

**RELATIONSHIP BETWEEN EMPLOYEE PROCUREMENT STRATEGIES
AND RETENTION: A SURVEY OF INVESTMENT BANKS IN KENYA**

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DECLARATION

This research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

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This research project has been submitted for examination with my approval as University supervisor.

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DEDICATION

This work is dedicated to my Husband and Children for their unwavering support during my entire study period and to my sister Jackie for her continuous encouragement and unconditional support.

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My appreciation goes to my supervisor Prof. K'Obonyo for his guidance and support, without which this study would not have been a success. I also wish to thank my family for their support during the entire study period. Also acknowledged is the contribution of the senior staff in the investment banks fraternity who created time out of their very busy schedules to complete the questionnaire which was an important process for the success of this study.

ABSTRACT

People are the assets on which competitive advantage is built, whether in the public or private sector, whether in the corporate world or in the world of education. The one thing that competitor organizations cannot imitate is people and their skills.

On the basis of this concern, this research sought to investigate the relationship between employee procurement strategies and retention of employees. In trying to achieve the objectives of the research, the study adopted a survey research design where a questionnaire was developed and administered to nineteen investment banks in Kenya. The target respondents were the human resource managers of these organizations. Investment banks should embrace and put in place elaborate mechanisms of recruiting competent staff and once recruited; organizations should endeavour to retain them by putting retention strategies in place.

The study shows that different investment banks employ different strategies to procure and retain their staff. Indeed there is no standard way to ensure retention amongst the investment banks. Most of the investment banks seem to be employing commission based incentives and flexible working hours to ensure employees are motivated and remain loyal to them.

The study has made a number of recommendations which these investment banks should implement in order to retain their staff. There is need to adopt appropriate recruitment policies which ensures that the best candidate are the ones hired for the right jobs.

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CHAPTER ONE: INTRODUCTION

1.1 Background

Today's employers, both public and private, are facing a crisis never before experienced in most human resource managers' and supervisors' careers. The competitive business environment of 21st century has brought with it challenges such as an aging and changing workforce in a high technology workplace that demands and rewards the ever increasing skill and increased global competition in almost every sector of the economy (Punia and Sharma, 2004). The challenge of retaining a workforce that can deliver the organizations objectives is presently having a direct impact in the ability of the organizations to meet the ever-growing demand of their customers. Thus in the present competitive business environment where technologies, processes and products are quickly duplicated by the competitors, and the pace of change and level of competition are constantly increasing, people are the key to the most reliable sources of competitive advantage, better service, increased responsiveness, stronger customer relationships, and the creativity and innovation that keep a company ahead of the park (Legge, 2008). In the present set up therefore, the challenge of attracting, retaining and motivating people have never been greater than before (Shushan, 2008).

People are the assets on which competitive advantage is built, whether in the public or private sector, whether in the corporate world or in the social world. In the words of the latest theory on human resource management, people are an "inimitable" asset. The one thing that competitor organisations cannot imitate is people and their skills. Hence, human resource management and the practices associated with it have become accepted

by managers in all forms of organisations as one of the most important strategic levers to ensure continuing success (Boxall and Purcell, 2003).

According to Smith (2001), staff recruitment has an immediate impact both on the lives of the people and on the organisations. The success or the failure of the recruitment process has a significant impact on the organisations' growth. Its quality relies mostly on the adopted strategy and the preparation of the recruitment manager. Recruitment represents the decisions which exert a major and sustainable influence on an organisation. The goal of the recruitment activity is to identify a large number of applicants, so that the ones who fulfill the requirements are selected. Recruitment ensures the selections according to the principle of performance (Harris and Brannick, 1999).

After an employee has undergone the recruitment process of the organisation, should equally put in place good retention policies. As was noted by Punia and Sharma (2004), the way companies recruit and how they provide orientation in the first day on the job can in fact be of crucial importance to keeping workers over a long term. Where attrition is very high, the first priority most needed to work on is employee retention, for the obvious reason that a lot less recruiting will be required if better employee retention is achieved (Leder Sam, 1999). Smith (2001) attributes 60 percent undesirable turnover in organisations to bad hiring decisions on part of the employer. 'Bad hiring decisions' may cover a number of considerations, including overly hasty selection processes that fail to ensure that the job candidate really has the adequate skills and qualifications to do the job for which he/she is being hired for. Based on the aforesaid reasons, it is safe to say that

there is a strong relationship between the recruitment policies adopted by a firm and the retention level of the employees.

1.1.1 Employee Procurement Strategies

The process of procuring staff from within or outside an organisation can be regarded as a sequence of activities typical for the field of human resources, activities which are necessary to fulfil the individual and organisational objectives (Boxman, 1992). Staff recruitment is the first step in the process of acquiring staff, as well as the first step in the process of selecting human resources. The objective of the recruitments activity is to identify a high number of employees so that the ones who fulfill the requirements can be selected. Thus the most efficient methods or selection procedures of the employees should be used (Marsden and Campbell, 1990).

Recruitment activities and channels may be classified in various ways (Marsden and Campbell, 1990). One type of classification focuses on the distinction between active and passive recruitment. In the case of passive recruitment, the organisation waits until an applicant gets in touch with them, such as unsolicited applications. Today, many organizations have websites that contain information for people seeking jobs. In the case of active recruitment, employers actually go in search of potential candidates. They may do so by commissioning recruitment agencies to find candidates, or by searching in databases on the internet where job seekers have posted their curricula vitae (Boxman, 1992).

Marsden and Campell (1990) argue that recruitment strategy can be classified as either formal or informal. Formal recruitment methods involve the use of some intermediary

between the employer and the potential employee, for example by posting a job advertisement in a newspaper or magazine. On the other hand, informal recruitment is where an employer would use his network of contacts (Boxman, 1992). This network could include the personal networks of the existing workforce as well as other employers, people working in the same business or employers in the vicinity. In addition, current employees can act as "preliminary screeners", as they pass on information on job openings to particular members of their network and leave other members uninformed. Like the active/passive criterion, the formal/informal criterion is a sliding scale. Organizations often combine various recruitment methods.

As was noted by Henkens et al (2004), a number of factors at the level of individual organisations are expected to play a role in the type of recruitment strategy adopted by a firm. An important factor in this respect is the perceived difficulties of organisations in finding suitable staff to fill their vacancies. The greater the perceived difficulties, the greater the likelihood that organisations will take a series of coordinated measures to recruit more employees, the less they can afford to sit back and wait or follow lengthy, formal procedures, and the more likely they will be to apply active and informal recruitment methods. However, there are some problems associated with the use of informal recruitment methods. By only using referrals or contacts, only a small pool of potential employees will be created and some very suitable candidates will never be reached. While this may be acceptable for positions requiring little skill it may not be sufficient for positions that require some difficult to find talent (Deshpande and Golhar, 1994).

1.1.2 Employee Retention

The biggest challenge facing human resource management today is employee retention (Deshpande and Golhar, 1994). If managers do not pay attention to retention, high staff turnover will damage the business severely, especially if it hits factors that provide competitive advantage. This could, in turn, inhibit business growth or even cause a decline in the level of business (Curtis and Wright, 2001).

Another reason for keeping retention high on the agenda is the difficulty in replacing talents. Cappelli (2000) observed that in a time of tight labour markets talent can be very hard to replace. Consequently, when an experienced and competent employee leaves the company the business takes a hit. Additionally, the cost of replacing persons who leave can be high. As noted by Thornton (2001), the cost for recruiting key staff, such as managers, specialists or highly trained professionals, can be up to 150 per cent of the annual salary. Further, there are costs that do not show up in the balance sheet for example loss of skill, knowledge, experience and the investment in the training of the person who leaves. In addition work is disrupted and the effect on the staff may lead to a negative effect on staff morale (Curtis and Wright, 2001). Based on the foregoing arguments, therefore, it is critical for a firm to concentrate efforts towards retaining talented people. However, there are limits to what any organization can do.

