were the units of analysis.

3.3 Sampling
The sample size was drawn from the 2167 employees of the top 5 insurance companies based on premium market share (AKI Report, 2015). The study adopted the simplified sample size formula by Yamane (1967) as quoted by Mumo (2017) which states that, the desired sample size is a function of the target population and the maximum acceptable margin of error and it is expressed mathematically thus:

\[ n = \frac{N}{1 + Ne^2} \]
\[ n = \frac{2167}{1 + 2167(0.10)^2} \]
\[ n = 95 \]

3.4 Data Collection
In this study, primary data was collected using a questionnaire that was designed with both structured and unstructured questions and an interview guide for the Human Resource managers. The questionnaire contained Likert scale type of questions where the respondents was required to
indicate their level of agreement with the statements that express a favourable or unfavourable opinion towards the variables of the study.

3.5 Data Analysis and Presentation

Descriptive statistical technique was used to analyze data. This consists of graphical and numerical techniques for summarizing data, thus reducing a large mass of data to simpler, more understandable terms. The Statistical Package for Social Sciences (SPSS 2017 Version) which is computer software was used for the purpose of analyzing the data. The data was presented in figures, tables, charts and graphs. The multiple regression model in this study is derived from the conceptual frame and is as shown below:

\[ Y = \beta_0 + \beta_1 X_1 + e \]

Where:
- \( Y \) represents the dependent variable, employee turnover
- \( \beta_0 \) = Constant
- \( X_1 \) = Leadership Styles
- \( \beta_1 \ldots \beta_4 \) are the regression coefficients
- \( e \) = the residual in the equation

The study used multiple regressions analysis (stepwise method) to establish the moderating effect of firm characteristics (\( Z \)) on relationship between the four independent variables and the dependent variable.

\[ Y = \beta_0 + \beta_1 X + e \]

Where:
- \( Y \) is the dependent variable; employee turnover
- \( \beta_0 \) = Constant
- \( \beta_1 \) = the coefficient relating the independent variable, \( X_i \), to the outcome, \( Y \), when \( Z = 0 \)
- \( Z \) = the moderator (firm characteristics)
4.0 FINDINGS

4.1 Response rate
The study surveyed a sample of 95 respondents using the structured questionnaires. Out of these, 84 respondents dully filled and returned the questionnaires for analysis. This shows a response rate of 88% against the non-response rate of 12%.

4.2 Descriptive Analysis of the Study Variables
The aim of this paper was to assess the influence of leadership styles on employee turnover in the insurance industry in Kenya. This sub-section presents the analysis of the study findings based on the variables of the study which were leadership styles, firm characteristics and employee turnover.

4.2.1 Leadership Styles
The study aimed at determining the influence of leadership styles on employee turnover among insurance companies in Kenya. Five-points Likert’s scale was used where different wordings were used based on the form of the question. Table 4.1 shows the findings. The findings are presented based on the means and standard deviation. A mean of 1-2 implies that majority of the respondents indicated 1 or 2.5 which were strongly disagree and disagree respectively an indication that the statements are not true as per their view while a mean of 2.5 to 3.5 means that most of the respondents indicated 3 which means they are neutral and a mean of 3.6 to 5.0 indicates that majority of the respondents agreed and strongly agreed with the statements respectively.

As the findings portray, on the first aspect which was on the frequency to which the employees were involved in decision making, majority of the respondents were once in a while involved as shown by the mean of 2.34 and a standard deviation of 1.26 while on the second aspect on how effective the employees’ views were addressed by the organizational management, majority indicated that their views were moderately addressed by the organizational management and this is evidenced by a mean of 2.13 and a standard deviation of 1.07. The respondents were further asked to rate the feedback systems adopted in their respective companies and as per the findings, majority of the respondents rated the systems to be moderately efficient and very efficient as shown by a mean of 1.92 and a standard deviation of 1.04.
On agreeing or disagreeing with different statements on leadership style and employee turnover, most of the respondents agreed that involving employees in decision making makes them feel part of the organization thus they prolong their stay; responding to the employees’ concerns and providing feedback makes them active and interested to continue working in the firm; and giving employees freedom to make their own decisions for the effectiveness of their assigned tasks gives them morale to prolong their service to the firm as shown by mean of 4.30, 4.28 and 4.26 respectively.

