

**EMPLOYEES' PERCEPTIONS OF FACTORS
INFLUENCING JOB TURNOVER IN THE INSURANCE
INDUSTRY IN KENYA**

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DECLARATION

This management research project is my original work and has not been submitted for a degree in any other university.

Signed.....

Date. 05/11/2009

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

Signed.....

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DEDICATION

I thank almighty God for everything. To God be all the Glory.

This project is dedicated to my Father, Misheck Kanake and my Mother Jennifer Kanake.

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I wish to acknowledge God Almighty for giving me life, protection and the resources to be what I'm today.

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CHAPTER 1 INTRODUCTION

1.1 Background

Employees play a very crucial role in the workplace in rendering quality services. Without them, the organization will not exist as it depends on their inputs to render services to the consumers. However, if employees are unhappy with their current jobs, they will easily leave the organization and look for better opportunities elsewhere. This will result in job turnover, whereby employees will go in and out of the organization because of various reasons. Thus organizations need to take note of what factors push their employees out and then develop strategies to retain the best employees. Organizations invest a lot on their employees in terms of induction and training, developing, maintaining and retaining them in the organization. Therefore, it is important for managers to minimize employee turnover.

Pearce (1999) observed that human beings or manpower are considered to be gems of any organization, as the existence and survival of that organization rely in many ways on the number of employees at work and their performance standard. Thus, job turnover is a job change referring to workers leaving firms and firms shedding off and hiring new workers. Lane (2002) urges that job turnover is sometimes seen as an indication of dynamism of the economy since without turnover labor cannot get reallocated from less productive to more productive uses.

Stewart (1998) indicates that job turn over is the flow of workers in and out of the employment in an organization during a specified period, and can represent a source of economic waste since it often does not represent true mobility. Therefore the real problem facing organization is to control turnover where it is avoidable and to mitigate the effects of turnover when it is most damaging. It is postulated that unstable labor force undermines efficiency and productivity.

Turnover of highly skilled employees can be very expensive and disruptive for firms (Reichheld, 1996). Losing highly skilled staff members may incur substantial costs associated with recruiting, re-skilling, and hidden costs associated with difficulties completing projects and disruptions in team-based work environments. Managers must understand that employees in their organizations must be treated as the most liquid assets of the organization which will make the organization to withstand the

effect of globalization. Employees are extremely crucial to the organization since their value to the organization is essentially intangible and not easily replicated (Meaghan et al, 2002)

In an era of corporate downsizing, mergers, and acquisitions, job stability is a critical manifestation of an investment strategy. The salience of tenure among faculty has risen dramatically in recent years, for instance. Ashford et al, (1989) state that, the lack of organizational stability would imply the abrogation of a significant, albeit informal, contract by an organization and would diminish employees' sense of attachment and responsibility to the organization

1.1.1 Job Turnover

Gomez-Metjia, et al (1997) say that job turnover is a particular pressing issue in today's business environment where down sizing and layoffs have become a norm. Mobley in Sullivan and Decker (1998) states that job turnover is described as a cessation of membership in an organization by an individual who received monetary compensation from that organization.

OECD Employment Outlook (July 1996), observed that Job turnover, at the level of an individual or firm, is simply the net change in employment between two points in time – the total number of jobs created less the number of jobs which have been lost. It does not include job vacancies which remain unfilled and jobs that begin and end over the interval of observation, which is most often one year.

The economy-wide job turnover rate is simply the absolute sum of net employment changes across all establishments or firms expressed as a percentage of total employment.

Comparing employment levels at two points in time permits establishments or firms to be classified into four groups: opening: those with no employment at the beginning and employment at the end, closing: those with employment recorded at the beginning and none at the end, expanding: those with employment in both periods, but at a higher level at the end, contracting: those with employment in both periods, but at a lower level at the end. Summing net employment changes over opening and expanding establishments gives job gains, while the sum of employment declines

from closing and contracting establishments gives job losses. The balance of job gains and job losses is then job turnover (OECD Employment Outlook, July 1996).

Van der Merwe and Miller (1996) suggested that job turnover is a permanent withdrawal and also a function of the person-work relationship. Lane (2002) states that job turnover is a result of both quits and layoffs and further states that some job turnover is a result of jobs in one firm being destroyed and jobs in another firm being created. Boxall and Baldwin (2002) argue that job turnover in any organization is likely to affect levels of productivity. Therefore job turnover is when employees leave their employment permanently and the entrance of new employees to an organization. Wyoming (1999) argues that a constant churning occurs in the labour market. Individuals are hired and exit jobs, businesses expand and contract or start and end, and the difference of all these transactions determines whether or not jobs are created or destroyed.

Costly et al. (1987) points out that a high job turnover may mean poor personnel policies, poor recruitment policies, poor supervisory practices, poor grievance procedures, or lack of motivation. All these factors contribute to high employee turnover in the sense that there are no proper management practices and policies on personnel matters hence employees are not recruited scientifically, promotions of employees are not based on spelled out policies, no grievance procedures in place and thus employees decide to quit.

1.1.2 Advantages of Job Turnover

Job turnover is advantageous to the organization when the employee wants to leave the organization and management is unconcerned about the departure. This lack of concern is often attributed to the poor result of employees' performance evaluation. Contreras and Peak (2001) state that job turnover is not always a bad thing. It gives opportunity to an organization to hire new employees who may bring new ideas into the organization.

Ivancevich (1994), Ham and Griffith (1995), Sullivan and Decker (1998), Contreras and Peak (2001) and Lane (2002) highlight the following as the advantages of job turnover: For the Organization -Introduction of new ideas, Contribution to industrial

efficiency by introducing new blood, gives employees opportunity for advancement, creates job opportunities for other individuals. These authors observe further that turnover offers the following advantages to employees: opportunity to obtain better job somewhere else, avoid stressful former job; and pursue outside endeavors.

Robbins (1993) observes that job turnover is not all that bad for an organization since it can provide benefit to the organization. Fisher (2004) explains that turnover has other benefits, for example an organization with a turnover rate that is too low may become stagnant and hidebound, may lack of opportunities for employees to move up, and may retain poor performers it would be better off without.

1.1.3 Disadvantages of Job Turnover

The disadvantages of job turnover are dysfunctional to both the organization and to the employees. Ivancevich (1994) urges that disadvantages occur when an employee leaves an organization and management wants to retain the employee. Job turnover has negative consequences for organizational performance when an employee quits and has to be replaced; or an organization incurs both obvious and hidden costs (Robbins 1993).

The following additional disadvantages of job turnover have been identified: Inefficiencies as the new employees learn the new job, lost efficiency of departing employee in those weeks or months just prior to their leaving, additional time lost by supervisor and peers just prior to the departing employee's leaving, Productivity lost while the position is vacant, out-of pocket processing costs; including search fees and expenses, orientation, training and travel costs for recruiters and candidates, costs of processing incoming and departing employees, including relocation costs, demoralization for those left behind. Further, employees who are leaving the organization encounter the following disadvantages: Forfeit seniority and fringed benefits, Transition stress in the new job and Relocation costs.

Robbins (1993) states that given both the obvious and hidden costs associated with turnover, any management that is concerned with maintaining effectiveness and efficiency will want to keep job turnover to a minimum. Employment turnover costs in many organizations are very high and can significantly affect the financial

performance of an organization. Cascio (1991), says that, it is possible, though not easy, to put figure on these costs to estimate the actual amount of loss from departure of an employee. Direct turnover costs - include recruitment, selection, and training of new personnel. This process takes much time and is expensive. Indirect turnover costs include such issues as increased workloads and overtime expenses for coworkers, as well as reduced productivity associated with low employee morale.

1.1.4 Job Turn Over and Labor Turn Over

OECD Employment Outlook (July 1996), explains that labour turnover is concerned with movements of individuals into jobs (hiring) and out of jobs (separations) over a particular period. Labour turnover is the sum of job turnover, which relates to the expansion and contraction of establishments or firms, and the movement of workers into and out of ongoing jobs in establishments or firms.

Workers leave firms and firms hire other workers to replace them, regardless of whether the firm itself is growing or declining. The difference between job and labour turnover can be illustrated as follows: Suppose a given establishment has 100 people employed at time t and 110 at $t+1$. During this period, 10 people have been hired to fill newly created posts. The job turnover rate, i.e. the net change in employment is 10%. But, suppose that, during the same period, 10 individuals left the establishment and 10 were hired to replace them. Labour turnover, which concerns the movement of workers into and out of jobs, is 30% [the sum of all hiring (20) and separations (10) divided by initial employment (100)]. Job turnover, adds gross shifts in jobs within the firm. Labor turnover is based on total hires and separations within the firm (OECD Employment Outlook, July 1996),

Anderson and Meyer (1994), Burgess and Nickel (1994) and Hamermesh (1995) and Leonard Van Audenrode (1993) have used establishment data to examine employment changes and workers flow. They observed that Net change in employment in an establishment can be decomposed in great detail as (Net employment change (E) which can be computed using the following formula, $E = NH + R + TI - Q - F - D - TO$. Where, NH – New hires, R- Rehires, TI - Transfers from other plants in the firm, Q – Quits, F – Fires, D – Discharge and TO be transfers to other plants in the firm. Every worker in the firm fills a job. In a firm, at time t , there

are J_t jobs. Between time t and $t+1$, some jobs have been created and other jobs have been destroyed. Some workers whose jobs were not destroyed either separated or moved internally to existing jobs or newly created jobs. Net employment change is, $E = J_{t+1} - J_t$. The second concept is at the firm level Net employment change, $E (+) + E (-)$, which measures the sum of all jobs created and destroyed. $E+$ Firms which are expanding, $E-$ firms which are declining. Labor turnover measures total Hire and Separations which is the gross employment flow. The table 1 here provides an illustration of job and labor turnover.

Table 1: Job and Labor Turnover Illustrated

| | Positive Part | Negative Part | Sum |
|-----------------|---------------|---------------|------|
| Change in E | | | 1.8 |
| $E(+)$ + $E(-)$ | 4.0 | 2.2 | 6.2 |
| JC + JD | 4.4 | 2.6 | 7.0 |
| H + X | 11.9 | 10.1 | 22.0 |

(Source: Hamermesh et al 1996)

Where

E - Employment, JC- Jobs created, JD- Jobs destroyed, H-Hires, X- Separations

Employment change in total is $1.8 \times 4 = 7.2$ and total employment is 22.0, therefore job turnover is a third of labor turnover.

1.1.5 Perception

Immanuel Kant, (1781) concedes that before one can learn anything, perception must take place, for example; one has to become aware of it through one of the senses. Usually one has to hear or see it. Subsequently one has to interpret whatever one has seen or heard. In essence then, perception means interpretation. Of course, lack of experience may cause a person to misinterpret what he has seen or heard. In other words, perception represents our apprehension of a present situation in terms of our past experiences. Perception also means that we see things not as they are but as we are.

Kendra Van Wagner (2005) states that perception is our sensory experience of the world around us, involves both the recognition of environmental stimuli and actions in response to these stimuli. Through the perceptual process, we gain information about properties and elements of the environment that are critical to our survival. Perception not only creates our experience of the world around us; it allows us to act within our environment.

Sternberg (2003), explain that perception is not merely the process of how information goes through the eyes to the brain, but rather it is a set of processes through which we recognize, organize, and make sense of the sensations received from the environment. What you see is not necessarily what's really there. What we hear is not necessarily what's been said. We get 'tricked' by the way the information we receive is processed in our brain. The first stage of Human Information Processing is Perception.

1.1.6 The Insurance Industry In Kenya

With the conquest of Kenya as a British colony complete, settlers initiated various economic activities, particularly farming, and extraction of agricultural products (Huxley, 1990). These substantial investments needed some form of protection against various risk exposures. British insurers saw an opportunity in this, and established agency offices to service the colony's insurance needs. Prosperity in the colony soon justified expansion of these agencies to branch networks with more autonomy, and expertise to service the growing insurance needs. By independence in 1963, most branches had been transformed to fully-fledged insurance companies (Maxon, 1993).