1.1.3 The Link between Employee Procurement strategies and their Retention

Several organizational human resource management practices play a dominant role in building employee commitment and loyalty. The management practices not only help to

offset the negative impact of turnover, but also work pro-actively to reduce turnover by providing learning and skill development opportunities to the employees. Out of the plentiful practices, procurement practice comes at the forefront and facilitates the entry of an employee in the organisation (Friedman, 2006).

Bad hiring decisions may cover a number of considerations, including overly hasty selection processes that fail to ensure that the job candidate really has the adequate skills and qualifications to do the job for which he/she is hired. Far too often hiring managers rush through the hiring process due to being reactive rather than proactive when filling positions. With some preplanning in the hiring process and implementation of sound strategies once people join an organisation, an organisation will lower the cost of doing business by considerable amounts (Peterson, 2005). In looking for the potential candidates, companies must try more than the traditional employee search and tap into their network of professional connections that will yield to employees that have high chance of remaining with the firm for long enough period. With the wrong choice, morale with other employees can go down due to the resultant turnover (Harris and Brannick, 1999).

Although some management turnover is inevitable, improved selection can play a major role in reducing turnover. Haggerty Deb (2002) in his article spells out five steps to fire proof your hiring process in order to successfully locate, hire and retain good employees. He calls this as Positivism which he defines as: People, Organisation and Strategy Integrated Together in Vital Enterprise. Hacher (1997) in her article provides advice on the personnel screening and selection. By improving these techniques, she contends, it is

possible for the managers to make quality decisions which will result in employees staying in the organisation for longer periods of time.

Based on the aforesaid, there is a strong correlation between the recruitment process of an organisation and retention of staff within the organisation. With the ever dynamic and competitive business environment in which current firms operate in, it is imperative that an organisation adopt effective recruitment strategies to not only absorb competent staff but also identify employees that will remain with the organisation for a reasonable period of time.

1.1.4 Investment Banks in Kenya

Investment banks are licensees of the Capital Markets Authority (CMA). Currently, there are nineteen licensed investment banks in Kenya (Appendix III). They are all concentrated within Nairobi with branches spread out within the country and the East African Community (Rwanda, Burundi, Uganda & Tanzania). Investment banking is a particular form of banking which finances capital requirements of an enterprise.

Investment banking assists as it performs IPOs, private placement and bond offerings, acts as broker and carries through mergers and acquisitions. Unlike the mainstream banking institutions, investment banks are not allowed by Central Bank of Kenya Act Cap 491 and the Banking Act 488 Laws of Kenya to accept deposits from customers.

Investment banks help public and private corporations in issuing securities in the primary market, guarantee by standby underwriting or best efforts selling and foreign exchange management. They act as intermediaries in trading on behalf of their clients. They differ

from commercial banking in the sense that they do not accept deposits neither do they grant loans. In recognition of the role that the investment banks play in the national economy and to avoid the collapse of the same institutions, the government has stipulated that the same institutions need to increase their capital base to Kshs 50 Million. In addition, the specialized nature of skills required of the employees to run such establishment has necessitated the firms to come up with mechanisms aimed at attracting and retaining them. With the recent general improvement in the economy which has led to increased appetite in the money markets, we are likely to witness problems in retaining key personnel in the investment banks as the struggle for "Who is Who" in this sector heightens. This therefore no doubt calls for more research in this subject.

1.2 Statement of the Problem

The turnover of key employees can have a disproportionate impact on the business and the people organizations wish to retain are probably the ones most likely to leave. Every worker is five minutes away from handing in his or her notice, and 150 working hours away from walking out of the door to a better offer. There is no such thing as a 'job for life' and today's workers have few qualms about leaving employers for greener pastures (Michael Armstrong, 2006). This affects the institutional memory to a great extent and may well result in business decline or ultimate business closure if not addressed properly. The market, not the company will ultimately determine the movement of employees (Capelli 2000). Capelli (2000) further believes that it is difficult to counter the pull of the market, and as such, an organization will not shield its employees from attractive

opportunities and aggressive recruiters. Organizations therefore need to influence who leaves and when instead of looking at minimizing the overall employee turnover.

Over the past ten years, the investment banks in Kenya have witnessed tremendous growth that has been attributed to more improved openness and reduced regulation in the sector which has aroused interest in the investing public. The number of registered investment banks as increased from three in the year 2000 to the current nineteen (19) (Kenya Gazette Special Issue, VolCXII-No.45 Nairobi, 30th April 2010). With the growth, the number of specialized staff needed to work in this competitive sector has equally increased. The operation and management of Investment banking transactions require specialized workforce with specialized knowledge. However, the down side of the positive growth in the sector is an equal marked increase in the level of staff turnover in the firms. The sector has witnessed a trend over time where employees have kept changing employers at a high rate than never witnessed before. According to the Kenya Association of Stockbrokers and Investment Banks newsletter issue of February, 2010, about 60% of key personnel in the investment banks have changed their employment at least twice since being employed. This change is attributed to the specialized skills needed to execute certain mandates of the investment banks e.g. trading of bonds as well as the growth in the number of the investment banks in Kenya. As a result, the question that currently runs in the minds of the HR practitioners in the sector is what could be the underlying reason behind the unprecedented turnover? This research will seek to find out whether the recruitment strategies adopted by these firms could be a contributing factor to the high turnover of employees in this sector.

A number of local studies have been undertaken on employee recruitment and retention policies of several firms. Lagat (2006) researched on the extent of the use of E-recruitment by the state corporation in Kenya. In her research, she found out that most of the state corporations in Kenya were starting to computerize their departments and as a result, the use of electronic recruitment process in the sector was at a low level. She also found out that lack of resources, high costs of installation and lack of trained personnel were some of the challenges facing these organizations in to adopting e-recruitment. On his part, Kagunyi (2009) researched on the factors affecting recruitment and retention of qualified staff in organisations working in post conflict countries. In his findings, he observed that as high as 50% of qualified staff migrates during the conflict period and thus the post conflict period witnesses a low level of specialized staff and at the same time the organisations have difficulties in recruiting new staff to take the job opportunities arising. Nyanjui (2009) on his part undertook a study concerning employees' recruitment and selection practices of United Nations agencies operating in Nairobi. He found out that since the body is multinational, cultural, gender, national and social backgrounds of the applicants was considered when seeking to recruit an employee. In view of the forgoing studies and by the fact that the researcher is not aware of any research that has been undertaken on the relationship between employee procurement strategies and retention, this leads to the question: on what relationship exist between employee procurement strategies and employee retention?

1.3 Research Objectives

To determine the relationship between employee procurement strategies and retention in the Investment Banks in Kenya

1.4 Importance of the Study

This study is justified on the following basis: The government diversification process witnessed over the last decade has resulted to tremendous growth in the investment banks in the country. This growth has brought opportunities to young professionals joining the labour market from the many public and private colleges that have also started during the same time period. However, the growth in the sector has brought about challenges to the investment banks in form of staying competitive in the face of growing expectation from the enlightened investing public and more importantly recruiting and retaining specialized staff to offer service. It has become imperative that these firms adopt effective strategies of procuring and retaining competent staff. The operation of the sector requires specialized and experienced minds that can be able to advise the investing public correctly on where to put their excess income and reap back handsomely.

This study will also be of importance to the Ministry of Labour in making policy decisions whose overall objective will be to accelerate the retention level of staff in the strategic sectors of the economy. This study will also provide information and methodologies to other sectors such as the information technology firms which have witnessed high turnover of employees.

