

**FACTORS INFLUENCING EMPLOYEE RETENTION IN
THE STATE CORPORATIONS IN KENYA**

BY

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DECLARATION

STUDENT'S DECLARATION

I declare that this project is my original work and has never been submitted for an award of a degree in any other university or college.

Signature:

.....Date:.....

CHRISTINE RUTH NYANJOM

SUPERVISOR'S DECLARATION

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

Signature.....Date.....

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DEDICATION

I dedicate this work to my family and all those who supported me in the completion of this project.

ACKNOWLEDGMENTS

I would like to thank God Almighty for His able guidance throughout my studies. My heartfelt appreciation also goes to my supervisor, Prof. K'Obonyo for his invaluable professional advice and guidance throughout this project, I am very grateful to you Sir. To all Interviewees involved in the data collection process, I say thank you for your time spent and quality responses.

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ABBREVIATIONS

GOK	Government of Kenya
ICT	Information Communication and Technology
CANE	Commitment and Necessary Effort
HR	Human Resources
HRM	Human Resources Management

ABSTRACT

Retention of employees is becoming a real challenge in today's operating environment as employers begin to realize the value of people that make up the organization. State corporations are organizations formed and owned by the Government to provide services to citizens. The objective of the study was to establish the factors influencing employee retention in the state corporations in Kenya. The study adopted a cross-sectional design as it took a representative sample of its target group and based its overall findings on the views of those targeted. The target population of this study included all 155 state corporations in Kenya as of December 31st, 2012. The study took a sample of 54 state corporations and collected primary data using a self-administered questionnaire. The data was analyzed using descriptive statistics comprising of mean scores, standard deviations, frequency distribution, percentages and factor analysis. A summary of the findings showing the relative importance of factors influencing employee retention in the state corporations in Kenya ranked employee training and career development first as the most important factor followed by performance appraisal, employee empowerment, employee commitment and lastly employee compensation. The study concluded that employee's retention is influenced by training and career development, performance appraisal, employees' empowerment, employees' commitment and employees' compensation. It further concluded that the extent to which readily available loan facilities, guaranteed job security and stress management programs as measures of employee empowerment is moderate while adequate working equipment does not influence employee retention in their organization. The study also concluded that giving employees' educational subsidies influenced the retention to a great extent and that their level of adoption at the state corporations is great. The study recommends that the government considers enacting policies that ensure that the working environment in the state corporations promotes employees retention. The study further recommends that the management should take actions aimed at ensuring that employees are rewarded accordingly and benefits offered to them be improved. This study also recommends that measures should be taken to ensure that the employees' commitment is enhanced at the state corporation.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Employees are an important resource in an organization as they positively contribute to the execution of organizational objectives and mission. Amstrong (2006) states that the retention of such employees has been shown to be significant to the development and the accomplishment of the organization's goals and objectives especially in building competitive advantage over other organizations in the phase of increased globalization. An employee's decision to resign from an organization is rarely due to a single event, such as being passed over for a promotion, a plum assignment or for monetary reasons. One such event may, however serve as a catalyst, but most employees leave because of multiple factors - the turnover drivers such as diminished job satisfaction, a tense work environment and better advancement opportunities elsewhere (Davies, 2001).

As turnover is a symptom of a larger systemic problem such as ineffective retention management, companies' ought to understand what causes people to commit themselves to being productive and loyal. They must design jobs, systems and organizations that support rather than inhibit it. Fostering commitment means an understanding that people need to have a stake in their work, and that employees respond when employers pay attention to their needs and involve them (Benkhoff, 1997; Dobbs, 2001).

Therefore, to achieve quality retention programs, organizations ought to determine the retention factors relevant to their employees and then focus strategies on these factors. For

each employee group, information can be gathered from current and former employees on their perceptions of why people stay or leave. Exit interviews and follow-up surveys with former employees are being adapted to yield more accurate, useful information. Interviews, focus groups and surveys among current employees provide perceptions of the relevant factors and their importance. Finally, it is advocated that there may be a distinctive edge in simply doing all of the key things well. By providing a reasonably high level of attention to the factors important to employees, a strong organizational culture is built and maintained.

1.1.1 Employee Retention

Zineldin (2000) defines retention as an obligation to continue to do business or exchange with a particular organization on an ongoing basis. Retention is “customer liking, identification, commitment, trust, readiness to recommend, and repurchase intentions, with the first four being emotional-cognitive retention constructs, and the last two being behavioral intentions. According to Fitzenz (1990), retention is driven by several key factors, which ought to be managed congruently: organizational culture, strategy, pay and benefits philosophy and career development systems. Day (2000) argued that if companies cannot retain their employees, the economic results could be devastating for an organization. A substantial amount of value could potentially end up employed by a competitor, or become the competition.

For organizations, the high cost of recruitment and selection (Pfeffer, 1998), the lag and productivity loss during the assimilation period (Davies, 2001), the likely loss of business opportunity (McCallum, 1988; Walker, 2001), poor customer relationship (Clarke, 2001; Messmer, 2000), and hidden cost of loss productivity (Das, 2002) 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 (Storey, 1992). This empowerment should increase the competitiveness of the business. Arthur (1994) concluded that by using commitment strategies, organizations had significantly higher performance and lower turnover, compared to those using control strategies.

Employee retention issues are emerging as the most critical workforce management challenges of the immediate future. Since the mid-1990s, scholarly research investigations have been focusing not only on determining why employees leave organizations but also concentrating on those factors positively influencing employees to stay with an organization (Hoisch, 2001), as well as the benefits associated with retaining tenured workers (Ramlall, 2004). Effectively designed and well implemented employee retention programs that increase employee tenure more than pay for themselves through reduced turnover costs leads to increased productivity (Simons and Hinkin, 2001).

1.1.2 Factors Influencing Employee Retention

There are several factors that influence employees' decision to leave or stay with an organization. The decision to stay or leave an organization involves evaluating cost and benefits. If the present value of the returns associated with turnover exceeds both monetary and psychological costs of leaving, workers will be motivated to change jobs. If the discounted stream of benefits is not as large as costs, workers will resist changing jobs (Ehrenberg and Smith, 1994). The explicit and implicit benefits associated with

staying/retaining a job will be reduced if a worker is unhappy in the current job, if the immediate cost of leaving is low, if the utility from the new job is great, or if the new job offers a comparable compensation package.

Factors influencing employee retention can be divided into individual and firm factors. Individual factors include gender, marital status and education among others. Women are often considered less valuable with regard to human capital than their male counterparts because they are more likely to face interrupted careers for the considerations of families (Sicherman, 1996) and other issues such as sexual harassment. Marriage, too, could be used to screen for workers in the recruitment process (Keith and McWilliams, 1995). Married people more often make job decisions based on relatively complicated concerns, including kinship responsibility and children issues (Glass and Riley, 1998). Such concerns may cause them to want to hold onto their jobs longer than unmarried people. Education is related to turnover in that it impacts the number of job openings available to a worker, and the turnover cost they are able to bear. If a worker's education tends to be less firm-specific, job opportunities will be relatively large and job transfer cost, as part of transaction cost (Williamson, 1981), will be relatively low (Barnes and Jones, 1974).

Firm-based factors include honored employee status, wage effects, performance, promotion speed and effect of economic cycles. Human capital theory proposes that, when on the job training is firm-specific, workers' skills will not be transferable. Therefore, even after receiving a large amount of various trainings, workers may not be able to command a higher wage either at their current firm or at a new firm. However, since specificity of human capital is beneficial to the firm (Williamson, 1981), the firm may pay the worker's

training costs. Such cost sharing and compensation may cause both parties to make appropriate human capital investments, thereby reducing employees' turnover and increasing attachment (Lazear, 1998). Likewise, workers who earn wages lower than they might be paid elsewhere are most likely to leave their jobs (Ehrenberg and Smith, 1994). Lazear (1999) found that age-pay profiles are steeper than age-productivity profiles. He argued that enhanced wages serve not only as reward for enhanced skills but also as an incentive and perhaps a retention device.