The insurance industry is governed by the Insurance Act cap 487, and the industry is regulated by the Insurance Regulatory Authority (AKI 2007 Report). In 2007, there were 43 insurance companies and 2 locally incorporated reinsurance companies licensed to operate in Kenya. Of the licensed insurance companies, 20 are general insurers, 7 long term insurers and 15 are composite (both life and general) insurers. In addition, there were 201 licensed brokers, 21 medical insurance providers (MIPS), 2,665 insurance agents, 23 loss adjusters, 1 claims settling agent, 8 risk managers, 213 loss assessors or investigators and 8 risk managers in 2007. The insurance industry has suffered a major setback as yet another motor underwriter, Standard Assurance Kenya Ltd, goes on its knees. Okoth (2009), the heavily indebted **standard assurance** firm was placed under statutory management over its inability to settle some Sh100 million in outstanding claims owed to policyholders and creditors. The closure of Standard Assurance follows closely on a similar incident involving another motor underwriter, **Invesco Insurance**, which closed its doors in 2008 and is still under statutory management. Others are **Access Insurance**, **Stallion**, **Lakestar Insurance** and **United Insurance** who collapsed in similar circumstances of **insolvency**. In total, three insurance companies are currently under statutory management, with two of them facing liquidation, as efforts to revive them remain doubtful. While managers of United Insurance have already made proposals to the effect that the company should be wound up, the Insurance Regulatory Authority (IRA) recently rushed to court to protect the assets of Invesco and policyholders of the company. As matters stand, the fate of United now lies with a decision made by the High Court, which granted an extension to the term of statutory managers at Invesco.

On licensing, the insurance Act provides for the licensing of insurance companies. These companies are distinct from other entities that may be licensed such as insurance brokers, insurance agents, loss adjusters, reinsurance companies, loss adjusters among others. Life insurance companies are required to have paid up capital of Shs.50m, general insurance companies are required to have paid up capital of Shs.100m, composite companies are required to have paid up capital of Shs.150m; the finance Act 2007 provide for the increase in paid up capital requirement for these companies to Shs.150m, Shs.300m, and Shs. 450m respectively by July 2010. This is an important move whose significance rides on observations that there is overcapacity in the insurance industry (KPMG 2004).

Price water house coopers (2009), stated that many insurers are facing mounting skills shortages. Yet, investment in recruitment, training and career development often trails behind other financial sectors. The primary focus can often be short-term demands rather than securing the talent companies need to meet longer term strategic objectives. Looking ahead, demographic shifts, evolving aspirations and accelerating globalizations are set to transform the shape of the labour market and could make it even harder for insurers to attract and retain good people.

In this competitive labour market, successful companies will need to develop a strategic approach to Human Resources management capable of anticipating and responding to evolving business needs and workforce expectations. They will also need to identify and realize opportunities to differentiate benefits, career development prospects and other key aspects of their employment brand in home and emerging markets.

Amoroso (2008) poses a question as to how insurance companies can beat the talent crisis. Amoroso further prescribes shifting the focus from the end point of managing talent, hiring and retention. Rather than relying on traditional classroom training, development puts critical talent into real life learning situation, especially "trail by fire" experiences that stretch employees' capabilities. Deployment involves helping key talent identify the role within the organization that provides the best fit for employees' skills, interests, and knowledge. The aging of the population also represents insurers with a dilemma. The industry has a more difficult time attracting and retaining talent than other sectors of the financial services industry.

1.2 Statement of the Problem

Scholars believe that a core of experienced workers is necessary for the success of organization. Hackett (1979), states that for experience on the job and in the organization, workers must be stable. This is not possible in a situation of high job turnover. While Job turnover is found to have some advantages to the Organization if not managed appropriately, job turnover can cause firms financial losses.

Ivancevich (1994), states that organizations know turnover is a major cost and significantly affect the corporate profitability. It's therefore important to study the employees' perceptions of job turnover so as to reduce it to reasonable levels and retain the best employees' in a firm. Price Water House Coopers report (2009) indicates that the insurance industry is in turmoil in the wake of the deepest financial crisis and recession in two generations, and insurers are seeking to survive by making significant changes in the way they do business. One of the ways to change the way business is done can be by attracting and retaining the best talents in the labour market. Eskildsen and Nussler (2002) suggest that employers are fighting to get talented employees in order to maintain a prosperous business. Managing human capital for Organization benefit is therefore imperative, especially, when the productive employees are maintained and Job turnover is minimal.

The constant struggle to deal with job turnover is a factor of life among organization today (Kelly 2002). He further states that measurement of cost of job turnover is a problem that many executives are aware of but do not acknowledge as a potential loss of revenue. Employees can leave or, stay in an organization; jobs can be created or destroyed in Organization hence it's important to know what employees' perceive as factors that make them to leave or, for organizations to create and destroy jobs. The effect of job turnover is thus not really understood and in the process production, organizational goals, and aims are compromised. This study will seek to reveal what job turnover is and the factors that influence it.

Several studies have been done on labour turn over. For example, Muia (1983) did a study on Labour analysis by census method: the case of Kenya Civil service, Mula (1993) studied Labour turn over analysis by the census method: the case study of conductors and driver in Kenya Bus service, Mungumi (2002) did a study on

Employees' perceptions of factors influencing labor turnover in the micro finance institutions in Kenya, Oroni (2006) did a study on Labor turnover in State Corporations in Kenya: A case study of Kenya Wildlife Services, Kipmosop (2007) studied Labor turnover in private security firms in Kenya. All these studies are on different aspects of labor turnover. Not a single study has been found on job turnover. Yet the two are different as explained in chapter 1 and Literature review. Thus there is a gap in knowledge as far as job turnover is concerned. The proposed study is motivated by the need to fill this gap in knowledge. The key research question arising from this is: what do employees perceive as factors that influence job turnover in the insurance industry in Kenya?

1.3 Objectives of the Study

To determine the employees' perceptions of factors that influence job turnover in the insurance firms in Kenya.

1.4 Importance of the Study

The study will be of benefit to the;

Human Resource Managers will find the report useful for developing strategies for employee retention.

To Human resources student, the study will add to the body of knowledge in the subject of human resources management.

The Government; the findings of the research may be used by the government in formulating labor and employment policies and laws.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Some of the aspects studied on job turnover by various writers are reviewed in this paper. The style adopted is by citing subtopics and themes that have been reviewed. The review will help highlight what job turnover is and the underlying issues affecting or controlling job turnover in organizations. The following issues have been covered; job turnover, the factors that influence job turnover in three sub headings; the personal, internal and external factors, types of job turnover; the costs of turnover and reasons for measuring job turnover.

2.2 Job Turnover

Job turnover is the description of the number of job changes, separations and new hires that occur in an organization (Pearce, 1999). Barker and Holtzhausen (1996) observe that job turnover is indication of the stability of the employment in a specific enterprise or industry as indicated by the movement of personnel into and out of an organization. Job turnover is categorized into various types: There are two different types of job turnover that occur in an organization that is voluntary and involuntary turnover as discussed in the next paragraph. The different types of turnover are highlighted by different authors namely; Robbins (1993), Ham and Griffith (1995), Gomez et al (1997), Carrel et al (1998), Werner (2001) and Taylor (2002).

2.2.1 Involuntary turnover

Gomez-Mejia et al (1997) concede that involuntary turnover occurs when management decides to terminate its relationship with an employee due to economic necessity or a poor fit. The organization or the employee cannot control this type of turnover. The author further stresses that involuntary turnover results in a very serious and painful decisions that can have profound impact on the entire organization, especially for the employee who loses the job. Mkhize (1998) describes involuntary turnover as when employee is asked by the organization to leave. Sub types of involuntary turnover include discharge or dismissals and lay offs.

In an organization with high discharge rates, however, presumably incorrect hiring decisions are remedied through termination. Discharge or dismissal occurs when

management decides that there is a poor-fit between an employee and the organization. It occurs as a result of either poor performance or the employee's failure to change some unacceptable behavior that management has tried repeatedly to correct (Gomez-Mejia, 1997). Grobler et al (2002) describes dismissals as separation decisions initiated by the employer and it can occur for various reasons such as incompetence, violation of rules or dishonesty.

Lay offs on the other hand are also organizational stimulated. Grobler et al (2002) gives a description of lay offs as when employees are put on unpaid leave temporarily. Lay-offs normally occur when there is a downturn in the economy or for business reasons. Gomez-mejia (1997) observed that in a lay off situation, employees lose their jobs because a change in the company's environment or strategy forces it to reduce its workforce. Layoffs are temporary in nature. It is crucial for organizations to develop well thought-out recall procedures should the economy begin a growth trend and the employees become needed again. Involuntary turnover has a dysfunctional aspect that is if, employer or the employee requires survival, in most cases it is traditional for the organization to cut on employees if it has to survive.

2.2.2 Voluntary Turnover

Gomez –Mejia et al (1997) describes voluntary turnover as a separation that occurs when an employee decides, for personal reasons, to end the relationship with the employer. In most cases the decision to leave is a combination of having attractive alternatives and being unhappy with the aspects of the current job. Mengel (2001) concedes that turnover can be voluntary if organizations have carefully planned retention strategies in place. Economics research indicates that investments such as pay and benefits in the human capital of an organization reduce voluntary turnover (Osterman, 1987). Strategic human resources management research also suggests that commitment-enhancing human resource management systems reduce turnover (Arthur, 1994). Common is the notion that employees want to maximize their own interests and their own financial and psychological outcomes. Further, employees remain with organizations when overall self-interest is maximized by staying. Thus Where the exchange is unfavorable for the employee than the employer, the employee is likely to leave the firm as soon as alternative employment options are

available (Tsui, et al 1997). Additionally, following types of voluntary turnover have been identified: quits and retirement.

In an organization with high quit rates, for various reasons employees find it more attractive to leave than to stay. Grober et al (2002) describes quits as occurring when an employee leaves the organization without giving the normal period of notice (e.g. one month). There are several reasons why people quit from one organization to another or why people leave organizations. The experience of job related stress (job stress), the range factors that lead to job related stress (stressors), lack of commitment in the organization; and job dissatisfaction make employees to quit (Firth et al 2004). It is usually a sudden decision by the employee. Consequently, it should be noted that quits can occur at any time and mostly when the organization least expects it. This can have a drastic impact on the organization's total performance and productivity. Although organizations cannot do much about employee quitting, they can try to determine the real reasons for leaving or why the employee arrived at such a decision, the reason for leaving can be investigated further by exit interviews.

A part from quits retirement may occur at a certain age or after a number years of service in the organization. Upon retirement, the employees usually receive a monthly pension until death. Gomez-mejia et al (1997) indicate that retirement can be initiated by the employee and can also occur at the end of the employee's career. Gomez additionally states that the retirement benefit may include a retirement income that is supplemented with personal savings and social security benefits. Retirements can also be initiated by the employee, it usually occurs at the end of an employee's career. Retirements are normally planned in advance by the organization; this allows the smooth exit of the employee and plans are made to get a replacement.

2.3 Factors That Influence Job Turnover

There are many potential factors that influence job turnover. Lane (2002) said that understanding of these factors that influence job turnover requires the understanding of the decision-making process of both the employer and the employee. Jay (1998) states that if an organization has a problem with job turnover there are many possible causes as well as many possible treatments. The author reckons that the first thing the employer will probably do is to get a broader understanding of job turnover. The factors that influence or control job turnover are divided into three major categories; personal factors, organizational factors and external factors.