CHAPTER TWO

LITERATURE REVIEW

2.1 Staff Recruitment

Attracting, motivating and retaining knowledge workers have become important in a knowledge-based and tight labour market, where changing knowledge management practices and global convergence of technology has redefined the nature of work (Marsden and Campbell, 1990). The staff recruitment has an immediate impact both on the lives of the people and on the organisations. Therefore, one can say that the act of recruitment is one of the key acts of management. The success or the failure of the recruitment process has a significant impact on the enterprises and the organisations. Its quality relies mostly on the adopted strategy but also on the preparation of the manager (Phelps, 1970).

The goal of the recruitment activity is to identify a large number of applicants, so that the ones who fulfill the requirements are selected. Recruitment ensures the selections according to the principle of performance. Thus staff recruitment is the process of attracting the suitable qualified candidates for a certain job who will stay in the enterprise for a reasonable period of time after accepting the employment. Recruitment activities and channels may be classified in various ways (Marsden and Campbell, 1990). One type of classification focuses on the distinction between active and passive recruitment. Another classification is based on the distinction between formal and informal recruitment (Boxman, 1992)

According to Taber and Hendricks (2003), successful recruitment will involve several processes that include: development of a policy on recruitment and retention and the systems that give life to the policy; needs assessment to determine the current and future human resource requirements of the organisation. If the activity is to be effective, the human resource requirements for each job category and functional division/unit of the organisation must be assessed and a priority assigned; identification, within and outside the organisation, of the potential human resource pool and the likely competition for the knowledge and skills resident within it; job analysis and job evaluation to identify the individual aspects of each job and calculate its relative worth; assessment of qualifications profiles, drawn from job descriptions that identify responsibilities and required skills, abilities, knowledge and experience; determination of the organization's ability to pay salaries and benefits within a defined period; identification and documentation of the actual process of recruitment and selection to ensure equity and adherence to equal opportunity and other laws.

2.1.1 Employee Recruitment Strategies

Recruitment may be conducted internally through the promotion and transfer of existing personnel or through referrals, by current staff members, friends and family members (Arthur, 2001). Where internal recruitment is the chosen method of filling vacancies, job openings can be advertised by job posting that is, a strategy of placing notices on manual and electronic bulletin boards, in company newsletters and through office memoranda.

Referrals are usually word-of-mouth advertisements that are a low-cost-per-hire way of recruiting. Internal recruitment does not always produce the number or quality of

personnel needed; in such an instance, the organisation needs to recruit from external sources, either by encouraging walk-in applicants; advertising vacancies in newspapers, magazines and journals, and the visual and/or audio media; using employment agencies to "head hunt"; advertising on-line via the Internet; or through job fairs and the use of college recruitment (Ryan and Tippin, 2004).

According to Arthur (2001), job posting refers to the practice of publicising an open job to employees (often by literally posting it on bulletin boards) and listing its attributes, such as criteria of knowledge, qualification, skill and experience. The purpose of posting vacancies is to bring to the attention of all interested persons (inside or out of the organisation) the jobs that are to be filled. Before posting a vacancy, management needs to decide whether: it intends to retain the job in its present form and with its present title, remuneration and status and selected attributes of the job. In addition, there is need of a functional human resource information system that supports recruitment. As was further observed by Arthur (2001), an effective, computerised system would: flag imminent vacancies throughout the organisation to ensure that the recruitment process is timely; ensure that no candidates are lost but, instead, move through the process and are kept informed of their status; ensure that good candidates whose applications are pending are kept in touch to maintain their interest in the organisation and also assist in analyzing hiring.

Recruiting from external sources is yet another strategy that the organisation can adopt. External recruiting methods can be grouped into two classes: informal and formal. Informal recruiting methods tap a smaller market than formal methods (Griffeth et al,

1997). These methods may include rehiring former employees and choosing from among those "walk-in" applicants whose unsolicited resumes had been retained on file. The use of referrals also constitutes an informal hiring method. Because they are relatively inexpensive to use and can be implemented quickly, informal methods are commonly used for hiring clerical and other base-level recruits who are more likely than other groups to have submitted unsolicited applications. Former students who participated in internship programmes may also be easily and cheaply accessed. Formal methods of external recruiting entail searching the labour market more widely for candidates with no previous connection to the organisation. These methods have traditionally included newspaper/magazine/journal advertising, the use of employment agencies and executive search firms, and college recruitment (Griffeth et al, 1997).

On-line recruiting on the internet is a commonly used strategy at present (Henkens et al, 2006). Using the Internet is faster and cheaper than many traditional methods of recruiting. Jobs can be posted on Internet sites for a modest amount (less than in the print media), remain there for periods of thirty or sixty days or more - at no additional cost - and are available twenty-four hours a day. Candidates can view detailed information about the job and the organisation and then respond electronically. Most homes and workplaces are now using computerised equipment for communication; the Internet is rapidly becoming the method of choice for accessing and sharing information. In addition, first-time job seekers are now more likely to search websites for job postings than to peruse newspapers, magazines and journals. The prevalence of e- advertising has made it easier. According to Henkens et al, (2006), the Internet speeds up the hiring

process in three basic stages: faster posting of jobs, the wait for a suitable date and a prominent place in the print media is eliminated and the time lag that exists between the submission of information to the media house and its appearance in print disappears. On the internet, the advertisement appears immediately and can be kept alive for as long as the recruiter requires it. Job websites offer unlimited space which can be used, by management, to sell the organisation. The site can then be used, not only to post vacancies, but also to publicise the organisation. That will allow candidates to become more familiar with the company, know what skills the company is looking for and get to know about its culture. Most importantly, the system will provide a proper path to securing quick responses to job openings.

Another method used by organisation in recruiting staff is college recruitment. This involves sending an employer's representatives to college campuses to prescreen applicants and create an applicant pool from that college's graduating class. This method is an important source of management trainees, promotable [entry-level] candidates, and professional and technical employees (Marsden, 1999). To get the best out of this hiring strategy, the organisation and its career opportunities must be made to stand out. Human resource professionals are aware that few college students and potential graduates know where their careers will take them over the next fifteen to twenty years. The organisation that will succeed, then, is one that can show how the work it offers meets students' needs for skill enhancement, rewarding opportunities, personal satisfaction, flexibility and compensation (Marsden, 1999). College recruitment offers an opportunity for recruiters to select the potential employees with the personal, technical and professional

competencies they require in their organisation. The personal competencies identified may include, inter alia, a positive work ethic, strong interpersonal skills, leadership capacity and an ability to function well in a work team. Two major advantages of this strategy are the cost (which is higher than word-of-mouth recruiting but lower than advertising in the media or using an employment agency), and the convenience (since many candidates can be interviewed in a short time in the same location with space and administrative support provided by the college itself). Unfortunately, suitable candidates become available only at certain times of the year, which may not always suit the needs of the hiring organisation. Another major disadvantage of college recruiting is the lack of experience and the inflated expectations (Marsden, 1999).

Job fairs is yet another concept used to bring those interested in finding a job into those companies who are searching for applicants. Job fairs are open fora at which employers can exhibit the best their companies have to offer so that job seekers can make informed choices. They are considered one of the most effective ways for job seekers to land jobs. At the job fair, employers have a large pool of candidates on which to draw, while job seekers have the opportunity to shop around for dozens - sometimes hundreds - of employers, all in one place. Notwithstanding the fact that the atmosphere at the fair is more relaxed than at an interview, employers are still on the look out for qualified, potential employees who have interest, dedication and initiative. The usual format of job fairs is to have several companies set up information stations at an expo, with at least one representative of the company present to provide information. The fairs usually have a common theme or are specific to a certain field or area of interest.

