

**INFLUENCE OF EMPLOYEE RETENTION STRATEGIES ON
THE PERFORMANCE OF KENYA POWER AND LIGHTING
COMPANY LIMITED**

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DECLARATION

This research project is my original work and has not been presented to any other institution or university.

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This research project has been submitted for examination with our approval as the university supervisors.

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DEDICATION

I wish to dedicate this project to my entire family.

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To my almighty God for seeing me through the entire MBA programme, without the help of God I would not have made it. His grace was sufficient all through, Glory and Honor to him.

Special thanks to my supervisor Dr Mercy Gacheri Munjuri for her advice, guidance and suggestions throughout the project.

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ABSTRACT

The purpose of the study was to investigate the influence of employee retention strategies on the performance of Kenya Power and Lighting Company Limited. The literature is mainly on theoretical foundation of the study, employee retention, organizational performance and effects of Employee Retentions on Organizational Performance. For this study, the research design was a case study due to the fact that the unit of analysis is one organization. The study collected data from the primary sources. An interview guide was used in collecting the primary data. The participants of the study were the General Manager, Human Resources and Administration managers since they have vital information and knowledge pertaining to this study. The interview guide was administered through a personal interview in order to get his opinion on the influence of employee retention strategies on the performance of Kenya Power and Lighting Company Limited. Intelligent employers always realize the importance of retaining the best talent. Some of the strategies used by KPLC include offering things like competitive salaries, profit sharing, bonus programs, pension and health plans, paid time off, and tuition reimbursement this sends a powerful message to employees about their importance at the organization. From the study findings it is clear that having proper retention strategy is important to retain employees. Employees need to feel valued and appreciated. This study has provided readers with a better understanding of tools to motivate and retain individuals through best techniques available. The study concluded that having proper retention strategy is important to retain employees thus there was a clear justification that employee retention strategies influences performance of Kenya Power and Lighting Company Limited. Managers at Kenya Power and Lighting Company Limited should examine the sources of employee retention strategies and recommend the best approach to fill the gap of the source, so that they can be in a position to retain employees in their organization to enhance their competitiveness in the this world of globalization. The study further recommends that further studies should be done on the effect of employed retention strategies on customer retention as this is a broad topic that should be researched on since customer retention is key to organizational performance.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Employee Retention is one of the imperative issues within competitive organizations today as employees are the most valuable assets in any organization. Normally it is in a company's best interest to put its effort in retaining the talented employees that they have, and not recruiting anyone new (Branham, 2005). It will take true skill and knowledge to be able to guide such a challenging and hectic environment where change is almost apparent daily as new technologies are discovered in such a short span of time. The retention of top employees will also ensure the frequent outputs through products and services (Chew, 2004).

Basically, small businesses suffer more because of employees' high expectation. Now-a-days the employees need and wants to grow every day and they want more than their salary. As a result employee turnover is increasing. On the other side the importance of retention become very important for every organization (Ming, 2008). A study by Kottolli (2010) found out that employee retention tends to increase organizational performances. Retention also encourages current employees to remain with the organization. Long term service of employee's means they are efficient and effective to their job duties. Again they know very well how to job done. On the other side retention can save several costs to the organization. Such as, hiring cost, training cost, productivity cost, replacement cost and efficiency cost (Harris, 2000). Employee retention has several

benefit but employees' turnovers has several disadvantages. Some of the article shows that, "turnover is a silent but significant profit killer" (Kottolli, 2010).

This study is in the body of knowledge under the theory of organizational equilibrium, Vroom expectancy theory (1964) and Herzberg's (1974) motivation-hygiene theory. Theory of organizational equilibrium generally postulates that desirability of movement is commonly defined by the individual's satisfaction with the job, whereas ease of movement generally reflects perceived or actual job alternatives in the external market. Viewed from the perspective of retention, the model suggests that employees will be more likely to stay when they are satisfied with their jobs and believe that there are few alternatives available (Mobley et al., 1979). Vroom expectancy theory suggested that individuals will choose behaviours they believe will result in the achievement of specific outcomes they value. Managers should therefore attempt to ensure their employees that increased effort will lead to higher performance which will hence lead to valued rewards (Heathfield, 2000).

In line with Herzberg's (1974) view, unsafe working conditions or a noisy work environment would cause employees to be dissatisfied with their job but their removal will not lead to a high level of motivation and satisfaction other examples of hygiene factors include, salary, status, security, supervision and company policy. On the other hand motivators, leading to job satisfaction are associated with the nature of the work itself. They are those job related practices such as assignment of challenging jobs,

achievement, work itself, recognition, and responsibility advancement and opportunities for growth in the job (Breugh, 2000).

Fitz-enz (1997) stated that there is significant economic impact when an organization loses any of its critical employees, especially given the knowledge that is lost with the employee's departure. It will become significantly more important in the years ahead to recognize the commitment of individuals to an organization, as well as the organization's need to create an environment in which one would be willing to stay (Harris, 2000). Employee turnover is affected by the organizations external and internal environmental factors. Increase in demand and better working conditions for particular skilled labour in the industry, the social and cultural factors of the environment within which the organization operates are all external factors that influence employee turnover. Internal factors such as the organizations structure, reward packages and policies also affect the employee turnover (Cooper, 2007). Organizations such as KPLC will need to either create an intellectual capital environment where the transmission of knowledge takes place throughout the structure, or continue to lose important individual knowledge that has been developed during the length of service (Njanja et al., 2013). This deep knowledge is what many believe will help to meet the needs and expectations of the customers and to create and sustain a competitive advantage within the global economy in which organizations are competing in today.

1.1.1 Employee Retention

Hodson and Roscigno, (2004) define retention as “the effort by an employer to keep desirable workers in order to meet business objectives”. Retention is the ability to hold onto those employees you want to keep, for longer than your competitors (Johnson, 2000). The retention should be analyzed at more than just a single level the influence of employee retention can arise at multiple levels (Mahal, 2012). Retention is considered as multifaceted component of an organization’s human resource policies. It begins with the hiring of right people and persists with working agendas to keep them involved and devoted to the organization (Mahal, 2012).

Employee retention is a concern for many organizations. It is costly to replace personnel, and often the individuals who leave take proprietary knowledge that is impossible to replace. Employee retention concept is not just retaining a single or few employees but it’s the future of retaining competitive sustainability of most effective manpower-key asset of any organization (Lawler, 2001). Based on his review of the literature, Ryan (2000) concludes that an employee departs because the current employment proposition is unsatisfactory. Every employment proposition consists of some mixture of tangibles such as pay and benefits, and intangibles such as relationships with colleagues, work-life balance, and trust in management. When the current position is not meeting employee’s needs and an opportunity to join another organization is available.

The key to retaining key employees lies on the organization’s capability of supporting employees by understanding and answering to their intrinsic motivators. It is important

for employees to perceive a positive and valuing attitude of the organization toward them in order to have greater motivation for staying in the company. Such condition for employee retention is based on the social exchange theory which holds that the exchange relationship between employer and employee goes beyond exchange of impersonal resources such as money, information, and service. It also involves social exchange of socio emotional resources such as respect, approval, and support (Eisenberger et al., 2002).

1.1.2 Organizational Performance

According to Chen (2002), organizational performance means the “transformation of inputs into outputs for achieving certain outcomes. With regard to its content, performance informs about the relation between minimal and effective cost (economy), between effective cost and realized output (efficiency) and between output and achieved outcome (effectiveness)”. There are various ways to understand organization performance but in this study it has been judged upon the growth of the company. Performance can be explained as all the activities or investment carried out in the firm in the given period of time. It can be measured by total amount of revenue collected for the goods or services sold. Growth revenue defines as total amount of money collected by the company for the goods they sold in a specific time and this amount is calculated before any expenses are subtracted (Chen 2002).