2.3.1 Personal Factors

The personal factors include individual qualities that can be viewed as personal traits the employee possesses and which are distinctive to the individual (Harmse, 1999). The author further asserts that it has to do with what and who the individual is within his total being and which guide his behavior or functioning. Personal factors include motivation, age, opinion of others, comparisons, effort or reward ratio and occupational stress.

Motivation is any influence that triggers, directs or maintains goal directed behavior (Hellriegel, et, al, 2001). Drafke and Kossen (2002) explain motivation as an incentive to act. Motivation is therefore viewed as the major factor within an individual that directs him to act in order to achieve certain goals. It means the various drives within, or environmental forces surrounding individuals that stimulate them to behave in a specific manner. Unfulfilled needs are the driving force behind motivation. Hellriegel et al (2001), postulate that the theories of motivation are best known to explain employee motivation. These were devised in an attempt to explain the behavior of people and help practicing managers in explaining employee motivation and management usually uses them in planning, organizing, and controlling their firms to improve productivity and efficiency. To explain how motivation theories are used in management, two theories will be used, namely, Maslow's hierarchy of needs and Herzberg's two-factor theory of motivation.

Drafke and Kossen (2002) concede that Maslow suggested human need can be assigned to various levels, and that each level need has to be gratified to some extent before the next level assumes importance. This view is also shared by Luthans (1995) who postulates that Maslow thought a person's motivational needs could be arranged in a hierarchical manner. Maslow believed that once a given level of need is satisfied, it no longer serves to motivate the next. Therefore, Maslow's hierarchy of needs has had a tremendous impact on the modern management approach to motivation. The following are the different levels of needs:

Physiological needs; Grobler (2002) concedes that people try to satisfy physiological needs before all others security needs; Include the desire for safety and stability and absence of pain, threat and illness. The security needs; many employees express it as a desire for a stable job with adequate medical, unemployment and retirement benefits (Drafke and Kossen, 2002). Robbins (1993) states that the organization that provides stability and benefits is likely to have relatively low turnover and little dissatisfaction among employees who are striving to meet these needs.

As far as affiliation needs are concerned, Grobler et al (2002) states that, these are also referred to as social needs. At this level employees seek social relationship inside and outside the organization. Peer-group acceptance within the workforce is often an important psychological need for employees. Robbins (2001) states that when an organization does not meet affiliation needs, any employee's behavior may be expressed in terms of frequent absenteeism, low productivity, stress related behavior and even emotional break downs. Self actualization; these are the desire for personal growth and realization of the individual's full potential (Hellriegel et al, 2001). These authors further observe that traits commonly exhibited in self actualization include spontaneity and problem solving ability. Grobler et al (2002) maintain that at this level, employees seek a fulfilling and useful life in the organization and the society.

Luthans (1995) states that Herzberg's two-factor motivational theory, casts a new life on the content of work motivation. The theory offers an explanation specifically to work place and job design (Grobler et al 2002). Robbins (1993) states that Herberg believed an individual's relation to his or her work is a basic one and that his work

can very well determine the individual success or failure, and referred to this as motivational hygiene theory. Herzberg concluded that there is a relation between job satisfiers and job content; job dissatisfiers are allied to job context. He named the motivation factors satisfiers and called dissatisfiers hygiene factors. The hygiene factors are preventative because they prevent dissatisfaction and are environmental in nature, and therefore are roughly equivalent to Maslow's lower level needs (Luthan, 1995). Robbins (2001), postulate that according Herzberg, the factors that lead to job satisfaction are separate and distinct from those that lead to job dissatisfaction. Therefore managers who seek to eliminate factors that create job dissatisfaction can bring about peace, but not necessarily motivation.

McCullough (2002) stresses that age is a widely known factor that influence job turnover. He further states that the younger the employee, the stronger the likelihood of the employee to quit. Older employees are less likely to quit because the older ones enjoy employment stability and the younger ones are more likely to take employment risk and hop to other jobs. Gibson and Klein (1970) found an increase in satisfaction with age over all tenure levels in their sample. They explained the age-satisfaction relationship in terms of changing needs, a mellowing process, and changing cognitive structure associated with age. From their studies, Siassi et al (1975) reported higher levels of job satisfaction in workers over 40 years than in workers under 40, regardless of length of service. They explained this result by suggesting an increase in coping capacity with age, perhaps as a result of greater stability, ego strength and similar factors. Glenn et al (1977) suggest that cohort differences may play a part in the age-job relationship, in particular the tendency for older workers to have had less formal education than younger adults who have higher expectations.

The opinion others have of the status and desirability of someone else's job play a role in the likelihood of that person staying in that job. (Drafke and Kossen, 2002). If other people, especially people you have admired and respected, believe that you have a good job then you will typically be more content than if people around you think you have a lousy job. Employees make comparisons between their jobs and how satisfied they are. An employee in a middle management position may feel less likely to leave their job if a family member and neighbors all have lower status and

low paying jobs (Drafke and Kossen 2002). Ronen (1978) noted that job satisfaction increases with occupational level. A middle manager might feel less obliged to stay with the employer if his or her family and neighbors are CEO'S and doctors. Thus, the bottom line is that each job has relative worth, rather than absolute worth.

Effort or reward ratio affects how an employee views their work. Drafke and Kossen (2002) explain this as the comparison of the reward someone receives from their work to the effort they puts into the work. If the ration between the two is heavy on the effort side, then employees generally feel less obliged because they reckon they are putting more into their work than getting out of it. Drafke and Kossen further stress that, what is evident from their analysis is that employees look at total reward from work, not just monetary compensation. Griffeth et al. (2000) noted that pay and pay-related variables have a great effect on employee turnover, the employees' that are appreciated for their effort, their chances of leaving the organization are minimal. Griffeth et al (2002) further stress that management must compensate employees adequately. They should pay employees based on their performance and in addition they should given employees incentives like individual bonus, lump sum bonus, sharing of profits and other benefits. Hence, if these are put in place they would minimize employee turnover. When an employee feels that they are putting more effort and being rewarded inappropriately, dissatisfaction sets in. This prompt the employee to start looking for another job where they will feel adequately compensated. Apart from reward ratio occupational stress also causes employees to leave their job and look for less stressful jobs.

As one goes about their work, stress may set in. Mitchell in and Region as cited in Ham and Griffeth (1995), people in helping profession are more prone to experience occupational stress. This is because by directly working with people in need of help is itself emotionally stressful and may produce feelings of fear, anger, embarrassment, frustration and despair. Qili (1999) defines occupational stress as a substantial imbalance between environmental job demand and the response capability of the individual. Sauter and Murphy (1995) consider occupational stress as a state that arises when individuals are unable to cope with psychological load imposed on them. Ham and Griffeth (1995) states that occupational stress has been neglected by researchers, evidence indicates that occupational stress moderately

and positively predicts turnovers. Sauter and Murphy (1995) maintains that occupational stress has a detrimental effect and has costly related effects to the organization due to absenteeism, sick leave, hospitalization, and even death. Occupational stress management is therefore recommended in the workplace, to prevent and have treatment programs that will cut costs significantly. This will reduce absenteeism and sick leave (Ham and Griffeth, 1995). With such programs employees may feel less obliged to leave their jobs, thus reducing job turnover.

2.3.2 Organizational Factors

These are professional qualities and refer to the specialized knowledge and skills necessary for the worker to be able to function effectively and efficiently. In organizations where there was a high level of inefficiency there is a high level of staff turnover (Alexander et al., 1994). Therefore, in situations where organizations are not stable employees tend to quit and look for stable organizations because with stable organizations employees will be able to predict their career advancement. Organizational factors have a bearing on the employee's diagnostic skills, competent usage of knowledge, absence of own interest, and autonomy in judgment of their own professional work performance and the maintenance of a high standard within their behavior and activities (Harmse, 1999). These attributes are inherent in the work itself and comprise the following: Feed back and recognition, induction process, recruitment, procedures, departmentalization, promotional opportunities, pay structures, supervision, the job itself, management and training.

Recognition can be differentiated from feedback by frequency and significance. Feedback is more of opinion or response to the work done. Recognition refers to noticeable acknowledgements and appreciation of performance; it is received less often but carries greater significance than feedback (Robbins, 2001). Recognition may take many forms ranging from public acknowledgements of one's contribution, to an outstanding service or employee of the month or year award to a promotion. Feedback may be as simple as a good job; feedback from a manager may also be inherent in the job. To maximize the effect on the job turnover, feedback must be accurate, timely and frequent. Recognition of a job well done can lead to decreased chances of quitting because people generally like a pat on the back for work well done.

Since work must be well done, organizations train their employees when they are new or freshly hired so that they can learn the job skill requirements of the job they are supposed to do. This process is induction as discussed here below. Induction is described as a program designed to give new hires a better start on the job by familiarizing themselves with job rules and operating procedures. It is also at times referred to as orientation program (Stone 2002). Lane (2002) states that the induction process is vital and needs to be realized that it is more than a simple administrative chore, and it should not be skimmed, even if time is short. Decker and Sullivan (1998), stresses that the induction process is necessary because all new employees experience feelings of tensions, dissatisfaction and uncertainty in the early stages of employment. Stone (2002) concedes that the orientation sessions should include a discussion of the organization's missions and mission's relationship to the corporate strategy. Decker and Sullivan (1998), stresses that the successes and failures experienced during the induction process can provide feedback on the future selection procedures.

Selection is a process that determines which individual to hire for a particular job (Mondy and Preameaux 1994). These authors further maintain that selection is designed to attract the individuals who are most capable of meeting the requirements of the job. Decker and Sullivan (1998) describe selection as the matching of prospective employees to the jobs they are supposed to undertake. Ham and Griffeth (1995) maintain that the selection and recruitment procedures offer the best opportunity for controlling turnover. The authors further state that poor recruitment; selection procedures and mismanagement can generally lead to job turnover. Thus, the right person has to be recruited for the job. The effective remedy is to select and keep the best people.

Dessler (1996) describes departmentalization as a process through which the organizational activities are grouped logically and assigned to managers. It also refers to the organization's wide division of work. Hellriegel et al (2001) defines departmentalization as a basis on which jobs are grouped in order to accomplish their goals. Dessler (1996) further stresses that departmentalization is a very important process and a common phenomenon. The author identifies the following

ways on how to arrange departments: by business, by product division, by customer, by territory, by matrix and hybrid. Hellriegel et al (2001) concede that the reason for departmentalization and the pressure in a growing business is to split the total task of management into smaller units, which are easier to manage. The researcher further concedes that the way the organization is departmentalized influences job turnover, depending on the quality of supervision, the structure of the organization, and planning. This determines the employee's accomplishments and morale.

Promotion offers opportunities as advancement in the hierarchy (Luthans 1995). Nel (2001) ascertains that a promotion occurs when an employee is moved from one job to another that is higher in pay, responsibility or organizational seniority. Skidmore (1995), states that promotions are important in the functioning of the organization. Nearly every employee wants to move ahead, both in position and in salary. The procedures and standards for promotion should be clearly defined through sound administration. Promotions can trigger feelings and attitudes that can either be positive or negative. Ham and Griffeth (1995), stress that promotion should be fairly done and justified because, if not fairly done it will lead to job turnover. Promotions should be fair and rewarding as much as possible so that employees do not feel the need to leave. With a promotion the employee typically receives a pay increase and moves to a higher relative position in a new pay-grade, thereby having the opportunity to earn larger and perhaps better salary reviews (Milkovich & Newman, 1993). Hence, it is expected that highly promoted employees experience greater salary growth and will be less likely to voluntarily leave the organization.