2.1.2 Choice of Recruitment Strategies among Employers

Different organisations pursue different recruitment strategies when they go in search of new staff (Kene Henkens et al, 2006). Organisations in the public sector in Europe are more inclined to focus on formal recruitment methods given that politicians require transparency and free access for all in this sector. In the same study, they found out that active and informal recruitment methods are applied most frequently in the health and welfare sector. This sector-as they found out- is being confronted with large shortages and traditional recruitment channels do not seem to be effective any longer. Thus, the sector has focused on "seducing" former health workers, e.g. women who withdraw from the labour market due to childbirth, to re-enter the labour market. Networks of former colleagues, friends and neighbours may play an important part in tracing these potential workers and convincing them to accept a job in this sector.

A number of factors at the level of individual organisations are also expected to play a role. An important factor in this respect is the perceived difficulties of organisations in finding suitable staff to fill their vacancies. The greater the perceived difficulties, the greater the likelihood that organisations will take a series of co-ordinated measures to recruit more employees, the less they can afford to sit back and wait or follow lengthy, formal procedures, and the more likely they will be to apply active and informal recruitment methods (Kene Henkens et al, 2006). In addition, organisations may also be influenced by the general tightness of the labour market. The reasoning behind this is that in an environment in which "everyone" faces the problem of a tight labour market, individual employers are likely to be more inclined to recruit actively than in an environment in which labour shortages are less an issue. The composition of their

existing workforce may also affect the recruitment strategies opted for by employers. A high percentage of part-time employees are likely to increase the possibility of recruiting employees through the social networks of the existing workforce, given the contacts that these part-timers tend to have in the unpaid activities they pursue (Marsden, 1999).

2.1.3 Firm Size and Recruitment Method

In the studies done on the staff recruitment, methods such as newspaper advertising and the use of employment agencies are regarded as formal recruitment methods and word of mouth is regarded as an informal recruitment method. Generally, informal recruitment methods are associated with smaller firms (Barber et al, 1999) whereas larger firms are more likely to use formal recruitment methods (Saari et al 1988). As was noted further by Barber et al (1999), recruitment in large firms has to be more formal since the firms that have repeated transactions and will internalize these transactions in order to make them less costly. Developing formal procedures in order to attract, acquire and evaluate applications for the positions is economically prudent since the cost per applicant of developing the procedures will decrease as the number of hiring decisions increases. Many small firms would remain unconvinced by using formal methods and may find informal approaches more cost effective in the short term (Carroll et al 1999).

According to the institutional theory (DiMaggio and Powell, 1983), firms adopt certain practices based on the pressures from their internal or external environments. These may be "coercive" pressures like laws regulating certain employment practices in organisations, "mimetic" pressures like the use of practices that seem to be effective in competitors, or "normative" pressures like practices inspired by shared professional

values among HRM professionals. Compared to small firms, larger firms are more prone to institutional isomorphism. They will feel stronger coercive pressures since many laws place extra requirements on firms employing more than a certain number of people.

2.2 Employee Retention

Organisations are made of people and function through the people. It is through the combined efforts of people that material and monetary resources are effectively utilized for the attainment of common objectives. Without human efforts no organisation can achieve its goals. All activities of an organisation are initiated and completed by its co-workers who make up an organisation. Therefore, people are the most significant resource of an organisation. Employee retention is the biggest challenge that Human Resource Management is facing today (Sharma, 2006). The uncertainty of a changing economy, increasing competition and diversity in the workplace has compelled the organisations to hold on to their top performers at whatever cost they have to pay. It is a very difficult task for the recruiters to hire professionals with right skills set all over again.

When employees with knowledge leave a company, the consequences for the company go far beyond the substantial costs of recruiting and integrating replacements and there is a significant economic impact when an organisation loses any of its critical employees, especially given the knowledge that is lost with the employees' departure. Also, when a business loses employees, it loses skills, experience and 'corporate memory.' Another reason for the organisations to try to retain their employees and curb employee turnover

is the costs attached with it. Fitz-enz (1997) stated that the average company loses approximately \$1 million with every 10 managerial and professional employees who leave the organisation. The combined direct and indirect costs associated with one employee leaving an organisation ranges from a minimum of one year's pay and benefits. For the employees, the high turnover can negatively affect employment relationships, morale and workplace safety. The magnitude and nature of these losses is a critical management issue, affecting productivity, profitability, product and service quality (Mak and Sockel, 2001).

2.2.1 Employee Retentions Strategies

Studies done indicates that a number of factors influence retention and are important features in a well-functioning retention strategy. Several factors, however, appear to influence retention in an indirect way while others appear to influence in a direct way. Among those factors that have an indirect influence are job satisfaction loyalty, trust, commitment, identification with the company and attachment to the company. The factors that appear to have a more direct influence are remuneration, leadership style, career opportunities, training and development of skills, physical working conditions and work-life balance (Cappelli, 2000).

A study of high flyers found that the factors that aided the retention and motivation of high performers included providing challenge and achievement opportunities eg assignments, mentors, realistic self-assessment and feedback processes (Holbeche, 1998). It is imperative therefore to appreciate the factors that affect retention. Amongst the most

common ones are the company image, recruitment and selection and deployment, leadership - employees join companies and leave managers, learning opportunities, performance recognition and rewards (Michael Armstrong, -10th editions). Firms use different strategies to retain their employees and the popular ones being; offering competitive remuneration, staff development and training, leadership and initiating a good work-life balance programmes.

From a first sight, pay would appear to be a straightforward issue as far as retaining staff. However, Fong and Shaffer (2003) argue that satisfaction with pay has become a multi-dimensional construct consisting of four factors: pay level, pay raises, benefits, and structure and administration. Mulvey et al. (2002) found that satisfaction with the process used to determine pay was more important in determining employee retention than was satisfaction with the amount of pay received. As was further noted by Curtis and Wright, (2001), pay levels should be reviewed and compared with other employers regularly, jobs should be evaluated to provide for equitable grading decisions, clear explanations should be provided concerning the link between performance and reward, performance-related pay schemes should be regularly reviewed, and employees should be involved in developing and operating job evaluation and performance-related pay schemes.

Remuneration also carries other opportunities for instilling loyalty and commitment among employees in the company. Cappell (2000) argues for the need for a new goal of HR management: that compensation can help in influencing who leaves and when. There are companies who pay special 'hot skills' premiums to employees whose expertise is crucial and difficult to get hold of (Cappelli, 2000). Sigler (1999) instead argues that

incentive pay may consist of cash bonuses when employees reach predetermined goals. According to Mak and Sockel (2001) the perception of how career development is managed is a more important indicator for motivation than job satisfaction. They also suggest that a company, in order to improve retention, should align career development policies with the needs of the employees. Thus the crafting of individual career plans that are parallel to the company business plan is important to retaining employees. By designing and promoting new long-term career paths and investing heavily in employee development, companies have been able to win back the loyalty of its workforce (Cappelli, 2000).

Training and the development of skills, is equally important for companies. As noted by Gagg (2005), the availability of skilled workers is a concern for many British companies, both now and for the future. He observes that an increasing number of companies are also mentioning skill shortage as a major issue. At the same time, as was noted by (Lyons, 2003), companies seems to be increasingly reluctant to spend money on training. (Gagg, 2005: 28). However, to be effective this requires a far greater depth of personal learning than skill development alone. Interestingly enough, Gelderen et al. (2005), while studying the learning behaviours of small business starters, concluded that, contrary to the prevalent notion, not all learning opportunities contributed positively to skill development. Only planned learning, and within this, only task-related characteristics, correlated positively with skill development.