Effectiveness of the organization depends on the three basics performance determinants: Efficiency and process reliability, Human resource and relations, Innovation and

adaptation to environment (Gowry, 2011). Efficiency is defined as a term practiced by organization or firm to use people and resources to carry out important operations in way which minimizes the costs. When the resources will be used in a proper way as compared to the competitors the cost of operation will decrease and the profit margin will increase. Efficiency is important when the competitive strategy of the firm offers products and services at lower rates than the competitors. Human resource relation is defined as trust organizational commitment, collective identification and cooperation among the employees (Gowry, 2011). Innovative adaption includes increase in market share, sales growth from year to year, generating and maintaining loyal customer base.

A growing body of research links high turnover rates to shortfalls in organizational performance. Likewise, reducing turnover rates has been shown to improve sales growth and workforce morale. In addition, high-performance HR practices (including reduction of dysfunctional turnover rates) increase firm market value. These relationships become even more pronounced when you consider who is leaving. For instance, research shows that high turnover among employees with extensive social capital can dramatically erode firm performance (Hodson and Roscigno, 2004).

Effective employee retention is the systematic effort by the employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs. A strong retention strategy eventually becomes a powerful recruitment tool. Employee retention matters as training, time, investment, lost knowledge and candidate search are involved in recruitment of a

new employee. Hence, these employees are extremely crucial to the organization since their value to the organization is essentially intangible and not easily replicated.

1.1.3 Kenya Power and Lighting Company

Kenya power and lighting company is a limited liability company which transmits, distributes and retails electricity to customers throughout Kenya. Kenya power and lighting company is a public company and is listed at the Nairobi Stock Exchange (NSE). Kenya power and lighting company is committed to providing high quality customer service by efficiently transmitting and distributing high quality electricity that is safe, adequate and reliable at cost effective tariffs. The Board, Management and staff of Kenya power and lighting company are committed to effective implementation and continual improvement of the Quality Management System that complies with ISO 9001:2008 in order to consistently meet its customers and other stakeholder's requirements and expectations (GoK, 2010).

It is a government corporate that deals with distribution of power. It serves more about 200,000 customers. It had a turnover of about 60 billion shillings from various business units. The company is majorly divided into four business regions with a mix of 8 business functions. Kenya power and lighting company is a limited liability company which transmits, distributes and retails electricity to customers throughout Kenya. Kenya power and lighting company is a public company and is listed at the Nairobi Stock Exchange (KPLC Annual Report, 2011/12).

Kenya power and lighting company has a staff complement of over 7,000 employees. The organisations recruits and aims at retaining highly motivated professional staff in order to meet its corporate goals. Great importance is attached to ensuring that employees have requisite competencies to perform their work and also realize their potential through regular staff training and development programmes. On-the-job training is the foundation upon which all other training must depend, and the organisations acknowledges the role its experienced employees play in training their colleagues (Njanja et al., 2013).

1.2 Research Problem

Various studies have revealed that more challenging issues have emerged while developing organizational performance. Retention challenge is due to greater movement in global learning society. As the world is moving towards more industrialization, employment opportunities are also keeping pace with this development hence employee retention has gained the attention as a major issue in the development of organizational competence (Allen, & Griffeth, 2001). Management can no more influence the decision of employees, to leave or to stay. Employee retention has become a critical factor of influence for performance of the larger organizations. Several factors generates a significant influence on employee retention either increasing or not. Individuals have become more demanding regarding their jobs and tasks (Ming, 2008). Employee retention is one of the strategies used in organizations to improve organizational performance. Researchers, practitioners and scholars have established that there is a positive link between employee retention and desired performance (Harris, 2000).

Most studies assume that employee retention strategies can affect job performance; therefore, organizations that need to retain their employees need to adopt policies and practices that lead to performance on the job (Mitchell, et al., 2001; Somaya & Williamson, 2008). Tibelius (2010) in his study on terms of service (type of employment contract, remuneration and job security) and job retention among academic staff in Makerere University revealed that satisfaction with employment contracts affects lecturers intentions to retain jobs which depends on remuneration obtained and satisfaction with job security coming out as the last retention influencer. This study did not however highlight if job retention led to higher job performance among the staff. Boyens, (2007) in a study to investigate organizational socialization, career aspirations and turnover intentions among design engineers, found out that turnover had negative effects on productivity, product and service quality, and that profitability and the cost involved in hiring new employees was high and finding skilled employees can be difficult.

In a study by Muathe and Nzulwa (2013) to investigate the influence of employee rewards, job satisfaction and human resource policies on employee retention in Safaricom Limited. The results showed that when organizations' reward systems are adequate, it does not only lead to equity, but increase retention and also that job satisfaction and favourable human resource policies have positive link with retention. Ng'ethe, Namusonge and Iravo (2012) sought to find out the influence of leadership style on academic staff retention in public universities in Kenya. From the research it was

established that leadership style inversely and significantly influences intention to leave of academic staff and hence there is need to embrace leadership style that promotes staff retention for these institutions to thrive.

Arthur (1994) in a study to investigate role of human resource systems in employee retention, argued that human resource systems as an organizational context can moderate the relationship between turnover and organizational performance. He pointed out that employees in commitment-based human resource systems play more pivotal roles in organizational activities than employees in control-based human resource systems, and thus the negative relationship between turnover and organizational performance (Arthur, 1994). However this study did not highlight clearly how employee retention leads to organization performance. The problem of employee turnover raises a lot of concern in the company. If the needs of employees are properly addressed, labour turnover is not likely to rise. The risen level of labour turnover implies some job dissatisfaction. It is at the backdrop of this that this study seeks to investigate the influence of employee retention on the performance of the Kenya Power and Lighting Company Limited.

1.3 Research Objective

The general objective of this study was to investigate the influence of employee retention strategies on the performance of Kenya Power and Lighting Company Limited. To achieve this, the study was guided by the following specific objectives:

1. To investigate the employee retention strategies used by Kenya Power and Lighting Company Limited.

2. To explore the performance of the Kenya Power and Lighting Company Limited in the last 3 years.
3. To determine the influence of employee retention on the performance of the Kenya Power and Lighting Company Limited.

1.4 Value of the Study

The findings of this study will assist the management of Kenya Power and Lighting Company Limited to exercise organization control by diagnosing the training and development needs of the future. It will also provide information to assist in the human resource management such as employee retention that will help to strengthen the relationship and communication between management and subordinates thereby enhancing organizational performance.

Employees of Kenya Power and Lighting Company Limited will benefit from the findings of this study as employee retention will be a very effective tool to improve performance. This is by helping individuals to do better and to raise self-esteem and motivation, resulting in job satisfaction.

The study will be a source of reference material for future researchers on other related topics; it will also help other academicians who undertake the same topic in their studies. The study will also highlight other important relationships that require further research.

The research study can be valuable tool to the government in understanding the influence of employee retention on organizational performance of Kenya Power and Lighting Company Limited. This will help in coming up with policies and also come up with decision making and implementation processes of the policies related to employee retention.

Most importantly the findings of this study will help in enlightening the major stakeholders concerning the influence of employee retention strategies on the performance of Kenya Power and Lighting Company Limited and this will aid toward human resources policy formulation regarding employees' retention.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter shall review the literature available on theoretical foundation of the study, employee retention, organizational performance and effects of Employee Retentions on Organizational Performance is also reviewed.