The impact of different workers' turnover on a firm is not equal. "It was the performance level of the employee, not the act of quitting or staying per se, that determines the positive or negative nature of the retention/separation event" (Steel, Griffeth and Hom, 2002). Lazear (1998) found that recent promotion is negatively related to turnover. Recent promotion also adds to the worker's perceived firm-specific human capital value, meaning that he or she is more suitable to the current firm than to others. Under such circumstances, promotion would reduce turnover (Lazear, 1986). In addition to individual-based and firm-based factors, market factors remain critical to workers' retention.

1.1.3 State Corporations in Kenya

A parastatal is a State Corporation under State Corporation Act Cap 446 (1987). State Corporation has various meanings. First, it may be a corporate body established by or under an Act of Parliament. Second, the President may by order establish a SC as a body corporate to perform the functions specified in the order. Third, it also represents a bank or a financial institution licensed under banking Act or other company incorporated under the company Act (Wamalwa, 2003). As at December 31st, 2012, there were 155 state

corporations in Kenya (GOK, 2012), with 86,000 state workers employed out of the total 681,100 public service workers (Economic Survey, 2012).

State corporations in Kenya have been affected by a mass exodus of employees in search of better terms and working conditions. Ndeti, Khasakhala, Omolo (2008) noted that many doctors and nurses were leaving public corporations for the private sector because of better terms of employment. They further acknowledged that more trained doctors and nurses were leaving the country for better remuneration and working conditions in other countries like South Africa and Ghana. In the transport sector, Kenya Airways has lost its well-trained pilots and cabin crew to competitors both internationally and locally on the basis of pay and working conditions (Mumero, 2012).

The state corporation industry however, is rapidly transforming and many reforms are taking place to anticipate these challenges. Sunny Bindra (online.www.sunwords.com) suggests that from the handful of state corporations that have excelled and made a difference, key lessons to be learnt are that leadership is important, fresh work ethic and culture should be instilled in employees and that a layer of protection is needed from politicians who interfere with the efficient and effective running of the state corporations.

1.2 Research Problem

Retention of employees is becoming a real challenge in today's operating environment as employers begin to realize the value of people that make up the organization. The employment relationship is undergoing fundamental challenges that have the implication for the attraction, motivation and retention of talented employees and talent shortage has

resulted in fierce competition (Flippo, 2001). Fitz-enz, (1997) states that long term success of an organization depends largely on its ability to effectively manage and utilize its human resources which are considered as the most crucial. Ineffective management of employees leads to a high rate of staff turnover which has a significant economic impact on organizations especially because of the knowledge that is lost with the employees' departure. It is very costly to do nothing about high rates of turnover because one key individual can hold the fortunes of a department or business in their hands. Loss of several members of core staff in the same unit or team can lead to instability of the entire organization.

State corporations are organizations formed and owned by the Government to provide services to citizens. They are unique in their operations because they do not always operate for profit but for the supply of services and goods meant for the general public welfare. As such, their operations are unique and may not be compared to private firms. However, the state corporations have been facing challenges which include the adoption and use of ICT, financial resources and human resources challenges. State corporations have been experiencing shortage of human resources both in the headquarters and in the field. At the same time, employee retention in these state corporations has faced serious challenges following increased globalization and internationalization of firms. The turnover of employees has been increasing and this occurrence has undermined effective and efficient service deliver; a pointer to employee commitment and retention policies at these firms (Njiru, 2008). Employees are now more knowledgeable and demanding. This study will seek to establish factors influencing employee retention in state corporations in Kenya.

Studies have been done in relation to employee retention; Pegg (2009), studied the impact of benefits on talent retention, motivation and productivity levels and how organizations are choosing to inform their people about the type of benefits on offer. Mulwa (2010), carried out a research on factors that influence staff turnover in World Vision and recommended a review of existing pension plan to address staff expectation and Otieno (2010), studied the causes of staff turnover in Private Primary Schools and recommended that employees compensated well as an indicator for management's appreciation of employees contribution and abilities. Muiruri examined the factors influencing staff turnover at Jertec Junior academy in Nairobi. Manyura (2012) investigated perceived factors affecting employee retention at Kenya Commercial Bank Limited Headquarters. Although the study was done, it was just a case study of one organization and the researcher did not find any empirical study on factors influencing employee retention in state corporations. This study was therefore seeking to fill this research gap by answering one research question: What are the factors influencing employee retention in the state corporations in Kenya?

1.3 Research Objective

The objective of the study is to establish the factors influencing employee retention in the state corporations in Kenya.

1.4 Value of the Study

This study will be helpful to Policy makers in the state corporations in Kenya in making policies that will govern the work environment not only in State Corporations but also in

the private sector. This will help inform when designing regulatory framework and measures on how to monitor employee retention.

This study will also be helpful to the management of the State Corporations in employee retention strategies. The study findings will also be important in helping established and upcoming firms in finding out important considerations in employee retention decisions.

The findings of this study will also be valuable to employees working in state corporations as it will inform them of the importance of employee retention and corporation performance. Through the findings of this study, the employees will understand the factors influencing their intention to leave or continue working with a given state corporation.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter summarizes the information from other researchers who have carried out research in the field of retention studies. The specific areas covered here are employee retention and factors influencing employee retention. The chapter is basically concerned with discussing literature by other scholars on the factors influencing employee retention.

2.2 Employee Retention

Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their jobs. It involves taking measures to encourage employees to remain in the organization for the maximum period of time. Hiring knowledgeable people for the job is essential for an employer but retention is even more important than hiring. This is true as many employers have underestimated costs associated with turnover of key staffs (Ahlrichs, 2000). Turnover costs can be incurred through issues such as reference checks, security clearance, temporary worker costs, relocation costs, formal training costs and induction expenses (Kotzé and Roodt, 2005). Other invisible and hidden costs such as missed deadlines, loss of organizational knowledge, low morale and client's negative perception of company image may also take place.

Organizations should develop human resource policies and strategies, including selection and recruitment, training and development and performance management that reflect their beliefs and principles as well as maintaining acceptable relationships between management

and employees. However, some human resource departments merely devise policies that deal with current problems or requirements (Oakland & Oakland, 2001). Retaining good employees is critical to a firm's long term success. By taking a proactive approach to developing an effective employee retention program, the anxiety of high turnover can be reduced. True employee retention takes time, effort and resources, but the rewards can prove valuable. One of the major drivers for investing in a retention program is the financial impact of recruiting and training valued employees (Abraham, 2007). Job dissatisfaction can be a cause for labor turnover. Labor turnover levels can be very high in organizations with poor working conditions, undesirable jobs, pay inequities and limited opportunities for advancement (Nzuve, 1997). There are two general categories of forces that operate in employee retention: engagement and coercion. Engagement occurs when an employee connects emotionally with his work, coercion occurs when forces outside the employee encourage either attachment to or disengagement from an employer. Good managers help people stay engaged; bad ones push them towards disengagement (Glen, 2007).

It is generally accepted that the quality of an organization human resources represents a critical factor for business success. One human resource challenge is how to attract, retain, motivate and develop individual talent and if that is not a challenge, consider the impact of a turbulent business environment presents, the difficulty of managing a diverse and ever changing legal climate and government regulation. As business grows, it often increasingly necessary to attract and retain good employee (Carrell, 1995). Employee retention encompasses talent management which is the use of an integrated set of activities to ensure that the organization attracts, retains, motivates and develops the talented people it needs

now and in the future. It is assumed that talent management is only concerned with key people – highfliers. For example (Smilansky, 2005) states that it is aimed at improving the caliber, availability and flexible utilization of exceptionally capable (high potential) employees who can have a disproportionate impact on business performance (Armstrong, 2006). Retention rate measures what is wanted rather than what is undesirable (Deane, 2004).

