

**INFLUENCE OF EXTRINSIC MOTIVATION ON EMPLOYEE  
RETENTION AMONG COMMERCIAL BANKS IN KENYA: A CASE OF  
CO-OPERATIVE BANK LIMITED**

**CHEPWOGEN VALENTINE**

**A Research Project submitted in partial fulfillment of the requirements for the award of  
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## DECLARATION

This research report is my original work and has not been presented for a degree in this or any other University.

Sign \_\_\_\_\_

Date \_\_\_\_\_

Chepwogen Valentine

L50/88426/2018

This research report has been submitted for examination with my approval as the university supervisor.

Sign \_\_\_\_\_

Date \_\_\_\_\_

Dr. Charles Wafula

Lecturer, ODeL campus

University of Nairobi

## **DEDICATION**

I would like to dedicate this research project to my dear brother, Dr. Cheruiyot Robert for being a role model and for his assistance.

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The course has been an exciting journey of zeal, dedication and of course immense sacrifices. As I write this research report, it is my sincere wish to appreciate a number of persons who invested their time and resources to make it a success.

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## TABLE OF CONTENT

<b>DECLARATION.....</b>	<b>ii</b>
<b>DEDICATION.....</b>	<b>iii</b>
<b>ACKNOWLEDGEMENT.....</b>	<b>iv</b>
<b>LIST OF FIGURES .....</b>	<b>viii</b>
<b>LIST OF ABBREVIATIONS AND ACRONYMS .....</b>	<b>x</b>
<b>ABSTRACT.....</b>	<b>xi</b>
<b>CHAPTER ONE INTRODUCTION .....</b>	<b>1</b>
1.1 Background to the Study.....	1
1.2 Statement of the Problem.....	3
1.3 Purpose of the Study .....	4
1.4 Objectives of the Study.....	4
1.5 Research Questions.....	5
1.6 Significance of the Study .....	5
1.7 Basic assumptions of the Study .....	6
1.8 Limitations of the Study.....	6
1.9 Delimitation of the Study.....	6
1.10 Definitions of Significant Terms used in the Study.....	6
1.11 Organization of the study.....	7
<b>CHAPTER TWO: LITERATURE REVIEW.....</b>	<b>8</b>
2.1 Introduction.....	8
2.2 The Concept of Employee Retention.....	8
2.3 Financial rewards and Employee Retention .....	10
2.4 Fringe Benefits and Employee Retention .....	12
2.5 Job Security and Employee Retention .....	15
2.6 Work Environment and Employee Retention.....	17
2.7 Theoretical Framework.....	20
2.7.1 Maslow’s Hierarchy of Needs Theory.....	20
2.7.2 Herzberg's Two Factor Theory .....	21
2.8 Conceptual Framework.....	22
2.9 Knowledge Gap .....	23

<b>CHAPTER THREE : RESEARCH METHODOLOGY .....</b>	<b>24</b>
3.1 Introduction.....	24
3.2 Research Design.....	24
3.3 Target Population.....	24
3.4 Sample size and sampling procedures .....	24
3.4.1 Sample Size.....	24
3.4.2 Sampling Procedure .....	27
3.5 Data collection instruments.....	27
3.5.1.Questionnaire.....	27
3.5.2 Interview Schedules.....	27
3.5.3 Pilot testing of the instruments .....	28
3.5.4 Validity of the instrument.....	28
3.5.5 Reliability of the instrument.....	28
3.6 Data collection procedures.....	28
3.7 Data analysis techniques .....	29
3.8 Operational Definition of Variables.....	29
3.9 Ethical considerations .....	31
<b>CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND</b>	
<b>INTERPRETATION .....</b>	<b>32</b>
4.1 Introduction.....	32
4.2 Response Rate.....	32
4.3 Demographic characteristics of the respondents.....	32
4.3.1 Age of the Respondents.....	32
4.3.2 Work Experience.....	33
4.3.3 Level of Education .....	33
4.3.4 Terms of Employment.....	34
4.4 Financial Rewards.....	34
4.5 Fringe benefits .....	36
4.6 Job Security.....	37
4.7 Work Environment.....	39
4.8 Staff Retention .....	41

<b>CHAPTER FIVE:SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>43</b>
5.1 Introduction.....	43
5.2 Summary of Findings.....	43
5.3 Discussion of Findings.....	44
5.4 Conclusion .....	47
5.5 Recommendations for policy Action .....	48
5.5.1 Suggestions for Further Studies .....	48
<b>REFERENCES.....</b>	<b>49</b>
APPENDICES .....	55
APPENDIX I: INTRODUCTORY LETTER.....	55
Appendix II: Questionnaire for the employees.....	56
Appendix III: Interview Schedule For Human Resource Managers.....	60
Appendix IV: Research Authorization Letter .....	63
Appendix V: Research Permit .....	64

## LIST OF FIGURES

Figure 1 conceptual framework.....	22
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## LIST OF TABLES

Table 2.1 Knowledge Gap.....	<b>Error! Bookmark not defined.</b>
Table 3.1 Sample Size.....	26
Table 3.2 Operational Definition of Variables.....	30
Table 4.1 Age of the Respondents .....	<b>Error! Bookmark not defined.</b>
Table 4.2 Work Experience.....	<b>Error! Bookmark not defined.</b>
Table 4.3 Level of Education .....	<b>Error! Bookmark not defined.</b>
Table 4.4 Terms of Employment.....	<b>Error! Bookmark not defined.</b>
Table 4.5 Financial Rewards.....	<b>Error! Bookmark not defined.</b>
Table 4.6 Fringe benefits.....	<b>Error! Bookmark not defined.</b>
Table 4.7 Job Security.....	<b>Error! Bookmark not defined.</b>
Table 4.8 Work Environment.....	<b>Error! Bookmark not defined.</b>
Table 4.9 Staff Retention .....	41

## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>HRM:</b>	Human Resource Management
<b>IHRM:</b>	Institute of Human Resource Management
<b>KBA:</b>	Kenya Bankers Association
<b>LTD:</b>	Limited
<b>PIP:</b>	Progress Improvement Plan
<b>USA:</b>	United States of America
<b>NBC:</b>	Nairobi Business Centre

## **ABSTRACT**

The purpose of this study was to establish how extrinsic motivation influences staff retention among commercial banks in Kenya: A case of Co-operative bank Limited. Motivation refers to the process that accounts for an individual's intensity, direction, and persistence of effort toward attaining a goal. The study was guided by the following objectives: to assess the influence of financial rewards on staff retention among commercial banks in Kenya: A case of Co-operative bank, to examine the influence of fringe benefits on staff retention among commercial banks in Kenya: A case of Co-operative bank, to establish the influence of employment tenure on staff retention among commercial banks in Kenya: A case of Co-operative bank and to explore the influence of work environment on staff retention among commercial in Kenya: A case of Co-operative bank. The study employed a descriptive research design. The study targeted all the employees of co-operative bank in Nairobi west region and the human resource managers. There are 26 co-operative bank branches in the region. The total population was 405 comprising of 397 employees and 8 human resource managers. A sample size of 197 respondents comprising of 4 human resource managers and 193 employees working in branches was derived from the total target population using fishers formula. The study employed purposive sampling to select the human resource department because it is central to motivation. Simple random sampling was eventually used to pick the respondents. Questionnaires and interview schedule were used to collect data from the respondents. The questionnaires were given to the employees and the interview schedule was used to get the responses from the human resource managers. The pilot study was done at Nairobi East region, Kariobangi branch to determine validity of the research instruments. Data analysis employed the use of both quantitative and qualitative techniques. On the issue of financial rewards, 44.7 % of the respondents strongly agreed that giving employees' bonuses make them to remain in the organization, 57.4 % of the respondents strongly agreed that bank that offers pension scheme to its employees retains them, 55.9% of the respondents strongly agreed that permanent and pensionable term of service makes employees to stay long in the organization and 47.9 strongly agreed that the organization guarantee safe working environment. By the light of the findings of this study, policy makers and implementers within the bank shall have clear knowledge/understanding of motivations factors which are in favor of employee.

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Background to the Study**

Motivation as stated by Lussier (2012) refers to the activities that takes into considerations a person's passion, direction, as well as the determination aimed at achieving goals. Sapru (2013) defined it in his words as the nature and the weight of behavior, he further stated that the three mentioned notions can be deemed as how strong are the people's efforts and to what extent can it be held constant. Sometimes motivation can best explain and even predict the performance of an individual in the work setting. Motivation explains how a person behaves (Lussier, 2012). Intrinsic motivation can be described as the motivation that is manifested by satisfaction, personal fulfillment and pleasure. It sustains and gives one energy through the unprompted satisfactions present in effective and enjoyable action. It usually evident in activities which include exploration, drama, and challenging roles that human beings engage themselves in for external recognition. Scholars often have issues when it comes to differentiating intrinsic motivation from extrinsic motivation. Extrinsic motivation on the other hand is motivation that is reinforcement governed (Anyika, 2012). In today's new era, employees can choose organizations that provide inducements and retention benefits; in return, they will continue to impart knowledge and dedication to their work. But employee cannot sustain growth if they are not satisfied with their growth path and discouraged with the outcomes, unpaid and unmotivated that may cause a gap between employees' effort and their organizational effectiveness (Chew, 2004).

Employee retention is critical in an organization because employees are the driving force to achieve the development and accomplishment of the organization's goals and objectives. Retention is governed by a number of aspects, which should be properly managed or else the organization loses its direction. These aspects are career path systems, organizational values, policy, remuneration as well as benefits structure. Yaseen (2013) pointed out in an event that the company fails to retain its staff, the economic implication can be catastrophic. High valued employees can end up working for a competitor or worse end up becoming the competition. Additionally, the organization suffers the cost of recruiting, selecting and training of the new employees

(Davies, 2001). Not to mention the possibility of losing the business opportunity and of course the customer experience and relationship is at a stake during such times. (Cooper and Schindler, 2011) have subsequently highlighted the importance of retaining committed employees as an aspect of survival for organizations. Employers seek to treat employees as valued assets who can be a source of competitive advantage through their commitment, trust, adaptability and high quality skills and knowledge. This empowerment should increase the competitiveness of the business. Dessler (2013) concluded that by using commitment strategies, organizations had significantly higher performance and lower turnover, compared to those using control strategies.

In the United Kingdom, a study conducted by the Institute for Employment Studies found out that compensation and retaining of a workforce forms a formidable aspects of personnel management practices. A prize has been conceptualized as a way of recognizing an individual's contribution. A person is compensated monetarily based on the work done and may be advanced additional gifts based on her skills, level of production, ability and length of service (Apeyusu, 2012). Furthermore the employees can also be gifted nonfinancially for example promotion, recognition or the sponsorship to further get new skills. Retaining of employees is a deliberate action to make skilled employees remain in an organization however the organization is limited to some extent. A competitive remuneration improves employees loyalty to the organization and also their performance. As a result the employees would not be looking for opportunities to leave (Armstrong, 2012).