2.2 Theoretical Foundation of the Study

One of the earliest models of turnover is March and Simon's (1958) theory of organizational equilibrium, in which the authors proposed that desirability of movement and ease of movement are the two main drivers of employee turnover. Desirability of movement is commonly defined by the individual's satisfaction with the job, whereas ease of movement generally reflects perceived or actual job alternatives in the external market (Lawler, 2001). Viewed from the perspective of retention, the model suggests that employees will be more likely to stay when they are satisfied with their jobs and believe that there are few alternatives available. Hence, job satisfaction and lack of alternatives are included here as two important factors in employees' decisions to stay. Employees would be satisfied (and thus more likely to stay) if they felt that the outcomes they received reflected the effort and other inputs that they had invested. More recently, organizational justice has been defined more broadly to include fairness perceptions related to outcomes, procedures, and interpersonal interactions, which have been shown to be related to employees' decisions to remain with their employer (Aquino, Griffeth, Allen, & Hom, 1997).

Vroom expectancy theory suggested that individuals will choose behaviours they believe will result in the achievement of specific outcomes they value. In deciding how much effort to put into work behaviour, individuals are likely to consider three things; valence, instrumentality and expectancy. All these factors are often referred to as 'VIE' and they are considered to influence motivation in a combined manner. Managers should therefore attempt to ensure their employees that increased effort will lead to higher performance which will hence lead to valued rewards (Heathfield, 2000). The relevance of this theory to the study is that KPLC has put up rewards (cash bonuses) that are supposed to be attractive so as to achieve a desired outcome which is organizational performance. Thus employees have to exert effort in their work that will lead to a certain level of performance that is desirable by management, which will then result to a reward.

According to Herzberg's motivation-hygiene theory (1974) the hygiene factors are those if fulfilled remove dissatisfaction; these are basic needs, working conditions and motivators. If these remain unsatisfied, they bring demotivation to work; employees tend to lose interest in work and attempt to find other employment opportunities (Breaugh, 2000). Herzberg concluded that factors which seemed to make an individual feel satisfied with their jobs were associated with the content of the job these were labeled motivators, yet factors that seemed to make individuals feel dissatisfied were associated with the job context; these he labeled hygiene factors. Herzberg argued that two entirely separate dimensions contribute to employee behavior at work. Hygiene factors and motivator hygiene factors refer to the presence or absence of job dissatisfies. When hygiene factors

are valued, work is dissatisfying. These are considered maintenance factors that are necessary to avoid dissatisfaction but they do not themselves contribute to the jobs satisfaction and motivation of personnel (Mahal, 2012). That is, they only maintain employees in the job. Therefore managers should provide hygiene factors to reduce sources of worker dissatisfaction and be sure to include motivators because they are the factors that can motivate workers and lead ultimately to job satisfaction, In line with Herzberg's view, unsafe working conditions or a noisy work environment would cause employees to be dissatisfied with their job but their removal will not lead to a high level of motivation and satisfaction other examples of hygiene factors include, salary, status, security, supervision and company policy (Mahal, 2012). On the other hand motivators, leading to job satisfaction are associated with the nature of the work if self. They are those job related practices such as assignment of challenging jobs, achievement, work itself, recognition, and responsibility advancement and opportunities for growth in the job (Breugh, 2000).

Herzberg (1974) argued that when motivators are absent, workers are neutral towards work, but when motivators are present, workers are highly motivated to excel at their work. For Charles, (2009) while studying factors which affect job satisfaction, and dissatisfaction of employees, came up with the view that the factors, which contribute to their satisfaction are, achievement, recognition and responsibility while those contributing to dissatisfaction were organizational policy and administration, interpersonal relationship, supervision and personal life.

2.3 Employee Retention Strategy

A strategy is the outcome of some form of planning, organized process for anticipating and acting in the future in order to carry out an organisations mission (Baker, 2007). The people who drive strategy in organisations are seen to be visionaries, the entrepreneurs and innovators. Many companies, particularly larger ones with fully developed Human Resource departments, engage in elaborate planning exercises in order to develop a cohesive and unitary strategy to deal with employee retention. Indeed, many experts within the Human Resource literature emphasize the importance of such exercises, and emphasize that good retention is best assured when companies take a strategic approach to the question. Employee Retention Strategy refer to policies and practices that an organization uses to satisfy the diverse needs of employees and create an environment that encourages them to stay with the organization. (Morgan, L. 2011).

Agrela, et al (2008) states the need to focus on the factors that affects retention leading to growth and success of organizations. Studies suggests that retention strategies, which effectively satisfy the needs of all employees consequently enhances the ability for companies to adapt more effectively to ongoing organizational change (Gale Group, 2006). Research shows that trends redefining modern retention strategies go beyond the traditional salary and benefits package (Gale Group, 2006) and compensation (Feldman, 2000) embracing employee motivation (Thomas, 2000), as one of the key factors to cater to the diversity and long stay of the workforce in the organization. Retention factors incorporating the needs and desires of employees at any age enhance levels of individual job satisfaction, loyalty, and commitment (Boomer Authority, 2009). Cunningham (2002)

states that employees rank employee recognition, flexibility and training as top priorities for prolonging individual employment, while Walker (2001) and others call for establishing a supportive learning and working climate for employee retention.

Lockwood, (2006) has provided evidence that indicates a correlation in firms between “good” workforce outcomes which includes reduced layoffs, quit rates, accidents and grievances and Human Resource strategies that emphasize employee participation and intrinsic rewards. The presence of practices related to internal career development is often the best predictor of an employee's affective commitment. Such plans include advancement plans, internal promotion and accurate career previews at the time of hiring. Furthermore, as Lockwood, (2006) point out, it is still unclear whether successful practices engender high performance, or whether strong performance creates the resources for the implementation of such practices.

2.3.1 Reward and Recognition

Staw, (1980) argues that reward systems ought to be a significant sphere of innovation for employers. The increasing diversity of the workforce, she says, suggests the need for more creative approaches to tailoring the right rewards to the right people. It would, however, be impossible to list all of the various types of recognition and rewards that companies actually give their workers. Nevertheless, it is clear that reward and recognition as part of a more comprehensive effort at keeping workers or adopting good workplace practices can contribute to increased retention. The category “Reward and Recognition” is in some ways a catch-all phrase as it includes a diverse range of formal

and informal, financial and non-financial, incentives given to individual employees, groups of employees or to an entire staff (Moses, 2000). They come in all shapes and sizes: small employee of the month awards (for example, gift certificates, recognition plaques), company-sponsored sports teams, company parties, prizes, clothing, etc. They are often incorporated into a company's overall Human Resource policy, but are just as often awarded "as the need arises" and at the discretion of middle-level managers or team supervisors (Moses, 2000).

To function properly, rewards must be well justified, everyone must have a fair chance at getting one, and that reward must be something that the recipient employee values. Everyone who keeps the company productive deserves a fair share of awards, interesting new assignments, honours or other motivational treats that the company hand out. Morale will plummet if employees see the employer as arbitrary, unfair or playing favourites (Staw, 1980). Hom and Griffeth, (1995) cautions that used incorrectly, rewards, recognition, praise, and bonuses can be manipulative and controlling and amount to little more than a bribe for behavior. In many instances, these behaviorist techniques create an effect opposite from that intended. It is true that rewards can undermine intrinsic motivation. It is unfortunate to see companies wipe out initiative and turn their employees into Pavlov's dog sitting ready for the next bone thrown their way. Hom (1995) concludes by stressing that "goal-setting and training" ought to have a greater impact on productivity than rewards and recognition).