2.3 Employee Retention Strategies

All employees are an investment. Some bring a good return while others are less worthwhile. Either way, their departure means that the opportunity to obtain any return in future is forfeited (Hakett, 1996). The first few weeks in a new environment are generally very difficult and it is during the first three or four months of employment that the highest proportion of resignation occurs. Therefore, the first few months of employment can be the most critical in determining whether a new recruit will stay with the organisation. The reception he or she is given on their first day and the help and guidance they receive while settling in may be very important.

Empirical evidence suggests that the establishment of well-defined organizational goals and objectives influence employee retention. Kim et al. (2005) in their study on corporate orientation found that organizational direction and support had a significant impact on employee job satisfaction and overall commitment. Findings from Susskind et al.'s (2000) research also suggest that perceived organizational support strongly influences job satisfaction and employees' commitment to their organizations.

According to Becker and Huselid (1999), culture creates competitiveness since it changes employee behavior by making them act consistently with the firm's desired corporate culture, thereby influencing employee retention. Other researchers who investigated the relationship between organizational culture and employee turnover and retention uncovered similar findings (Chew et al., 2005; Cho et al., 2006; Cutcher-Gershenfeld, 1991; Huselid, 1995; Kallenberg & Moody, 1994; Milman, 2003; Milman & Ricci, 2004; Pfeffer, 1994; Shaw et al., 1998). For example, a study by Milman and Ricci (2004) revealed that among the most powerful indicators to predict hourly employee retention in the lodging industry were positive experiences with the company's policies and with the company's humane approach to employees.

Results of empirical studies of lodging properties in Central Florida confirmed that hourly employees' retention was predicted by self-fulfillment and working conditions, even over monetary rewards (Milman, 2002, 2003; Milman & Ricci, 2004). These studies found that employees who had a positive experience with regards to working hours, a sense of fulfillment with their jobs and a higher level of job satisfaction are more likely to stay with their current employer. In a study of restaurant food servers, Wildes (2007a, b) noted that although monetary rewards can be a top motivator for employee retention, having a fun working environment and flexible hours were also important motivators.

Other studies posit that retention practices such as job enrichment, workspace characteristics and socialization can reduce turnover and its effects (Boles et al., 1995; Pizam & Ellis, 1999). Walsh and Taylor (2007) study found that although it was important to obtain a good salary and benefits package, whether employees remain with the

organization primarily depends on the degree to which their employers respond to their professional growth. They noted: “those employees most committed to performing challenging work are the ones most likely to remain with their companies” (Walsh & Taylor, 2007, p. 147).

Numerous other studies examine the impact of hiring and promotion practices on retention (Becker and Huselid, 1999; Cho et al., 2006; Huselid, 1995; MacDuffie, 1995; Milman, 2003; Milman and Ricci, 2004; Pfeffer, 1994; Shaw et al., 1998; US Department of Labor, 1993). Pfeffer (1994) made a case that firms wishing to succeed in today's global environment must make adequate HR investments and build employees who possess better skills and capabilities than their competitors.

According to Huselid (1995) and Becker and Huselid (1999), selective hiring procedures are necessary to ensure effective retention of the most qualified employees while lowering employee turnover in the long term. One tool that can assist with ensuring proper screening of candidates is pre-employment tests. Cho et al. (2006) theorize that the practice of pre-employment testing and the result of candidates passing such skill-based tests can heighten new hires' sense of organizational commitment. However, their research also found that once employees are on-board and seek upward mobility, promotions can actually increase turnover rates of non-managerial employees if not practiced appropriately. For example, in instances in which inadequate employee training and development exist, employees can become frustrated and stressed by assuming greater responsibility for which they are ill equipped.

The research study by Dienhart et al. (1992) found that there were positive relationships between customer centeredness and the employees' constructive views of job involvement, job security and satisfaction. If employees feel the company takes good care of them, they are, in return, likely to take time to provide a better service to meet and/or exceed customers' expectations. This will likely lead to higher satisfaction among those customers and to better employee performance, thereby making them less likely to leave (Arnett et al., 2002), positively impacting employee retention. A study by Kim et al. (2005) also revealed that employers with strong customer-centeredness and employee focus have a positive impact on employees' job satisfaction and overall organizational commitment, thus significantly reducing employee turnover. These scholars further suggest that recognizing employees' work efforts with cash incentives, awards, and promotions should reduce employees' intention to leave.

In organizations where employees receive the proper training needed to assume greater responsibilities, turnover rates are generally lower. Several studies show that training activities are correlated with retention (Walsh and Taylor, 2007; Becker and Huselid (1999) argue that the economic returns of extensive training are more likely to be captured by the firm if employees are motivated to stay and contribute to the firm's success fostered in part by selective hiring, competitive pay packages and team-orientated work environments. Youndt *et al.* (1996) theorize that human resource practices designed to develop talented and team-oriented workers improve employee productivity and customer satisfaction.

According to Shaw et al. (1998), organizations with substantial training opportunities should experience lower turnover rates. However, an interesting finding by these

researchers included a positive relationship between training and the discharge rate. They theorize that companies that provide more training are concerned about employee skills and performance and thus experience a high percentage of employee terminations. Conversely, companies that experience a high discharge rate initiate training programs because of lower workforce skill levels (Shaw et al., 1998). In a recent study of young professionals, respondents rated formal and professional job training lower on their challenging work scale, indicating that the type of learning that respondents sought occurs through actual work experience (Walsh & Taylor, 2007).

Prior empirical work has consistently found that use of effective human resource management initiatives enhances employee retention. Specifically, selective recruitment and training procedures, working environment, labor-management participation programs and performance appraisal, promotion and incentive compensation systems that recognize and reward employee merit have all been linked with valued firm-level outcomes (Huselid, 1995; US Department of Labor, 1993).

2.4 Factors Influencing Employee Retention

Retention factors are utilized as an important topic for managers, organizations and organizational researchers (Abbasi and Hollman, 2000). Consequently, retention of talented employees can be a source of advantage for an organisation. However, there are challenges in attempting to retain these employees. Compensation, job characteristics, training and development opportunities, supervisor support and promotion were identified as the top five retention factors. Companies try to keep valuable employees with their cutting edge knowledge and skills, but the demand for high technology employees with skills has

increased substantially, e.g. for ten positions only eight candidates with the required skills qualify (Murphy, 2000). To add to this, competitors use aggressive recruitment tactics to try and woo away valuable employees.

Employees make efforts to change dissatisfying work situations that would otherwise be major factors in their decisions to leave their organizations. Employees who succeed in changing dissatisfying work situations will lower their dissatisfaction and with intent to leave changed to intent to remain, the likelihood increases that these employees will ultimately remain with their organization (Steers & Mowday, 1981). It is the primary responsibility of the management to identify talented and high performing individuals in the first place and they should be recognized on merit in every aspect including monetary rewards (Sigler, 1999). Lower compensation and poor benefits also increase the rate at which employees voluntarily leave their employers. Many of the conditions that cause people to leave also make it difficult to attract new applicants to replace them (Susan & Schuler, 2000). Employee turnover can be extremely costly to an organization as the average company loses about \$100,000 for every professional or managerial employee who leaves (Torrington et al, 2008). Specific factors influencing employee retention are reviewed below.