The personnel management in South Africa has been hit strongly by the inability to attract and retain talented workforce as a result of limited skills. This has led to a high employee turnover to be witnessed in the banking industry Retention of the individuals with highly desired skills especially in banks is of great concern. In order to not only attract but also retain profitable workforce, the organizations are charged with the responsibility of coming up with rewarding system that satisfy human capital. The greatest challenge in this century is managing employee turnover. The amount that organizations have to part with so as to manage the turnover especially the voluntary one is very high.

Mucal (2015) posited that retaining lucrative and profitable employees is of great significance to any establishment. The organization that does not retain its employees is not able to leverage on the assets developed by the employees in the organization. The best practices and the available literature spell out that the well treated employees tend to stay long in the organization (Frost, 2001). Having said this, it is now evident that it is imperative to treat well, recognize and reward employees handsomely so as to make them stay longer in the organization. DeYoung (2000) research shows that a good number of organizations' headache is from the establishment of the employee retention policy. This is because the level of turnover is at all time in many banking institutions. If the employees feel that they are not well catered for they leave the organization (Schuler & Jackson, 2006). The organization is left with no choice but to go to the drawing board to start sourcing for a replacement with the same experience and skills. This is a costly affair bearing in mind a replacement should comfortably fit into the shoes of the outgoing employee. The organization might even lose in terms of production since the new employee has to perhaps take time before delivering. Consequently, the responsibility of the personnel management is to ensure that they have quality and appropriate number of employees. This is only possible if an effective and efficient system of reward which suits employees' preferences is devised (Epimach, 2014).

The banking system in Kenya has witnessed quite a number of employees exiting the industry for opportunities elsewhere. Some to other institutions within the sector and others have even sought greener pastures overseas. This has largely been blamed on job instability, unfriendly working environment, poor remuneration, monotony, working for extended hours and heavy workload. This has not gone well with the employees and consequently the employees possessing proficient skills, appropriate knowledge and even abilities have joined other exciting fields such as consultancy (KBA, 2015).

## **1.2 Statement of the Problem**

Retention of an employee is very critical to an organization's achievement. Owing to the globalization which has increased competition and heightened the mobility of the experienced employees, it has become a challenge not only to private organizations but also public. The Commercial banks as a whole have experienced a lot of challenges

which has adversely hindered their growth and hence a number of the setbacks have to be alleviated for them to be on the competitive hedge.

The Kenyan banking industry has experienced high staff turnover, where the employees are resigning in one bank to join the other in search for greener pastures. Additionally, some quit the organization so as to start their own businesses. This is occasioned by unconducive work environment, heavy workload, dissatisfaction with the benefits, lack of job security and poor remuneration. A combination of these factors has made a number of qualified and skillful individuals leave the industry and join more lucrative sectors such as consultancy.

The increase in the number of financial institutions has resulted in immense competition among the players. The high competition has a mixture of good and bad aspects such as production of exceptionally quality goods as well as services, technological advancement and owing to the shaky business environment, the immense competition has led to the closure of some banks, lay-off staff, introduction of cutting costs such as pay cuts. Some staff lose jobs while those who remain will have to handle heavy workloads and definitely working for longer hours. This study, therefore sought to examine the influence of extrinsic motivation on staff retention among commercial banks in Kenya: a case of co-operative banks

### **1.3 Purpose of the Study**

The purpose of the study was to establish how extrinsic motivation influences staff retention among commercial banks in Kenya: A case of Co-operative Bank Limited

### **1.4 Objectives of the Study**

The study was guided by the following objectives

- I. To assess the influence of financial rewards on staff retention among commercial banks in Kenya: A case of Co-operative Bank
- II. To examine the influence of fringe benefits on staff retention among commercial banks in Kenya: A case of Co-operative Bank

- III. To establish the influence of job security on staff retention among commercial banks in Kenya: A case of Co-operative Bank
- IV. To explore the influence of work environment on staff retention among commercial banks in Kenya: A case of Co-operative Bank banks

### **1.5 Research Questions**

The study was guided by the questions below

- I. How do financial rewards influence staff retention among commercial banks in Kenya: A case of Co-operative Bank?
- II. How do fringe benefits influence staff retention among commercial banks in Kenya: A case of Co-operative Bank?
- III. How does job security influences staff retention among commercial banks in Kenya: A case of Co-operative Bank?
- IV. How does work environment influences staff retention among commercial banks in Kenya: A case of Co-operative Bank?

### **1.6 Significance of the Study**

This study poses significance to the following firstly, to the organization; by the light of the findings of this study, policy makers and implementers within the bank shall have clear knowledge/understanding of motivations factors which are in favor of employee. This would help the management in formulating and establishment of clear and sound motivation factors which relates to the employee's needs.

To academicians, the study would act as guidance to other researchers who will be attracted to conduct further study related to influence of motivational factors in employees retention in Organizations.



### **1.7 Basic assumptions of the Study**

The study was carried out with the assumptions that all the co-operative bank branches under the study have similar settings especially the physical structures. The respondents on the other hand were assumed to have full knowledge of research study variables (extrinsic motivation and performance of public staff retention).

### **1.8 Limitations of the Study**

Some respondents like the human resource department may not be responsive and may be adamant to provide crucial information. The researcher controlled this limitation by assuring them of confidentiality of the information gathered and that the information is meant for academic research purposes only.

### **1.9 Delimitation of the Study**

The study was limited to the co-operative bank of Kenya, Nairobi west region a more conclusive results, all the banks should have been studied.

### **1.10 Definitions of Significant Terms used in the Study**

**Employee motivation:** Refers to the activities that takes into considerations a person's passion, direction, as well as the determination aimed at achieving goal

**Employee retention:** This is the strategy to maintain an employee working in an organization or institution for as long as possible. The term in the study refers to the policies that private health institutions adopt to ensure that their employees remain there

**Extrinsic motivation:** Refers to motivation that originates from external sources such as monetary rewards and trophies

**Financial reward:** Refers to the basic types of extrinsic monetary rewards which cover the basic needs of income to survive (to pay bills), a feeling of stability and consistency and recognition.

**Fringe Benefits:** These are secondary rewards advance to an employee for being a member of a given organization

**Job security:** An assurance that one is able to work in his job as long as he wants to without being dismissed anytime

**Motivation:** This is the internal or external factors that stimulate employees and give them the energy and desire to continually be interested and committed to their work. This term in the study refers to the steps employed specifically in the private health sectors to induce their employees towards the institution's goals.

### **1.11 Organization of the study**

The study comprises of five chapters. Chapter one covers the background of the study, problem study, research objectives, hypothesis, significance of the study, delimitation of the study and the possible limitations that were encountered by the researcher. Chapter two covers reviewing of theories and the past studies. The past studies offer insights and are beneficial in guiding and providing information to the researcher. Chapter three on the hand covers the research design which the researcher used, the target population ,sample size, researcher instruments which the study employed in collecting the information, validity and the reliability of the research instruments, data collection procedures, data analysis procedures , operational definition of variables and ethical consideration. Chapter four encompasses data analysis, presentations, and interpretations. It covers the following introduction, questionnaire return rate and demographic characteristics of the respondents. Chapter five: Summary of the findings, discussions, conclusions and recommendations. It encompasses Introduction, summary of findings, discussions, conclusions, recommendations for policy action, Suggestions for further studies and contribution to the body of knowledge

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents review of important theories, the concept of employee motivation, empirical review, conceptual framework and the knowledge gap.

#### **2.2 The Concept of Employee Retention**

According to various scholars the idea of employee retention is strategic, comprehensible activity that commence with critically analyzing the reasons that made an employee be part of the organization (Davies, 2001; Solomon, 1999). There are several factors that can make an employee leave an organization. These comprise of organization culture and structure, reward system, capacity building and development, recruitment policy and career growth (Guay,2010). (Jackson, Schuler and Werner, 2009) observed that in order to bring down the turnover rates, improve the relationship between the employer and the employee and to strengthen the commitment towards the organization the aforementioned factors ought to be given a lot of consideration

Leaving an organization by distinguished employee cannot be blamed on a sole factor for instance pay cut or even lack of recognition. What usually makes an employee to leave an establishment is a single event which is a catalyst however core reasons can be traced to a series of events that happened during the life of the employee in the organization (Davies, 2001, Walker, 2001). It is challenging though to comprehend how different occurrences influences one another and the impact that they create on person's loyalty and commitment to an institution

Worldwide employee retention challenges are becoming a worrying trend and Kenya is not left behind. They are in a major way influencing organization profitability and production. What gives the managers migraines in in fact how to manage it at the moment where globalization and competition are the order of the day. This is what

informs the need for this research to explore the employee retention emphasizing on the extrinsic motivation context of Kenya commercial banks (Otieno, 2010).

Retaining the employees within an institution is of great significance as its roles in enhancing organization performance and profitability is undeniably huge, The employees in such environment are highly motivated to dispense their duties and tasks. This is due to the fact that they will exert all their efforts emotionally, cognitively and physically (Obasan, 2011). Retained employees feel valued and the sense of belonging make them to work for the organization with a lot of enthusiasm. Retention of employees take their commitment a notch higher owing to a strong connection of shared purpose as well as goals. The motivated employees become valuable assets to the company as well as the competitive hedge.

The last decades have witnessed the retention of employees in a company becoming a major boost in the current business environment where competition is the order of the day. The positive implication associated with employee improved performance and the organization growth has been the subject of study. Several researches have been done to ascertain the significance of employee retention in the entire world. Its high positive effects on organizational productivity and employee performance have been widely studied. The organizations in the whole world are facing a lot of challenges when it comes to finding and recruiting talented individuals. The mobility rates among the employees have become higher in search of more rewarding and challenging environments. It is imperative for personnel management to retain the employees with desirable skills. The next phase after becoming aware of the immense benefits of retention is to find the best way to retain an individual within the organization. This presents a knowledge gap more so in the developing world where the managers are not bothered at all on issues surrounding the retention of employees (Thiriku,2013) .

Retention is ‘a choice made by an organization to fashion an atmosphere where employees are engaged employees for posterity. The recent approach to retention is actually the preventing high skilled employees from leaving the organization as they are

associated with performance and profitability. To others, retention is a sum total of implementation of strategies and procedures that help employees not to leave an organization owing to the provision of a conducive environment which meet their standards.

Harvard Business Essentials defines retention as the 'contrary of turnover. Turnover in this case is the totality of both the voluntary as well as the involuntary partings between an employee and the organization. Waldman and Arora (2004), posited that employee retention within the setting of turnover of the employees is not enough. Focus however ought to be on the way in which retention is based on the retaining the personnel that meets the establishment's requirements. Employee turnover, according to them has to happen so as to weed out those employees who do not met the targets and the aims of the organization. Good retention as per their definition is keeping emphasize on retaining employees who can meet them (Westover, 2010).

Employee retention has presented a lot of worries to many companies this is because the intention of leaving makes both the employer and the employee become more anxious. Lockwood and Ansari (1999) postulates that the companies experience high cost when they lost their employees and as result they strive to retain them. Studies have shown that corporations employ different styles to make employees stay including providing competitive compensation, friendly environment of work, training and other rewards.

### **2.3 Financial rewards and Employee Retention**

Several research studies found that a highly competitive wage system promotes employee commitment and thus results in the attraction and retention of a superior workforce. The strategy for attracting and retaining employees consists in crafting the ultimate compensation and benefits package, along with instituting an employee appreciation and recognition program(Müller, 2011).