Providing skill recognition of personal job accomplishments is an effective retention strategy for employees at any age (Yazinski, 2009). Studies indicate fulfilling peoples need for acceptance by acknowledging individual work accomplishments prolongs employment of employees (Redington, 2007). A Study by Yazinski (2009) show trends of an increased number of job applicants seeking out companies that encourage employee input, growth, education, and teamwork, beyond the traditional compensation/benefit packages offered by employers. The Gale Group (2006) states organizational benefits of personal recognition are priceless, yet statistics supports that the impact of verbal praise has the ability to enhance company loyalty, motivation, and perseverance at no extra charge. Individual skill recognition is restricted by age, and motivates positive behavior, ethics, teamwork, confidence, and growth in all employees (Redington, 2007). Thus, both skill recognition (ranging from verbal praise to incentives/rewards) and learning opportunities (growth/development) enhance individual performance, effectiveness, and retention (Agrela, et al., 2008).

2.3.2 Training, Development and Career Planning

The best talent is focused on advancing their careers. For employees to prosper and grow, they need to be encouraged to reach their full potential. With Success. Factors Succession & Development, you can increase employee engagement, foster professional growth and development, and maximize career opportunities for top talent, making your company the employer of choice (Breaugh and Mary, 2000). A business that provides education and training will be more competitive and productive and will win the loyalty of its workforce (Charles, 2009). That training and development are so enthusiastically embraced as key

factors to good retention is no doubt due to the fact that well-developed training programs are becoming ever more essential to the ongoing survival of most modern companies, whether or not retention is an important issue to that company. To the extent that operational paradigms such as “The Learning Organization” or the “Knowledge-Based Organization” continue to take hold in the contemporary business world, training is only likely to become more important.

Training is a crucial investment and not a cost in theoretical and practical knowledge of skills to excel. Offering training to upgrade skills in the work and clarity of expectations is key (Mizell, L. 2005). The fact that providing it also turns out to be a benefit that is highly valued by those who receive it makes for a very powerful approach to doing business. Because training and development are so fundamental to the operation of a business, it goes against intuition to suggest that training and development are to be thought of primarily as “retention” tools. We have encountered few examples in which the development of skills at work was ever consciously introduced as a way of retaining people. Nevertheless, countless studies tend to confirm the fact that a good part of the satisfaction or dissatisfaction of workers is associated with issues related to their professional development (Siebert & Zubanov, 2009).

Meyer et al (2003) suggest that employee learning which encompasses training and development but is also related to socialization within the workplace contributes to retention by: building employee commitment through a show of support; providing employees with the means to deal with stress related to job demands and change; serving

as an incentive to stay, and creating a culture of caring. Thus, training and development are seen as ways of building employee commitment in that they allow employees to “see a future” where they work, and provide them with the support necessary to face the ongoing challenges related to their work (Meyer et al 2003). Many employers will of course voice the familiar concern that there is a risk that once trained; workers may be tempted to leave the company for other opportunities. This is no doubt a valid concern amongst many employers, particularly those in the brewery industry where even semi-skilled workers often operate in a high-demand labour market. As such, companies are only willing to provide training at the minimum level or to provide more extensive training on proprietary equipment and processes. The picture may be somewhat different for more highly-skilled segments of the workforce, where employers appear to be more willing to make greater investments (Starosta, 2006).

There is a good fit between training and a number of other retention-related practices, such as career development and planning, skill-based pay, and others. Taken together such practices can usefully complement one another. Training can be a particularly strong retention tool when it is combined with measures designed to allow people to develop and progress within a company (Butteriss, 1999; Meyer et al, 2003). It is important for employers to put in place effective internal promotion programmes that will allow even their unskilled and semi-skilled workforce to move towards positions of greater responsibility and remuneration within the company. Training is always unique to the circumstances of each company, and there is no method or formula that dictates how much and what kind of training is given. No evidence has been found to suggest that

specific forms of training or training content were necessarily more conducive to good retention, nor is any type of training necessarily conducive to retention. However, it does seem plausible that training, when combined with well-communicated plans for advancement and ongoing professional development within the company, can help companies to keep their valued employees (Walker, 2001).

The purpose of career planning as part of an employee development program is not only to help employees feel like their employers are investing in them, but also help people manage the many aspects of their lives and deal with the fact that there is not a clear promotion track. Employers can no longer promise job security, but they can help people maintain the skills they need to remain viable in the job market (Moses, 1999). Eyster, et al. (2008) state that job flexibility along with embracing career and life options, is a critical incentive for all employees. Research shows growing trends of employers providing greater job flexibility that includes flexible career options (i.e. training, mentoring, workstation accommodations, job mobility, and reduced work hours) and life options (i.e. counseling services, health and wellness programs) (Boomer Authority, 2009; Eyster, et al., 2008). The challenge to organizations is that they must accept that this process may lead some employees to leave the company and pursue outside opportunities (O'Herron & Simonsen, 1995).

2.3.3 Recruitment and Orientation

A review of the Human Resource literature seems to confirm that good retention is about more than what a company does once an employee has been hired and established within

an organization. How companies recruit and how they provide orientation in the first days on the job can be of crucial importance to keeping workers over the longer term. Failure to effectively recruit and orient employees may impose significant separation and replacement costs down the road. Jackofsky, (1984) attributes 60% of undesirable turnover to bad hiring decisions on the 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 she or he is hired.

Good employee retention is in part a result of a good “fit” between a company’s workplace culture, its way of doing business and the qualities that it espouses as valuable and the interests, character, and motivations of the individuals that exist within it. In terms of recruitment, companies should therefore put an emphasis on not only evaluating formal qualifications, job-relevant technical ability, etc., but also more general types of qualifications and dispositions on the part of the recruit. Staw (1980) suggests that allowing both parties to the employment contract to make informed decisions can help to ensure that the right hiring decision is made. Of course, the underlying assumption in the literature is that the cost of recruitment will more than compensate for the costs associated with unwanted turnover; naturally each company must also engage in making such calculations. Many companies place great trust in candidates referred to them by members of their own firm, and some even support this process by awarding bonuses to employees who refer a candidate who eventually gets hired by the company Milman, (2003). While less formal in nature, employee referrals seem to accomplish both of the

objectives just described. The employee who provides the referral is able to provide the candidate with a realistic preview of what it's like to work in the company based on personal experience and observation (Williams & Livingstone, 1994).

Finally, providing a good initial orientation to the newly-hired employee can not only help to effectively integrate that person into the workplace but can also help to make the new person feel welcome and provide him or her information about how to cope with the demands of the workplace, and any possible problems that may arise. These can be important elements of the socialization process, and some companies spend two weeks or more on orientation, during which they provide information about the company, its values, structure, goals, objectives, clients, customs, and history (Foundation for Enterprise Development, 1994).

2.3.4 Supervisor Support

Ontario, (2004) stated “the supervisor support is so essential to retention that it can be said that employees leave bosses, not jobs” (Madiha et al., 2009). Association between workers and the boss is a significant factor that influences the employee retention as supervisors are the “human face” of the organizations. Employee’s relationship with a supervisor strongly affects the employee’s opinion about the organization (Eisenberger and associates, 1990). Supervisor’s support is an essential factor to change the worker’s propensity to quit and create high involvement in job by establishing strong relationship and free interaction with the supervisor (Mahal, 2012).

After a two year survey of more than three thousand employees in different job functions and industries demonstrated that manager, bosses and team leaders or who direct and work together with workers have a large influence on the satisfaction or dissatisfaction of employees with their jobs. Or briefly, it can be said that employees look for other opportunities elsewhere as a consequence of “problems with the boss”. Issues that exert or force the satisfaction and commitment in employees are mostly under the charge of manager, supervisor or the team leader (Kaye & Evans, 2003).

Employee development programs cannot exist without a culture that supports them. Any effective program must have strong support from people in senior management positions, and these people must also serve as positive role models to subordinates (Zenger, Ulrich, Smallwood, 2000). Managers and supervisors take on a new role when an organization gets into the business of employee development. They must become coaches to help people manage their careers and support their development efforts. Managers at Sears actually go through a workshop called “Managing Career Development” to prepare them to work with employees under their career planning system (O’Herron and Simonsen, 1995). Coaching employees is valuable in helping them meet their goals, but it is also important for managers to simply show that they care. It is an intangible incentive that can make a big difference in employee motivation (Moses, 2000).