Garrison (1997), state that a fair pay and reward system should be adopted to avoid job turnover. Although pay structures or money are considered a less factor in job turnover, the perception of fairness is critical to satisfaction with the reward. Therefore clear criteria are crucial to the employees accepting the decision. Skidmore (1995) said that research shows that money is important but not the salient factor in job turnover. Money is so relative, and attitudes towards it vary so much that there is no set pattern regarding its motivational value. Luthans (1995) ascertains that wages and salaries are recognized to be a significant, but complex, multidimensional factor in job turnover. Employees often see pay as a reflection of how management views their contribution to the organization. Stone (2001) argues

that if pay and benefit are not comparable to that of colleagues, the organization is likely to lose their employees to another organization quickly. The big disparities that exist in salary and bonuses can encourage the brightest employees to learn as much as they can from the firm, and then move on to other firms. Griffeth et al. (2000) noted that pay and pay-related variables have a modest effect on turnover. Economics research indicates that investments such as pay and benefits in the human capital of an organization reduce voluntary turnover (Osterman, 1987).

Supervision can cause employees to leave a firm or stay. Lewis and Souflee (1994) observed that supervision is a process that involves helping less experienced person increase effectiveness in service delivery. The authors further concede that supervisors provide support and encouragement which, helps to build skills, competences and oversees the supervisee's work. Dessler (1996) states that the supervisory ability is the capacity to direct the work of others organize and integrate their activities so that the goal of work group can be obtained. Skidmore et al (1997) concedes that supervision is a very important part of work because it is a process that is administrative, supportive, educational, enabling, enriching, and motivational. This requires the supervisor to have professional qualities, which are specialized knowledge and skills to manage the task and the people. Supervision may increase job turnover if it is not carried out correctly because, employees will have difficulties carrying out their tasks without the required support from the supervisor.

The job to be done also affects job turnover. Kolen (1997) defines job as the kind and amount of work to be performed by a person or a piece of equipment within a given time period. Harmse (1999) describes a job as a position within an organization depending on the scope of the organization, which can be small as one. Kolen (1997) argues that a job is fully described only when authority, responsibility and accountability have been fully specified. The author maintains that well-conceived job definition should always consist of two parts: Job description and conditions under which the job is done. *Job description* is a detailed statement of the content of the job in terms of major tasks the sequence of those tasks. Mondy and premeaux (1994) describe job description as a document that describes the tasks and responsibilities of a job and its relationships to other jobs. Decker and Sullivan

(1998) observe that job is very crucial factor in job turnover, because it is extremely difficult to stay in a job if you hate the work you are doing.

Often times, employees claim to hate their job when they hate doing the job for their current employer. Therefore these employees love the work but they don't like the people they are currently working for. Van Dyk (2001) stresses that any job should have key characteristics that directly affect employee performance and satisfaction and thus in turn influence job turnover. Van Dyk further identifies the following as job characteristics, variety, challenges and autonomy. *Variety*, different tasks and activities included in the job. *Challenges*, levels of complexities experienced in performing job tasks and activities. *Autonomy*, the extent to which employee carries out tasks independently. Van Dyk further observed that the job that does not have the job characteristics will cease to have any meaning. Employees would want to do the job that is exciting and where they are able to use their abilities in executing these tasks. Without these, chances of employees leaving their employers are accelerated.

Workers who have a greater variety of tasks tend to stay in the job. Task characteristics have been found to be potential determinants of turnover among employees (Couger, 1988). These include the five core job characteristics identified by Hackman and Oldham (1975, 1980): skill variety, task identity, task significance, job autonomy, job feedback. *skill variety*, which refers to the opportunity to utilize a variety of valued skills and talents on the job; *task identity*, or the extent to which a job requires completion of a whole and identifiable piece of work - that is, doing a job from beginning to end, with visible results; *task significance*, which reflects the extent to which the job has a substantial impact on the lives or work of other people, whether within or outside the organization; *job autonomy*, or the extent to which the job provides freedom, independence, and discretion in scheduling work and determining procedures that the job provides; and *job feedback*, which refers to the extent to which the job provides information about the effectiveness of one's performance (Tor et al., 1997).

Involvement would influence job satisfaction and increase organizational commitment of the employees. Employees who are more involved in their jobs are more satisfied with their jobs and more committed to their organization (Blau and

Boal, 1989; Brooke and Price, 1989; Brooke et al., 1988; Kanungo, 1982). Job involvement has also been found to be negatively related to turnover intentions (Blat and Boal, 1989). Job satisfaction, career satisfaction, and organizational commitment reflect a positive attitude towards the organization, thus having a direct influence on employee turnover intentions. Job satisfaction, job involvement and organizational commitment are considered to be related but distinguishable attitudes (Brooke and Price, 1989). Satisfaction represents an affective response to specific aspects of the job or career and denotes the pleasurable or positive emotional state resulting from an appraisal of one's job or career (Locke, 1976; Porter et al., 1974; Williams and Hazer, 1986).

Where replacement costs are low and average performance of replacements is expected to be high, organizations can benefit from turnover of poor performers. In contrast, turnover of high performers is more likely to be dysfunctional for the organization (Hollenbeck and Williams, 1986, Park, Ofori-Dankworth and Bishop, 1994 and Schwab 1991). While on the job, employees might not clearly understand what they are expected to do. This is known as role ambiguity which refers to the difference between what people expect of us on the job and what we feel we should do. This causes uncertainty about what the role should be. It can be a result of misunderstanding what is expected, how to meet the expectations, or the employee thinking the job should be different (Trevor 2001). Insufficient information on how to perform the job adequately, unclear expectations of peers and supervisors, ambiguity of performance evaluation methods, extensive job pressures, and lack of consensus on job functions or duties may cause employees to feel less involved and less satisfied with their jobs and careers, less committed to their organizations, and eventually display a propensity to leave the organization (Tor et al, 1997). If roles of employees are not clearly spelled out by management/ supervisors, this will accelerate the degree of employees quitting their jobs due to lack of role clarity.

Management plays a major role in job turnover. Warner (2001) describes management as a science, which is concerned with short-term problem in the organization. Dessler (1996) maintains that management is a process that has the following functions: planning, organizing, leading and controlling. The management process requires the manager to implement its functions. Managers are described as

people who get things done through others. Subordinates do not always appreciate a manager's job. The managers strive to achieve organizational goals by using allocated resources, which are always inadequate (Taylor, 2002). Taylor further stresses that the manager's job is to organize and control resources for example; equipment, material, skills, money, and to inspire his people to achieve the desired goals.

Decker and Sullivan (1998) ascertain that management should be concerned with job turnover since it affects the whole organizational set-up, there are internal factors and characteristics of particular organizations, which influence the stability of the organization labour. The degree of commitment and loyalty can be achieved further if management enrich the jobs, empower and compensate employees properly. Managers must recognize that employees are major contributors to the efficient achievement of the organization's success Abbasi et al. (2000). Managers should control employee turnover for the benefit of the organization success.

Empowerment of employees could help to enhance the continuity of employees in organizations. Empowered employees are where managers supervise more people than in a traditional hierarchy and delegate more decisions to the subordinates (Malone, 1997). Managers act like coaches and help employees solve problems. Further Malone states that empowered employees have increased responsibility. Superiors empowering subordinates by delegating responsibilities to them leads to subordinates who are more satisfied with their leaders and consider them to be fair and in turn they perform up to the superior's expectations (Keller and Dansereau 1995). All these make employees to be committed to the organization and chances of quitting are minimal. Organizational commitment is an affective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization. Job involvement represents the extent to which employees are absorbed in or preoccupied with their jobs and the extent to which an individual identifies with their job (Brooke et al., 1988).

Cherrington (1995) describes training as the process that enables employees to acquire new knowledge, learn new skills, and perform behaviors in a new way. It refers to the acquisition of specific skills and knowledge. Training is a learning

experience because it seeks a relatively permanent change in an individual that will improve the ability to perform on the job (De Cenzo and Robbins, 1994). Lane (2002) states that training a new entrant for a job naturally varies in length and complexity according to the organization and the job. Cherrington (1995) identified the following type of training program: orientation and informing programs, skills development, and safety training, professional and technical education and supervisory training.

Organization has a responsibility to ensure that its employees receive the necessary training and development to be able to achieve personal and organizational objectives (Harmse 1999). The researcher is of the opinion that through training, job turnover can be held to a minimum since highly qualified and trainable employees are a good investment in any organization as long as they stay and get the chance to implement what they have learn during training. Decker and Sullivan (1998) argue that where training schemes have been introduced, job turnover has invariably decreased. The author further concedes that a planned, systematic training scheme is always a stabilizing influence. Training should be a supervisor-task especially in determining who is eligible for training and the type of training required to improve and increase productivity, efficiency, and effectiveness. For training to be meaningful it should be results oriented, aiming at improving specific skills and abilities required to do the job. Decker and Sullivan further state that training is the process that provides an employee with the opportunity to extend and improve skills in order to be more productive in the organization; thus if these are compromised it will inevitably lead to job turnover.

2.3.3 External Factors

Grobler et al (1999) state that, external factors refer specifically to the effect of labor demand and supply on an employee's period of service with a particular organization. Different authors for example: Ham and Griffeth(1995), Carel et al (1998), Lane (2001) and Taylor (2002) have identified the following as the external factors that influence job turnover: job security, social interactions, organizational culture, seniority, labour market determinants and the economic climate,

Job security is the assurance of the employer to the employee of continued future employment. Herzberg's hygiene factor is a classic example of job security; if not

available it may affect job turnover. Organizational instability has been shown to have a high degree of high turnover. Indications are that employees are more likely to stay when there is a predictable work environment and vice versa (Zuber, 2001). Another factor influencing job turn over is social interactions. Drafke and Kossen (2002) observe that it is the communication among employees. If social interactions are not as desired, job turnover can increase. These social interactions are complex entities; the value to the individual is affected by the quantity of interactions, physical and mental isolation, and the quality of social interactions. Jay (1998) asserts that poor relationships at the workplace are one of the main factors that influences job turnover. Everyone should be treated well so that every aspect of the work and social interactions are of the highest quality, and turnover will be reduced significantly.

Organization culture also plays a major role in employee orientation and socialization in the organization. Taylor (2002) observes that organizational culture determines how employees perceive the organization. It is the acquired attitudes and behaviors that determine how work is done in the organization. The overall organizational culture and management style can increase or decrease job turnover. Decker and Sullivan (1998) maintains that organizations, like people, have their own personalities, and these can be affected by style of management, organizational structure and communication channels.

Employee's perception of the organizational climate is the level of personnel management, which will include the vital areas of wage and salary administration, selection, and all personnel functions. Drafke and Kossen (2002) concede that there are three types of organizational culture namely, classical, bureaucratic, and authorization. Drafke and Kossen further state that, depending on the employee's needs, they can have preference in attaining their need to stay in the organization. What is important here is that the employee should try to match their needs to the organizations so that their needs can be fulfilled, thus lowering the chances of turnover.

The time an individual has spent working in a certain company can determine turnover as described here. Seniority is described as the time spent working at the

same job or working for the same employer (Drafke and Kossen, 2002). It affects the decision employees make on leaving their jobs. It may also increase job satisfaction and prompts employees to perform proficiently. For some employees' the decision to leave increases due to boredom or the realization that their goals and careers are not advancing as anticipated. Some jobs changes are acceptable to the potential employers but frequent changes, holding jobs for only a few months and not staying at even one employer for a respectable amount of time (1-2 years), can be perceived quite negatively. Employees feel comfortable to stay longer, in positions where they are involved in some level of the decision-making process. That is, employees should fully understand about issues that affect their working atmosphere (Magner et al. (1996). But in the absence of openness' in sharing information the chances of continuity of employees are minimal. Strategic Human Resources Management research also suggests that commitment-enhancing HRM systems reduce turnover (Arthur, 1994).

The economic climate also plays a significant role in how organizations hire and fire their employees. Carrell and Kuzmits (1998) argue that the general economic conditions have an important bearing on the overall availability of jobs. Job turnover closely follows economic conditions. Job turnover is generally high during periods of growth or when jobs are plentiful. Van der Merwe and Miller (1996), postulate that the economic conditions override all other determinants of turnover. It is this climate that determines the overall rise and fall of job turnover levels in any area in the economy.