Company have objective to retain their valuable employee, pay is considered important factor for it. Compensation is considered the most important factor for attracting and retaining talent (Willis, 2000). Fair wages are the foundation element of the implied and contractual bond between employers and employees, the underlying supposition being

that monetary reward can persuade behavior (Müller, 2011). Organizations often offer high pay packages i.e. stock options, special pay, retention pay, gain share pay, performance base pay and bonus and so on for attraction and retention of talented employees of the market.

Research has suggested that rewards now cause satisfaction of the employee which directly influences performance of the employee (Khan et al., 2010). Rewards management tools that hopefully contribute to a firm's effectiveness by influencing individual or group behaviour. All businesses use pay, promotion, bonuses or other types of rewards to motivate and encourage high level performances of employees (Reena et al., 2009). To use salaries as a motivator influencively, managers must consider salary structures which should include the importance organizations attach to each job, payment according to performance, personal or special allowances, fringe benefits, pensions and so on. Financial prizes was pointed out to have a lot of impact on staff job satisfaction.

Despite the fact that many research has shown that monetary rewards are not the best motivating aspect, financial prizes remains the most employed approach by many establishments to enhance employee loyalty. Research carried out by Horwitz, Heng and Quazi (2003) found out that compensation ploy remains the most used approach to enhance the job satisfaction. Teseema and Soeters (2006) postulated that there is a relationship between reward system and employee level of job satisfaction. This aptly explains why the high turnover rates among the staff who place a lot of value on financial rewards as compensation.

An online research done by (Garlick, 2009) comprising of 1913 respondents whereby they were to rank forms of compensation in order of their liking. The incentives mentioned included points, travel package, cash and also intrinsic rewards that consisted of freedom, autonomy, ability to make choices and also introduction of mentors. Interestingly out of the people surveyed, cash emerged to have more liking at 74%

The scholars and the practitioners have never arrived at a single conclusion about the implication that the money has as motivator. Financial rewards stop being a motivator the moment a person has enough cash and therefore may no longer be interested in the

organization. So compensation can be defined as what the employees get once they perform a task. The compensation in such setting is financial reward advance to a person ,it can be wage, monetary and non-monetary benefits or salary. For the individuals who really need finances it can be a great motivator

Gallup Organization conducted an extensive study of 80,000 managers to analyze the factors contributing to the quality of the workplace. The study finds that employee satisfaction and job retention can be achieved through remuneration. Out of 12 dimensions employed in the survey, employee remuneration third. Ulrich (1999) posited that failure to retain employees is as a result of inadequate reward system. He said that good rewards make the sincere employee stay and thus saves the organization from incurring a lot of money in recruitment of other employed. Additionally good remuneration makes the employees to work diligently. It is true that motivation occurs when employees are given better remuneration.

#### **2.4 Fringe Benefits and Employee Retention**

Mathis and Jackson (2003) argued that fringe benefits are the benefits which an individual gets automatically as a result of being a member of an organization. They refer them as that package that the company accord employees besides the salary. The aim of the fringe benefits is to provide financial security, improve lives and offers protection to the employees and their immediate family members, Arguably, its other role is to attract, increase loyalty and motivate high skilled workforce (Mulwa, 2010).

Studies have shown that employer that remunerates the employees with more benefits enjoys unmatched advantage when recruiting, selecting and hiring competent employees when the completion is merely offering salary only. In essence such additional benefits make employee not to even think of leaving the organization. Examples of such benefits are education reimbursement, relocation packages, paid maternity and paternity leaves, overtime compensation, pension plans and paid vacation (Murlis, and Waston, 2001).

Long (2006)found out that in Canada benefits are offered within the reward system though they are indirect. Apart from the payment of the rendered services, an employee is awarded by the company for the continued rendering of services. They are aimed at

cushioning the employee and his immediate family from the loss of livelihood occasioned by health issues or other financial disruptions. Besides that, the lives of the employees are improved through programs like those in the places of work. Such benefits comprise of additional health cover, disability cover and retirement plans.

Overtime refers to the compensation above the salary as well as the wage rates whereby the rate would be double. It is majorly utilized when the nature of the assignment is not regular in a way that in some seasons the workload is overwhelming as compared to other times. Overtime however can be misused by the employees if not properly controlled (Tyson, 1999). According to the Code of Regulations (2006), when it is established that an officer is required to work overtime as a matter of urgent necessity and it is not possible to allow him equivalent time off in lieu of overtime allowance, to compensate and motivate him for the time, an allowance may be granted to him with prior approval of the Authorized Officer. Compensatory time off can also be given in lieu of payment for extra time worked. However, unless it is given to non-exempt employees at the rate of one and one-half time for the hours worked over a 40-hour week, comp-time is illegal in the private sector. It can also not be carried over from one pay period to another. The only major exception to those provisions is for public-sector employees, such as fire and police employees and a limited number of other workers (Willing, 2000).

According to the Employment Act of Kenya (2007), the act comprehensively stipulates the number of working hours considered normal in different industries. Therefore if an employee works above the specified normal hours then it should be taken as overtime. Consequently employees at times are asked to work overtime so as to complete a task. The trade unions also restrict the employers from making the employees work past the time. Unions play a great role as it ensures that the employees are not misused. Some professions though may force employees to work extra so as to save lives such as nursing

Employment Act of Kenya (2007) provides that a female employee shall be entitled to maternity leave on full pay if she gives not less than seven days written notice in advance, or a shorter period as may be reasonable in the circumstances, of her intention to proceed on maternity leave. A female employee is entitled to three months maternity leave in addition to any period of annual leave she is entitled to, and sick leave if she



happens to fall sick during her time of confinement and with the consent of the employer. A female worker on maternity leave is also entitled to be paid her full remuneration and other benefits to which she is otherwise entitled. This is the same for the two weeks paternity leave. Many employers provide maternity and paternity benefits to employees who give birth to children. In comparison to those giving birth, a relatively small number of employees adopt children, but in the interest of fairness a growing number of organizations provide benefits for employees who also adopt children (Woodward, 2000). Also, as people get older, the benefits of a compensation package assume importance. It is the time when employees establish a family. Those benefits that will serve the family are valued, like maternity benefits, children's education, annual vacation pay.(Andrews, 2009).

Education assistance is highly coveted by the employees and many employers have seem to find out. Such provisions have shown that employees are retained when they are facilitated to study. Such programs usually cater part or all degree programs. An establishment can opt to reduce the level of employee turnover and its associated costs by ensuring that the experienced employee are well nourished that they rarely find reasons to leave. Employees can be motivated by offering them opportunities to grow their careers. This is actually winning employee heart since you have not only improve his skills but also demonstrate that you care about his aspirations (Harris, 2000). Company housing or house rent allowance is offered by organizations who feel obliged to help an individual meet one of the basic needs a roof over one's head and to enable them have access to reasonable accommodation while on official duty. Senior employees are provided with accommodation which may be owned by the organization. However, other organizations reimburse rent payments (Andrews, 2009).

Retirement plans in addition to serving as a tax-advantaged means of accumulating retirement income, can enhance productivity. Pensions strongly influence workers conduct. It makes junior workers in the organization to continue offering services to the employer knowing that later in life they will be having something. It also makes the older employee to retire on time. Studies shows that pensions have great impact on the type of the employee that is attracted to the organization. In America, by the end of the 20th

century, retirement was a fully institutionalized life stage for most of its workers. Retirement became an earned benefit in reward for years of service to a particular organization, to an industry, or, more generally, to the productive society. Most importantly, in this transition, older workers in the final decades of the 20th century were exposed to models of retirement that offered leisure, freedom, and flexibility for the “final years” of life. While some of these models were structured around a primary component of leisure or recreation, perhaps the majority incorporated significant themes of productive engagement (Neil, 2000).

## **2.5 Job Security and Employee Retention**

Retention is heavily influenced by reward system, form of employment contract and job security. It is of great importance as it helps in creating efficient and conducive workplace which is essential for employee loyalty. Well laid down employment contracts lessen the conflicts between the two parties, that is the employer and its employees. They will solely be mindful of only the remuneration that informs the relationship. Well laid down employment contracts and procedures reduces the conflicts that may arise between the employer and employee. Instead more focus will be directed to the reward system which actually informs how they relate. Compliance will be adhered to as each of them is aware of what is required. Once this has been met, it is expected that the employee retention heightens.

A research done Taylor (2002) posits that the permanent and pensionable contract of employment makes a job more lucrative thus an employee would not entertain any thought of leaving it. He further exerts that temporary contracts which is mostly seen as flexible staffing makes places of work look apprehensive and consequently lead to loss of high skilled employees as they feel their job is not secured. A study done at the learning institutions of Uganda by Ssesanga et al (2005) revealed that form of employment highly influenced the extent of job satisfaction and that informs the decision of the employees to either quit or continue working. Employees who are dissatisfied with the working environment eventually leave the organization.

Employees on permanent contracts are more likely to get additional benefits such as paid maternity leave, pension plans and medical covers when compared to those on temporary terms (Kaguhangire, 2006). Another study in Uganda by Barya (1994) whose focus was on the Ugandan law and the workers showed that the employees on temporary contracts feel that they are not treated fairly and as a result are dissatisfied with their work. The gap comes as a result of the employer distinguishing the employees on contract from the others when awarding benefits. This does not auger well with the employees' contract as they perceive it as segregation and with time they opt to leave.

A study by Gebel (2008) shows that if the employees on contract work diligently within the organization, the contract can be extended however such contracts are usually short-lived so by the time it expires, employees will have sought other alternatives (Booth et al. 2002). Another observation is that those employed on contracts usually have lower qualification which has a lot of negative implications on mobility within the organization which actually hinders the entry into a stable segment and hence increases the number of those quitting.

Generally temporary employees are more productive and the organization does not incur a lot of money to train and even to recruit however in the long run it costs employers more since the agency fee is applied. The psychological aspect that they are dispensable once they are placed on temporary contracts affect the retention. In their minds they can be replaced any minute. The pay given to temporary employees is lower and always unsure of tomorrow. This usually kills their morale and may eventually lead to high turnover. Mistrust between those on permanent and temporary contracts can occur. The permanent employees might not be comfortable with those on contract as they see them as a threat (Wilkinson, 2009).

There is no joy perhaps that surpasses that of having a surety that one's job is not about to end. When the contract of the contract employees is extended it is an indication that their work is appreciated and recognized. This increases job satisfaction and the employees' loyalty is raised. Employers that neither confirm nor extend contracts usually experience high turnover as the employees' know they are there for a while and hence continue search for greener pastures (Wilkinson, 2009).

Employees who expect their contract to be extended usually reciprocate by being super productive and committed fully to the organization. They no longer have to put their energies exploring available opportunities elsewhere. They will however be doing their work diligently expecting the bigger prize. This is in agreement with (Pearce & Randel, 2004) findings that the employee performance is all time high when they expect to be in the organization longer.

Martín (2000) argues that the work output for the employees on contract is lower when compared to that of the permanent ones occasioned by the fact that their contracts would not be renewed. He further asserts that the performance however can go high when there is an indication that awarding of permanent contract to them is a possibility based on previous performance. This encourages them to double their efforts so as to increase their chances of getting permanent status (Diaz-Mayans & Sanchez, 2003).