2.3.5 Work Environment

Although learning and growing opportunities seems to be significant for the employee retention (Arnold, 2005), an organization needs to develop a supportive learning and

challenging work environment. It generally relates with the climate where employees can learn and perform. Particularly, support and aspiration at work, stress of work, degree of empowerment and the responsibility that workers acknowledge, alternatives in the job tasks and development, stipulation of challenging and significantly meaningful work and developmental opportunities, are the other concepts that describes the term working environment (Natalie et al., 2011).

The concept “learning and working climate” is derived from previous research (Abrams et al., 2008 etc). In general it refers to the environment wherein employees both learn and work. More specifically, the concept could be described by referring to: guidance and appreciation at work; pressure of work; the amount of empowerment and the responsibility that employees experience; choice in job tasks and development; provision of challenging and meaningful work; and advancement and development opportunities. Results from previous research show that the appreciative approach, operationalised through an appreciative learning and working climate, positively influences employee retention (Abrams et al., 2008; Christiaensen et al., 2009; Van Hamme, 2009; Visser, 2001; Verheijen and Dewulf, 2004). Employees get stressed form the bosses who control excessively with attention or did not delegated properly. Some employees feel satisfied by taking other’s works responsibility on themselves and even more pleased in getting and achieving those challenges in the job. It makes the employees feel more pride in their achievements and is more excited in their work (Kaye & Evans, 2003).

2.4 Organizational Performance

Organizational performance is normally looked at in terms of outcomes. There are a number of measures that can be taken into consideration when measuring performance for example using of productivity, efficiency, effectiveness and quality (Ahuja, 1992). Efficiency and effectiveness - efficiency is the ability to produce the desired outcomes by using as minimal resources as possible while effectiveness is the ability of employees to meet the desired objectives or target (Stoner, 1996). Productivity is expressed as a ratio of output to that of input (Stoner, Freeman & Gilbert, 1995). It is a measure of how the individual, organization and industry converts input resources into goods and services. The measure of how much output is produced per unit of resources employed (Lipsey, 1989). Quality is the characteristic of products or services that bear an ability to satisfy the stated or implied needs (Kotler & Armstrong, 2002). It is increasingly achieving better products and services at a progressively more competitive price (Stoner, 1996).

Measuring performance is of great importance to an incentive plan because it communicates the importance of established organizational goals. In the discipline of human resource management, different writers suggest the following indicators for measuring performance and they include: quality that can be measured by percentage of work output that must be redone or is rejected; Customer satisfaction that can be measured by the number of royal customers and customer feedback. Also, timeliness, measured in terms of how fast work is performed by the employee when given a certain task; absenteeism/tardiness observed when employees absent themselves from work; and achievement of objectives measured when an employee has surpassed his/her set targets,

he/she is then considered to have performed well to achieve objectives (Hakala, 2008; Armstrong, 2006).

Organizational performance depends on the Employee's performance which indeed depends on how much they are involved with their work place especially with the environment of organization, and from how much time they are in job. There is positive relationship between work, workplace environment and the tools of work; workplace becomes an integral part of work itself (Chandrasekar, 2011). Human resource policies and practices indeed do affect organizational as well as individual performance. Job satisfaction for example, has for a long time been seen as key to affecting business performance as well as commitment. In addition researchers have also identified employee retention as the mediating mechanism and some identify trust and morale. In spite of more recent attention to commitment, employee retention is still considered to be an important influence to performance (Torrington et al, 2008).

Performance is one type of effectiveness indicator, with some advantages and disadvantages. Hence, we first need is to distinguish between organizational performance and the more general construct of organizational effectiveness. Organizational effectiveness is a broader construct that captures organizational performance, but with grounding in organizational theory that entertains alternate performance goals (Kirby, 2005). This they can do by for example setting goals and standards against which individual performance can be measured. Companies ensure that their employees are contributing to producing high quality products and/or services through the process of

employee performance management. This management process encourages employees to get involved in planning for the company, and therefore participates by having a role in the entire process thus creating motivation for high performance levels. It is important to note that performance management includes activities that ensure that organizational goals are being consistently met in an effective and efficient manner. Performance management can focus on performance of the employees, a department, processes to build a product or service, etc. Earlier research on productivity of workers has showed that employees who are satisfied with their job will have higher job performance, and thus supreme job retention, than those who are not happy with their jobs (Landy, 1985).

2.5 Employee Retention Strategies and Organizational Performance

Human resource is considered to be the most valuable resource of an organization and crucial to be retained to gain competitive advantage so the organization outperforms the rivals. Retention of employees with the organization optimizes their performance and increase organizational productivity (Hafiza, Shah, Jamshed & Zaman, 2011). The term employees' retention as referred to be the ability of an organization to retain its employees within the organization in the long run. It can be measured in simple statistics like percentage and considered as the outcome or in terms of efforts made by employer to keep employees within the organization in this sense it is considered to be the strategy.

Organizational effectiveness is broader and captures organizational performance plus the Plethora of internal performance outcomes normally associated with more efficient or

Effective operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers or customers), such as reputation. It is therefore advisable that every organization should maintain its best performers especially in today's competitive economic arena where competitors are observed to 'poach' employees from each other Hall B, (2005). Currently, most organizations have treated their people as the most important resource of an organization Guma (2011) explains that poor job retention among employees leads to costs associated with employee turnover which include additional burden on the remaining staff, recruitment and training costs. As a result, it is important that firms adopt Human Resource management (HRM) strategies -that make the best use of employees and retain talent.

Retention of employees is very important because if the talented employees of the organization leave the organization in large numbers it directly affects the cumulative performance of the employees as well as the profitability of the organization. Employee turnover is important to individuals, organisations, and society (Ming, 2008). For the individual, leaving a job may cause temporary loss of income and benefits, family stress, problem with individual self-esteem, and possibly sustained unemployment and relocation for the individual and family (Phillips & Connell, 2003). From the organisational perspective, employee turnover may lead to disruption of service to clients. The extra time and money spent on recruitment and training of the replacement and the added stress of more work for the remaining staff during the interim are a few of the consequences suffered by the organisation when turnover occurs.

The cost of replacing workers can be high, the problems associated with finding and training new employees can be considerable, and the specific workplace-acquired skills and knowledge people walk away with can take years to replace. The problem of turnover can be addressed through a variety of pro-active retention strategies: workplace policies and practices which increase employee commitment and loyalty (Branham, 2005). Knowledge transfer initiatives on the other hand, ensure that the knowledge and expertise of a company's employees its 'corporate memory' are systematically and effectively shared among employees. They can offset the negative impact of turnover, but can also work pro-actively to reduce turnover by providing learning and skills development opportunities to employees - factors known to reduce turnover (Chandrasekar, 2011).

Implicit in this approach is the assumption that turnover is driven by certain identifiable characteristics of workers, tasks, firms, and markets, and that, by developing policies to address these characteristics, managers might reduce the occurrence of turnover in their respective organizations. As noted by several observers, however, the consequences of turnover have received significantly less attention from researchers (Glebbeck and Bax 2004). Thus, this research looks at turnover as the cause and performance as the outcome the opposite of the assumed relationship in the prior studies done at the individual level of analysis.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the research methodology that was used, in an attempt to achieve the objectives of the study. This chapter presents the approach that was used to conduct the research. It encompasses the research design, data collection and analysis.