In addition to the above, Labor and market determinants affect the movement of employees in and out of organizations. Ham and Griffeth (1995) describe the state of the economy as the most accurate predictor of job turnover. A market comprises two sides namely the demand and supply. Demand refers to the potential consumer at whom the market offer is directed while the supply consists of all the enterprises competing for consumer patronage and the suppliers offering all kind of products and services (Hussey, 1996). Taylor (2002) stresses the relative significance of each stage in terms of costs, management, time and organization success varies with the state of the labour market. Taylor further states that when the labour market

tightens, recruitment and selection activities assume a greater importance. This occurs as it becomes harder to find staff of the caliber and skills required.

Conversely, when labour markets are loose and jobs are in short supply there is shortage of qualified applicants for vacant positions. Less attention is given to recruitment and more attention is given to selection stage as organizations look for a way of effectively differentiating between candidates. Ham and Griffeth (1995) observe that finding qualified people is becoming more and more difficult in today's labour and market determinants. Good local labour market conditions improve organizational stability Schervish (1983). Large organizations can provide employees with better chances for advancement and higher wages and hence ensure organizational attachment (Idson and Feaster 1990). Trevor (2001) argues that local unemployment rates interact with job satisfaction to predict turnover in the market.

2.4 Costs of Job Turnover

Potter (2002) postulates that job turnover is a critical cost driver for business. The cost of filling vacancies, lost productivity from vacant jobs and cost of training new employees increase operational costs. Elements of the job turnover vary widely and depend on whether all cost elements are recognized. He further identifies three primary elements of job turnover costs that include staffing costs, vacancies, training and leaving costs. *Staffing costs*; these costs are also referred to as cost per hire. These include the cost of recruiting job applicants (such as advertising or job board posting, screening applicants, personnel search, service brokerage fees, relocation expenses and signing bonuses), *vacancies*; While a position is vacant the productivity of the former employee is lost and the productivity of the overall organization is reduced as the remaining workers cope with being shorthanded. Jay (1998) refers to these above vacancy costs as temporarily replacement cost of getting the work done while the post is vacant, *Training*; No new employee starts working at a hundred percentage efficiency.

Jay (1998) adds that the induction costs to the training refer to direct costs paid during unproductive early stage. Jay further identifies an extension to these elements by including the following: redeployment of an existing labor force involves extra costs, relocation costs may include hotel charges, direct disturbances allowance for example legal fess, house purchase assistance, and temporary travel subsidy of the

new employees. *Leaving costs* are associated with creating the vacancy, closing of the previous appointment for example refunding and superannuation payments.

Cooper (2002) says that there are two main reasons why turnover should be measured, for control and forecasting purposes. *Control*: the organization must know current levels of turnover before it can be decided whether steps need to be taken to reduce the turnover. Some of the areas that need to be controlled once identified include; unnecessarily high staffing levels and over time payments, lost or delayed production, interruptions to the work flow, increased production costs, scrap levels and risk of accidents to inexperienced workers, long-term workers becoming unsettled and leaving, low morale and resulting low productivity, and damage to the organization's local reputation (Lane 2002). *Forecasting*: accounts of past job turnover, and needs to be taken into account if future staffing and recruitment needs are to be estimated reliably. Thus, for this to be carried out, clear personnel records must include accurate details of all starters and leavers, and should be in a form that assists analysis by length of service, section or department, month or year. The effect of job turnover is thus not really understood and in the process production, organizational goals, and aims are compromised.

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Research Design

Survey research design will be used in this study. This is because of the need to conduct comparative analysis to establish the perceived influence of different factors on job turnover. Also, data will be collected from a cross section of organizations.

3.2 Population

The population will consist of all registered insurance companies in Kenya. From the insurance industry directory provided by insurance regulatory authority, after subtracting four of the collapsed insurance companies, there are 41 insurance companies and 4 reinsurance companies as indicated in appendix III. A census survey method will be used where all of the 45 companies will be surveyed.

3.3 Data Collection Methods

For the purpose of collecting primary data, a semi-structured questionnaire will be used. The questionnaire will consist of two parts; part A and Part B. Part A will collect general information on the respondents, while part B will target data on perceived factors that influence job turnover. Given strategic nature of the required information managers and non manager will be needed to fill the questionnaires, (1 manager and 1 non manager from each company). This will give a total of 94 respondents. This number is considered adequate for the purpose of analysis.

3.4 Data Analysis

Data will be analyzed using both descriptive and inferential statistics. Descriptive statistics which measures the distribution of scores will comprise of frequencies, means, standard deviations and percentages. Mugenda (2003), states that inferential statistics is concerned with determining how likely it is for the results obtained from a sample are similar to the results expected from the entire population. Inferential statistical tool will be factor analysis. The findings will be presented in tables, graphs and charts.

CHAPTER FOUR DATA ANALYSIS AND INTERPRETATIONS

4.1 Introduction

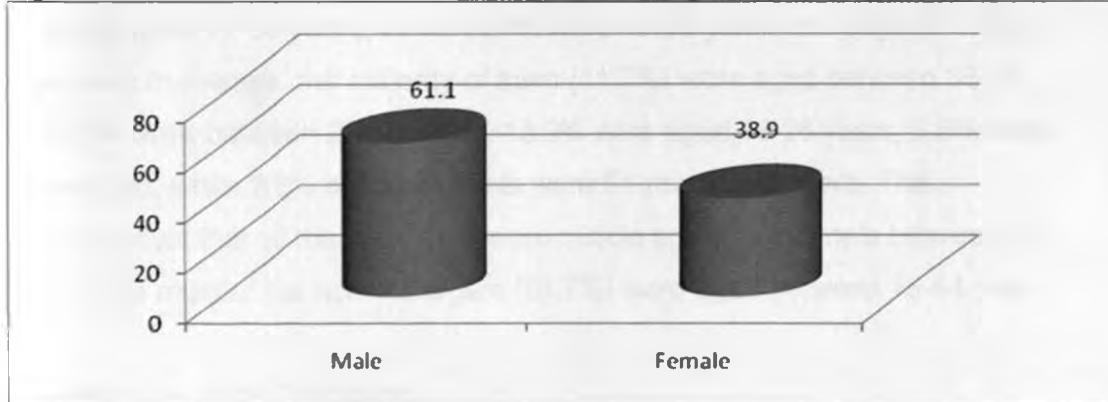
This chapter presents the data analysis and interpretations of the data from the field.

4.2 General Information

Figure 4.1 Distributions of Manager respondents by Gender



Figure 4.2 Distributions of Non-Management Respondents by Gender



The findings in figure 4.1 and 4.2 show the gender of the respondents, both managers and non managers. It was found that most of the respondents 58.3% were male and 41.7% of the respondents were female. Most of the non managers (61.1%) were males, while 38.9% of the respondents were females. This study implies that there was gender imbalance in both managers and non managers, i.e. males outdo the females.

Table 4.1 Distribution of the respondents by Age

| Age Categories | Managers | | Non Managers | |
|--------------------|-----------|------------|--------------|--------------|
| | Frequency | Percent | Frequency | Percent |
| 18-26 years | | | 5 | 13.9 |
| 27-35 years | 12 | 33.3 | 13 | 36.1 |
| 36-44 years | 17 | 47.2 | 15 | 41.7 |
| 45-53 years | 7 | 19.4 | 2 | 5.6 |
| 54 years and above | 0 | 0 | 1 | 2.8 |
| Total | 36 | 100 | 36 | 100.0 |

The study also sought to establish the age of the respondents.

As shown in table 4.1, most of the managers (47.2%) were aged between 36-44 years, 33.3% were 27-35 years, while 19.4% were 45-53 years old. Majority of non managers, the majority of them (41.7%) were aged between 36-44 years. 36.1% were between 27-35 years, 13.9% were aged 18-26 years, 5.6% were 45-53 years old, while 2.8% of respondents were 54 years and above. This information shows that all the managers were middle aged for example between 27-53 years, while most of the non managers (91.7%) were aged between 18-44 years.

Respondents Level of Education

On the respondents' level of education, the study found that the respondents had master degree, under graduate degree, certificate, diploma, CPA (K) and higher diploma.

4.4 Educational background of the Managers

This part of study was carried out with an aim of identifying the various educational backgrounds of the interviewed managers.

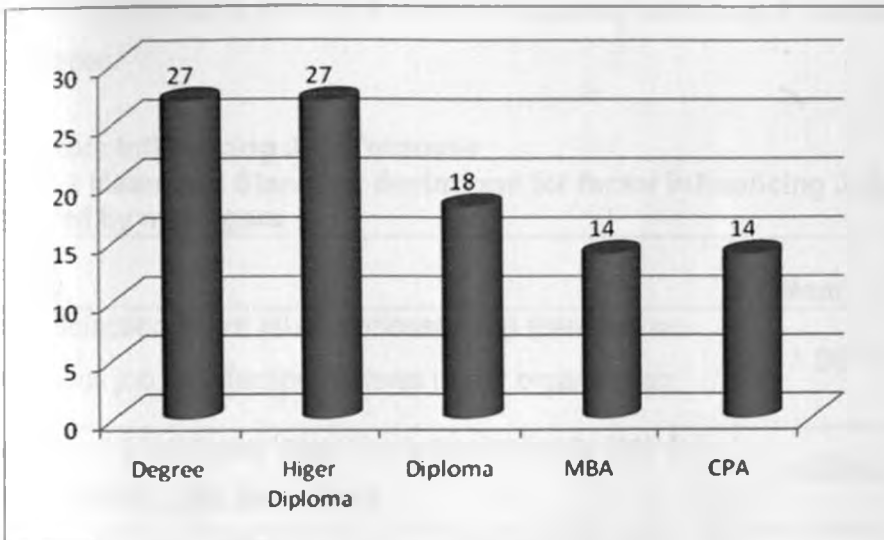


Figure 4.3 Educational backgrounds of the managers

Data presented on figure 4.3 above shows that majority of the managers had attained a degree level of education (27 percent) and diploma levels of education while 18 percent had higher diploma qualifications. 14 percent of the respondents had masters of business administration qualifications, with 14 percent having attained a CPA level of education.

4.4.2 Educational background of the non managers

The study proceeded to establish the educational background of the non managers. The figure below shows the results.

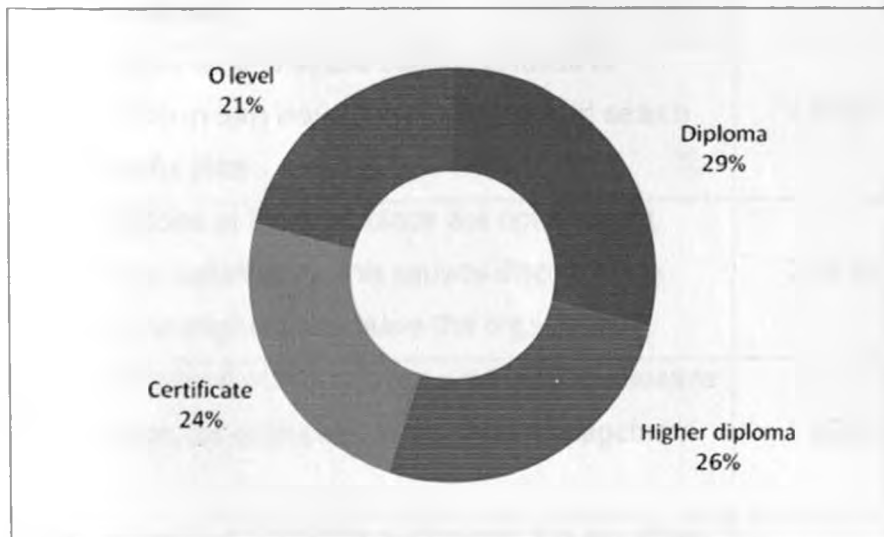


Figure 4.4 Educational backgrounds of the non managers

Results from figure 4.4 above shows that 29 percent of the non managers had attained a diploma level of education with 26 percent having a higher diploma. 24

percent had attained a certificate level of education while only 21 percent had O level of education.