2.4.1 Employee Empowerment

According to Hummayoun and Muhammad (2010) employee empowerment can create a sense of belongingness and ownership towards the current organization. They tend to be more confident and perform well. Indirectly, it will increase service quality and customer satisfaction. In this competitive market, retaining a competent and capable workforce is

important in any organization. A high turnover rate in an organization may affect the reputation and image of the organization. Employee replacement is problematic and costly because the organization has to train a new employee if an experienced employee resigned. Some studies have identified that lack of job dissatisfaction, low levels of empowerment and low levels of support of superiors may lead to turnover (Salman, Iqbal and Chandran, 2010). Human resources policies must focus at giving more self-governance to the employee to avoid turnover and job burnout. Huselid & Becker (2000) found that HR policies play a strategic role in employee retention through stimulating skilled labour. The goal-setting process that involves employee can enhance employee empowerment as the employee considers himself more empowered knowing his or her job. Empowered employees tend to be more confident and try to give their best to their employer because they are given more authority in the decision-making process (Hummayoun and Muhammad, 2010). Employee empowerment can create a feeling of obligation among employees to stay in the organization. Hence, the employees tend to remain in the organization even when facing pressure from others who intend to leave the organization because they feel that they are a part of the organization (Choong, Wong and Lau, 2011). In essence, the intention to remain or leave the organization among the employees is based on the job satisfaction of employees. The individual with a higher job satisfaction tends to be more committed to the organization. They will be more likely to remain in the organization.

2.4.2 Employee Training

According to Latham (1988), training is defined as the systematic acquisition and development of the knowledge, skills and attitudes required by employees to adequately

perform an assigned job or task to boost performance in the job environment. If the training is relevant and if it is efficiently and effectively designed and delivered, it should impart new knowledge and skills as well as meet the employees' and organizational needs. When the results of training is reflected by improvements in relevant knowledge and the acquisition of relevant skills, employee job performance should also improve provided that the skills learned in training transfer to the job (Salas, 1999).

Improvement in performance such as productivity, quality and services are the training outcomes provided that the job is strategically aligned to the organization's needs. For an individual employee, if their desired needs are fulfilled through the training programs provided, there is no doubt that the desired outcome by the organization, retention on employees, will be reached. Huselid (1995) suggested that perceptions of HR practices such as providing training and job security by the company are important determinants of employee retention. Moreover, some studies also state that HR practices such as benefits and training are positively related to retention because the practices motivate employees and "lock" them to their jobs which is so called employee retention. According to Landsman (2004), he suggested that training is a valuable activity for enhancing skills and improving staff performance and that training can address some of the factors contributing to staff retention, such as perceived support from the supervisor, the agency and community. Training can define roles more clearly to employees thereby minimizing job stress. Organizations with sufficient training opportunities should thus have a higher retention rate. Training alone, however, cannot address all of the factors contributing to staff retention such as excessive caseloads and promotional opportunities within the organization. It is therefore reasonable to say that training can play a role in improving

retention but it may not be sufficient to improve retention if other systematic barriers are not addressed.

2.4.3 Employee Compensation

Compensation is something, typically money, awarded to someone as compensation for injury, loss or suffering or money received by an employee from an employer as a salary or wage. Compensation is not only in the form of money (Reville, Boden & Biddle, 2003). It can also be in non-cash form. Benefits, such as pension, life and health insurance, retirement plans and allowances that include company cars or subsidized transportation, all represent a significant pay element in many large firms. In addition, for organizations where tax advantages and economies of scale of purchasing that make it economically advantageous for the firm to provide these elements, the compensation and benefits are always viewed as tools for attracting and retaining desired employees (Hauser & Baggett, 2002).

Research has shown that employees' positions and length of employment traditionally determine wages in most companies. A number of studies have shown evidence that compensation satisfaction plays an important part in employee retention. DiPietro and Condly (2007) used the Commitment and Necessary Effort (CANE) model of motivation to find out how hospitality employees are motivated. They discovered that non-financial compensation or the quality of the work environment played an important part on employee turnover intentions. Companies are in danger of creating an unsatisfactory working environment if there is no any compensation planning. Williams *et al.* (2007) found that if employees are satisfied with how the company operates and communicates its

compensation policies, they remained committed to the organization. Furthermore, an organization's reward system can affect the performance of the employee and their desire to remain employed. There are also numbers of researchers who demonstrate that there is a great deal of inter-individual difference in understanding the significance of financial rewards for employee retention (Woodruffe, 1999).

2.4.4 Performance Appraisal

Performance appraisal is a process of inspecting and evaluating an individual's performance in his or her duty to facilitate the decision of career development of the individual. It evaluates the individual's overall contribution to the organization through assessment of his or her internal characteristics, working performance and his or her capability to pursue higher positions in organization (Gruman & Saks, 2011). In order to enhance organizations' ability to survive through turbulent environment, most top corporations take great care in managing the performance measures of their employees. It is common understanding that top talents are keys to business success today, but how a company manages its talents or human resources would be fundamental to the success where the effective structure of performance measurement would ensure that a company fully utilizes its competitive resources to a maximum. As extracted from the literature review, performance appraisal plays the role as a medium of communication between management and employee. An effective appraisal would result in enhanced employee development from feedback as well as better employee satisfaction comprehension by company.

However, if appraisal is simply applied as a tool of measurement and monitoring, problems would arise where tension would overwhelm both the evaluator and respondent. Webster, Beehr and Love (2011) studied how work stressors cause role ambiguity and conflict and subsequently increased job dissatisfaction and turnover. It is mentioned in the literature review that appraisal can be stressful to both evaluator and respondent if both parties do not take its importance seriously or a confusing message is produced from the appraisal. Similar to a negotiation, stress can affect an employee's job performance where he or she might be too concerned with the effect of the appraisal to career development or compensation (O'Connor, Arnold & Maurizio, 2010).

2.4.5 Employee Commitment

Social exchange theorists have produced significant quantities of research that support the theory that the level of commitment demonstrated by an organisation to the employee will have a direct impact on the commitment that employees show to the organisation in return (Wayne, Shore, & Liden, 1997). One useful mechanism for understanding commitment behaviours is to consider the relationship between the employer and employee as one of a fair exchange (Pinder, 1984), with the way in which an employer treats employees having a direct bearing on their performance, attitude and commitment to the organisation. Employee attitudes and behaviours, including performance, reflect their perceptions and expectations, reciprocating the treatment that they receive from the organisation. In their multilevel model linking human resource practices and employee reactions, Ostroff and Bowen (2000) depict relationships suggesting that human resource practices are significantly associated with employee perceptions and employee attitudes. Studies by Tsui, Pearce, Porter, and Tripoli (1997), found that employee attitudes, most specifically

employee commitments, were associated with the interaction of human resource practices and perceptions.

Koch and McGrath (1996) suggest that high-involvement work practices can enhance employee retention. However, most examinations of retention and commitment are from the employer's point of view and as a result, new and refined programs are continuously introduced. These programs are expected to have a positive impact on employee retention and commitment, therefore, investments in high- involvement work practices may promote of a positive work climate that may result in lower turnover. Above all, organisations have implemented HR practices and policies to reduce unnecessary and unwanted employee turnover (Roberson, & Ellis, 2008).

Likewise, if employees are regularly provided with the opportunity to attend training and development workshops, they will recognise the company's commitment to improve their skills and will be more likely to remain in the environment where they have a continual opportunity to learn. This is mutually beneficial for employee and the company, as it improves the strength of the organisation and retains key talent (Huselid, 1995). According to Ogilvie (1986), these types of Human Resource Management (HRM) practices are more likely to have a positive impact on employee commitment and satisfaction than employee demographics or job characteristics.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases which were followed in completing the study. Specifically the following subsections are included; research design, target population, sample design, data collection instruments, data collection procedures, data analysis and presentation.