According to Chen and Silverthorne (2005) the higher the leader's leadership score, the higher the employee's willingness to perform a task, the higher the employee's job satisfaction, the lower the employee's job stress and the lower the employee's turnover intention. What the manager actually does can influence the environment positively or negatively, directly impacting job satisfaction, because the manager's behaviour can be seen and felt by the staff (Ribelin, 2003). Leadership is about exercising power and how this is done. Consequently, power distance is an important construct for understanding leadership in different cultures. In a culture that scores high on power distance, there is an expectation that power will provide social order, relational harmony and role stability (House et al., 2004). Furthermore, the assertiveness dimension tells us that the higher the score, the higher the importance of equity, competition and performance, as well as the rewarding of performance. The involvement of staff reflects the extent to which they are valued. Organizations that use many staff suggestions benefit not only financially, but also help to foster their employees' self-esteem and commitment to the organization. Giving feedback on performance seems to be equally important. The 'feel good factor' concerning one's job is very important for committed employees. Individuals should be clear about their responsibilities and performance standards, and be given positive feedback on how well they are doing. They should also feel that performance assessments and appraisals are fair (Curtis and Wright, 2001). Michaud (2005) states that most employees will gladly talk about their needs and job-related issues. However, listening to the employees involves so much more than simply being quiet while they are talking. They should have the employer's complete attention, so that they feel important (Michaud, 2005). Sigler (1999) urges management to ensure that talented employees are

given autonomy in their job functions and are given meaningful assignments that allow them to be involved in the decision-making for their areas of expertise.

In recent years, achieving a better work-life balance has become increasingly important for many employees. Some organizations have improved retention by offering staff more flexible working options and by implementing other family-friendly policies. Initiatives might include workshops aimed at achieving a better work-life balance, access to a range of domestic services, gradual return to work programmes for those who have been on maternity leave, advisory service on childcare, unpaid career breaks and extended parental leave (Curtis and Wright, 2001). Looking into work-family conflict and turnover, Batt and Valcour (2003) found work design characteristics explained the most variance in employees' control over managing work and family demands, whereas human resources incentives explained the most variance in work-family conflict and turnover intentions. The result of their study suggests that the most effective organizational responses to work-family conflict and turnover are those that combine work-family policies with other human resource practices, including work redesign and commitment-enhancing incentives.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The research design for the study will be descriptive research design, which will involve eliciting opinions of investment Banks in Kenya on the relationship between employee procurement strategies and employee retention. This design will provided insight into research problem by describing the variables of interest. Cross sectional study will also be used. This will involve conducting a survey of a sample at one point in time. The cross sectional study will be adopted because it will provide a quick snapshot of what will be going on with the variables of interest for the research problem. This technique will allow the researcher to draw conclusions on the relationship that exists between employment strategies adopted by the investment banks and retention of employees.

3.2 Population of the Study

The population of the study will consist of nineteen investment banks operating in Kenya and are based in Nairobi (Appendix **III**). The selection of investment banks based in Nairobi was necessitated by the fact that all of the registered investment banks in the country have their head offices in Nairobi. Because of the small number of the targeted respondents, the total population of the study will also form the sample size.

3.3 Data Collection

The study will use primary data which will be collected through self-administered structured questionnaires. A questionnaire is considered to be a useful tool for collecting data from respondents because of the need to provide a means of expressing their views more openly and clearly. The structured questionnaire will consist of both open and closed ended questions designed to elicit specific qualitative and quantitative data. Respondents will be head of human resources. The questionnaire will be divided into three parts, A, B and C. which will address the respondents profile, employee procurement and employee retention issues respectively.

3.4 Data Analysis and Presentation

The data to be collected using the proposed strategy will be analyzed using descriptive (measures of central tendency and measures of variations) and inferential statistics, that is, factor analysis test. Factor analysis will reduce independent variables and at the same time indicate the direction and strength of the relationship for each variable. The data will be classified, tabulated and summarized using descriptive measures, percentages and frequency distribution tables.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

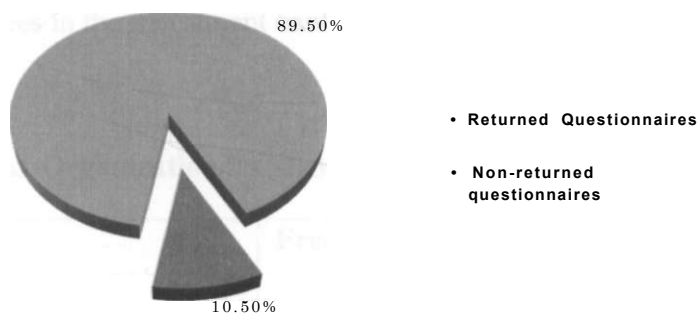
4.1 Introduction

The research objective was to establish the relationship between employee procurement strategies and retention among Investment Banks in Kenya. This chapter presents the analysis and findings with regard to the objective and discussion of the same. The findings are presented in percentages and frequency distributions, mean scores and standard deviation.

4.2 Characteristics of the Respondent Firms

A total of 19 questionnaires were issued out. The completed questionnaires were edited for completeness and consistency. Of the 19 questionnaires issued, only 17 were returned. This represented a response rate of 89.5%. The results are presented in figure 4.1.

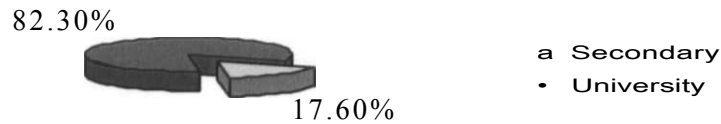
Figure 4.1 Response Rate



4.3 Demographic Data

The demographic information considered in this study for the respondents included the level of education of respondents, organization existence duration and length of continuous service with the organization.

Figure 4.2 Distributions of the Respondents by Level of Education



As shown in Figure 4.2, the findings regarding the level of education attained by the respondents indicates that 82.3% of the respondents have a university degree while 17.6% have attained the secondary level of education. This shows that majority of the employees in the investment banks have degree qualifications.

Table 4.1 Organization Existence Duration

1	Frequency	Percent	Cumulative Percent
6-10	2	11.8	11.8
11 -15	8	47.1	58.8
16-20	7	41.2	100.0
Total	17	100.0	

From the findings presented in table 4.1, 47.1% of the respondents said their organization has been in existence for 11-15 years, 41.2% said their organization has been in existence for 16-20 years while 11.8% said they have been in existence for 6-10 years. As a whole, investment banks operating in the country have been operating for more than 6 years and therefore they know that for them to succeed they have to retain the employees.

Table 4.2 Length of Continuous Service

	Frequency	Percent	Cumulative Percent
Less than 2	1	5.9	5.9
2 - 5	5	29.4	35.3
6 - 10	5	29.4	64.7
Over 10	6	35.3	100.0
Total	17	100.0	

The results presented in table 4.2 shows that the number of years of service in the current organization varies from a period of less than 2 years to over 10 years. 35.3% of the respondents had worked in their respective organizations for over 10 years, 29.4% had worked for a period of 6 to 10 years, 29.4% had worked for a period of 2 to 5 years and 5.9% had worked for less than 2 years. Majority of the respondents have worked in their organization over 2 years, thus there is high level of understanding of their organization.

4.4 Recruitment Strategies

4.4.1: Usage of Recruitment Methods

The respondents were to give their independent opinion on the recruitment methods used in a five point Likert scale. The range was 'Very great extent (5)' to 'not at all' (1). The scores of not at all/small extent have been taken to present a variable which had mean score of 0 to 2.5 on the continuous Likert scale ;($0 < S.E < 2.4$). The scores of 'moderate extent' have been taken to represent a variable with a mean score of 2.5 to 3.4 pm on the continuous Likert scale: $2.5 < M.E. < 3.4$) and the score of both great extent/very great extent have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; $3.5 < L.E. < 5.0$). A standard deviation of > 1.1 implies a significant difference on the impact of the variable among respondents.