Mwaura Kimani (2010) findings revealed that the Kenyan youth workforce in the recent years has been hit by the reality that they will have to contend with the contractual jobs which was unusual in the past 10 years. This has been caused by cost cutting by several companies making the climbing up the ladder of social progress brought by employment to slow down. Contract forms of employment which does not offer benefits for instance pension plan, easy access to loan and health cover has made several youth underemployed or even underpaid.

## **2.6 Work Environment and Employee Retention**

Hay Group (2007), in his explanation said that work environment consists of amicable, proper layout, functional equipment effective communication and safe physical working area which enhances productivity. Well organized and presentable offices make employees feel good. The environment at the places of work sends messages to the employees. It shows how much they are cared for and even the standards set for them and again what is required from them. Society for Human Resource Management carried out a study which showed that the work environment influences an employee's decision whether to resign or continue discharging duties. Amicable working environment boosts one aspirations and also reduces work related stress and depression

Organization's major concern ought to be to provide a safe working environment. The focus of organizations must be on how to provide better jobs with great work environment to retain employees. A secret to making employees remain in an organization is to create a conducive environment which make the workers to make deliberate decisions to work there as long as the opportunities are there. Creation of that conducive environment is by meeting the expectations of both the employees presently working there and even the future ones (Winterton, 2011). Timely clear communication and recognition of employees is of significance when it comes to retaining employees. Corporations should at all times keep the employees informed of what is happening by telling them about the past, current and the future plans. They will be able to know the status of the company in terms strength and steadfastness. Transparent organizations that involve their skilled employees in coming up with solutions rarely experience high turnover (Ongori, 2008).

Hay Group study (2007) in his study on the work environment talked about job autonomy. It is referred to as the ability of the employee to make choices while carrying out what is expected of. Employees who have control of what they do are less stressed and hence become more committed to the organization. When employees have some control over their jobs and its outcomes, they feel less stressful and more interested in an organization to stay.

Hom and Kinicki (2001) argues that the employee turnover is influenced by the labor market. Modern labour do not offer fall backs in case of layoffs. So to be effective, the employee has to learn to adapt to any situation. The company that offers such conditions become a prerequisite for retention. It is widely known that a good workplace environment inspires employees and enhances the production of good results. The physical and behavioural aspect is what describe office environment. The physical environment and its layout influences employee behaviour. Well-designed physical design has been conceptualized to increase the employee productivity by 5-10 percent. Stallworth and Kleiner (2006) contends that currently organization's design of the physical layout is done around worker needs so as to make the most of the productivity and satisfaction. Innovative places of work can be designed in such a way that sharing of

information is allowed. Communication ought to freely move across the department. The physical work environment can be used to enhance the business results as well the employee welfare. Provision of enough facilities is one way of improving employee commitment. Inadequate equipment and unfriendly working conditions has been reported to adversely affect workers commitment and their intention to continue offering services to the organization.

A research done by Roelofsen (2002) indicated that enhancing working environment leads to the decline in cases of absenteeism and upsurge in productivity. Several studies have shown that the work environment especially the indoors has great impact on productivity. Sekar (2011) opines that connection between the job, the place of work and the tools of work, work place turn out to be an important part of work itself. The work practices in an organization influences the workers to focus. If they are not satisfied they are more likely to leave. Then the organizational culture influence attraction or retention of employees. Organizational culture is what distinguish an organization from others, it is a collective meaning believed by the members.

Companies enhance their images through culture, for instance offering quality services as well as investing in its workplace that could make employees become more competitive. Studies have shown that supervisor and employee support is of great importance in preventing employee fatigue and eventually the decision to leave (Yankeelov, Barbee, Sullivan and Antle, 2008). A study done at Kentucky child welfare agency, an organization which had registered the highest turnover rates revealed that the employees who never late the organization were very close to the supervisors showing that employees felt having close relationships with their supervisors provided some sense of security (Yankeelov, Barbee, Sullivan and Antle, 2008).

Robbins (2003) argues that organizations are tasked with the responsibility of accommodating diverse employees by paying attention to varied lifestyles and work styles. People are not the same hence should be treated differently. Recognizing that people are different and their needs ought to be responded differently, the employer has higher chances of retaining its manpower. When employees not only respect but open with one another, working as a team is achievable thus yielding good results.

All the studies reviewed reveal that employees should be given space to work creatively so as to make contribution towards the expectation of the organization. It is a responsibility of the organization to instill a sense of togetherness and belonging to the employees by giving them space to offer their contribution towards the goal of the organization. Companies that recognize the sacrifices and performance of their employees by offering rewards, training and promotions succeed in influencing them not to leave

## **2.7 Theoretical Framework**

The study was guided by the following theories

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

The Hierarchy of Needs theory was coined by psychologist Abraham Maslow in his 1943 paper "A Theory of Human Motivation". Abraham Maslow argued that humans are motivated by five essential needs. He formed a pyramid demonstrating these needs which he called a hierarchy of needs.

The physiological needs which is on the lower side starting from mere physiological aspect. It encompasses belonging to a social network all the way to self-actualization. Abraham Maslow pointed out that unfulfilled needs at the lower side of the ladder impede a person from progressing to the next step. The hierarchy of needs is categorized into two forms: deficiency needs which covers physiological as well as safety and growth needs consisting of self-actualization, belonging and self-esteem. When the deficiency needs are not fully satisfied, the person will become deficient and thus hampers her development (Price, 2007).

When applied in the place of work, managers are charged with the responsibility of ensuring that the deficiency needs are provided for. So good remuneration and safe working environment is what has to be provided for. It also means that creating good atmosphere where employees can advance to their highest potential. If that is not done, employee frustration leading to poorer performance and finally less commitment to the organization (Price, 2007). For instance, the fear of losing job hinder the person from

aspiring to higher. They may work hard so as to get job stability but at the same time failing to fulfil other needs (Noe, Hollenbelk, Gernhart, & Wright, 2010).

Giving financial bonuses is a different matter. In Maslow's hierarchy of needs model, these can serve to fulfill the need for esteem. However, the way they are awarded is also important: if they aren't given in an atmosphere of praise but as a mere benefit for reaching a certain goal, they can work counter productively as they will be seen as mere wages, and as such only serve to satisfy someone's deficiency needs. According to the hierarchy of needs, a person must be in good health, safe and secure with meaningful relationships and confidence before he is able to be the most that you can be.

### **2.7.2 Herzberg's Two Factor Theory**

Herzberg's Two-Factor Theory, McClelland's Need Theory, and Maslow's Hierarchy of Needs all talk about higher-level psychological needs such as achievement, recognition, responsibility, and advancement. The key factor that differentiates Two-Factor Theory is the idea of expectation (Prenda, and Stahl,2001).

According to Herzberg, intrinsic motivators and extrinsic motivators have an inverse relationship. This is to say that intrinsic motivators tend to inspire motivation when they are present, while extrinsic motivators tend to reduce motivation when they are absent. This is because of expectation. Extrinsic motivators (e.g., salary, benefits) are expected and so will not increase motivation when they are in place, but they will cause dissatisfaction when they are missing. Intrinsic motivators (e.g., challenging work), on the other hand, can be a source of additional motivation (Price, 2007).

The theory is relevant to the study because if the management wants to increase employees' job satisfaction, they should be concerned with the nature of the work itself—the opportunities it presents employees for gaining status, assuming responsibility, and achieving self-realization. If, on the other hand, management wishes to reduce dissatisfaction, then it must focus on the job environment—policies, procedures, supervision, and working conditions. To ensure a satisfied and productive workforce, managers must pay attention to both sets of job factors