3.2 Research Design

The study adopted a cross-sectional design. Cross-sectional design focuses at a subset of the population at a particular point in time. Cross-sectional research takes a representative sample of its target group and bases its overall findings on the views of those targeted; assuming them to be typical of the whole group therefore allowing for generalizations (Mugenda and Mugenda, 1999). This method was useful in identifying practices in an organization.

Cross-sectional designs require less dedication from research participants, take less time to complete and do not contain as many obstacles related to finding and maintaining a sample population (Cooper and Schindler, 2003). It is thus suitable in establishing the factors influencing employees' retention in the state corporations in Kenya. The study focused on both quantitative and qualitative data in order to gain a better understanding and more insightful interpretation of the results.

3.3 Target Population

Ngechu (2004) observes that a study population is a well-defined or specified set of people, group of things, households, firms, services, elements or events which are being investigated. Thus the population should fit a certain specification, which the researcher is studying. The target population of this study included all state corporations in Kenya. There were 155 state corporations in Kenya as of December 31st, 2012 (GOK, 2012).

3.4 Sample Design

A sample is a sub-set or part of the target population; sampling is a process of selecting subjects or cases to be included in the study of the representative of the target population (Mugenda and Mugenda, 1999). Ngechu (2004) underscores the importance of selecting a representative sample through making a sampling frame. For this study, the researcher selected a sample of 30% of the state corporations in Kenya. The state corporations were selected using stratified sampling method. Stratification was by sector. Each sector (stratum) contributed 30% of its total number of corporations to the overall sample. The final respondents were picked randomly from each stratum. These state corporations are preferred because they cut across several sectors in the country hence they are representative of all the state-owned corporations in Kenya.

Mugenda and Mugenda (2003), define a sample as the smaller group obtained from the accessible population. For this study, out of the entire 155 state corporations, the researcher took a sample proportion of 30% for each category and picked (54) state corporations from which the data was collected as shown in the table 3.1 below.

Table 3.1: Sample Size

Category	Total	Sample proportion	Sample Size
Financial Services	8	0.3	3
Water Conservation	12	0.3	4
Education and education services	32	0.3	10
Energy	6	0.3	2
Transport and Communication	9	0.3	3
Health and Welfare	11	0.3	4
Hotel and Tourism	8	0.3	3
Trade and investment	7	0.3	3
Agriculture	20	0.3	6
Dairy and fisheries	3	0.3	1
Development Authority	11	0.3	4
Forestry	2	0.3	1
Commissions	11	0.3	4
Housing	3	0.3	1
Security	1	0.3	1
Other	11	0.3	4
Total	155		54

Source: (Government of Kenya, 2012)

3.5 Data Collection

This study collected primary data using a self-administered questionnaire. The questionnaire included open and closed ended questions for ease of administration. To enhance quality of data, Likert type questions were provided whereby respondents were required to indicate the extent to which the statements representing variables applied to their organizations. A five point likert scale was used.

The structured questions were used in an effort to facilitate easier analysis. The questionnaire was administered in person to avoid discussion among human resource managers from various state corporations which would jeopardize the whole study. The questionnaire consisted of two parts. Part A collected biographic data and part B the factors

influencing retention. The respondents were the Heads of Human Resources in each sample corporation.

The questionnaire was pretested before its administration to ensure validity and reliability of the data to be collected. The questionnaire was pre-tested on ten staff members working in the state corporations in Kenya. According to Kothari (2004), the purpose of pre-testing the data instrument is to ensure that the items in the instrument are stated clearly and have the same meaning to all respondents. It is only during pre-testing that the researcher is able to assess the ease of use of the instrument. Any sensitive, confusing or biased items were identified and modified or omitted. Pre-testing permits refinement before the final test (Cooper & Schindler, 2003). It was also useful in order to assess the clarity of the questions and establish the average length of time it would take to administer the questionnaire. This helped the researcher to prepare and plan for the actual data collection process.

3.6 Data Analysis and Presentations

The data was analyzed using descriptive statistics comprising of mean scores, standard deviations, frequency distribution, percentages and factor analysis. The analyzed data was presented using tables and figures.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter presents analysis of the data on the factors influencing employee retention in the state corporations in Kenya. The study targeted a sample of 54 respondents out of which 41 respondents gave their responses giving a response rate of 75.9%. 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; a rate of 60% is good and a response rate of 70% and above is excellent.

4.2 Background Information

4.2.1 Number of Years Served in the State Corporation

The study sought to determine the number of years the respondents had served in the state corporation. The results are shown in table 4.1 below.

Table 4.1: Number of Years Served in the State Corporation

	Frequency	Percent %
1–5 years	2	4.9
6–10 years	5	12.2
11–15 years	8	19.5
16–20 years	11	26.8
21 years and above	15	36.6
Total	41	100.0

From the findings in table 4.1, it was found that 36.6% of the respondents had served in the state corporations for 21 years and above, 26.8% of the respondents had served for 16–20

years, 19.5% had worked in state corporations for 11–15 years, 12.2% had worked for 6–10 years while 4.9% had worked for 1–5 years. This implied that these respondents had worked in state corporations for a duration long enough to be conversant with the operations of state corporations hence they were in position to give reliable information on the factors influencing employee retention in the state corporations.

4.2.2 Number of Years Served as Head of the Human Resource Function

The respondents were requested to indicate how long they had served as head of the human resource function. The findings are presented in the table below.

Table 4.2: Number of Years Served as Head of the Human Resource Function

	Frequency	Percent %
1–5 years	9	22.0
6–10 years	17	41.5
11–15 years	13	31.7
16–20 years	2	4.9
Total	41	100.0

From the findings in table 4.2, majority (41.5%) of the respondents had served as head of the human resource function for 6–10 years, 31.7% had served for 11–15 years, and 22.0% had served for 1–5 years while 4.9% had served for 16–20 years. The above findings show that the respondents had been heads of human resource functions for duration adequate for them to be knowledgeable and experienced about the human resource management and aware of the factors influencing employees’ retention.

4.3 Factors Influencing Employee Retention

These factors comprise of employee empowerment, employee training and career development, employee compensation, performance appraisal and employee commitment.

4.3.1 Employee Empowerment

The study sought to establish the respondents' level of agreement with statements that represent measures of employee empowerment. Table 4.3 below shows the findings.

Table 4.3: Means and Standard Deviations for measures of Employee Empowerment

Employee Empowerment	Mean	Std. Deviation
Adequate working equipment	2.42	1.015
Readily available loan facilities	3.25	1.461
Opportunities for Professional Growth	2.73	1.032
Well defined goals and objectives	3.64	0.712
Well defined Job Descriptions	3.58	0.918
Guaranteed Job Security	3.19	0.816
Stress Management Programs	2.87	1.202
Average Total	3.10	1.022

As shown in table 4.3, slightly more than 50% of the respondents disagreed that adequate working equipment was a measure of employee empowerment in their organization as shown by mean of 2.42. The availability of loan facilities indicated by a mean of 3.25, opportunities for professional growth indicated by a mean of 2.73, well-defined goals and objectives indicated by a mean of 3.64, well-defined job descriptions indicated by a mean of 3.58, guaranteed job security indicated by a mean of 3.19 as well as stress management programs indicated by a mean of 2.87 were all rated well above the average (i.e. 2.5).

4.3.2 Employee Training and Career Development

The respondents were asked to rate the extent of their agreement or disagreement with statements describing measures of training and career development. The findings are presented in table 4.4.