The findings concur with those by Amanchukwu et al. (2015) who found that as a result of adopting effective leadership styles, employees are influenced not only as workers but as followers to the leaders through which they develop the sense of getting committed and satisfied with their job. According to Amahundu (2016), a good seed of employee retention can be planted in modern-day organizations through setting a system whereby the employees are effectively and keenly involved in organizational aspects and made to feel part of the firm. The findings get further backing from the Lewin’s leadership theory which suggests that leaders ought to practice autocratic, democratic and laissez-faire leadership styles through which they develop a team that is committed and submissive to the leaders thus enhancing retention and reduced employee turnover (Lewin, Lippit & White (1939; Khan et al., 2012).

Table 4.1: Leadership Styles and Employee Turnover

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>We are frequently involved in decision making in our organization</td>
<td>2.34</td>
<td>1.26</td>
</tr>
<tr>
<td>Our views and concerns are effectively addressed by the organizational management</td>
<td>2.13</td>
<td>1.07</td>
</tr>
<tr>
<td>How would you rate the efficiency of feedback systems in your organization</td>
<td>1.97</td>
<td>1.04</td>
</tr>
<tr>
<td>We are frequently allowed to make our own decisions on our duties</td>
<td>1.92</td>
<td>1.30</td>
</tr>
<tr>
<td>The management of our organization has proper leadership which is based on teamwork</td>
<td>3.85</td>
<td>1.09</td>
</tr>
<tr>
<td>Involving employees in decision making makes them feel part of the organization thus they prolong their stay</td>
<td>4.30</td>
<td>1.16</td>
</tr>
</tbody>
</table>
Responding to the employees’ concerns and providing feedback makes them active and interested to continue working in the firm 4.28 1.13

Our organization is concerned about ensuring that the employees are involved in every step of decision making 4.12 1.02

Giving employees freedom to make their own decisions gives them morale to prolong their service to the firm 4.26 0.98

**Overall Mean** 3.56 1.02

### 4.2.2 Firm Characteristics

The paper aimed at assessing the moderating role of firm characteristics on the relationship between workplace diversity and employee turnover. The values and processes in an organization best describe the characteristics of an organization. The study sought to find out the moderating role played by firm characteristics in either increasing or decreasing the relationship between workforce diversity and employee turnover. The main prospects of firm characteristics considered in the study included; size of the firm, firm environment as well as the rules and values of the firm. The findings are as presented herein.

The findings are as shown in table 4.2. The findings are presented based on the means and standard deviation. A mean of 1-2 implies that majority of the respondents indicated 1 or 2.5 which were strongly disagree and disagree respectively an indication that the statements are not true as per their view while a mean of 2.5 to 3.5 means that most of the respondents indicated 3 which means they are neutral and a mean of 3.6 to 5.0 indicates that majority of the respondents agreed and strongly agreed with the statements respectively. The findings revealed that majority of the respondents highly rated the conduciveness of their working environment as shown by a mean of 1.81 and a standard deviation of 0.84. The respondents were further asked to rate their comfort with the set rules and values of the firm where majority said that they were comfortable with the rules as indicated by a mean of 1.81 and a standard deviation of 0.80.

Majority of the respondents disagreed that the size of their respective firms assured them of their job security hence convincing them to continue working for the firm as evidenced by a mean of 2.99 and a standard deviation of 1.28 while on the statement that “the support and conduciveness the employees got from the organization and colleagues influenced their continued stay in their
respective organizations” majority were neutral as evidenced by a mean of 3.25 and a standard deviation of 1.15.

