

**EFFECTS OF EMPLOYEE SATISFACTION ON CUSTOMER RETENTION AND
CORPORATE PROFITABILITY**

**(A CASE OF KENYA TRAVEL AGENTS AND TOUR OPERATORS
IN NAIROBI COUNTY)**

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ABSTRACT

This research sought to empirically assess the effects of employee satisfaction on customer retention and corporate profitability within Kenya Travel Agents and Tour Operators. It thereafter outlined the relationship that exists between employee satisfaction, customer retention and corporate profitability.

The researcher adopted the case study research design in order to gain advantage from its intrinsic ability to incisively capture real life settings and detailed information. Descriptive statistics was used to identify patterns on the data so obtained. The statistical Package for Social Sciences (SPSS) was used to facilitate this analysis.

This survey revealed that employees in the travel industry would be satisfied with their jobs if they were appreciated for their efforts and results and given better working conditions. It was found that high employee turnover impacted on customer retention and eventually the travel company's profitability. This affected the decision making process hence high employee turnover, low customer retention and company profitability.

The study recommends that motivation programs that recognize and appreciate the staff for their efforts and results be implemented. It also recommends that improvement of the working conditions is absolute necessary in the tour industry. Regular sessions of performance review and interviews to listen and get feedback and equitable salary scales for the various job positions across the industry were among the recommended methods that should be put in place as to enhance employee satisfaction. Lastly there is need for infrastructure improvements within the organizations to enable the companies anticipate and survive change.