Table 4.4: Means and Standard Deviations for measures of Employee Training and Career Development

Employee Training and career development	Mean	Std. Deviation
Employees enjoy training and career development programs.	3.81	1.046
Employee training and career development benefits are in place.	3.54	0.848
Employees are satisfied with the training and career development offered to them by the organization.	3.71	0.972
Employee training and career development programs offered are linked to each employee's career needs.	2.96	1.168
The organization offers sponsored training to employees.	4.25	1.013
Average Total	3.65	1.009

As evident in table 4.4, the respondents agreed that the employees have training and career development programs as depicted by mean score of 3.81. On the statement that employee training and career development benefits were in place, respondents agreed as shown by mean of 3.54. They equally agreed with the statement that employees were satisfied with the training and career development offered to them by the organization as indicated by mean of 3.71. Regarding the statement that employee training and career development programs offered were linked to each employee's career needs, respondents agreed moderately as shown by mean of 2.96. Lastly, the respondents agreed that their corporation offered sponsored training to its employees as indicated by mean of 4.25.

4.3.3 Employee Compensation

The respondents were required to indicate their level of agreement or disagreement with a series of statements on compensation offered by their respective corporations. The means and standard deviations were computed from the responses and summarized in table 4.5.

Table 4.5: Means and Standard Deviations for measures of Employee Compensation

Employee compensation	Mean	Std. Deviation
The rewards and benefits offered are commensurate with the amount and quality of work done.	2.37	1.414
The rewards and benefits offered are comparable with what the market offers.	2.92	0.968
Employees are satisfied with the number of annual leave days given by the organization.	3.49	1.253
The employees are satisfied with the educational subsidies given by the organization.	3.51	1.162
Average Total	3.07	1.199

From the results presented in table 4.5 above, the respondents showed moderate disagreement with the statement that rewards and benefits offered were commensurate with the amount and quality of work done as indicated by mean of 2.37. As to whether the rewards and benefits offered were comparable with what the market offered, the respondents agreed moderately as indicated by mean of 2.92. Asked if employees were satisfied with the number of annual leave days given by the organization, the respondents were moderately satisfied as shown by mean of 3.49 and when further asked whether they were satisfied with the educational subsidies given by the organization, the respondents agreed as indicated by mean of 3.51.

4.3.4 Performance Appraisal

The study further sought to establish respondents' level of agreement or disagreement with the following statements regarding Performance Appraisal. Table 4.6 presents the findings.

Table 4.6: Means and Standard Deviations for measures of Performance Appraisal

Performance Appraisal	Mean	Std. Deviation
The organization has an effective and transparent performance appraisal process in place.	3.72	1.183
Employees' career goals are established and supported by the performance appraisals.	3.19	1.174
Feedback from performance appraisals leads to enhanced employee development.	3.87	0.914
Performance appraisal system encompassing mentoring and coaching of employees is in place.	3.51	1.343
Average Total	3.57	1.154

From the results in table 4.6, when asked whether the organization had an effective and transparent performance appraisal process in place, majority of the respondents agreed as indicated by mean of 3.72. On whether employees' career goals were established and supported by the performance appraisals, the respondents agreed moderately as indicated by mean of 3.19. When asked whether the feedback from performance appraisals led to enhanced employee development, the respondents agreed as shown by mean of 3.87. They equally agreed that performance appraisal systems encompassing mentoring and coaching of employees were in place as indicated by mean of 3.51.

4.3.5 Employee Commitment

The study also sought to find the level of respondents' agreement or disagreement with on the following statements regarding employees' commitment. Table 4.7 below presents the findings.

Table 4.7: Means and Standard Deviations for measures of Employee Commitment

Employee Commitment	Mean	Std. Deviation
Employees are committed to work in the organization because they don't want to lose their benefits (e.g. retirement benefit)	2.29	1.231
Employees are committed to work for the organization until they retire.	3.14	1.211
There is job security which encourages employee to remain in the organization.	3.38	0.962
Employees are recognized and rewarded for their commitment and dedicated service to the organization.	2.91	1.133
Employees are proud to tell others that they are part of the organization.	3.51	1.092
Employees' intention to continue working with the organization is influenced by their commitment.	3.26	0.814
Average Total	3.08	1.074

As evident from table 4.7, respondents moderately disagreed that employees were committed to work in the organization because they did not want to lose their benefits (e.g. retirement benefit), as shown by mean of 2.29. On the statement that employees were committed to work for the organization until they retire, the respondents agreed moderately as indicated by a mean of 3.14. On the statement that job security encouraged employees to remain in the organizations, the respondents again moderately agreed as indicated by mean of 3.38. The respondents moderately disagreed with the statement that employees were recognized and rewarded for their commitment and dedicated service to the organizations, as indicated by mean of 2.91. The findings also established that respondents were in agreement with the statement that employees were proud to tell others that they were part

of the organizations as indicated by mean of 3.51. The findings further established that the respondents were in agreement with the statement that employees' intention to continue working with the organization was influenced by their commitment as shown by mean of 3.26.

4.4 Summary of the Relative Importance of Factors influencing Employee Retention in the State Corporations in Kenya

A summary of the relative importance of the factors influencing employee retention in the state corporations in Kenya is depicted in table 4.8 below.

Table 4.8 Summary of the Relative Importance of Factors influencing Employee Retention in the State Corporations in Kenya

Factor Influencing Employee Retention	Average Total Mean	Rank
Employee Training and Career Development	3.65	1
Performance Appraisal	3.57	2
Employee Empowerment	3.10	3
Employee Commitment	3.08	4
Employee Compensation	3.07	5

As evident from the summarized findings in table 4.8, employee training and career development ranked first as the most important factor influencing employee retention in state corporations in Kenya as shown by an average total mean of 3.65, followed by performance appraisal as indicated by an average total mean of 3.57, employee empowerment as indicated by an average total mean of 3.10, employee commitment as

shown by an average total mean of 3.08 and lastly employee compensation as shown by an average total mean of 3.07.

CHAPTER FIVE

SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

The purpose of this study was to establish the factors influencing employees' retention in the state corporations in Kenya. The summary of the findings, conclusion and recommendations are presented below.

5.2 Summary of Findings

It was established that majority of the respondents had served in the state corporations for 21 years and above as indicated by 36.6%, and that most of the respondents had been serving as head of the human resource function for 6–10 years as shown by a mean score of 41.5% thus lending credibility to the findings of the study. With regard to the measures of employee empowerment influencing retention, opportunities for professional growth as shown by mean of 2.73, the availability of loan facilities as indicated by mean of 3.25, well defined goals and objectives as indicated by mean of 3.64, well defined job descriptions as indicated by mean of 3.58, guaranteed job security as indicated by mean of 3.19 and stress management programs as indicated by mean of 2.87 were all rated well above the average (i.e. 2.5). Slightly over 50% of the respondents disagreed that adequate working equipment as a measure of employee empowerment influenced retention as shown by mean of 2.42.

On the issue of employee training and career development, the respondents agreed with the statements that organizations offered sponsored training to employees shown by mean of

4.25, company employees received training and career development on regular basis as shown by mean score of 3.81, employees were satisfied with the training and career development offered to them by the organization as shown by mean of 3.71 and that employee training and career development benefits were in place as shown by mean of 3.54. The respondents' level of agreement was, however, moderate on the statement that employee training and career development programs offered are linked to each employee's career needs as shown by mean of 2.96.

Regarding employees compensation, the study found that the employees were satisfied with the educational subsidies given by the organization as indicated by mean of 3.51. The study further established that the respondents' level of agreement was moderate on the statements that employees were satisfied with the number of annual leave days given by the organization as shown by mean of 3.49 and that rewards and benefits offered were comparable with what the market offered as shown by mean of 2.92. The respondents disagreed with the statement that rewards and benefits offered were commensurate with the amount and quality of work done as indicated by mean of 2.37.