The respondents further were neutral that the definition and layout of the rules and values in their respective organizations influenced their retention as shown by a mean of 3.32 and a standard deviation of 1.22. The findings imply that the employees in the insurance firms were not retained by the size of their firms although they considered this as a good aspect of enhancing firm performance and profitability. According to Park and Gursoy (2012), the size of the firm creates trust to the customers and the employees on the continued sustainability but it does not necessarily influence the employee turnover since there are other aspects connected to employees’ retention such as rewarding, promotions and compensation.

Table 4.2: Level of agreement with aspects on Firm Characteristics

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>How would you rate the conduciveness of your working environment? (1= High, 2 = Moderate, 3= No sure, 4= Low, 5= Not conducive)</td>
<td>1.81</td>
<td>0.84</td>
</tr>
<tr>
<td>How comfortable are you with the set rules and values in your organization? (1= Very comfortable, 2= Moderately comfortable, 3= Not sure, 4= Less comfortable, 5= Not comfortable)</td>
<td>1.81</td>
<td>0.80</td>
</tr>
<tr>
<td>The size of my organization convinces me of job security/an opportunity to grow thus my continued stay at the firm</td>
<td>2.99</td>
<td>1.28</td>
</tr>
<tr>
<td>Employees have previously left the organization while citing the conditions of work and the unfriendliness of the firm</td>
<td>3.86</td>
<td>1.09</td>
</tr>
<tr>
<td>The support and conduciveness I get from the organization and colleagues influences my continued stay in the firm</td>
<td>3.25</td>
<td>1.15</td>
</tr>
<tr>
<td>The working conditions and the environment in my firm have influenced by continued stay at the organization</td>
<td>3.61</td>
<td>1.12</td>
</tr>
<tr>
<td>The definition and layout of the rules and values in the organization have a hand in determining my stay at the firm</td>
<td>3.32</td>
<td>1.22</td>
</tr>
<tr>
<td>Overall Mean</td>
<td>2.86</td>
<td>1.24</td>
</tr>
</tbody>
</table>
4.2.3 Employee Turnover

The dependent variable for the study was employee turnover in the insurance industry in Kenya. The study sought to find out the rate at which the employee left the insurance firms so as to find a link between the turnover and the prospects of workplace diversity. The main sub-constructs used to define employee turnover included resignation of the employees, dismissals by the management and retirement. The respondents were asked specific questions based on these sub-constructs and the findings are as herein presented.

The respondents were asked to indicate the frequency at which they planned or were convinced to leave their respective organizations and as shown in table 4.3, majority of the respondents planned to leave their respective organizations as shown by a mean of 2.19 and a standard deviation of 0.94. The respondents further indicated that the employees were dismissed by the management to a moderate extent as shown by a mean of 2.58 and a standard deviation of 1.0. The findings further showed that majority of the respondents agreed that the resignation level of employees was high and that the organizational management was keen on dismissing poor performing and unproductive employees. The study further revealed that majority of the respondents disagreed that their respective organizations through the management had been encouraging early retirement on some employees while encouraging prolonged stay by others. The findings are presented based on the means and standard deviation. A mean of 1-2 implies that majority of the respondents indicated 1 or 2.5 which were strongly disagree and disagree respectively an indication that the statements are not true as per their view while a mean of 2.5 to 3.5 means that most of the respondents indicated 3 which means they are neutral and a mean of 3.6 to 5.0 indicates that majority of the respondents agreed and strongly agreed with the statements respectively.

The findings imply that many employees considered their stay at their respective firms was not conventional since majority left the firms but did not plan for their exit prior to their retirement, dismissal or resignation. According to Richard, Kirby and Chadwick (2013), as much as employees may not be comfortable at their present jobs, they are likely to continue prolonging their stay at such organizations as a result of saturation in the labour market and unavailability of jobs in the market. The table below indicates that.