## 2.8 Conceptual Framework

### Independent Variables

#### Variable

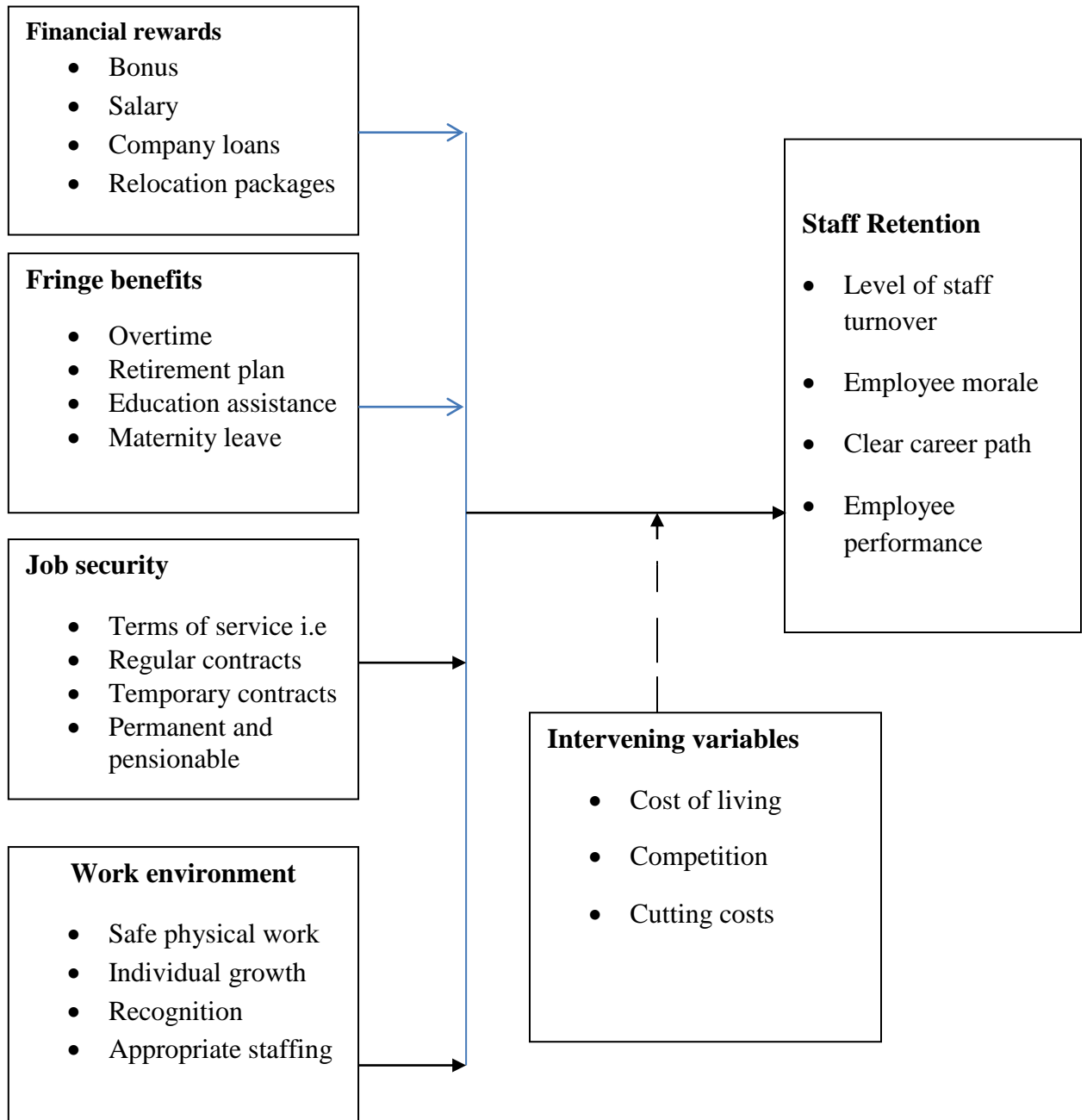


Figure 1 conceptual framework

## 2.9 Knowledge Gap

The table below shows the gaps which the study wishes to fill

**Table 2.1 Knowledge Gap**

<b>Author</b>	<b>Variable</b>	<b>Findings</b>	<b>Knowledge Gaps</b>
<b>Reena et al., 2009</b>	Financial rewards	All businesses use pay, promotion, bonuses or other types of rewards to motivate and encourage high level performances of employees	Most available research touch on financial rewards as an important factor in staff retention in various industries but few have been done in Kenyan banking industries
Mulwa 2010	Fringe benefits	The aim of the fringe benefits is to provide financial security, improve lives and offers protection to the employees and their immediate family members, Arguably, its other role is to attract, increase loyalty and motivate high skilled workforce	There are few studies which talks about the fringe benefits and staff retention in the banking industry
Ssesanga et al 2005	Job security	Form of employment highly influenced the extent of job satisfaction and that informs the decision of the employees to either quit or continue working. Employees who are dissatisfied with the working environment eventually leave the organization	The banking industry is now employing people on contract basis and a result a study ought to be done on how it impacts employee turnover. The literature is limited especially on studies done in Kenya
Yankeelov, Barbee, Sullivan and Antle, 2008	Work environment	Companies enhance their images through culture, for instance offering quality services as well as investing in its workplace that could make employees become more competitive Studies have shown that supervisor and employee support is of great importance in preventing employee fatigue and eventually the decision to leave	There is need to research on the appropriate staffing and the physical banking environment in relation to staff turnover

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the research design to be used, target population of the study, the sampling design and sample size, data collection instrument, validity and reliability of the study, data procedure and data analysis.

#### **3.2 Research Design**

A research design is the plan, structure of investigation conceived to obtain answers to research questions that includes an outline of the research work from hypothesis, methods and procedures for collecting and analyzing data and presenting the results in a form that can be understood by all (Mugenda & Mugenda, 2003).

This study employed a descriptive survey research design. This was chosen because the study involved exploring the kind of relationship that exists between the independent and the dependent variable

#### **3.3 Target Population**

The target population for this study was all the employees of co-operative bank in Nairobi west region and the managers at the human resource department. A target population is the 'aggregate of all cases that conform to some designated set of specifications (Paton, 2002). The target population was 405. Out of which 397 were the employees working at the selected branches while from the human resource management department 8 managers were targeted.

#### **3.4 Sample size and sampling procedures**

##### **3.4.1 Sample Size**

Sampling refers to the selection of individual observations intended to yield some knowledge about a population of concern, especially for the purposes of statistical inference (Ghoshi, 2002). The sample size for this research was arrived at using the Fisher et al. (2005) formulae for a target population of less than 10,000 then the sample can be determined using the formula below.

The sample size was scientifically computed as follows;

$$nf = \frac{n}{(1 + n/N)}$$

Where;

nf = Sample size (when the population is less than 10,000).

n = Sample size (when the population is less than 10,000); 384.

N = Estimate of the population size;

### **Calculating the total sample size**

Therefore the sample size of the total population was calculated as follows

$$nf = \frac{384}{1 + \frac{384}{405}}$$

= 197 respondents

**Table 3.1 Sample Size**

<b>Branch</b>	<b>No. of Employees</b>	<b>Procedure</b>	<b>Sample Size</b>
<b>Karen</b>	17	17/405* 197	8
<b>Dagoretti</b>	18	18/405* 197	9
<b>Kawangware</b>	16	16/405* 197	8
<b>Langata</b>	19	19/405* 197	9
<b>JKIA</b>	11	11/405* 197	5
<b>City Hall</b>	20	20/405* 197	10
<b>Kitengela</b>	14	14/405* 197	7
<b>Athi River</b>	13	13/405* 197	6
<b>Kibera</b>	15	15/405* 197	7
<b>Ukulima</b>	17	17/405* 197	8
<b>Rongai</b>	16	16/405* 197	8
<b>Ruaka</b>	10	10/405* 197	5
<b>Kikuyu</b>	15	15/405* 197	7
<b>Upper Hill</b>	17	17/405* 197	8
<b>Ngong</b>	14	14/405* 197	7
<b>Kajiado</b>	13	13/405* 197	6
<b>Mombasa Road</b>	18	18/405* 197	9
<b>Westlands</b>	20	20/405* 197	10
<b>University Way</b>	13	13/405* 197	6
<b>Limuru</b>	14	14/405* 197	7
<b>Embakasi</b>	17	17/405* 197	8
<b>Mlolongo</b>	18	18/405* 197	9
<b>Embakasi</b>	17	17/405* 197	8

<b>Kangemi</b>	16	16/405* 197	7
<b>NBC</b>	19	19/405* 197	9
<b>Human Resource department</b>	8	8/405*197	4
<b>Total</b>	405	425/425* 202	197

**Source: (Co-operative Bank headquarter, 2018)**

### **3.4.2 Sampling Procedure**

Sampling technique is the procedure a researcher uses to gather people, places or things to study (Kombo& Tromp, 2006). The study employed stratified sampling to classify the respondents into 26 cooperative bank branches in Nairobi west region. The study employed purposive sampling to select the human resource department because it is central to motivation. Simple random sampling was eventually used to pick the respondents.

### **3.5 Data collection instruments**

The study employed the use of questionnaires and the interview schedules.

#### **3.5.1.Questionnaire**

The researcher used the questionnaire to collect data. Kothari (2008) defines a questionnaire as that consisting of a number of questions printed or typed in a definite order on a form or set of forms. The researcher constructed closed- ended and open-ended questionnaires, which was administered to the employees of Co-operative bank, Nairobi west region. The researcher used questionnaire because even if the universe is large and widely spread geographically, it is free from bias, respondents have adequate time to give well thought out answers and large samples can be made used of and thus the results can be made more dependable and reliable ( Kothari, 2008).

#### **3.5.2 Interview Schedules**

The interview schedules made it possible to obtain data required to meet specific objectives of the study (Mugenda&Mugenda, 1999). It also helps to standardize the

interview such that the interviewer can ask the same questions in the same manner. The researcher used interview schedules to obtain in-depth information from the managers at the human resource department. It provides face-to-face interaction with respondents and enables the researcher to adapt the questions as necessary, clarify doubts and ensure that the responses are properly understood, by repeating or rephrasing the questions. Interview schedules basically consist of asking questions, listening to individuals and recording their responses. At times, one may find it more profitable to ask a few individuals questions instead of carrying out a large-scale questionnaire based survey

### **3.5.3 Pilot testing of the instruments**

According to Murray (2003), a pilot study is important in any research project because it helps to identify ambiguities of the items and vague questions for improvement. A pilot study was conducted in the Nairobi east region to test the research data collection instruments for validity and reliability before the main study.

### **3.5.4 Validity of the instrument**

The validity of the instrument refers to the extent to which a test measures what it is supposed to measure. The researcher sought the advice of the supervisor so as to enhance validity. The content validity determines the significance, generality and the completeness of the study to address the purpose of the research.

### **3.5.5 Reliability of the instrument**

Orodho (2004) notes that reliability of research instruments concerns with the degree to which a particular measuring procedure gives similar results of a number of repeated trials. Reliability is a measure of how consistent the results from a test are Kombo and Tromp, (2006). According to Mugenda&Mugenda (2003), the reliability of an instrument is the measure of the degree to which a research instrument yields consistent results or data after repeated trials. The study employed test retest method to measure the internal consistency of the questionnaire.

## **3.6 Data collection procedures**

The researcher obtained a letter of introduction from the University of Nairobi. A permit from the National Council of Science and Technology was also obtained, before

proceeding with the data collection. The researcher then booked an appointment with the management of the human resource department and the branches participating in the study. The researcher then personally administered the questionnaires to the respondents. The respondents were guided on how to respond and were assured of confidentiality after which they were given the questionnaires to fill.

### **3.7 Data analysis techniques**

Tromp and Kombo (2007) described data analysis as the process through which the data that has been collected is examined. It involves uncovering underlying structures, extracting important variables, detecting any anomalies and testing any underlying assumptions. It involves scrutinizing the acquired information and making inferences. Data was collected, organized, coded and entered directly into SPSS version 20.0. This statistical tool aided the researcher to perform summary statistics and graphical presentations of the results. The analysis employed the use of both qualitative and quantitative techniques. Qualitative technique (thematic analysis) was employed where responses from the interview schedules was discussed in themes that relate to the objectives of the study. In quantitative analysis, the researcher used descriptive statistics such as frequencies, percentages, and means to analyze the data.

### **3.8 Operational Definition of Variables**

The table below presents variables, indicators, measurement scale and tools of analysis.



**Table 3.2 Operational Definition of Variables**

<b>Objective</b>	<b>Variables</b>	<b>Indicators</b>	<b>Measurement scale</b>	<b>Tools of analysis</b>	<b>Types of tools</b>
Influence of extrinsic motivation on employee retention	Staff retention	Level of turnover Employee morale Career path Employee performance	Nominal	Descriptive statistics. tables	Frequency distribution tables
To assess the influence of financial rewards on staff retention among commercial banks in Kenya	Financial rewards	Bonus Salary Experiential and travel rewards	Nominal	Descriptive statistics. tables	Frequency distribution tables
Objective To assess the influence of financial rewards on staff retention among commercial banks in Kenya	Fringe benefits	Overtime Retirement plan contributions Employee meals Education assistance Maternity leave	Nominal	Descriptive statistics Tables	Frequency distribution tables
To establish the influence of job security on staff retention among commercial banks in Kenya	Job security	Terms of service i.e Regular contracts Temporary contracts	Nominal	Descriptive statistics. tables	Frequency distribution tables
To explore the influence of work environment on staff retention among commercial banks in	Work environment	Safe physical work Individual growth Accessible leader Appropriate Staffing	Nominal	Descriptive statistics Tables	Frequency distribution tables

### **3.9 Ethical considerations**

The researcher complied with principles of morality of a research which aimed at protecting the privacy of the respondents who provided valuable information. The respondents were first informed about the purpose of the study and the anticipated benefits.

## CHAPTER FOUR

### DATA ANALYSIS, PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

This chapter presents analysis of the data on the influence of extrinsic motivation on employee retention among commercial banks in Kenya: a case of Co-operative bank.

#### 4.2 Response Rate

The study targeted a sample of 197 respondents out of which 192 respondents, 188 branch employees and 4 managers from the human resource management gave their responses giving a response rate of 97.05 %. This response was excellent and representative of the population and conforms to Mugenda and Mugenda (1999) stipulation that a response rate of 50% is adequate for analysis and reporting.