4.3 Factors Influencing Job Turnover

Table 4.2 Mean and Standard deviations for factor influencing Job Turnover as perceived by managers

| | Mean | Std. Deviation |
|--|--------|----------------|
| Job satisfaction is not taken seriously and there are no continuous job satisfaction reviews in my organization | 1.3611 | .72320 |
| dissatisfied employees leave the organization to look for more satisfying jobs else where | 4.5556 | .80868 |
| the compensation offered is not considered adequate and this can make employees to quit and look for better compensation | 4.0833 | 1.05221 |
| peers evaluation of one's job is meaningful both to the organization and to the individual | 3.5556 | .93944 |
| job motivation is not evaluated frequently to ascertain employees who need assistance and the causes of non motivation are not analyzed and addressed | 2.4722 | 1.29804 |
| older employees who are over 40 years do not often consider leaving the organization as compared to the younger employees | 3.5833 | 1.18019 |
| the level of work related stress causes distress to employees who in turn leave the organization in search for less stressful jobs | 4.0000 | 1.12122 |
| social interactions at the work place are not pleasant, professional or satisfactory; this causes discomfort to employees who might in turn leave the organization | 2.1944 | 1.06421 |
| mechanisms to deal with employee work related stresses are not in place, for example, therapy and management interventions | 1.8056 | .92023 |
| the older employees (40 years and above) the less likely they might consider leaving the organization | 3.6667 | 1.06904 |

Table 4.2 shows mean scores and standard deviations for managers' rating of the

factors that influence job turnover on a rating scale of 1-5 with 1 being not at all and 5 being to a very great extent, personal factors that were found to influence job turnover to a very great extent were: dissatisfaction by employees as shown by a mean score of 4.5, inadequate compensation with a mean score of 4.1, work related stress which causes distress as shown by a mean score of 4.0, lack of evaluation of ones job with a mean score of 3.6. The scores that have least mean score for example mean of 1.36, 2.47, 2.19, 1.80, are seen as variables that influence job turnover to a less extent.

4.4 Factor Analysis for Personal Factors Rated By Managers as Influencing Job Turnover

Data on factors that influence job turnover was further analyzed using factor analysis. Factor analysis is a technique that attempts to identify underlying variables, or factors, that explain the pattern of correlation among a set of variables (Field, 2005). Factor analysis is a technique for data reduction whose purpose is to identify a small number of factors that explain most of the variance observed in a much larger number of manifest variables.

Table 4.3 Communalities

| | Initial | Extraction |
|---|---------|------------|
| job turnover is not taken seriously and there are no continuous job satisfaction reviews in my organization | 1.000 | .613 |
| dissatisfied employees leave the organization to look for more satisfying jobs else where | 1.000 | .416 |
| the compensation offered is not considered adequate, this can make employees to quit and look for better compensation | 1.000 | .684 |
| peers evaluation of ones job is meaningful both to the organization and to the individual | 1.000 | .454 |
| Job motivation is not evaluated frequently to ascertain employees who need assistance and the causes of non motivation are not analyzed and addressed | 1.000 | .616 |

| | | |
|--|-------|------|
| Older employees who are over 40 years do not often consider leaving the organization as compared to the younger employees | 1.000 | .877 |
| The level of work related stress causes distress to employees who in turn leave the organization in search for less stressful jobs | 1.000 | .745 |
| Social interactions at the work place are not pleasant, professional or satisfactory; this causes discomfort to employees who might in turn leave the organization | 1.000 | .595 |
| Mechanisms to deal with employee work related stresses are not in place, for example, therapy and management interventions | 1.000 | .761 |
| The older employees (40 years and above) the less likely they might consider leaving the organization | 1.000 | .628 |

Extraction Method: Principal Component Analysis.

Table 4.3 shows the communalities for each Factor. Communalities are the proportion of variance that each factor has in common with other Factors. For example each factor in the table had communality or shared relationship with other factors. Initial is factor axis factoring.

Total Variance Explained

Table 4.4 below shows the variance of the 10 factors, the percentages of variance attributable to each factor and the cumulative variance of all the factors. Principle component analysis was used and it extracted 3 orthogonal (independent) principal factors.

Table 4.4 Total Variance Explained

| Component | | | | Rotation Sums of Squared Loadings | | |
|-----------|---------|--------------|--------------|-----------------------------------|---------------|--------------|
| | Total | %of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 2.80965 | 28.096 | 28 | 2.81 | 28 | 28 |
| 2 | 2.32891 | 23.289 | 51 | 2.29 | 23 | 51 |
| 3 | 1.24945 | 12.495 | 64 | 1.29 | 13 | 64 |

| | | | | | |
|---|---------|--------|----|--|--|
| 4 | 0.90068 | 9.0068 | 73 | | |
| 5 | 0.80775 | 8.0775 | 81 | | |
| 6 | 0.65479 | 6.5479 | 88 | | |
| 7 | 0.47519 | 4.7519 | 92 | | |
| 8 | 0.42222 | 4.2222 | 96 | | |
| 9 | 0.20947 | 2.0947 | 99 | | |

Extraction Method: Principal Component Analysis.

Table 4.4, the Kaiser Normalization Criterion was used, which allows for the extraction of components that have an Eigen value greater than 1. The principal component analysis was used and three factors were extracted. As the table shows, these three factors explain 64% of the total variation in job turnover. Factor 1 contributed the highest variation of 28%. The contributions decrease as one moves from one factor to the other up to factor 3 which has 13%. **Factor** is the initial number of factors, is the same as the number of variables used in the factor analysis. However, not all the 10 factors will be retained. **Initial Eigen values** are the variances of the factors. Because we conducted our factor analysis on the correlation matrix, the variables are standardized, which means that the each variable has a variance of 1, and the total variance is equal to the number of variables used in the analysis, in this case, 10. **Total** contains the eigenvalues. The first factor will always account for the most variance (and hence have the highest eigenvalue), and the next factor will account for as much of the left over variance as it can. Hence, each successive factor will account for less and less variance. **% of Variance** contains the percent of total variance accounted for by each factor. **Cumulative %** contains the cumulative percentage of variance accounted for by the current and all preceding factors. For example, the third row shows a value of 64%. This means that the first three factors together account for 64% of the total variance.

Table 4.5 Rotated Component Matrix (a)

| | Component (Factor) | | |
|--|--------------------|-------|-------|
| | 1 | 2 | 3 |
| Job satisfaction is not taken seriously and there are no continuous job satisfaction reviews in my organization | .214 | .253 | .709 |
| Dissatisfied employees leave the organization to look for more satisfying jobs else where | .401 | .461 | .207 |
| The compensation offered is not considered adequate, this can make employees to quit and look for better compensation | .827 | .005 | .022 |
| Peers evaluation of ones job is meaningful both to the organization and to the individual | .481 | -.471 | .008 |
| Job motivation is not evaluated frequently to ascertain employees who need assistance and the causes of non motivation are not analyzed and addressed | .567 | -.542 | -.011 |
| Older employees who are over 40 years do not often consider leaving the organization as compared to the younger employees | .245 | .899 | -.090 |
| The level of work related stress causes distress to employees who in turn leave the organization in search for less stressful jobs | .819 | .251 | .102 |
| Social interactions at the work place are not pleasant, professional or satisfactory; this causes discomfort to employees who might in turn leave the organization | .749 | -.066 | -.174 |
| Mechanisms to deal with employee work related stresses are not in place, for example, therapy and management interventions | .240 | .144 | -.826 |
| The older employees (40 years and above) the less likely they might consider leaving the organization | -.122 | .773 | .124 |

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

The initial component matrix was rotated using Varimax (Variance Maximization) with Kaiser Normalization. The above results allowed the researcher to identify what variables fall under each of the 3 major extracted factors. Each of the 10 variables was looked at and placed to one of the ten factors depending on the percentage of variability; it explained the total variability of each factor. A variable is said to belong to a factor to which it explains more variation than any other factor. The values in this panel of the table represent the distribution of the variance after the varimax rotation. Varimax rotation tries to maximize the variance of each of the factors, so the total amount of variance accounted for is redistributed over the three extracted factors.

From table 4.5, the variables constituting the three factors extracted are summarised and identified below-

FACTOR 1 - STRESS AND SOCIAL FACTORS

1. The compensation offered is not considered adequate, this can make employees to quit and look for better compensation
2. Peers evaluation of ones job is meaningful both to the organization and to the individual
3. Job motivation is not evaluated frequently to ascertain employees who need assistance and the causes of non motivation are not analyzed and addressed
4. The level of work related stress causes distress to employees who in turn leave the organization in search for less stressful jobs
5. Social interactions at the work place are not pleasant, professional or satisfactory; this causes discomfort to employees who might in turn leave the organization
6. Mechanisms to deal with employee work related stresses are not in place, for example, therapy and management interventions

FACTOR 2 - AGE AND DISSATISFACTION FACTORS

1. Dissatisfied employees leave the organization to look for more satisfying jobs else where
2. Older employees who are over 40 years do not often consider leaving the organization as compared to the younger employees
3. The older employees (40 years and above) the less likely they might consider leaving the organization

FACTOR 3 - JOB SATISFACTION FACTORS

1. Job satisfaction is not taken seriously and there are no continuous job satisfaction reviews in my organization

Table 4.6 Means and Standard Deviations For Factors That Influence Job Turnover As Perceived By Non Managers

| | Mean | Std. Deviation |
|---|--------|----------------|
| job satisfaction is not taken seriously and there are no continuous job satisfaction reviews in my organization | 3.1667 | 1.02817 |
| dissatisfied employees leave the organization to look for more satisfying jobs else where | 4.9722 | .16667 |
| the compensation offered is not considered adequate, this can make employees to quit and look for better compensation | 4.9167 | .28031 |
| peers evaluation of ones job is meaningful both to the organization and to the individual | 3.9167 | .96732 |
| job motivation is not evaluated frequently to ascertain employees who need assistance and the causes of non motivation are not analyzed and addressed | 3.6944 | 1.00909 |
| older employees who are over 40 years do not often consider leaving the organization as compared to the younger employees | 3.7500 | 1.18019 |
| the level of work related stress causes distress to employees who in turn leave the organization in search for less stressful jobs | 4.6667 | .79282 |

| | | |
|--|--------|---------|
| social interactions at the work place are not pleasant, professional or satisfactory; this causes discomfort to employees who might in turn leave the organization | 3.1389 | 1.01848 |
| mechanisms to deal with employee work related stresses are not in place, for example, therapy and management interventions | 2.7778 | 1.14919 |
| the older employees (40 years and above) the less likely they might consider leaving the organization | 3.9444 | .92410 |

The findings in table 4.6 show the personal factors that influence job turnover in the insurance companies according to non managers. Using a response scale of 1-5, the personal factors that greatly influenced job turnover were: dissatisfaction of employees as shown by a score of 4.97, inadequate compensation as shown by a mean score of 4.9, the level of work related stress as shown by a score of 4.7, if the causes of non motivation are not analyzed and addressed as indicated by a mean score of 3.7 and lack of peers evaluation of ones job revealed by a mean score of 3.9.

Other factors that influenced job turnover but to a moderate extent were job satisfaction not taken seriously and lack of continuous job satisfaction reviews as shown by a mean score of 3.2, unpleasant interactions at the workplace as shown by a mean score of 3.1 and mechanisms to deal with employee work related stresses not in place as shown by a mean score of 2.8.