**Table 4.3: Likert’s Scale Rating on Aspects of Employee Turnover**
<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often have you thought/planned of resigning from the organization? (1=Very often, 2=Sometimes, 3= Not sure, 4=Hardly, 5= Not at all)</td>
<td>2.19</td>
<td>0.94</td>
</tr>
<tr>
<td>How frequent are employees dismissed by the management in your organization? (1= Very frequently, 2=Sometimes, 3= Am not aware, 4= Hardly, 5= Not at all)</td>
<td>2.58</td>
<td>1.00</td>
</tr>
<tr>
<td>Economic conditions and performance challenges have led to retrenchment of employees in my organization (1=Strongly Disagree 2= Disagree, 3= Uncertain, 4= Agree and 5= Strongly Agree)</td>
<td>3.88</td>
<td>1.01</td>
</tr>
<tr>
<td>The resignation level at my organization has been high for the last five years (1=Strongly Disagree 2= Disagree, 3= Uncertain, 4= Agree and 5= Strongly Agree)</td>
<td>3.23</td>
<td>1.41</td>
</tr>
<tr>
<td>Employees in my organization are issued with warnings before they are dismissed (1=Strongly Disagree 2= Disagree, 3= Uncertain, 4= Agree and 5= Strongly Agree)</td>
<td>3.19</td>
<td>1.44</td>
</tr>
<tr>
<td>The organizational management has been keen on dismissing poor performing/unproductive employees (1=Strongly Disagree 2= Disagree, 3= Uncertain, 4= Agree and 5= Strongly Agree)</td>
<td>3.36</td>
<td>1.08</td>
</tr>
<tr>
<td>The level at which the employees have been leaving my organization has been high over the recent past (1=Strongly Disagree 2= Disagree, 3= Uncertain, 4= Agree and 5= Strongly Agree)</td>
<td>3.91</td>
<td>0.94</td>
</tr>
<tr>
<td>The firm has been encouraging early retirements on some employees and while extending the retirement for others (1=Strongly Disagree 2= Disagree, 3= Uncertain, 4= Agree and 5= Strongly Agree)</td>
<td>2.54</td>
<td>1.24</td>
</tr>
<tr>
<td>Once an employee leaves the organization a replacement is done immediately (1=Strongly Disagree 2= Disagree, 3= Uncertain, 4= Agree and 5= Strongly Agree)</td>
<td>3.68</td>
<td>1.03</td>
</tr>
<tr>
<td><strong>Overall Mean</strong></td>
<td><strong>2.49</strong></td>
<td><strong>1.26</strong></td>
</tr>
</tbody>
</table>
4.3 Inferential Analysis of the Study Model and Hypothesis Testing

The main aim of the study was to establish the influence of workplace diversity on employee turnover among insurance companies in Kenya. The independent variables in the study were demographic diversity, leadership styles, compensation diversity and job characteristics while the dependent variable was employee turnover in insurance companies in Kenya. The study also had a moderating variable which is firm characteristics. The study therefore sought to establish the relationship between these variables through inferential statistics. The main measures utilized herein included the R squared ($R^2$), the P-value as well as the Beta coefficients. According to Young (2010), inferential analysis goes beyond just presenting the responses in a study by unveiling the statistical relationship between the variables and how a variable (independent) affects or influences the other (dependent). Through this, concrete conclusions and recommendations in the study are made.

$H_{A1}$: Leadership styles have a significant influence on employee turnover in the Insurance Industry in Kenya.

The study aimed at assessing the influence of leadership styles on employee turnover in the Insurance industry in Kenya. The model for this variable was

$$Y = \beta_0 + \beta_2X_2 + e.$$  

As shown in the summary in table 4.4 revealed that the $R^2$ for the variable was 0.504 implying that 50.4% of the variations of employee turnover were explained by variation of leadership styles.

**Table 4.1: Model Summary on Leadership Styles**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Squared</th>
<th>Adjusted R Squared</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.710a</td>
<td>.504</td>
<td>.498</td>
<td>.35374</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Leadership Styles

b. Dependent Variable: Employee Turnover

The results on the analysis of variance (ANOVA) are as shown on table 4.5. The output revealed that the F-calculated value was 83.44 which is higher than the F-critical while the P-value was
0.000 which again is less than the standard p-value of 0.05 implying that leadership style is significantly related to employee turnover in the insurance industry in Kenya.