On the issue of performance appraisal, the respondents agreed that their organization had an effective and transparent performance appraisal process in place as shown by mean of 3.72, feedback from performance appraisals led to enhanced employee development as shown by mean of 3.87 and that performance appraisal system encompassing mentoring and coaching of employees were in place as shown by mean of 3.51. The findings further established that the respondents moderately agreed that employees' career goals were established and supported by the performance appraisals as shown by mean of 3.19.

With regard to employees' commitment, it was established that the respondents were in agreement that employees were proud to tell others that they were part of the organizations as shown by mean of 3.51. The study finally established that respondents' level of agreement was moderate with the statements that job security encouraged employees to remain in the organizations as shown by mean of 3.38, employees were committed to work for the organization until they retire as shown by a mean of 3.14, employees were recognized and rewarded for their commitment and dedicated service to the organizations as shown by mean of 2.91, and that employees' intention to continue working with the organization is influenced by their commitment as shown by mean of 3.26. The respondents' disagreed with the statement that employees were committed to work in the organization because they did not want to lose their benefits (e.g. retirement benefit) as shown by mean of 2.29.

5.3 Discussion of Findings

From the findings of the study, it was established that employee's retention was influenced by employee's empowerment, training and career development, employee compensation, performance appraisal and employees commitment. These findings are consistent with those of Lathan (1988) who established that if the training is relevant and if it is efficiently and effectively designed and delivered, it should impart new knowledge and skills as well as meet the employees' and organizational needs. As Huselid ((1995) argued, improvement in performance such as productivity, quality and services are the training outcomes provided that the job is strategically aligned to the organization's needs. For an individual employee, if their desired needs are fulfilled through the training programs provided, there is no doubt that the desired outcome by the organization, retention on employees, will be

reached. From the findings, the presence of opportunities for professional growth, well defined goals and objectives and job descriptions contribute to the retention of employees in state corporations.

The study further established that employees' retention is influenced by readily available loan facilities, guaranteed job security and stress management programs. According to Ogilvie (1986), these types of Human Resource Management (HRM) practices are more likely to have a positive impact on employee commitment and satisfaction than employee demographics or job characteristics.

The study established that employees were satisfied with the number of annual leave days given by the organization and that rewards and benefits offered were comparable with what the market offered. Rewards and benefits offered were not commensurate with the amount and quality of work done. These findings are consistent with Reville, Boden and Biddle (2003), benefits, such as pension, life and health insurance, retirement plans and allowances that include company cars or subsidized transportation, all represent a significant pay element in many large firms which go a long way in improving employee commitment to an organization and hence employee retention. Well remunerated employees will find little reason to leave to another organization provided the tasks are challenging enough.

The study also established that an effective and transparent performance appraisal process was in place at state corporations and that feedback from performance appraisals led to enhanced employee development and that performance appraisal systems encompassing mentoring and coaching of employees were also in place. These findings are consistent

with the argument of Gruman and Saks (2011) who argued that in order to enhance organizations' ability to survive through turbulent environment; most top corporations take great care in managing the performance measures of their employees. The employees were also proud to tell others that they were part of the organizations and that job security had an influence on employee retention in the organizations. The employees were recognized and rewarded for their commitment and dedicated service to the organizations.

5.4 Implications of Findings

The study found out that employees' retention was influenced by employee's empowerment, training and career development, employee compensation, performance appraisal and employees commitment. These findings therefore imply that in order for government and other organizations to promote the level of employee retention, they need to find ways of empowering their employees through training and career development. Through training and career development, employees are equipped with skills necessary in their career development.

In addition, the Government and other organizations need to remunerate their employees competitively and have fair appraisal performances as this will promote employee commitment in the organization. In return, this will improve an organization's performance. This is also supported by the finding where it was established that giving employees' educational subsidies influenced the retention to a great extent and that their level of adoption in state corporations was great.

5.5 Conclusion

The study concluded that employee's retention was influenced by employee's empowerment, training and career development, employee compensation, performance appraisal and employees commitment. The presence of opportunities for professional growth, well defined goals and objectives and job descriptions contribute to the retention of employees in state corporations. The study further concludes that the extent to which employees' retention is influenced by readily available loan facilities, guaranteed job security and stress management programs is moderate and that adequate working equipment does not influence employee retention in their organization.

The study further concluded that training and career development were adopted to a great extent by the state corporations and that they offered sponsored training and career development programs and that employees were satisfied with the training and career development offered to them by the organization. The study further concluded that employee training and career development benefits were in place and that they influenced employees' retention to a great extent. The study further concluded that the extent to which employee training and career development programs offered were linked to each employee's career needs was moderate. The study also concluded that giving employees' educational subsidies influenced the retention to a great extent and that their level of adoption in state corporations was great. The study further concluded that to a moderate extent, employees were satisfied with the number of annual leave days given by the organization and that rewards and benefits offered were comparable with what the market offered. The study further concluded that rewards and benefits offered were not commensurate with the amount and quality of work done. The study also concluded that an

effective and transparent performance appraisal process was in place at state corporations and that feedback from performance appraisals led to enhanced employee development and that performance appraisal systems encompassing mentoring and coaching of employees were also in place. The study further concluded that to a moderate extent, the employees' career goals were established and supported by the performance appraisals.

The employees were also proud to tell others that they were part of the organizations and that job security had an influence on employee retention in the organizations. It was also concluded that employees were committed to work in the organization because they did not want to lose their benefits and that they were committed, to a moderate extent, to work for the organization until they retire. The study also concluded that the employees were recognized and rewarded for their commitment and dedicated service to the organizations.

5.6 Recommendations

The study recommended that government should enact policies that ensure that the working environment in the state corporations promotes employees retention. The policy makers should enact policies that promote the implementation of aspects contributing to the retention of employees in the state corporations.

The findings further established that respondents disagreed with the statement that rewards and benefits offered were commensurate with the amount and quality of work done. It is therefore recommended that the management should take actions aimed at ensuring that employees are rewarded accordingly and benefits offered to them be improved.

It established that the employees' commitment to working in state corporations was moderate. This study therefore recommends that measures should be taken to ensure that the employees' commitment is enhanced in the state corporations.

5.7 Suggestions for further Studies

This study concentrated on establishing the factors influencing employees' retention in the state corporations in Kenya. This study therefore recommends that another study be done on employee retention in other private organizations.

Further studies should also be done to establish how employees' retention factors adopted by state corporations and non-state corporations compare.

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APPENDIX I: QUESTIONNAIRE

Section A: Background Information. (Please tick and fill answers as appropriate)

1. How many years have you served in this state corporation?

1 – 5 years () 6 – 10 years () 11 – 15 years ()

16 – 20 years () 21 years and above ()

2. How long have you served as head of the human resource function?

1 – 5 years () 6 – 10 years () 11 – 15 years ()

17 – 20 years () 21 years and above ()

Section B: Factors Influencing Retention

3. Rate the extent to which each of the statements in the matrix represented below influences employee retention in your organization. Use a scale of 5-1 where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree. (Please tick one per statement).

Employee Empowerment	5	4	3	2	1
i. Adequate working equipment					
ii. Readily available loan facilities					
iii. Opportunities for Professional Growth					
iv. Well defined goals and objectives					
v. Well defined Job Descriptions					
vi. Guaranteed Job Security					
vii. Stress Management Programs					

4. Rate the extent to which each of the statements in the matrix represented below influences employee retention in your organization. Use a scale of 5-1 where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree. (Please tick one per statement).

Employee Training and career development	5	4	3	2	1
i. Employees enjoy training and career development programs.					
ii. Employee training and career development benefits are in place.					
iii. Employees are satisfied with the training and career development offered to them by the organization.					
iv. Employee training and career development programs offered are linked to each employee's career needs.					
v. The organization offers sponsored training to employees.					