Table 4.7 Communalities

| | Initial | Extraction |
|---|---------|------------|
| job turnover is not taken seriously and there are no continuous job satisfaction reviews in my organization | 1.000 | .670 |
| dissatisfied employees leave the organization to look for more satisfying jobs else where | 1.000 | .876 |
| the compensation offered is not considered adequate, this can make employees to quit and look for better compensation | 1.000 | .600 |
| peers evaluation of ones job is meaningful both to the organization and to the individual | 1.000 | .563 |

| | | |
|--|-------|------|
| job motivation is not evaluated frequently to ascertain employees who need assistance and the causes of non motivation are not analyzed and addressed | 1.000 | .798 |
| older employees who are over 40 years do not often consider leaving the organization as compared to the younger employees | 1.000 | .749 |
| the level of work related stress causes distress to employees who in turn leave the organization in search for less stressful jobs | 1.000 | .720 |
| social interactions at the work place are not pleasant, professional or satisfactory; this causes discomfort to employees who might in turn leave the organization | 1.000 | .857 |
| mechanisms to deal with employee work related stresses are not in place, for example, therapy and management interventions | 1.000 | .778 |
| the older employees (40 years and above) the less likely they might consider leaving the organization | 1.000 | .889 |

Extraction Method: Principal Component Analysis.

Communalities are the proportion of variance that each factor has in common with other Factors. For example each factor in the table had communality or shared relationship with other factors

Table 4.8 Total Variance Explained

| Component | Initial Eigen values | | | Extraction Sums of Squared Loadings | | |
|-----------|----------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 2.9653 | 29.653 | 29.653 | 2.97 | 29.65 | 29.6528 |
| 2 | 2.1183 | 21.183 | 50.836 | 2.12 | 21.18 | 50.8358 |
| 3 | 1.35 | 13.5 | 64.336 | 1.35 | 13.5 | 64.3359 |
| 4 | 1.0674 | 10.674 | 75.01 | 1.07 | 10.67 | 75.0095 |
| 5 | 0.7366 | 7.3658 | 82.375 | | | |
| 6 | 0.6331 | 6.3313 | 88.707 | | | |
| 7 | 0.5072 | 5.0721 | 93.779 | | | |
| 8 | 0.3515 | 3.515 | 97.294 | | | |
| 9 | 0.1524 | 1.5238 | 98.818 | | | |
| 10 | 0.1182 | 1.1824 | 100 | | | |

Extraction Method: Principal Component Analysis

Kaiser Normalization Criterion was used, which allowed for the extraction of components that have an Eigen value greater than 1. The principal component analysis was used and four factors were extracted. These nine factors explained 75.0% of the total variation. Factor 1 contributed the highest variation of 29.7%. The contributions decrease as one move from one factor to the other up to factor four which contributed the lowest variation of 10.67. Initial is factor axis factoring, the initial values on the diagonal of the correlation matrix are determined by the squared multiple correlation of the variable with the other variables. Extraction values indicate the proportion of each variable's variance that can be explained by the retained factors. Variables with high values are well represented in the common factor space, while variables with low values are not well represented.

Table 4.9 Component Matrix(a)

| | Component (Factor) | | | |
|---|---------------------------|----------|----------|----------|
| | 1 | 2 | 3 | 4 |
| Job satisfaction is not taken seriously and there are no continuous job satisfaction reviews in my organization | .416 | .528 | .446 | -.142 |
| Dissatisfied employees leave the organization to look for more satisfying jobs elsewhere | .835 | .282 | -.282 | .143 |
| The compensation offered is not considered adequate, this can make employees to quit and look for better compensation | .540 | .370 | -.345 | .232 |
| Peers evaluation of ones job is meaningful both to the organization and to the individual | .018 | .611 | -.266 | -.344 |

| | | | | |
|--|-------|-------|-------|-------|
| Job motivation is not evaluated frequently to ascertain employees who need assistance and the causes of non motivation are not analyzed and addressed | -.082 | .542 | .649 | .277 |
| Older employees who are over 40 years do not often consider leaving the organization as compared to the younger employees | .697 | -.486 | .088 | -.139 |
| The level of work related stress causes distress to employees who in turn leave the organization in search for less stressful jobs | .749 | .291 | -.272 | -.004 |
| Social interactions at the work place are not pleasant, professional or satisfactory; this causes discomfort to employees who might in turn leave the organization | .539 | -.005 | .530 | -.535 |
| Mechanisms to deal with employee work related stresses are not in place, for example, therapy and management interventions | .421 | -.206 | .311 | .680 |
| The older employees (40 years and above) the less likely they might consider leaving the organization | .532 | -.771 | .037 | -.103 |

Extraction Method: Principal Component Analysis.

Components extracted.

The initial component matrix was rotated using Varimax (Variance Maximization) with Kaiser Normalization. The results allowed the researcher to identify the

variables fall under each of the four extracted factors. Each of the 10 variables was looked at and placed to one of the four factors depending on the percentage of variability; it explained the total variability of each factor.

4.5 Factor Analysis for Organizational Factors Rated By Managers as Influencing Job Turnover

According to Herzberg (1968), administrators must make sure that employee salaries and other maintenance factors are sufficient. If not, then employees will leave the organization. Satisfying employee maintenance factors will enable them to develop motivation via their position. Job enrichment is the procedure of constructing motivators within the position by making it more appealing and stimulating (Herzberg, 1968). Daft (1997) indicated job enrichment is a purposeful progression of accountability, capacity, and stimulation in the profession. This section of study aimed to identify the organization factors that influenced job turnover.

Table 4.10 Mean and Standard deviations for factors influencing Job Turnover as perceived by managers

| | Mean | Std. Deviation |
|--|--------|----------------|
| The salary structure is not competitive, which makes the employees look for other employers who will pay them more | 3.9444 | 1.47250 |
| There are no opportunities for personal development and employees often look for organizations that will give them an opportunity to develop, for example; advancing ones education, buying a home or acquiring other assets | 3.0833 | 1.38099 |
| Employees are not involved in policy and decision making processes by their supervisors. Hence there is no organizational commitment from the employee, who might look for other company he/she will be more involved in decision making | 3.0833 | .84092 |
| There is no clear promotion policy that guides on the promotional processes. Candidates who want to move up in their career ladder will leave the organization to look for a more senior position | 2.3889 | 1.22539 |

| | | |
|--|--------|---------|
| The job to be done is not interesting and has no variations. this makes work boring and leads some to employees to look for more challenging work elsewhere | 2.3056 | 1.11661 |
| Organizational commitment is an effective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization hence, employees are less likely to leave | 2.1111 | .97915 |
| Continuous feedback and recognition for employees whose performance has improved, and areas that require improvement are not taken seriously or communicated appropriately; thus causing dissatisfaction among the employees | 2.0833 | .99642 |
| Job performance is not very important in determining the reward for the employee. that makes some top performers to quit and look for organizations that appreciate good work results | 2.0556 | .95452 |
| Superiors do not keep open communication with employees about their jobs, which makes it hard to know what has changed or what has remained the same. only instructions to do the job are given | 2.0278 | 1.05522 |
| Superiors do not always discuss the performance of their subordinates with them. Hence the subordinate might feel unfairly appraised and they will leave the organization to look for a fairer organization | 1.9444 | .95452 |
| The recruitment procedures in my company are not done professionally and competitively hence the persons hired do not match the job, and the mismatch causes employees to be fired or quit on their own | 1.7778 | 1.09834 |
| Tasks allocated to you do not correlate with content of the job description and this brings dissatisfaction and frustration | 1.6667 | .82808 |
| The supervision received from my supervisors is not helpful and makes work hard. this has caused some employees to quit the organization | 1.5556 | .99841 |
| My job description is not clear and the goals expected from my input are also vague, which makes it hard to achieve the targeted results. this might result in dismissal or demotion | 1.3611 | .63932 |

| | | |
|---|--------|--------|
| Formal induction programs are not in place to teach new employees the skills they need to perform their new jobs which makes the tasks difficult to perform and the employee might consider leaving to another organization | 1.1389 | .68255 |
| There is no elaborate departmental structure. This makes the chain of command unclear and confusing to the employees. this creates pressure and in due time the employee will be tempted to leave the organization | 1.0833 | .36839 |
| The training done during induction is not relevant to my work, which makes it hard for new recruits to learn the job faster. this may result in less productivity and poor organizational knowledge | 1.0278 | .16667 |
| Employees do not usually go through training programs throughout the year. This can cause skill deficiency which might make the organization to fire the employees | 1.0000 | .00000 |

The findings in the table 4.1- show the organizational factors that influenced job turnover according to the managers. From the study, the organizational factors that influenced job turnover to a less extent were salary structure not competitive as shown by a mean score of 3.9. The factors that influenced job turnover to a moderate extent were lack of involvement of employees in policy and decision making processes by their supervisors which show lack of organizational commitment as shown by a mean score of 3.1 and lack of opportunities for personal development also shown by a mean score of 3.1. The managers reported that all the other factors influenced job turnover to a less extent as their mean score of ranged from 1.0 to 2.4.

Table 4.11 Total Variance Explained

| Component | Initial Eigen values | | | Extraction Sums of Squared Loadings | | |
|-----------|----------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 7.147126 | 39.70626 | 39.70626 | 7.147126 | 39.70626 | 39.70626 |
| 2 | 2.664799 | 14.80444 | 54.51069 | 2.664799 | 14.80444 | 54.51069 |
| 3 | 1.926917 | 10.70509 | 65.21579 | 1.926917 | 10.70509 | 65.21579 |
| 4 | 1.73336 | 9.629778 | 74.84557 | 1.73336 | 9.629778 | 74.84557 |
| 5 | 1.086808 | 6.037825 | 80.88339 | 1.086808 | 6.037825 | 80.88339 |
| 6 | 0.767403 | 4.263353 | 85.14674 | | | |
| 7 | 0.526823 | 2.926794 | 88.07354 | | | |

| | | | | | | |
|----|----------|----------|----------|--|--|--|
| 8 | 0.508351 | 2.824175 | 90.89771 | | | |
| 9 | 0.351282 | 1.951569 | 92.84928 | | | |
| 10 | 0.302635 | 1.681304 | 94.53058 | | | |
| 11 | 0.2934 | 1.629999 | 96.16058 | | | |
| 12 | 0.21532 | 1.196224 | 97.35681 | | | |
| 13 | 0.150794 | 0.837743 | 98.19455 | | | |
| 14 | 0.110318 | 0.612877 | 98.80743 | | | |
| 15 | 0.089287 | 0.49604 | 99.30347 | | | |
| 16 | 0.055585 | 0.308803 | 99.61227 | | | |
| 17 | 0.046463 | 0.258129 | 99.8704 | | | |
| 18 | 0.023328 | 0.129602 | 100 | | | |

Kaiser Normalization Criterion was used, which allowed for the extraction of components that have an Eigen value greater than 1. The principal component analysis was used and four factors were extracted. These eighteen factors explained 80.8% of the total variation. Factor 1 contributed the highest variation of 39.7%. The contributions decrease as one move from one factor to the other up to factor four which contributed the lowest variation of 6.03%. Initial is factor axis factoring, the initial values on the diagonal of the correlation matrix are determined by the squared multiple correlation of the variable with the other variables. Extraction values indicate the proportion of each variable's variance that can be explained by the retained factors. Variables with high values are well represented in the common factor space, while variables with low values are not well represented.