Table 4.3 Recruitment Methods

	Mean	Std. Deviation
Job costing	4.4941	1.21268
External	4.3529	.99632
On-line recruitment	3.8235	1.18508
College recruitment	3.1176	.99262
Job fairs	2.8824	1.16632

The findings on the recruitment methods indicates that majority of the investment banks use job costing method of recruitment (mean 4.4941) followed by external recruitment (mean 4.3529) then on-line recruitment (mean 3.8235). The other two factors i.e. college recruitment and job fairs (mean 3.1176 and 2.8824 respectively) were rated as being used moderately implying that some of the investment banks use the methods to recruit their

employees. There was a high degree of variation among respondents as indicated by the standard deviation implies that some of the investment banks uses the recruitment method to a great extent while others uses to a small extent or not at all.

Table 4.4 Importance of the Parameters

	Mean	Std. Deviation
Determining ideal employee profile for a job	4.2059	.58787
Employees demographic information	2.4294	1.28051
Effectiveness of screening process	3.7765	.72761
Looking for right places for employees	3.6129	.99632
Effective orientation and training	3.9882	.61835

All the factors above were considered important parameters during recruitment process according to the respondents but the degree of importance differs with determining ideal employee profile for a job (mean 4.2059) being the factor which majority of the respondents said it is of great importance, then effective orientation and training (mean 3.9882) while effectiveness of screening process had mean 3.7765. Looking for right places for employees (mean 3.6129) was rated as been considered by the investment banks to a great extent while only employees' demographic information (mean 2.4294) was rated to be considered to a small extent/not at all.

Table 4.5 Use of Employee Procurement Practices/Strategies

	Mean	Std. Deviation
Hire employees whose values fit with the values of the organization	4.5882	.61835
Tell the truth about our organization during the recruitment process	4.3824	.78121
Recruitment and selection process is transparent and fair	3.7765	1.23669
Recruitment is competency based	3.9412	.89935
There is diversity of the people recruited	3.7176	1.11144
New employees receive necessary guidance and support during induction	3.6353	.83137

The findings show that, the respondents firm's uses the entire employee procurement practices/strategies but the degree of usage differs. The respondents cited the use of practices in descending order as the hire of employees whose values fit with the values of the organization, telling the truth about our organization during the recruitment process, recruitment been done in competency based, recruitment and selection process is transparent and fair, there is diversity of the people recruited and new employees receiving necessary guidance and support.

4.5: Employee Retention Policies

The respondents were to give their independent opinion on the extent to which the practices influence the level of employee retention in a five point Likert scale. The range

was 'Very great extent (1)' to 'not at all' (5). The scores of great extent/very great extent have been taken to present a variable which had mean score of 0 to 2.5 on the continuous Likert scale ;($0 < S.E < 2.4$). The scores of 'moderate extent' have been taken to represent a variable with a mean score of 2.5 to 3.4 pm on the continuous Likert scale: $2.5 < M.E. < 3.4$) and the score of both not at all/small extent have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; $3.5 < L.E. < 5.0$). A standard deviation of > 1.2 implies a significant difference on the impact of the variable among respondents.

Table 4.6 Reward and Retention

	Mean	Std. Deviation
Existence of a clear policy on employee retention	2.3529	1.11474
We do performance appraisal twice a year	2.8235	1.23669
Bonus award at the end of the year based on performance results	2.2941	1.31171
Award of inflation adjusted salaries	2.7059	1.40378
Recognition and awarding of best employees every end of the year	2.8235	1.42457
Pay levels that is at par with other industry players	2.8235	1.28624

From the findings to the respondents only two factors had a mean ranking of below 2.4 (very great extent/great extent). These two factors describes instances where the level of influence is high and their high ratings (mean 2.2941 for bonus award at the end of the

year based on performance results and 2.3529 for existence of a clear policy on employee retention) indicates the factors influence the level of employee retention. However there was a high degree of variation among respondents, an indication that some factors do not affect the level of employee retention. This is indicated by standard deviation of 1.3117 and 1.1147 for bonus award at the end of the year based on performance results and existence of a clear policy on employee retention respectively.

On the other hand, the results indicates that doing performance appraisal twice a year, award of inflation adjusted salaries, recognition and awarding of best employees every end of the year, paying levels that is at par with other industry players (mean 1.2367, 1.4038, 1.4246 and 1.2862 respectively) were rated as influencing the level of employee retention to a moderate extent.

4.5.1 HR Participation in Corporate Strategy

Table 4.7 HR Participation in Corporate Strategy

	Mean	Std. Deviation
Involvement of HR department in corporate strategy	2.3529	1.05719
Making employees understand the link between departmental and corporate strategies	2.5882	1.00367
Participation of employees in the implementation of the corporate strategy	2.8235	1.23669

Respondents strongly felt that Participation of employees in the implementation of the corporate strategy (mean 2.8235) and making employees understand the link between departmental and corporate strategies (mean 2.5882) influence the level of employee retention to a moderate extent while involvement of human resource department in corporate strategy (mean 2.3529) was the only factor which the respondents indicated that it influences level of employee retention.

4.5.2 Training and Career Development

Table 4.8 Training and Career Development

	Mean	Std.Deviation
Every member of the team understands and participates in the implementation of the corporate strategies	2.8824	1.11144
Equitable training of employees	2.4706	.94324
Payment of employee short term courses	2.7059	.84887
Re-imburement of training fees to employees	2.9412	1.19742

From the findings presented in table 4.7, the respondents were in agreement that every member of the team understands and participates in the implementation of the corporate strategies, equitable training of employees, payment of employee short term courses and re-imburement of training fees to employees does not influence the level of employee retention in the investment banks and therefore the banks should devise other measures regarding training and career development.

4.5.3 Leadership Strategy

The respondent were required to rate, on a 1-5 likert type scale, the extent to which a series of statements on leadership strategy affected employee retention in their organizations. The finds are presented in table 4.8.

Table 4.9 Leadership Strategy

	Mean	Std. Deviation
Existence of clear responsibilities and performance criteria	2.1765	1.0744
Incorporation of staff suggestions to built their self esteem and commitment to the organization	2.4118	1.0641
Giving of feedback to suggestions	2.7059	1.1048
Fair performance appraisal and assessment	2.2353	.8314
Giving of autonomy to employees	2.6471	.8618
Use of mentoring	3.0000	1.4142

As shown in table 4.8, that existence of clear responsibilities and performance criteria (mean = 2.1765) and fair performance appraisal and assessment (mean = 2.2353) were rated as affecting the level of employee retention to a great extent/very great extent while incorporation of staff suggestions to built their self esteem and commitment to the organization (mean = 2.4118), giving of autonomy to employees (mean = 2.6471), giving of feedback to suggestions (mean = 2.6471) and use of mentoring (mean = 3.0000) were rated as influencing the level of employee retention to a moderate extent. This indicates

that majority of leadership practices were not affecting retention of employees in the investment banks.

4.5.4 Work-life Balance and Employee Retention

The respondents were asked to rate, on 1 to 5 likert type scale, the extent to which a series of statements on work- life balance affected employee retention in their organizations. The results are presented in table 4.9.