#### 4.3 Demographic characteristics of the respondents

##### 4.3.1 Age of the Respondents

The study sought to determine the age of the respondents working at the co-operative bank of Kenya. The results are shown in table 4.1

**Table 4.1 Age of the Respondents**

Age	Frequency	Percentage
24-30	41	21.8
31-38	83	44.1
38-46	50	26.6
47 and above	14	7.4
Total	188	100

From the findings in table 4.2, majority (44.1%) of the respondents are 31-38 years, 26.6% are 38-46 years, 21.8 % are 24-30 years and 7.4 5 of the respondents are 47 years and above. The above findings show that a good number of respondents are middle aged, meaning most employees either resign or are retrenched before reaching 50 years.

### 4.3.2 Work Experience

The study sought to determine the work experience of the respondents working at the cooperative bank of Kenya. The results are shown in table 4.2.

**Table 4.2 Work Experience**

	<b>Frequency</b>	<b>Percent</b>
<b>less than 3 years</b>	27	14.4
<b>3-5 years</b>	60	31.9
<b>5-10 years</b>	48	25.5
<b>10-15 years</b>	30	16
<b>15-20</b>	20	10.6
<b>Over 20 years</b>	3	1.6
<b>Total</b>	188	100

The study findings revealed that the majority (31.9%) of the respondents has worked at the organization for 3-5 years, 25.5% had worked for 5-10 years, 16 % had worked for 10-15 years, 14.4% had worked for less than 3 years 10.6 % had worked for 15-20 years and 1.6% had worked for over 20 years. The findings show that most of the employees had been in the organization for a duration adequate enough to be aware of the factors influencing employee retention.

The researcher also sought to establish the number of years, which the human resource managers have been working in management. The responses were as follows, 15 years, 12 years, 17 years and 20 years. The findings thus revealed that the managers are knowledgeable and experienced about the human resource management and conscious of the factors influencing employee retention.

### 4.3.3 Level of Education

The respondents were requested to indicate their level of education. The findings are presented in table 4.3

**Table 4.3 Level of Education**

Education Level	Frequency	Percent
Diploma	1	.5
Degree	166	88.3
Master	21	11.2
Total	188	100.0

As illustrated in table in table 4.3, 88.3 of the respondents are degree holders, 11.2 are masters holders whereas 0.5 % are diploma holders. This can be interpreted to mean that the employees in the organization rarely have time to advance their studies.

#### **4.3.4 Terms of Employment**

The study sought to establish terms of employment of the respondents and the findings are presented in the table 4.4.

**Table 4.4 Terms of Employment**

	Frequency	Percent
Permanent	132	70.2
Contract	50	26.6
Casual	6	3.2
Total	188	100

As shown in the table above, 70.2 % of the employees are on permanent basis, 26.6% are on contract and 3.2 % percent are casuals. The above findings show that the organization majorly employs employees both on contract and permanent terms based on job specification. Casuals are employed when there is a need for instance to do filing and any other short term work.

#### **4.4 Financial Rewards**

The study sought to establish the respondents' level of agreement with statements that represent measures of financial rewards. Table 4.5 shows the findings.

**Table 4.5 Financial Rewards**

Statements		SA	A	UD	D	SD
Giving employees cash bonuses motivate them to remain in the organization	F	84	67	12	14	11
	%	44.7	35.6	6.4	7.4	5.9
Good remuneration enables the employees to remain focused	F	48	85	14	32	9
	%	25.5	45.2	7.4	17.0	4.8
Readily available loans motivate the employees to remain in the organization	F	83	66	32	6	1
	%	44.1	35.1	17.0	3.2	0.5
The company that offers relocation packages to its employees makes them to stay.	F	97	66	10	15	
	%	51.6	35.1	5.3	8	

Majority of the respondents (44.7%) strongly agreed, 35.6% agreed, 7.4 % disagreed, 5.9 % strongly disagreed and 6.4 % were undecided that giving employees' cash bonuses motivate them to remain in the organization. This implies that advancing bonuses to the employees greatly influence retention. On good remuneration enables the employees to remain focused, 45.2 % agreed, 25.5 % strongly agreed, 17.0% disagreed, 7.4% were undecided and 4.8 % disagreed. This can be inferred to mean remunerating employees with a decent pay make them to stick to the organization. Regarding the statement that readily available loans motivate the employees to remain in the organization, 44.1 % strongly agreed, 35.1 % agreed 17.0 were undecided, 3.2 % disagreed and 0.5 strongly disagreed. This means that employee retention is highly influenced by the availability of the loans in an organization. Lastly on the company that offers relocation packages to its employees makes them to stay, 51.6% strongly agreed,35.1% agreed, 5.3 % were undecided and 8% disagreed. It can be deduced that relocation packages really plays a big role in retention of employees.

According to the human resource managers, the remuneration of the employees affects staff retention. They unanimously agreed that the employees' salaries are reviewed annually. Additionally the employees are allowed to join the trade unions which bargains for their salary increment. This implies that good remuneration is of great importance when it comes to retaining of employees. On whether the employees are assisted when relocating, the human resource managers said that they are given some amount of money when the transfer is initiated by the organization but if it is by an individual then he or she will have to do it individually. This can be seen as offering relocation packages when it is necessary greatly influences retention. On the issue of bonus, the human resource managers pointed out that those employees who meet and surpasses their targets are rewarded at the end of the year. This infers that rewarding employees with annual bonus greatly influence retention

#### 4.5 Fringe benefits

The respondents were asked to state the level of agreement with statements that represent measures of fringe benefits. Table 4.6 shows the findings.

**Table 4.6 Fringe benefits**

Statements		SA	A	UD	D	SD
The employees are rewarded by the bank for working above the stipulated time.	F	10	19	10	71	78
	%	5.3	10.1	5.3	37.8	41.5
The bank that offers pension scheme to its employees retains them	F	108	52	6	17	5
	%	57.4	27.7	3.2	9	2.7
Adequately trained and nourished employees rarely leave the organization	F	87	50	18	23	10
	%	46.3	26.6	9.6	12.2	5.3
Female employees entitled to three months maternity leave in addition to any period of annual leave rarely leave the organization	F	57	131	0	0	0
	%	30.3	69.7	0	0	0

From the table above, the findings revealed that a majority (41.5%) of the respondents strongly disagreed, 37.8% disagreed, 10.1% agreed, 5.3 were undecided and 5.3% strongly agreed that the employees are rewarded by the bank for working above the stipulated time. This implies that the employees feel that they do a lot to the organization and thus would want to be compensated. This could be one of the reasons why the banking industry is experiencing high employee turnover. On the bank that offers pension scheme to its employees retains them, 57.4% strongly agreed, 27.7% agreed, 9 % disagreed, 3.2 % were undecided and 2.7% strongly disagreed. This implies that taking care of the employees' future through pension scheme is very critical to the retention of the staff. Regarding adequately trained and nourished employees rarely leave the organization, 46.3% strongly agreed, 26.6% agreed, 12.2% disagreed, 9.6% were undecided and 5.3% strongly disagreed. This implies that appropriate and regular training influences retention to a great extent. Based on Female employees entitled to three months maternity leave in addition to any period of annual leave rarely leave the organization, 69.7 % agreed and 30.3 % strongly agreed. This implies that an organization that gives employees leaves when necessary rarely have issues to do with employee turnover.

The human resource managers when asked on whether the employees compensated for working overtime they said they are not. This implies that the employees feel overworked and hence resigned from the organization. On whether the bank offers the retirement plan to its employees, they said that it does. This implies planning for employees' future is imperative and it has created influence on employee retention. When asked whether the employees are sponsored to pursue further studies, the human resource managers said no. According to them, the organization is keen on making profits so there is no study leave. Employees are only sponsored to study co-operative management. This implies that the options are limited. Those who wish to study other courses are locked out and as a result they opt to resign so as to be able to work on their dreams.

#### **4.6 Job Security**

The study sought to establish the respondents' level of agreement with statements that represent measures of job security. Table 4.7 shows the findings.



**Table 4.7 Job Security**

Statements		SA	A	UD	D	SD
Permanent and pensionable terms of service	F	105	53	17	6	7
makes employees to stay long in the organization	%	55.9	28.2	9	3.2	3.7
There is a guarantee that job contract is renewed upon expiry	F	7	18	52	79	32
	%	3.7	9.6	27.7	42	17
Employees on contract are constantly searching for greener pastures	F	71	43	21	27	26
	%	37.8	22.9	11.2	14.4	13.8
Temporary contracts limit upward mobility within the organization	F	102	48	23	9	6
	%	54.3	25.5	12.2	4.8	3.2

The study findings as shown in table 4.7 show that 55.9% of the respondents strongly agreed, 28.2% agreed, 9% were undecided, 3.7 strongly disagreed and 3.2 disagreed that permanent and pensionable term of service makes employees to stay long in the organization. This implies that permanent employees put their attention on the job since they are assured of their stay in the organization hence influencing staff retention. Regarding there is a guarantee that job contract is renewed upon expiry, 42 % disagreed, 27.7 % were undecided, 17% strongly disagreed, 9.6% agreed. This explains why the employees are living the organization since an assurance that one will eventually be confirmed makes individual remains in the organization. On employees on contract are constantly searching for greener pastures, the findings show that 37.8% strongly agreed, 22.9% agreed, 14.4 % disagreed,13.8% strongly disagreed and 11.2 % were undecided. This infers that job security is central to employee retention. Lastly, 54.3 % strongly agreed, 25.5% agreed. 12.2 % were undecided, 4.8% disagreed and 3.2% strongly disagreed that temporary contracts limit upward mobility within the organization. This implies that terms of employment influences staff retention greatly.

The human resource managers said that the employees in the co-operative bank are categorized into three namely; permanent, contract and casuals. Most of the employees are permanent basis. This however does not mean they cannot lose their jobs. Apart from the cross misconduct, if an employee fails to meet the targets three times he can be fired. The bank before firing, do whatever it takes to help. The employee is placed on performance improvement plan whereby he will be mentored and coached by the team leaders. There are those employees who are hired on contract which is usually two years. Their performances are tracked quarterly. Most of these employees are business and personal bankers. Their role is the driving force in the organization. The casuals are employed based on the needs. Their contract is usually two or three months. Those on permanent contract are put on six month probation first. During that period they are supposed to do a monthly progress report. At the end of the period, if the team leader assigned to and the human resource department is satisfied with the progress he or she will be confirmed. If not the probation period will be extended. The employee is supposed to meet some parameters and also his integrity should not be questionable. For those on contract the performance is also tracked.