Table 4.5: ANOVA Results for Leadership Styles

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>10.441</td>
<td>1</td>
<td>10.441</td>
<td>83.440</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>10.261</td>
<td>82</td>
<td>.125</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>20.702</td>
<td>83</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Turnover
b. Predictors: (Constant), Leadership Styles

The regression coefficients of the model are as shown on table 4.7. The results revealed that the Beta coefficient for the constant was 0.710 while the constant was 0.417. The new model now becomes;

\[ Y = 0.417 + 0.710X2 + e. \]

The findings imply that at the significance level of 0.000, a unit change in leadership style explained up to 71.0% increase in employee turnover. The results therefore justify the decision to accept the alternative hypothesis that leadership styles have a significant influence on employee turnover in the Insurance Industry in Kenya.

Table 4.7: Regression Coefficients for Leadership Styles

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.417</td>
<td>.118</td>
<td>.710</td>
<td>3.524</td>
</tr>
<tr>
<td>Leadership Styles</td>
<td>.710</td>
<td>.078</td>
<td>.710</td>
<td>9.135</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Turnover

4.3.1 Moderating effect of Firm Characteristics

\[ H_{A2}: \text{Firm characteristics have a significant moderating influence on the relationship between workplace diversity and employee turnover in the Insurance Industry in Kenya.} \]
The study aimed at analysing the moderating effect of firm characterizes on the relationship between leadership styles and employee turnover in the insurance industry in Kenya. The introduction of the moderating variable introduces an interaction effect on the prediction strength of the independent variable on the dependent variable. The interaction effect leads to either a stronger or weaker prediction power of the independent variable on the dependent variable. In this study, interaction effect was created by use of the product between predictor variable and the moderating variable.

The findings as shown in table 4.8 revealed that the p-values for the variables are insignificant, an indication that the introduction of firm characteristics negatively moderated the leadership styles and employee turnover. The Beta coefficients for the variables reduced to even negative despite them being positive at the overall model without the moderator. This implies that firm characteristics negatively and insignificantly moderates all the aspects of workplace diversity and employee turnover among insurance companies in Kenya. The findings are in line with those by Chen, Sun and Xu (2016) who posited that firm characteristics did not influence firm performance neither did it determine the level of employee commitment and performance towards success of the organization. According to Chen, Sun and Xu (2016) and Kogan and Tian (2012), employee turnover is an aspect driven by level of satisfaction by the employee through strategies such as motivation, rewarding and recognition as well as the level of pay but not influenced by the firm size, values of the firm and the policies.

Table 4.9: Moderating Role of Firm Characteristics

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>.016</td>
<td>.049</td>
<td>.328</td>
<td>.744</td>
</tr>
<tr>
<td>Leadership Styles</td>
<td>-.017</td>
<td>.036</td>
<td>-.017</td>
<td>-.467</td>
</tr>
<tr>
<td>Firm Characteristics</td>
<td>.947</td>
<td>.058</td>
<td>.949</td>
<td>16.328</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Turnover

The findings imply that the variable, firm characteristics, has no moderating effect on the relationship between leadership styles and the employee turnover in insurance firms in Kenya.
CONCLUSION

The study concluded that the leadership styles practiced by the organizational management at the insurance firms determined the retention and turnover of employees in the insurance companies. This is to exemplify that without involving the employees and ensuring that as a leader one sets an example, the satisfaction of the employees is sabotaged thus affecting their retention.

RECOMMENDATIONS

The management of insurance companies should embrace proper leadership styles by ensuring that it involves the employees and sets an example for the employees to follow. This is because autocratic management style in the modern era is likely to make employees resent their responsibilities hence being less productive and even leaving the organization.

REFERENCES