5. Rate the extent to which each of the statements in the matrix represented below influences employee retention in your organization. Use a scale of 5-1 where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree. (Please tick one per statement).

Employee compensation	5	4	3	2	1
i. The rewards and benefits offered are commensurate with the amount and quality of work done.					
ii. The rewards and benefits offered are comparable with what the market offers.					
iii. Employees are satisfied with the number of annual leave days given by the organization.					
iv. The employees are satisfied with the educational subsidies given by the organization.					

6. Rate the extent to which each of the statements in the matrix represented below influences employee retention in your organization. Use a scale of 5-1 where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree. (Please tick one per statement).

Performance Appraisal	5	4	3	2	1
i. The organization has an effective and transparent performance appraisal process in place.					
ii. Employees' career goals are established and supported by the performance appraisals.					
iii. Feedback from performance appraisals leads to enhanced employee development.					
iv. Performance appraisal system encompassing mentoring and coaching of employees is in place.					

7. Rate the extent to which each of the statements in the matrix represented below influences employee retention in your organization. Use a scale of 5-1 where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree. (Please tick one per statement).

Employee Commitment	5	4	3	2	1
i. Employees are committed to work in the organization because they don't want to lose their benefits (e.g. retirement benefit)					
ii. Employees are committed to work for the organization until they retire.					
iii. There is job security which encourages employee to remain in the organization.					
iv. Employees are recognized and rewarded for their commitment and dedicated service to the organization.					
v. Employees are proud to tell others that they are part of the organization.					
vi. Employees' intention to continue working with the organization is influenced by their commitment.					

THANK YOU!

APPENDIX II

LIST OF STATE CORPORATIONS IN KENYA

1	Agricultural Development Corporation
2	Agricultural Finance Corporation
3	Agro Chemical and Food Company
4	Appeals Tribunal Board
5	Athi Water Services Board
6	Bomas of Kenya
7	Bondo University College
8	Brand Kenya Board
9	Bukura Agricultural College
10	Capital Markets Authority
11	Catering Tourism and Training Development Levy Trustees
12	Chemelil Sugar Co. Ltd
13	Chuka University College
14	Coast Development Authority (CDA)
15	Coastal Water Services Board
16	Coffee Board of Kenya
17	Coffee Development Fund
18	Coffee Research Foundation
19	Commission For Higher Education
20	Communications Commission of Kenya
21	Consolidated Bank
22	Cooperative College of Kenya
23	Cotton Development Authority
24	Egerton University
25	Energy Regulatory Commission (ERC)
26	Ewaso Nyiro North Development (ENNDA)
27	Ewaso Nyiro South Development (ENSDA)
28	Export Processing Zones Authority
29	Export Promotion Council

30	Geothermal Development Company (GDC)
31	Higher Education Loans Board (HELB)
32	Horticultural Crops Development Authority (HCDA)
33	IDB Capital
34	Industrial and Commercial Development Corporation
35	Insurance Regulatory Authority
36	Jomo Kenyatta Foundation
37	Jomo Kenyatta University of Agriculture and Technology
38	Kabianga University College
39	Kenya Accountants & Secretaries National Examinations Board
40	Kenya Agricultural Research Institute
41	Kenya Airports Authority
42	Kenya Broadcasting Corporation
43	Kenya Bureau of Standards
44	Kenya Civil Aviation Authority
45	Kenya Coconut Development Authority
46	Kenya Copyright Board
47	Kenya Dairy Board
48	Kenya Electricity Generating Company
49	Kenya Electricity Transmission Company (KETRACO)
50	Kenya Film Commission
51	Kenya Forest Service
52	Kenya Forestry Research Institute (KEFRI)
53	Kenya Industrial Estates
54	Kenya Industrial Property Institute (KIPI)
55	Kenya Industrial Research Development Institute (KIRDI)
56	Kenya Institute of Administration
57	Kenya Institute of Public Policy Research and Analysis
58	Kenya Institute of Special Education (KISE)
59	Kenya Investment Authority
60	Kenya Literature Bureau

61	Kenya Maritime Authority
62	Kenya Meat Commission
63	Kenya Medical Supplies Agency
64	Kenya Medical Training Centre
65	Kenya National Assurance 2001 Ltd
66	Kenya National Bureau of Statistics
67	Kenya National Examination Council
68	Kenya National Highways Authority
69	Kenya National Library Service (KNLS)
70	Kenya National Trading Corporation (KNTC)
71	Kenya Pipeline Company Ltd
72	Kenya Plant Health Inspectorate Services (KEPHIS)
73	Kenya Ports Authority
74	Kenya Post Office Savings Bank
75	Kenya Power and Lighting Company
76	Kenya Railways Corporation
77	Kenya Reinsurance Corporation Ltd
78	Kenya Revenue Authority
79	Kenya Roads Board
80	Kenya Rural Roads Authority (KERRA)
81	Kenya School of Law
82	Kenya Seed Company
83	Kenya Sisal Board
84	Kenya Sugar Board
85	Kenya Sugar Development Fund
86	Kenya Sugar Research Foundation
87	Kenya Tourist Development Corporation
88	Kenya Urban Roads Authority (KURA)
89	Kenya Utalii College
90	Kenya Water Institute
91	Kenya Wildlife Services

92	Kenya Wine Agencies Limited
93	Kenyatta International Conference Centre
94	Kenyatta National Hospital
95	Kenyatta University
96	Kerio Valley Development Authority
97	Kimathi University College
98	Kisii University College
99	Laikipia University College
100	Lake Basin Development Authorities (LBDA)
101	Lake Victoria North Water Services Board
102	Local Authority Provident Fund
103	Marine Fisheries Research Institute
104	Maseno University
105	Masinde Muliro University
106	Meru University College
107	Moi Referral & Teaching Hospital
108	Moi University
109	Muhoroni Sugar Company
110	Multimedia University College of Kenya
111	Narok University College
112	National Agency for Campaign against Drug Abuse
113	National Aids Council
114	National Cereals and Produce Board
115	National Coordinating Agency for Population and Development
116	National Council for Persons with Disabilities
117	National Crime Research Centre
118	National Hospital Insurance Fund
119	National Housing Corporation
120	National Irrigation Board
121	National Museums of Kenya
122	National Oil Corporation of Kenya Ltd

123	National Social Security Fund (NSSF)
124	National Water Conservation and Pipeline Corporation
125	New Kenya Co-Operative Creameries Ltd
126	Ngo's Co-Ordination Bureau
127	Northern Water Services Board
128	Numerical Machines Complex
129	Nyayo Tea Zones Development Corporation
130	Nzoia Sugar Company
131	Pesticide Control Products Board (PCPB)
132	Pharmacy & Poisons Board
133	Policyholders Compensation Fund
134	Postal Corporation of Kenya
135	Privatization Commission
136	Public Procurement and Oversight Authority (PPOA).
137	Pwani University College
138	Pyrethrum Board of Kenya
139	Retirement Benefits Authority
140	Rift Valley Water Services Board
141	Sacco Societies Regulatory Authority (SASRA)
142	School Equipment Production Unit
143	South Nyanza Sugar Co. Ltd
144	Sports Stadia Management Board
145	Tana and Athi Rivers Development Authorities (TARDA)
146	Tana Water Services Board
147	Tanathi Water Services Board
148	Tea Board of Kenya
149	Tea Research Foundation of Kenya
150	Teachers Service Commission
151	The Mombasa Polytechnic University College
152	University Of Nairobi
153	Water Services Regulatory Board

154	Water Services Trust Fund
155	Youth Enterprise Development Fund (YEDF)