#### **4.7 Work Environment**

The study also sought to find the level of respondents' agreement or disagreement on the following statements regarding physical environment. The findings are recorded in table 4.8

**Table 4.8 Work Environment**

Statements		SA	A	UD	D	SD
Do the organization guarantee safe working environment	F	90	59	17	17	5
	%	47.9	31.4	9	9	2.7
Giving employees opportunity to use and develop their skills encourage them to remain in the organization	F	40	84	36	23	5
	%	21.3	44.7	19.1	12.2	2.7
Recognizing employees contribution to the organization (through awards, promotion ) enhances their loyalty to the organization	F	53	54	42	15	14
	%	33.5	28.7	22.3	7.9	7.4
The bank has appropriate number of staff hence the workload is manageable	F	46	24	69	31	18
	%	24.5	12.8	36.7	16.5	9.5

Based on the analysis, 47.9 strongly agreed, 31.4 % agreed, 9 were undecided. 9% disagreed and 2.7% strongly disagreed that the organization guarantee safe working environment. This implies that safe working environment is very vital to their retention. Regarding Giving employees opportunity to use and develop their skills encourage them to remain in the organization 21.3 % strongly agreed, 44.7% agreed, 19.1% were undecided. 12.2 disagreed and 2.7% strongly disagreed. It can be deduced that giving employees a chance to develop skills is imperative. On recognizing employees contribution to the organization (through awards and promotion) enhances their loyalty to the organization, 33.5 % strongly agreed, 28.7% agreed 22.3% were undecided 7.9 % disagreed and 7.4% strongly disagreed. This shows recognition is of great importance. Lastly, on the bank has the appropriate number of staff hence the workload is manageable 36.7% were undecided, 24.5% strongly agreed, 16.5 % disagreed, 12.8% agreed and 9.5% strongly disagreed. Employing enough employees in an organization influences retention.

Based on the human resource managers' responses, the organization prioritizes safety. Apart from the armed guards who are stationed on all the branches, there is 24 hour CCTV surveillance fitted with alarm systems, functional fire extinguishers and furniture

are on good condition. The employees are also trained on basic first aid and wellness programs. On recognition of employees who have done exceptionally well, they said that bonus caters for that. Additionally, employees are rewarded when they hit 15 years and 20 year mark and those who have exceeded annually. There is also a mini appreciation whereby employees who have done exceptionally well on a certain product are treated to a luncheon with the group C.E.O and managing director. When asked whether the employees empowered to develop skills that are helpful both at work and even outside the work place, they said that there is e learning program which the employees are required to undertake after which they are issued with a certificate. The bank also offers training such as personal financial management and also on issues pertaining health, diet and stress management. Lastly about the staffing, the managers opined that they have the right number of employees and in case of a shortage they hire on time.

#### 4.8 Staff Retention

The study further sought to establish respondents' level of agreement or disagreement with the following statements regarding staff retention. Table 4.9 presents the findings.

**Table 4.9 Staff Retention**

Statements		SA	A	UD	D	SD
The level of employee turnover in the bank is huge	F %	7 3.7	65 34.6	37 19.7	15 8	64 34
The morale of the employees in the organization is high	F %	74 39.4	33 17.6	68 36.2	13 6.9	
There is a clear career path in the organization	F %	23 12.2	68 36.2	75 39.9	17 9.0	5 2.7
Your performance in the organization is rated high	F %	93 49.5	60 31.9	25 13.3	7 3.7	3 1.6

The results according to table 4.9 reveal that a majority (34.6 %) of the respondents agreed, 34 % strongly disagreed, 19.7 % were undecided, 8% disagreed and 3.7% strongly agreed. On the morale of the employees in the organization is high, 39.4 strongly agreed, 36.2 % were undecided, 17.6% agreed and 6.9% agreed. This implies boosting of employees' morale is very important. Regarding there is a clear career path in the organization, 39.9% were undecided, 36.2% agreed, 12.2% strongly agreed, 9% disagreed and 2.7 % strongly disagreed. This implies that creating a clear career progression is something which ought not to be ignored by an organization. Lastly, a majority (49.5%) of the respondents strongly agreed, 31.9% agreed, 13.3 % were undecided, 3.7% disagreed and 1.6% strongly disagreed.

The human resource managers said that 401 employees have left the organization in the last two years. On the level of morale in the organization, they said that they ensure that the morale is high at all times. They said they put in place policies which are friendly to the employees. Concerning the clear career path, they opined that they do whatever it takes to enrich the jobs. They acknowledge the fact that the job is repetitive and hence can create monotony. However, they said there are distinct grading systems and also clear procedures on how to move to the next. On the mechanism for gauging employees, they said they have parameters referred to as key performance indicators which are measurable. This is done on quarterly basis. This also guides the issuances of bonus as those whose performances are unsatisfactory do not get

**CHAPTER FIVE**  
**SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND**  
**RECOMMENDATIONS**

**5.1 Introduction**

The purpose of this study was to establish the influence of extrinsic motivation on employee retention among commercial banks in Kenya: a case of co-operative bank. The summary of the findings, conclusion and recommendations are presented below

**5.2 Summary of Findings**

It was established that a majority of the respondents are aged 31-38 years meaning most employees either resign or are retrenched before reaching 50 years and that most of the respondents had been in the organization for 3–5 years as shown by 31.9 % thus lending credibility to the findings of the study. On the level of education, 88.3 % of the respondents are degree holders hence showing they have the requisite knowledge to understand their work. Lastly on the terms of employment, the organization employs large number of employees on permanent basis, 70%.

On the issue of financial rewards, 44.7 % of the respondents strongly agreed that giving employees bonuses make them to remain in the organization, good remuneration enable them to remain focus as shown by 45.2 %. The findings further established that availability of loans as shown by 44.1% and provision of relocation packages as shown by 51.6 % make them remain in the organization. The human resource managers said that financial rewards influence employee retention thus they ensure that their remuneration is competitive. Additionally bonus and relocation package are given to them.

Regarding the fringe benefits, the study established that majority of the employees disagreed that the organization compensate them for working above the stipulated time. The bank that offers pension scheme to its employees retains them as shown by 57.4%. Adequately trained and nourished employees rarely leave the organization as shown by 46.3%. The female employees are entitled to three months maternity leave in addition to

any period of annual leave rarely leave the organization. The human resource managers alluded to the facts that making sure employees are given fringe benefits greatly influence employee retention.

On the terms of employment, that 55.9% of the respondents strongly agreed that permanent and pensionable term of service makes employees to stay long in the organization. This implies that permanent employees put their attention on the job since they are assured of their stay in the organization hence influencing staff retention. A majority of the respondents 42% disagreed that there is a guarantee that job contract is renewed upon expiry. The employees who are on contract are constantly searching for greener pastures as shown by 37.8. Lastly, temporary contracts limit upward mobility within the organization as shown by 54.3%.

Regarding the physical environment the respondents opined that the organization guarantee safe working environment. This implies that safe working environment is very vital to their retention. Also the employees are given opportunity to use and develop their skills They further alluded to the fact that the organization recognizes their contribution through awards, promotion hence enhancing their loyalty to the organization. Lastly on the bank has appropriate number of staff hence the workload is manageable many respondents did not agree.

The results based on employee retention shows the respondents were undecided on the level of employee turnover in the organization as shown by 34.6 % who agreed and 34 % who strongly disagreed. The morale of the employees in the organization is high as shown by 39.4. This implies boosting of employees' morale is very important. Concerning a clear career path in the organization majority of the employees, 39.9% were undecided. Lastly the respondents agreed that their performance in the organization is rated high as shown by 49.5%.

### **5.3 Discussion of Findings**

The study findings proved that employee's retention was influenced by financial rewards, fringe benefits, job security and physical environment. The findings are

consistent with Yaseen (2013) pointed out in an event that the company fails to retain its staff, the economic implication can be catastrophic. High valued employees can end up working for a competitor or worse end up becoming the competition.

The study established that advancing bonuses and well remunerating the employees make them be loyal to the organization and hence reducing the turnover. This study is in agreement with Urichuk (1999) posited that failure to retain employees is as a result of inadequate reward system. He said that good rewards make the sincere employee stay and thus saves the organization from incurring a lot of money in recruitment of other employees. Additionally good remuneration makes the employees to work diligently. It is true that motivation occurs when employees are given better remuneration. It further established that employees' retention is influenced by readily available loan facilities.

The study established that the employees are not rewarded by the bank for working above the stipulated time. This probably is the reason why the organization is experiencing turnover. According to the Employment Act of Kenya (2007) the number of working hours considered normal in different industries. Therefore if an employee works above the specified normal hours then it should be taken as overtime. Consequently employees at times are asked to work overtime so as to complete a task. The trade unions also restrict the employers from making the employees work past time. Unions play a great role as it ensures that the employees are not misused. Some professions though may force employees to work extra so as to save lives such as nursing. On average a banker works for 10 hours a day. The findings established that the organization offers the retirement plan to its employees. These findings are consistent with Reville, Boden and Biddle (2003), benefits and retirement plans is a significant pay aspect in many companies which improves employee commitment to the company and thus employee retention. It was also established adequately trained and nourished employees rarely leave the organization. These findings are consistent with those of Mathis (2003) who established that if the training is in line with the company mandate and if it is efficiently designed and delivered, it would convey new knowledge and skills and consequently meet the employees' and organizational needs. The study established that employees were



satisfied with the number of maternity leave days given by the organization and that rewards and benefits offered were comparable with what the market offered.

The study also established that guaranteed job security influence employee retention. This is because temporary contracts limit upward mobility within the organization. According to Ogilvie (2006), Human Resource Management (HRM) a huge impact on employee commitment and satisfaction than employee demographics or job characteristics. The study is also consistent with Taylor (2002) argues that permanent and pensionable jobs are attractive thus it would be hard for employees to quit.

The study findings established safe working environment, giving employees opportunity to use and develop their skills, employee recognition and appropriate staffing enhances their loyalty to the organization hence retention. The findings are in agreement with Lake (2000) opined that both tangible and intangible recognition can be used as part of employee retention efforts and managers have been trained to make special effort to recognize employee performance and service. Physical work environment contributes a major factor affecting the decision of employee's whether to stay or leave the job. The findings are in agreement with Hay Group (2007, work environment consists of amicable, proper layout, functional equipment effective communication and safe physical working area which enhances productivity. Well organized and presentable offices make employees feel good. The environment at the places of work sends messages to the employees. It shows how much they are cared for and even the standards set for them and again what is required from them.

The study also established that the level of turnover in the organization is quite big. It can thus be inferred that a combination of some factors such as not compensating for the work done past the stipulated time. As explained above, the job security also presents a challenge. Those who are on contracts keep looking for jobs elsewhere since the privileges enjoyed while on contract is not the same as those on permanent basis. The study findings are in agreement with KBA (2015), the banking system in kenya has witnessed quite a number of employees exiting the industry for opportunities elsewhere. Some to other institutions within the sector and others have even sought greener pastures overseas. This has largely been blamed on job instability, unfriendly working

environment, poor remuneration, monotony, working for extended hours and heavy workload. This has not gone well with the employees and consequently the employees possessing proficient skills, appropriate knowledge and even abilities have joined other exciting fields such as consultancy.

#### **5.4 Conclusion**

The study concluded that employee's retention was influenced by financial rewards, fringe benefits, job security and physical environment. The presence of bonuses good remuneration, readily available loans and relocation packages contributes to the retention of employees. Reward system should be given a priority in any organization that aspires to retain its employees for a long period of time.

The study further concluded that the organization does not compensate its employees for working above the stipulated time and this could be possibly why employees are leaving the organization. It was also established that the company offer retirement packages and from the study the employees were satisfied. It was further established that adequately trained and nourished employees rarely leave the organization. The organization has invested on e- learning which ensures that employees are equipped with required knowledge. However, the employees are not sponsored to pursue further studies unless they are undertaking a course in cooperative management. It was concluded that the employees were satisfied with the three months maternity leave given to the employees.