3.2 Research Design

This refers to the methods and procedures to be followed in conducting the study. The research design is a method of study in depth rather than breadth and places more emphasis on the full analysis of a limited number of events or conditions and other interrelations (Borg & Gall, 1989). For this study, the research design was a case study due to the fact that the unit of analysis is one organization. A case study allows an investigation to retain the holistic and meaningful characteristics of real life events (Mugenda & Mugenda, 2003). It involved a careful and complete observation of the social units.

3.3 Data Collection

The study collected data from the primary sources. An interview guide was used in collecting the primary data. The interview guide had questions specifically designed to generate data linking employee retention strategies to performance at the Kenya Power and Lighting Company.

There was one interviewee in this study and this was be the General Manager, Human Resources and Administration. The interviewee was chosen for the study since he has vital information and knowledge pertaining to this study. The interview guide was administered through a personal interview in order to get his opinion on the influence of employee retention strategies on the performance of Kenya Power and Lighting Company Limited.

3.4 Data Analysis

The notes on responses to interview questions was edited for completeness and consistency. Qualitative data analysis seeks to make general statements on how categories or themes of data are related. The data will be qualitative in nature, due to this fact; content analysis will be used to analyze the data. Neuendorf (2002) define content analysis as a technique for making inferences by systematically and objectively identifying specified characteristics of messages and using the same to relate trends. This method is preferred because the information collected will be qualitative and therefore require analytical understanding. When human coders are used in content analysis, reliability translates to the amount of agreement or correspondence among two or more coders. Reliability in content analysis will be ensured by analyzing the amount of agreement or correspondence among the key informants.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter entails data analysis and interpretations of the study findings. The main objective of the study was to investigate the influence of employee retention strategies on the performance of Kenya Power and Lighting Company Limited. Data was collected using interview guides administered to General Manager, Human Resources and Administration of Kenya Power and Lighting Company Limited.

4.2 Influence of employee Retention Strategies on Performance

4.2.1 Valuing Retention of Employees

The interviewees were asked whether the organization valued retention of employees. It was found that KPLC values retention of employees this is because valuing employees help support an organization's productivity. The interviewee indicated that recruiting and training new employees takes time and an unfilled position means work is not getting done. Even if a position is filled, there is still a learning curve most employees must overcome before their work becomes profitable. This means that taking the necessary steps to keep current workers satisfied with their roles will ensure productivity is not interrupted.

The human resource manager continued to say that valuing employees is an important part of retention and can also help decrease turnover rates. This is because when employees view their work as more than just a job, you will find that they are more

vested in not only their success, but the success of the business. By engaging employees in business decisions, making them feel that their individual participation counts, you will create an environment that is more inclusive, productive and ultimately more profitable.

Interviewees indicated that employees that enjoy what they do and the atmosphere in which they work are more likely to remain employed with their company. Valuing employee is important because they it will help create a positive work environment and strengthen an employee's commitment to the organization. Strategies that target employee engagement, such as team-builders and community involvement, increase company morale and give employees a sense of pride in what they do.

4.2.2 Efforts to Ensure That KPLC Retain Their Employees

The interviewees indicated that efforts put in place to ensure retention of employees included training and development; sense of belonging to the organisation; job security; challenging/ interesting work; and freedom for innovative thinking. It was found that training and development is one of the major retention strategies being used by KPLC in retaining their best employees, this is because constant training and development of employees' skills can indeed facilitate their early turnover instead of reinforcing their retention. Providing employees with the latest training and development opportunities raises their market value thus increasing their mobility.

Interviewees indicated that they ensure there is job security since Job security is not a retention antecedent for the new generation of skilled employees. job security is a

positive feedback of their labour market worth and this makes them look for a daily proof that their work matters to the organisation. This provides employees with a sense of security because, to them, if they are doing a good job, they are secured, if not with their present employers, then with another one.

Employers implement retention strategies to manage employee turnover and attract quality employees into the organization. Retention programs focus on the relationship between management and their workers. Competitive pay, benefits, employee recognition and employee assistance programs are all apart of a company's attempt to maintain employee satisfaction. Human resources specialists utilize feedback they receive from exit interviews and focus groups to improve employee relations and reduce turnover.

Goal setting techniques is another retention strategy used by KPLC. The practice enables individual employees to assess their contribution to the attainment of organizational goals. High performing employees can use this technique as a basis to negotiate for higher salaries or accelerated promotion while employers also can increase overall productivity using this technique.

It was indicated that reward management is one of the strategies used by KPLC for attracting and retaining suitable employees as well as facilitating them to improve their performance through motivation and to comply with employment legislation and regulation. When employees are rewarded, they get work done. Employers get more of the behaviour they reward, not what they assume they will automatically get from

employees. Thus when employees surpass their target or exceed their standard they should be rewarded as a way of motivating them.

4.2.3 Retention Strategies Affects the Profitability of KPLC

Retention of employees is very important because if the talented employees of the organization leave the organization in large numbers it directly affects the cumulative performance of the employees as well as the profitability of the organization. A company can significantly benefit from employee retention programs because of a direct effect on an employer's bottom line. High turnover can be very expensive. According to the Human Resources Management, employee replacement costs can reach as high as 50 to 60 percent of an employee's annual salary. This in turn affects the profits of the company since more funds have to be allocated to the cost of hiring and training new employee.” Strategies geared towards retaining good workers helps offset employee replacement costs and reduces the indirect costs such as decreased productivity and lost clients.

The interviewee indicated that retaining the best and talented employees is important since it leads to high productivity and therefore the company earns more. This is the opposite of high turnover that requires more costs which are indirect costs associated with employee turnover, including increased workloads and strains as coworkers pick up the slack until new employees are hired and trained.

4.2.4 Effects of Employees Turnover in Terms of Costs and Profitability

The interviewee indicated that when employees leave it is undesirable for the organization for a variety of reasons. High turnover indicates that an organization is either doing poorly in job selection or failing to provide a work environment that enables employees to commit long term. This directly leads to a loss of investment, the high costs associated with training new personnel frequently and an impact on team performance.

The interviewees indicated that by offering superior internal service quality to their employees, and who treat their employees as customers, can achieve higher employees' satisfaction. By enhancing employees' satisfaction, good employees and improved employees' productivity can be obtained. At the same time, the satisfied employees make for satisfied even committed customers and satisfied customers can, in turn, reinforce employees' sense of satisfaction in their jobs.

The interviewees went ahead and indicated that cost related to directly replacing an employee can be as high as 50-60% of the employee's annual salary, but the total cost of turnover can reach as high as 90-200% of the employee's annual salary. These costs include candidate views, new hire training, the recruiter's salary, separation processing, job errors, lost sales, reduced morale and a number of other costs to the organization. Turnover also affects organizational profitability.

4.2.5 Influence of Employee Retention Strategies on Quality of Service Delivery

Employees in all facet of life play a central role in ensuring that the organization delivers on its mandates, if employees leave, meeting the organizational needs may have negative effect on the quality of service provided to service beneficiaries. The creation of decent working conditions was non existence, deficiencies in staff had depressing effect on the provision of services, hindrance in concluding the new recruitment structures, caused immense feeling of being overworked. When employees leave an organization, turnover represent loss of skilled employees, reduction in knowledge, decreased staff morale and increased workloads.

The interviewees stated that the escalation in the rate of labour turnover is a major concern for businesses and is clearly impacting on organisational performance. Clients begin to doubt the management of such an organisation and unsure whether they should continue to do business with an organisation with higher staff turnover.

4.2.6 Effect of Retention Strategies at KPLC on Efficiency Of Service Delivery

High staff turnover rate may jeopardize efforts to attain organizational objectives. In addition, when an organization loses a critical employee, there is negative impact on innovation, consistency in providing service to guests may be jeopardized and major delays in the delivery of services to customers may occur.