Table 4.10 Work-life Balance

	Mean	Std. Deviation
Flexible working programs	2.6471	.99632
Access to a range of domestic services	3.6471	1.27187
Gradual return-to-work programmes after Maternity	3.2353	1.25147
Advisory services on childcare	3.9412	1.19742
Unpaid career breaks	3.9412	1.14404

As shown in the table, the practice on work life balance indicates that only two factors had a mean ranking of below 3.4 (moderate extent). These factors describe instances where the level of influence on the level of employee retention was moderate (mean = 2.6471 for awarding of flexible working programs and 3.2353 for gradual return-to-work programmes after maternity). The other factors access to a range of domestic services (mean = 3.6471), advisory services on childcare (mean = 3.9412) and unpaid career breaks (mean = 3.9412) were rated as influencing the level of employee retention to a small extent or not at all and this suggests that whatever management of the banks does to

influence or change these factors will not have positive impact on retention of employees.

4.6 The Link between Employee Procurement Strategies and Retention

A linear regression analysis was performed to test for the link between employee procurement strategies and employee retention. The regression equation used and the results obtained are presented below.

From table 4.6 below, the established linear regression equation becomes:

$$Y = 0.134 + 2.756 X,$$

Where

Constant = 0.134 shows that if at any given time; a firm employed no procurement strategy of employees, then the retention level of the staff will be 0.134.

X) = 2.756. This shows that a unit change in the employee procurement strategies will result to increase of retention of staff by 2.756.

Table 4.11: Coefficients of Regression Equation

	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	.134	.113	1.857	.074
Employee procurement strategy	2.756	. 1.32	3.142	.004

Dependent Variable: Investment Bank employee retention capacity

Since there is one variable that can vary independently, the degree of freedom taken is 1. At 95% confidence level, the critical t is 2.132. The t- statistic of the credit risk management practice variables is greater than 2.132 and hence this coefficient is significant. This further means that there is a significant relationship between a firm's employee procurement strategy and the level of retaining the same employees

4.7 Strength of the Model

The squared multiple R^2 value of .78 in table 4.6 below indicates that the independent variable X_j explains 78 % of the total variation in the dependent variable (employee retention). This means that 22% of the changes in the dependent variable are explained by other factors outside the independent variable.

Table 4.12: Summary of the Model

R	R^2	Adjusted R^2	Std. Error of the Estimate	R Square	F	Sig. F
				Change	Change	Change
.883	.78	.762	.2543	.72	17.053	.000

Predictors: (Constant), Firms' employee procurement strategy

Dependent Variable: Firms' employee retention

The F value of 17.053 from the model is higher than the critical value at 5% significance level. This implies that with a null hypothesis that the dependent variable is not influenced by the independent variables this is at $p < 0.05$ rejected. With the rejection of the null hypothesis, it means that the accuracy of the model is high. The alternative hypothesis that employee retention at the Kenyan Investment Banks is influenced by employee procurement strategies is accepted.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1: Summary

The study shows that the investment banks use different recruitment strategies when they want to fill a vacancy in their organization and the usage of the strategy differs. The recruitment process of employees takes into consideration the determining ideal employee profile for a job, employees' demographic information, effectiveness of screening process, effective orientation and training and looking for right places for employees as this will ensure that the recruited employees have the required qualifications.

The respondents agreed that they hire employees whose values fit with the values of the organization, tell the truth about our organization during the recruitment process, recruitment is competency based, there is diversity of the people recruited and new employees receive necessary guidance and support during induction this will go a long way in ensuring that there is transparency in the recruitment of the employee and also the most qualified of all is selected thus adding value to the organization since the recruitment process has been competitively done.

From the findings of reward and retention which majority of the respondents said it affects the retention of the employees in an organization thus indicating that indeed the following factors plays a greater role in retaining employees in the investment banks. These factors are; Existence of a clear policy on employee retention, performance appraisal twice a year, bonus award at the end of the year based on performance results,

award of inflation adjusted salaries, recognition and awarding of best employees every end of the year and pays levels that is at par with other industry players.

Human resource participation in corporate strategy involves the participation of the employees in the designation and implementation of the organization strategy. This will ensure that the employees are part of the organization strategy development and therefore they will not sabotage the implementation of the strategy. The findings indicate that the human resource department was involved in corporate strategy, they make the employees understand the link between departmental and corporate strategies and employees participate in the implementation of the corporate strategy.

Amongst the training and career development, the respondents agreed that; every member of the team understands and participates in the implementation of the corporate strategies, there is equitable training of employees, and there is payment of employee short term courses and re-imburement of training fees to employees. These practices are being taken into consideration by the management of the investment banks so that the employees can acquire some extra skills which will further makes them to appreciate the exposure they are given by the organization and thus remaining in the investment bank. It was also apparent that training and career development is seen as tool to help the organization achieve business strategies.

The findings regarding leadership and strategy involves the organization designing the strategies having taken into consideration the input of all the employee and giving feedback to them on the performance of the strategy after some time. The respondents indicated that there is existence of clear responsibilities and performance criteria

incorporation of staff suggestions to built their self esteem and commitment to the organization, giving of feedback to suggestions, fair performance appraisal and assessment, giving of autonomy to employees and use of mentoring. Majority of the respondents work life balances practices does not influences the choice of retention by an employee and therefore these factors could be offered to the employees in other organizations.

5.2 Conclusions

From the research findings and the answers to the research questions, some conclusions can be, made about the study.

5.2.1 Recruitment Strategies

Recruitment strategies are very vital for the recruiting the staff which an organization needs. The study has shown that the investment bank uses different types of recruitment methods when they are recruiting their employees which according to them enable the bank to recruit the staff with all the qualities which they desire. Staff recruitment is the first step in the process of acquiring staff, as well as the first step in the process of selecting human resources and therefore all parameters which will ensure that the ideal candidate is chosen should be taken into consideration and in this case the respondents said they consider all the parameters. The objective of the recruitments activity is to identify a high number of employees so that the ones who fulfill the requirements can be selected. Thus the most efficient methods or selection procedures of the employees should be used and in this instance the firms uses various strategies which will enable

them to give an equal opportunity to all the applicants and also assist in the induction process.

5.2.2 Employee Retention Policies

Members of staff or workers are an important asset for any organization that intends to meet its goals. Therefore it is very vital that the investment banks take initiative to ensure that the staff matters are taken into consideration so that their motivated attitude can result to success in service delivery and financial output. There is no work that can be done successfully if matters that affect staff are not taken into consideration by management. It is therefore an issue of urgency that the investment bank management look into all discussed staff factors which include aspects such as reward and retention, human resource participation in corporate strategy, training and career development, leadership strategy, and work life balances. This will give the banks an opportunity to tie down the employees as they will work to ensure that the factors are implemented.

5.3 Recommendation

The following recommendations are given to both the policy makers and researchers;

5.3.1 Recruitment Strategies

Staff recruitment has an immediate impact both on the lives of the people and on the organizations. The success or the failure of the recruitment process has a significant impact on the organizations' growth. The investment banks should ensure that they adopt the recruitment which will ensure that they pick the best candidate for the job and also the process should incorporate a situation where the candidates are given a chance to know

more about the bank before the final selection is done to avoid a situation whereby the candidate is recruited and due to limited knowledge regarding the bank desires to leave.

5.3.2 Employee Retention Policies

The one thing that competitor organizations cannot imitate is people and their skills and therefore the investment banks should ensure that the factors which the respondents' said does not affect retention of employees in the organization to a large extent are worked out so that each factor counts and that way limits staff turnover. The success of employee retention depends to a large extent on the recruitment process and thus the findings indicate that the investment bank uses some various recruitment strategies. It is recommended that the investment bank uses the strategy which will ensure that the process is open and the highly staff is selected for the employment.

5.4 Recommendations for further Research

The study confined itself to investment banks. This research therefore should be replicated in the commercial banks operating in the whole country and the results be compared so as to establish whether there is consistency among the banks.