The study further concluded that permanent terms of employment influence job retention. The study also established that there is no guarantee that job contract is renewed upon expiry. Also the employees on contract are not settled but constantly job hunting. It was further concluded that contracts limit upward mobility in the organization.

On physical environment, the study concluded that the organization offers safe physical environment hence influencing employee retention. It further established that giving employee's opportunity to use and develop their skills influence their loyalty in the organization. Also recognizing employees' effort by giving them promotion and other incentives is of great significance. It was also concluded that appropriate staffing is critical to employee retention.

On staff retention, the study concluded that quite a number of employees are exiting the organization. It was also concluded that quite a number of them believed that there is no career path. It was also established that the morale is high and that their performance is good. A considerable number of issues raised by the employees which causes turnover ought to be interrogated by the management.

### **5.5 Recommendations for policy Action**

The findings recommended that an organization ought ratify policies that guarantee working that enhances employees retention.

The study results revealed that respondents were not in agreement with the statement they are paid for working above the stipulated time. It is thus recommended that the organization should compensate its employees for working overtime.

The employees' disagreed that there is a clear career path in the bank. This study as a result recommends that actions ought to be taken to ensure that the employees' job is enriched and made more exciting and not boring. Also the procedures for promotion should be looked in to.

The findings established that the bank only sponsors some selected courses and it seems it does nit auger well with the employees. The policy makers should revisit that decision and probably make the necessary amendments.

#### **5.5.1 Suggestions for Further Studies**

This research focused on establishing the extrinsic factors influencing employees' retention in the commercial banks in Kenya. This study consequently recommends that another study be done on intrinsic factors influencing employee retention in commercial banks.

Another study should carried out to explore the factors influencing employees' retention in the state corporations in Kenya.

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## APPENDICES

### APPENDIX I: INTRODUCTORY LETTER



**UNIVERSITY OF NAIROBI**  
**OPEN, DISTANCE AND e-LEARNING CAMPUS**  
**SCHOOL OF OPEN AND DISTANCE LEARNING**  
**DEPARTMENT OF OPEN LEARNING**  
**NAIROBI LEARNING CAMPUS**

Your Ref:

Our Ref:

Telephone: 318262 Ext. 120

Main Campus  
Gandhi Wing, Ground Floor  
P.O. Box 30197  
NAIROBI

REF: UON/ODeL/NLC/29/361

16<sup>th</sup> October, 2018

TO WHOM IT MAY CONCERN

RE: CHEPWOGEN VALENTINE - REG NO: L50/88426/2018

This is to confirm that the above named is a student at the University of Nairobi, Open Distance and e-Learning Campus, School of Open and Distance Learning, Department of Open Learning pursuing Masters of Art in Project Planning and Management.

She is proceeding for research entitled "Influence of Extrinsic Motivation on Employee Retention Among Commercial Banks in Kenya: Case of Co-operative Bank."

Any assistance given to her will be highly appreciated.

  
**CAREN AWILLY**  
**CENTRE ORGANIZER**  
**NAIROBI LEARNING CENTRE**

## **Appendix II: Questionnaire for the employees**

The questionnaire is made up of two sections A and B. Please answer each question by writing on the spaces provided or tick (√) against the boxes provided. The information provided will be used for the purpose of this research only; therefore do not write your name on the answer sheet.

### **SECTION A: BACKGROUND INFORMATION**

1. What is your age bracket?

24-30 years

31-38 years

39 -46 years

47 years and above

2. What is your work experience?

Less than 3 years

3 – 5 Years

5 – 10 Years

Over 10 years

3. What is your education level?

Diploma

Degree

Masters

Other (specify) \_\_\_\_\_

4. What are your terms of employment?

Permanent

Contract

Casual

**SECTION B SPECIFIC INFORMATION**

4. In your own opinion to what extent do you agree with the following statements on the how financial rewards influence staff retention among commercial banks in Kenya.

**Key: SD – Strongly Disagree, D – Disagree, UD – undecided, A – agree, SA – Strongly Agree**

<b>How financial rewards influence staff retention among commercial banks in Kenya</b>	<b>SD</b>	<b>D</b>	<b>UD</b>	<b>A</b>	<b>SA</b>
Giving employees cash bonuses motivate them to remain in the organization					
Good remuneration enables the employees to remain focused					
Readily available loans motivate the employees to remain in the organization					
The company that offers relocation packages to its employees make them to stay.					

5. In your own opinion to what extent do you agree with the following on the influence of fringe benefits on staff retention among commercial banks in Kenya.

**Key: SD – Strongly Disagree, D – Disagree, UD – undecided, A – agree, SA – Strongly Agree**

<b>The influence of fringe benefits on staff retention among commercial banks in Kenya.</b>	<b>SD</b>	<b>D</b>	<b>UD</b>	<b>A</b>	<b>SA</b>
The employees are rewarded by the bank for working above the stipulated time					
The bank that offers Pension scheme to its employees retains them					
Adequately trained and nourished employees rarely leave the organization					
Female employees entitled to three months maternity leave in addition to any period of annual leave rarely leave the					

6. In your own opinion to what extent do you agree with the following on the influence of job security on staff retention among commercial banks in Kenya.

**Key: SD – Strongly Disagree, D – Disagree, UD – undecided, A – agree, SA – Strongly Agree**

<b>How job security influence staff retention among commercial banks in Kenya</b>	<b>SD</b>	<b>D</b>	<b>UD</b>	<b>A</b>	<b>SA</b>
Permanent and pensionable terms of service makes employees to stay long in the organization					
There is a guarantee that job contract is renewed upon expiry					
Employees on contract are constantly searching for greener pastures					
Temporary contracts limit upward mobility within the organization					

7. In your own opinion to what extent do you agree with the following on the influence of work environment on staff retention among commercial banks in Kenya.

**Key: SD – Strongly Disagree, D – Disagree, UD – undecided, A – agree, SA – Strongly Agree**

<b>How work environment influence staff retention among commercial banks in Kenya</b>	<b>SD</b>	<b>D</b>	<b>UD</b>	<b>A</b>	<b>SA</b>
Do the organization guarantee safe working environment					
Giving employees opportunity to use and develop their skills encourage them to remain in the organization					
Recognizing employees contribution to the organization (through awards, promotion ) enhances their loyalty to the					
The bank has appropriate number of staff hence the workload is manageable					

**SECTION C: DEPENDENT VARIABLE**

8. In your own opinion to what extent do you agree with the following sentiments on Employee Retention?

**Key: SD – Strongly Disagree, D – Disagree, UD – undecided, A – agree, SA – Strongly Agree**

<b>Employee Retention</b>	<b>SD</b>	<b>D</b>	<b>UD</b>	<b>A</b>	<b>SA</b>
The level of employee turnover in the bank is huge					
The morale of the employees in the organization is high					
There is a clear career path in the organization					
Your performance in the organization is rated high					

**Appendix III: Interview Schedule For Human Resource Managers**

1. How long have you been working in the management position?  

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2. How does the remuneration of the employees affect staff retention in the bank?  

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3. Do the bank offers relocation packages whenever an employee is transferred?  

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4. Does the bank give financial rewards such as bonuses to the employees at the end of \_\_\_\_\_ the \_\_\_\_\_ year?  

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5. Are the employees compensated for working overtime?  

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6. Do the organization offers the retirement plan to its employees?  

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7. Are the employees sponsored to pursue further studies?

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8. What are the terms of employment for your employees?

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9. Those on contract, what are the parameters that are being considered for them to be taken in as permanent?

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10. In your branches do you guarantee safe work environment

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11. How do you appreciate/ recognized the staff who exceeds their expectation in terms of performance?

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12. Are the employees empowered to develop skills that are helpful both at work and even outside the work place?

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13. Are the number of employees in the organization adequate?

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14. How many employees have left the organization in the last two years

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15. What is the level of employee morale in your organization

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16. Is there a clear career path for the employees in the organization

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17. Do you have in place mechanism of gauging the employee performance

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## Appendix IV: Research Authorization Letter



### NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: +254-20-2213471,  
2241349, 3310571, 2219420  
Fax: +254-20-318245, 318249  
Email: dg@nacosti.go.ke  
Website: www.nacosti.go.ke  
When replying please quote

NACOSTI, Upper Kabete  
Off Waiyaki Way  
P.O. Box 30623-00100  
NAIROBI-KENYA

Ref. No. **NACOSTI/P/18/64523/26378**

Date: **25<sup>th</sup> October, 2018**

Valentine Chepwogen  
University of Nairobi  
P.O. Box 30197-00100  
**NAIROBI.**

#### **RE: RESEARCH AUTHORIZATION**

Following your application for authority to carry out research on *“Influence of extrinsic motivation on employee motivation,”* I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **24<sup>th</sup> October, 2019.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a **copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

**GODFREY P. KALERWA MSc., MBA, MKIM**  
**FOR: DIRECTOR-GENERAL/CEO**

Copy to:

The County Commissioner  
Nairobi County.

The County Director of Education  
Nairobi County.

*National Commission for Science, Technology and Innovation is ISO9001:2008 Certified*

## Appendix V: Research Permit

**THIS IS TO CERTIFY THAT:**

**MISS. VALENTINE CHEPWOGEN**  
**of UNIVERSITY OF NAIROBI, 80-20400**  
**Nairobi, has been permitted to conduct**  
**research in Nairobi County**

**on the topic: INFLUENCE OF EXTRINSIC**  
**MOTIVATION ON EMPLOYEE**  
**MOTIVATION**

**for the period ending:**  
**24th October, 2019**

**Permit No. : NACOSTI/P/18/64523/26378**

**Date Of Issue : 25th October, 2018**

**Fee Received :Ksh 1000**

  
.....  
**Applicant's**  
**Signature**

  
.....  
**Director General**  
**National Commission for Science,**  
**Technology & Innovation**



### THE SCIENCE, TECHNOLOGY AND INNOVATION ACT, 2013

The Grant of Research Licenses is guided by the Science,  
Technology and Innovation (Research Licensing) Regulations, 2014.

#### CONDITIONS

1. The License is valid for the proposed research, location and specified period.
2. The License and any rights thereunder are non-transferable.
3. The Licensee shall inform the County Governor before commencement of the research.
4. Excavation, filming and collection of specimens are subject to further necessary clearance from relevant Government Agencies.
5. The License does not give authority to transfer research materials.
6. NACOSTI may monitor and evaluate the licensed research project.
7. The Licensee shall submit one hard copy and upload a soft copy of their final report within one year of completion of the research.
8. NACOSTI reserves the right to modify the conditions of the License including cancellation without prior notice.

**National Commission for Science, Technology and innovation**  
**P.O. Box 30623 - 00100, Nairobi, Kenya**  
**TEL: 020 400 7000, 0713 788787, 0735 404245**  
**Email: dg@nacosti.go.ke, registry@nacosti.go.ke**  
**Website: www.nacosti.go.ke**



**REPUBLIC OF KENYA**

**NACOSTI**

**National Commission for Science,**  
**Technology and Innovation**  
**RESEARCH LICENSE**

**Serial No.A 21420**

**CONDITIONS: see back page**