The interviewee indicated that the impact of staff turnover results in an extra work load for the remaining staff member's performance and on organizational effectiveness. Staff

turnover is costly and disruptive. Costly, as it reduces the output and disruptive, as it requires that schedules and programs to be modified. Turnover causes the organization to lose a lot of money because they have to employ other agency staff to come and help. The agency staff is paid from the organization's coffers and it becomes very expensive.

4.2.7 Retention Strategies and Achievement of the Organization's Objectives

A strong retention strategy eventually becomes a powerful recruitment tool. Employee retention matters as training, time, investment, lost knowledge and candidate search are involved in recruitment of a new employee. Hence, these employees are extremely crucial to the organization since their value to the organization is essentially intangible and not easily replicated.

Retaining employees is the key issue in current business environment. Without well incorporated staff in the organization and putting their greatest effort, success can never be long term. Problems existing in the personnel or in a sense human capital, have unforeseen influences that cause troubles with training, planning and decision making. So it clarifies the reason why employees leave the organizations

Employee retention involves taking measures to encourage employees to remain in the organization for the maximum time period. Employees turnover often results in a drain on management time and creates pressures in the workforce planning, intangible costs which include: negative impact on employees morale, adverse effect on social capital and erosion of organizational memory.

4.2.8 Retention Strategies Helps in Reducing the Cost of Turnover

Major cost to organizations is due to more employees quitting the job, these quit rates raise labor costs. And lower organizational performance. The cost of replacing an employee ranges from 29% (non-management) to 46% (management) of the person's annual salary. Then there are the sunk costs such as, induction and training expenses, other administrative people costs incurred on the person, expenses are also incurred when someone else does the person's job in the interim, leading to the domino effect on employee cost.

4.2.9 Effect of Employee Retention Strategies on Acquisition of New Clients and Maintenance of Old Clients

The interviewee indicated that customers' impressions of a business depend in large part on the environment present in the workplace. While managers may have a preference as to how their workplace will feel, employees are the ones who actually set the scene. Employees impact the business environment through the ways in which they interact with each other as well as how they respond to customers. If employees behave in a professional-yet-inviting manner, they may be better able to please customers and make the business environment an inviting one.

It was found that employees who interact face-to-face with customers can ensure that they are truly satisfied. To do this, however, employees must feel as if they are able to make modifications to the general business practices to truly satisfy their customers. If

the employees feel compelled and empowered to meet customer needs, then there will be higher levels of customer satisfaction and likely improved customer retention.

4.2.10 Effect of Employee Turnover Have On The Productivity of KPLC

The interviewee indicated that the costs of recruiting and engaging new members of staff are considerable. He adds that this affects the direct costs like advertising, agency fees, paper work and interview time. They added that there are many hidden or indirect costs, like the expenses incurred in training and supervising new entrants, as well as those they are replacing and overtime that may have to be paid during staff shortages. Other costs may include increased wastage and losses while new staff settles in. Moreover, customer irritation and low staffing morale leads to high staff turnover.

The interviewee indicated that the impact of staff turnover results in an extra work load for the remaining staff member's performance and on organizational effectiveness. Employees have to work extra hours to compensate for the work of those that have resigned. They continued to say that that cost is not only financial but must also be measured in terms of the damage to staff morale and deficits in meeting customer demand. The increased workload leads to low morale and high levels of stress which in turn leads to absenteeism amongst employees.

4.2.11 Employee Retention Strategies Contributed To Revenue Margin of KPLC

It was noted that for the past three years there has been low turnover of staffs at KPLC and therefore the revenues have increased. The interviewees indicated that high turnover

can be detrimental to the organization's productivity. It results in the loss of business patronage and relationships, and can even jeopardize the realization of organizational goals. On the other hand, dysfunctional turnover that is, good performers leave, bad performers stay damages the organization through decreased innovation, delayed services, improper implementation of new programs and degenerated productivity. Such activities can radically affect the ability of organizations to prosper in today's competitive economy, leaving even the most ambitious organizations unable to succeed due to their inability to retain the right employees.

Turnover is not only destructive to organizations, it is also costly. Every time an employee quits, a replacement must be recruited, selected, trained and permitted time on the job to gain experience. Apart from the costs that are directly associated with recruiting and training a new employee, other indirect costs exist.

4.2.12 Measures in Place KPLC to Enhance Performance

The interviewee indicated that they have put in place various factors of engagement and employee retention that comprised of organization's acceptance to satisfy personal needs and family interests, offering career development opportunities, attractive salary offerings, and intellectual challenges.

They went ahead and said that the organization initiates a learning environment aiming at their particular organizational competence. Individual competencies are considered to be the major concern to victory. They provide encouraging job settings where they think

they are making a differentiation and where of the staff in the organization is capable and pulling together to create advancement in the organization.

They have a good reward system that rewards top performers and provide a good working condition for their employees and therefore the retention rate is high. There is also job security provided so that employees feel secure working in the organization.

4.2.13 Employee Retention Strategies Affects the Customer Base of KPLC

Retaining staff has positive effects on the customer base and company bottom line. Employees that are happy in their work not only stay with the company and boost productivity; they also can help maintain a happy customer base as well.

Retained employees that are given the resources necessary to do their jobs effectively and present an intelligent and proactive image to customers. The company develops a reputation as a positive company to do business with, and that kind of information will travel through the marketplace and help you attract new clients.

4.2.14 Effect of High Turnover on The Firm's Performance

Satisfied employees will create satisfied and loyal customers, which will result in higher sales and, therefore, higher financial returns, Most of the time when these employees move, they migrate to competing organizations with the knowledge and trade secrets acquired from their former employers thereby creating an even more critical situation for the latter. Customer satisfaction plays a key role in the health and future success of any

company. When customers are satisfied, they keep coming back to the same store and invite their friends to do the same. Thus the profits of the company will increased due to repeated customer who become loyal to the company and also refer other who will also be well served and become attached to the organization.

The interviewee added that when staffs are retained, customers are taken care of in an efficient and friendly manner. If the customers continually get the same friendly and efficient service each time they contact the company, then customer satisfaction goes up and the cost of administering customer service goes down. The decreased costs of customer service add to the overall profitability of the company.

The value of your product is based on customer perception. If the customers perceive your product as being valuable, then the company can set your pricing accordingly. Part of the perception of value by the clients is the satisfaction and dedication of employees. Customers see employee satisfaction as a commitment by the company to general quality. That helps to improve the perception of value for your product and can allow you to charge more. Thus the company performance will be high.

4.2.15 impact of Employee Retention Strategies on Individual Performance

The interviewee indicated that employees retention strategies in the organization results to satisfied employees who in turn are more productive, innovative and loyal, which in turn leads to customer retention, which means that employee satisfaction plays a strong, central role in predicting profitability and “organizational effectiveness.

It was found that the interpersonal bond that is developed between employees is central to the communication patterns that are characteristic and unique to any organisations. People grow professionally and personally, and good employers are able to accommodate these changes in the circumstance. A highly satisfied workforce is far more capable of meeting organizational goals and customer needs than an apathetic and uninspired one.

The study found that the real cost of staff turnover leads to lowered morale among other employees who must shoulder the workload, lost revenue from sales not made, the loss of customers who fled to competitors for better service”. The morale of staff may be lowered because work overload, overtime work, substitute personnel and working with fewer staff than required is problematic. This causes an increase in errors during the performance of activities and results in poor service.

4.2.16 Whether Retention Strategies Increased Customer Satisfaction

Interviewee indicated that when customers have an issue with your company or product and they get excellent customer service from satisfied employees, then that creates satisfied customers. The company is more likely to retain satisfied clients when the staff continually shows the ability to exceed customer expectations. Customer retention is critical in maintaining a steady flow of revenue.