5.5 Limitations of the Study

This study was based on a sample limited to investment banks operating in the country. It did not however cover other commercial banks where there is stiff competition on various products been offered by the banks and therefore the analysis can be done for all the investment and commercial banks.

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Taylor, M.S., Schmidt, D.W. (1983), "A process oriented investigation of recruitment source effectiveness", *Personnel Psychology*, Vol. 36 pp.343

APPENDIX Is LETTER OF INTRODUCTION

Irene Kathini Japheth

P. OBox 23420 -00100

Nairobi

Email:imutisok@gmail.com

Dear Respondent,

My name is Irene Mutiso, a Master of Business Student at the University of Nairobi. I am currently conducting research on relationship between employee procurement strategies and retention amongst investment banks in Kenya.

The information you provide will be treated with strict confidentiality and will be used only for academic purposes. Your participation will be highly appreciated.

Thank you,

IRENE K.JAPEHETH

APPENDIX II

QUESTIONNAIRE

QUESTIONNAIRE FOR ASSESSING THE RELATIONSHIP BETWEEN RECRUITMENT AND RETENTION STRATEGIES IN INVESTMENT BANKS IN KENYA

Please give answers in the spaces provided and tick (V) the box that matches your response to the questions where applicable.

SECTION A: RESPONDENTS PROFILE

1. Name of Investment Bank:

2. Designation:

3. What is your level of education?

Primary	[]	Middle level college	[]
Secondary	[]	University	[]

4. For how long has your organisation in existence?

a) Under 5 years	[]	b) 6 - 10 years	[]
c) 11 - 15 years	[]	d) 16 - 20 years	[]
e) 21 - 25 years	[]	f) Over 25 years	[]

5. Length of continuous service with the organization? (Tick as applicable)

a) Less than two years	[]	b) 2-5 years	[]
c) 6-10 years	[]	d) Over 10 years	[]

SECTION B: RECRUITMENT STRATEGIES

6. In a scale of 1-5, please indicate the extent in which you use the following recruitment methods:

Key: 5) Very great extent 4) Great extent 3) Moderate extent 2) Small extent
1) Not at all

		Very Great extent	Great extent	Moderate extent	Small extent	Not at all
		5	4	3	2	1
a	Job Posting					
b	External					
c	On-line recruitment					
d	College recruitment					
e	Job fairs					

7.) During the recruitment of staff process, to what extent are the following factors considered important parameters? (Tick in the appropriate space)

Key: 5) Very great extent 4) Great extent 3) Moderate extent 2) Small extent
1) Not at all

		5	4	3	2	1
	Reward and retention					
a	Determining ideal employee profile for a job					
b	Employees demographic information					
c	Effectiveness of screening process					
d	Looking for right places for employees					
e	Effective orientation and training					

8.) Rate the extent to which your firm uses employee procurement practices/strategies listed below (tick in the appropriate space)

		<i>Very Great extent</i>	<i>Great extent</i>	<i>Moderate extent</i>	<i>Small extent</i>	<i>Not at all</i>	<i>Not applicable</i>
		5	4	3	2	1	0
a	We only hire employees whose values fit with the values of the organization						
b	We tell truth about our organization during the recruitment process.						
c	The recruitment and selection process is transparent and fair						
d	All our recruitment is competency based						
e	There is diversity of the people recruited						
f	New employees receive necessary guidance and support during induction						
g	There is a job description for all cadres of employees						

SECTION C: EMPLOYEE RETENTION POLICIES

9.) Indicate the extent to which the following practices influence the level of employee retention in your organization. (Tick in the appropriate space)

		Very great extent	Great extent	Moderate extent	Small extent	Not at all
	Reward and retention					
a	Existence of a clear policy on employee retention					
b	We do performance appraisal twice a year					
c	Bonus award					
d	Award of inflation adjusted salaries					
e	Recognition and awarding of best employees every end of the year					
f	Pay levels that is at par with other industry players					
	HR participation in corporate strategy					
a	Involvement of HR department in corporate strategy					
b	Making employees understand the link between departmental and corporate strategies.					
c	Participation of employees in the implementation of the corporate strategy					
	Training & Career Development					
a	Every member of the team understands and participates in the implementation of the corporate strategies					
b	Equitable training of employees					

c	Payment of employee short term courses					
d	Re-imburement of training fees to employees					
	Leadership Strategy					
a	Existence of clear responsibilities and performance criteria					
b	Incorporation of staff suggestions to built their self esteem and commitment to the organisation					
c	Giving of feedback to suggestions					
d	Fair performance appraisal and assessment					
e	Giving of autonomy to employees					
f	Use of mentoring					
	Work-Life Balances					
a	Awarding of flexible working programs					
b	Access to a range of domestic services					
c	Gradual return-to-work programmes after Maternity					
d	Advisory services on childcare					
e	Unpaid career breaks					

THANK YOU FOR YOUR TIME

APPENDIX III

LIST OF LICENCED INVESTMENT BANKS (Special Issue Kenya gazette, Vol.CXII- No.45, Nairobi, 30th April 2010)

1. Drummond Investment Bank Ltd
Hughes Building, 2nd Floor
P.O.Box 45465-00100 Nairobi
Website: www.francisdrummond.com
2. Dyer & Blair Investment Bank
Loita House, 10th Floor
P.O. Box 45396-00100 Nairobi
Website: www.dyerandblair.com
3. Suntra Investment Bank Ltd
Nation Centre, 7th Floor
P.O. Box 74016-00200 Nairobi
Website: www.suntrastocks.com
4. CFCStanbic Financial Services Ltd
CFCStanbic Building, 1st Floor
Kenyatta Avenue
P.O.Box 47198-00100 Nairobi
Website: www.cfcfs.co.ke
5. Afrika Investment Bank Ltd
Finance House 9th Floor
P.O. Box 11019-00100 Nairobi
Website:
www.afrikainvestmentbank.com
6. Sterling Investment Bank
Finance House, 11th Floor
Website: www.sterlingstocks.com
7. ApexAfrica Investment Bank Ltd
Rehani House, 4th Floor
P.O.Box 43676-00100 Nairobi
Website: www.apexafrica.com
8. Faida Investment Bank Ltd
Windsor House, 1st Floor
P.O.Box 45236-00100 Nairobi
Website: www.faidastocks.com
9. NIC Capital Ltd
NIC House, Masaba Road
P.O. Box 63046-00200 Nairobi
Web: www.nic-bank.com
10. Standard Investment Bank Ltd
ICEA Building, 16th Floor
Website: www.standardstocks.com
11. Kestrel Capital (East Africa) Ltd
ICEA Building, 5* Floor
Kenyatta Avenue
P.O. Box 40005-00100 Nairobi
Website: www.kestrelcapital.com
12. African Alliance Kenya Securities Ltd
KenyaRe Towers, Ground Floor
Upper Hill
P.O. Box 27639-00506 Nairobi
Website: www.africanalliance.com
13. Renaissance Capital (Kenya) Ltd
6th Floor, Purshottam Place
Westlands Road, Chiromo
P.O.Box 40560-00100 Nairobi
Website: www.renaissancegroup.com
14. Barclays Financial Services Ltd
Barclays Plaza, Metz 3, Loita Street
P.O Box 430120-00100 Nairobi

Website: www.barclys.com

15. Equity Investment Bank
Equity Centre
Upper Hill
P.O. Box 75104-00200 Nairobi
Website: www.equitybank.co.ke

16. FBC Capital Limited
P.O. Box 56793-00300
Nairobi

17. Equitorial Investment Bank
P O Box 52467 00200
Nairobi

18. CBA Capita Limited
P O Box 30437 00100
Nairobi

19. Dry Associates
P O Box 684 00606
Nairobi