Retained employees are more likely to work harder and provide better services via organizational citizenship behaviors. Employees who are satisfied with their jobs tend to

be more involved in their employing organizations, and more dedicated to delivering services with a high level of quality.

4.3 Discussion

The study used showed that one of the earliest models of turnover is March and Simon's (1958) theory of organizational equilibrium, in which the authors proposed that desirability of movement and ease of movement are the two main drivers of employee turnover. Desirability of movement is commonly defined by the individual's satisfaction with the job, whereas ease of movement generally reflects perceived or actual job alternatives in the external market (Lawler, 2001). This theory is in line with other theories like the Herzberg (1974), he argued that employees are motivated by internal values rather than values that are external to the work. In other words, motivation is internally generated and is propelled by variables that are intrinsic to the work which Herzberg called "motivators". These intrinsic variables include achievement, recognition, the work itself, responsibility, advancement, and growth. Conversely, certain factors cause dissatisfying experiences to employees; these factors largely result from non-job related variables.

Our study found that retention strategies that were used by KPLC include rewards, compensation, training and providing a conducive working environment. Performance of the company is based on the turnover rate since high turnover increases the costs and thus reducing the profits. This is in line with Previous studies by Cappelli (2000) who indicate that several factors are considered important in a well-functioning of employee

retention. The determinants that are considered to have a direct affect are career opportunities, work environment and work-life balance. Cole (2000) suggests that people stay at such companies where there is a sense of pride and will work to their fullest potential. The reasons to stay are work environment, rewards, growth and development and work-life balance.

A considerable amount of literature has been published on retention. It means the existence of an ongoing employment relationship. With today's high employment levels, organizations find out that balance of power has shifted from the employer to the employee since the turn over impact have not be administered well. Excessive turnover is often a symptom of fundamental problems within the business. It's critically important to retain them; to do this, one must know how an employee can remain in the particular company. A recent study by Raikes & Vernier (2004) analyzed retaining employees is considered as a key strategy to achieve financial success. The challenge might well be increasing day by day. Morgan (2008) advises, "Do not make the headhunters' job easy". Recent evidence by Raudenbush & Bryk (2002) suggests that retention is very important for every organization, whereas it has nested relationship within them, and is part of external environment.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter includes a summary of the study's objectives and their attainment, the findings, conclusion and recommendation for further studies. The chapter will be based on the results and discussion in chapter four.

5.2 Summary of the Findings

Retention of key employees is critical to the long-term health and success of any organization. It is a known fact that retaining your best employees ensures customer satisfaction, increased product sales, satisfied colleagues and reporting staff, effective succession planning and deeply embedded organizational knowledge and learning. Intelligent employers always realize the importance of retaining the best talent. Some of the strategies used by KPLC include offering things like competitive salaries, profit sharing, bonus programs, pension and health plans, paid time off, and tuition reimbursement this sends a powerful message to employees about their importance at the organization. The rewards given to employees must be meaningful in order to attract their perception of the organization and therefore have a marked influence on its retention efforts. It was found that that high staff turnover causes reduction in work productivity.

The study found that organizations that do not retain a loyal base of employees then they constantly place an inexperienced group of non-cohesive units in the front lines of the organization. Ensuring the good employee stays with the organization will help them

compete effectively within an industry. In addition, when an organization loses a valuable employee, there is a negative impact on innovation, consistency in providing service to guests may be jeopardized, and major delays in the delivery of services to customers may occur.

A decline in the standard of service provided to customers could also adversely affect the satisfaction of internal and external customers and consequently, the profitability of the organization. The study found that training may also be viewed as a solution to a number of problems, such as substandard quality resulting from skills deficiencies and voluntary turnover of employees seeking more rewarding jobs. The study found that the quality of service in the organization decreases as a result of staff shortage. Customer's evaluation of service quality is affected not only by the end service received, but also by the service delivery process itself, which includes waiting time. Dissatisfied employees cannot give their best performance as their mind is on the things that make them dissatisfied and they feel their effort is not appreciated. Such employees produce not only poor quality work but also less amount of work to the detriment of the organization.

5.3 Conclusions

Having proper retention strategies is important for organisations to attract and retain a high quality work force. Employees need to feel valued and appreciated. This study has provided readers with a better understanding of tools to motivate and retain individuals through best techniques available. These strategies helps the companies in minimizing employee turnover, drain on management time, cost of training new employees,

interruption of work, reduction in productivity, etc. The important reasons of employees leaving the organization are salary and the organizational culture.

Is very essential for the companies to make an effective compensation policy and to create such a culture that, employees are motivated to stay back. By using various practices like flexi time, work from home, employee involvement, work life balance, etc employee retention can be increased. Hence if these practices are implemented in a company, its employee turnover will surely minimize.

5.4 Recommendations for Policy and Practice

Creative non-monetary reward and recognition programs can be powerful tools. Increasingly, companies are using informal methods for rewarding staff while financial compensation is becoming less of a norm for recognizing employee accomplishments. The most important part of any informal reward and recognition system is that it is linked to organizational values and that it is given personally from management. Best way to enhance employee retention is to understand what the employees require from organization and provide it to them. Each employee's need would be different, but organizations should be able to reach the limits and act accordingly. They should make the employees feel that they are most valuable for the organization.

This is an important concept to understand because no matter how well you design your strategy, the managers who have to implement and execute that strategy can render it ineffective. Companies need to focus on the long-term sustainable human issues in the

beginning of the life of the organizations or operations. If this is well managed and aligned with the expectations of the employees and well communicated across the organizations, they are most likely to stay with the organization and management. They feel they can trust even though the end approaches. A successful strategy will focus on the people and ensure they are treated fairly,

Managers at Kenya Power and Lighting Company Limited should examine the sources of employee retention strategies and recommend the best approach to fill the gap of the source, so that they can be in a position to retain employees in their organization to enhance their competitiveness in the this world of globalization. Managers must understand that employees in their organizations must be treated as the most liquid assets of the organization which would make the organization to withstand the waves of globalization. This asset needs to be monitored with due care, otherwise their organizations would cease to exist Employees should be given challenging work and all managers should be hired on the basis of knowhow by following laid down procedures of the organisation and this would make organisation to have competent managers at all levels of management and hence good supervision.

5.5 Recommendations for Further Studies

Further studies should be done on the effect of employed retention strategies on customer retention as this is a broad topic that should be researched on since customer retention is key to organizational performance.

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APPENDIX I: INTERVIEW GUIDE

PART A: For General Manager, Human Resource and Administration

1. Does KPLC value retention of employees? Please explain.
2. What efforts has KPLC put in place to ensure that they retain their employees?
3. How do the retention strategies affect the profitability of KPLC?
4. How does the organization get affected when employees leave in terms of costs and profitability?
5. How does employee retention strategies at KPLC influence the quality of service delivery?
6. How does employee retention strategies at KPLC affect the efficiency of service delivery?
7. Do retention strategies contribute towards achievement of the Organization's strategic objectives?
8. Do you agree that the employee retention strategies will benefit KPLC in the reducing the Cost of Turnover? Please explain how.
9. What is the effect of employee retention strategies on acquisition of new clients and maintenance of old clients?
10. What effect does employee turnover have on the productivity of KPLC?
11. How has employee retention strategies contributed to revenue margin of KPLC in the last three years?
12. What measures have been taken by KPLC to enhance its performance?
13. How has employee retention strategies affected the customer base of KPLC?
14. Explain the effect of high turnover among employees on the firm's performance.

15. How has the employee retention strategies impacted on individual employee performance?

16. Have employee retention strategies increased customer satisfaction?