Table 4.12 Rotated component matrix

| Component Matrix | Component (Factor) | | | | |
|---|--|-------|--------|-------|-------|
| | 1 | 2 | 3 | 4 | 5 |
| | The recruitment procedures in my company are not done professionally and competitive hence the persons hired do not match the job, and the mismatch causes employees to be fired or quit on their own. | 0.109 | 0.550 | 0.480 | 0.097 |
| formal induction programs are not in place to teach new employees the skills they | 0.590 | 0.422 | -0.074 | 0.445 | 0.297 |

| | | | | | |
|---|-------|--------|--------|--------|--------|
| need to perform their new jobs which makes the tasks difficult to perform and the employee might consider leaving to another organization | | | | | |
| The training done during induction is not relevant to my work, which makes it hard for new recruits to learn the job faster. this may result in less productivity and poor organizational knowledge | 0.653 | 0.500 | -0.113 | 0.346 | 0.178 |
| my job description is not clear and the goals expected from my input are also vague, which makes it hard to achieve the targeted results. this might result in dismissal or demotion | 0.658 | 0.344 | -0.395 | 0.239 | -0.121 |
| tasks allocated to you do not correlate with content of the job description and this brings dissatisfaction and frustration | 0.617 | 0.412 | -0.131 | -0.082 | -0.398 |
| The supervision received from my supervisors is not helpful and makes work hard. this has caused some employees to quit the organization | 0.777 | 0.227 | -0.281 | -0.012 | -0.244 |
| the salary structure is not competitive, which makes the employees look for other employers who will pay them more | 0.626 | 0.200 | -0.394 | -0.086 | -0.102 |
| Superiors do not keep open communication with employees about their jobs, which makes it hard to know what has changed or what has remained the same. only instructions to do the job are given | 0.794 | 0.063 | -0.222 | 0.021 | 0.033 |
| there are no opportunities for personal development and employees often look for organizations that will give them an opportunity to develop, for example; | 0.644 | -0.054 | -0.030 | -0.658 | 0.195 |

| | | | | | |
|--|-------|--------|--------|--------|-------|
| advancing ones education, buying a home or acquiring other assets | | | | | |
| The job to be done is not interesting and has no variations. this makes work boring and leads some to employees to look for more challenging work elsewhere | 0.647 | 0.0003 | -0.009 | -0.548 | 0.114 |
| There is no elaborate departmental structure. This makes the chain of command unclear and confusing to the employees. this creates pressure and in due time the employee will be tempted to leave the organization | 0.624 | -0.179 | -0.013 | -0.589 | 0.214 |
| Superiors do not always discuss the performance of their subordinates with them. Hence the subordinate might feel unfairly appraised and they will leave the organization to look for a fairer organization | 0.667 | -0.667 | 0.0317 | 0.221 | 0.051 |
| continuous feedback and recognition for employees whose performance has improved, and areas that require improvement are not taken seriously or communicated appropriately; thus causing dissatisfaction among the employees | 0.749 | -0.475 | -0.146 | 0.010 | 0.074 |
| There is no clear promotion policy that guides on the promotional processes. Candidates who want to move up in their career ladder will leave the organization to look for a more senior position | 0.697 | -0.595 | 0.149 | 0.308 | 0.041 |
| Employees do not usually go through training programs throughout the year. | 0.582 | -0.640 | 0.135 | 0.308 | 0.003 |

| | | | | | |
|--|-------|-------|-------|--------|--------|
| This can cause skill deficiency which might make the organization to fire the employees | | | | | |
| Job performance is not very important in determining the reward for the employee. that makes some top performers to quit and look for organizations that appreciate good work results | 0.608 | 0.168 | 0.703 | 0.037 | -0.040 |
| Employees are not involved in policy and decision making processes by their supervisors. hence there is no organizational commitment from the employee, who might look for other company he/she will be more involved in decision making | 0.639 | 0.231 | 0.638 | -0.061 | -0.045 |
| organizational commitment is an effective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization hence, employees are less likely to leave | 0.301 | 0.054 | 0.506 | -0.044 | -0.625 |
| . | | | | | |

Extraction Method: Principal Component Analysis

The 18 variable analyzed from table 4.12 were scrutinized at and placed in one of the 5 components (factor) extracted as shown here below

FACTOR 1 – COMMUNICATION, SKILL AND COMPENSATION

1. Formal induction programs are not in place to teach new employees the skills they need to perform their new jobs which makes the tasks difficult to perform and the employee might consider leaving to another organization
2. The training done during induction is not relevant to my work, which makes it hard for new recruits to learn the job faster. this may result in less productivity and poor organizational knowledge
3. My job description is not clear and the goals expected from my input are also

vague, which makes it hard to achieve the targeted results. this might result in dismissal or demotion

4. tasks allocated to you do not correlate with content of the job description and this brings dissatisfaction and frustration
5. The supervision received from my supervisors is not helpful and makes work hard. this has caused some employees to quit the organization
6. the salary structure is not competitive, which makes the employees look for other employers who will pay them more
7. Superiors do not keep open communication with employees about their jobs, which makes it hard to know what has changed or what has remained the same. only instructions to do the job are given
8. The job to be done is not interesting and has no variations. this makes work boring and leads some to employees to look for more challenging work elsewhere
9. There is no elaborate departmental structure. this makes the chain of command unclear and confusing to the employees. this creates pressure and in due time the employee will be tempted to leave the organization
10. Superiors do not always discuss the performance of their subordinates with them. Hence the subordinate might feel unfairly appraised and they will leave the organization to look for a fairer organization
11. Continuous feedback and recognition for employees whose performance has improved, and areas that require improvement are not taken seriously or communicated appropriately; thus causing dissatisfaction among the employees
12. There is no clear promotion policy that guides on the promotional processes. Candidates who want to move up in their career ladder will leave the organization to look for a more senior position
13. Employees do not usually go through training programs throughout the year. This can cause skill deficiency which might make the organization to fire the employees
14. Employees are not involved in policy and decision making processes by their supervisors. hence there is no organizational commitment from the employee, who might look for other company he/she will be more involved in decision making

FACTOR 2 –RECRUITMENT AND SELECTION

The recruitment procedures in my company are not done professionally and competitive hence the persons hired do not match the job, and the mismatch causes employees to be fired or quit on their own.

FACTOR 3- JOB PERFORMANCE AND REWARD

Job performance is not very important in determining the reward for the employee that makes some top performers to quit and look for organizations that appreciate good work results

FACTOR 4 – PERSONAL DEVELOPMENT OPPORTUNITIES

There are no opportunities for personal development and employees often look for organizations that will give them an opportunity to develop, for example; advancing ones education, buying a home or acquiring other assets

FACTOR 5 - ORGANIZATIONAL COMMITMENT AND LOYALTY

Organizational commitment is an effective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization hence, employees are less likely to leave

Table 4.13 Means and Standard Deviations for Factors That Influence Job Turnover As Perceived By Non Managers

| | Mean | Std deviation |
|--|-------------|----------------------|
| The salary structure is not competitive, which makes the employees look for other employers who will pay them more | 4.555556 | 0.503953 |
| Superiors do not keep open communication with employees about their jobs, which makes it hard to know what has changed or what has remained the same. only instructions to do the job are given | 4.388889 | 0.766356 |
| Employees are not involved in policy and decision making processes by their supervisors. hence there is no organizational commitment from the employee, who might look for other company he/she will be more involved in decision making | 4.333333 | 0.755929 |
| There are no opportunities for personal development and | 4.027778 | 0.654047 |

| | | |
|--|----------|----------|
| employees often look for organizations that will give them an opportunity to develop, for example; advancing ones education, buying a home or acquiring other assets | | |
| Tasks allocated to you do not correlate with content of the job description and this brings dissatisfaction and frustration | 3.694444 | 0.709907 |
| There is no clear promotion policy that guides on the promotional processes. Candidates who want to move up in their career ladder will leave the organization to look for a more senior position | 3.638889 | 0.761682 |
| The supervision received from my supervisors is not helpful and makes work hard. this has caused some employees to quit the organization | 3.611111 | 0.598941 |
| Superiors do not always discuss the performance of their subordinates with them. Hence the subordinate might feel unfairly appraised and they will leave the organization to look for a fairer organization | 3.611111 | 0.598941 |
| My job description is not clear and the goals expected from my input are also vague, which makes it hard to achieve the targeted results. this might result in dismissal or demotion | 3.388889 | 0.644882 |
| Continuous feedback and recognition for employees whose performance has improved, and areas that require improvement are not taken seriously or communicated appropriately; thus causing dissatisfaction among the employees | 3.361111 | 1.174802 |
| The job to be done is not interesting and has no variations. this makes work boring and leads some to employees to look for more challenging work elsewhere | 3.305556 | 0.821825 |
| The recruitment procedures in my company are not done professionally and competitive hence the persons hired do not match the job, and the mismatch causes employees to be fired or quit on their own | 3.138889 | 1.046157 |
| Job performance is not very important in determining the reward for the employee. that makes some top performers to quit and look for organizations that appreciate good work results | 3.0000 | 1.195229 |
| Employees do not usually go through training programs throughout the year. This can cause skill deficiency which might make the | 2.2500 | 1.180194 |

| | | |
|---|----------|----------|
| organization to fire the employees | | |
| There is no elaborate departmental structure. this makes the chain of command unclear and confusing to the employees. this creates pressure and in due time the employee will be tempted to leave the organization | 2.166667 | 0.845154 |
| Organizational commitment is an effective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization hence, employees are less likely to leave | 1.888889 | 0.666667 |
| Formal induction programs are not in place to teach new employees the skills they need to perform their new jobs which makes the tasks difficult to perform and the employee might consider leaving to another organization | 1.861111 | 0.63932 |
| The training done during induction is not relevant to my work, which makes it hard for new recruits to learn the job faster. this may result in less productivity and poor organizational knowledge | 1.611111 | 0.766356 |

The findings in the table 4.13 show the non managers views on the organizational factors that influence job turnover. A five point scale was used, with 1 representing not at all and 5 representing to a very great extent. From the study, the factors that greatly influenced job turnover were the salary structure not being competitive, shown by a mean score of 5, lack of opportunities for personal development shown by a score of 4.5, lack of opportunities for personal development hence employees often looking for organizations that will give them an opportunity to develop shown by a mean score of 4.02, and tasks allocated not correlating with content of the job description thus bringing dissatisfaction and frustrations shown by a mean score of 3.6.

Table 4.14

| Communalities | | |
|--|----------------|-------------------|
| | Initial | Extraction |
| The supervision received from my supervisors is not helpful and makes work hard. this has caused some employees to quit the organization | 1 | 0.851195 |
| Employees do not usually go through training programs | 1 | 0.810971 |

| | | |
|--|---|----------|
| throughout the year. This can cause skill deficiency which might make the organization to fire the employees | | |
| There is no elaborate departmental structure. this makes the chain of command unclear and confusing to the employees. this creates pressure and in due time the employee will be tempted to leave the organization | 1 | 0.810191 |
| There is no clear promotion policy that guides on the promotional processes. Candidates who want to move up in their career ladder will leave the organization to look for a more senior position | 1 | 0.804487 |
| The salary structure is not competitive, which makes the employees look for other employers who will pay them more | 1 | 0.796026 |
| Job performance is not very important in determining the reward for the employee. that makes some top performers to quit and look for organizations that appreciate good work results | 1 | 0.79189 |
| Superiors do not always discuss the performance of their subordinates with them. Hence the subordinate might feel unfairly appraised and they will leave the organization to look for a fairer organization | 1 | 0.788177 |
| The recruitment procedures in my company are not done professionally and competitive hence the persons hired do not match the job, and the mismatch causes employees to be fired or quit on their own | 1 | 0.768065 |
| The training done during induction is not relevant to my work, which makes it hard for new recruits to learn the job faster. this may result in less productivity and poor organizational knowledge | 1 | 0.734388 |
| My job description is not clear and the goals expected from my input are also vague, which makes it hard to achieve the targeted results. this might result in dismissal or demotion | 1 | 0.714408 |
| The job to be done is not interesting and has no variations. this makes work boring and leads some to employees to look for more challenging work elsewhere | 1 | 0.714382 |

| | | |
|--|---|----------|
| formal induction programs are not in place to teach new employees the skills they need to perform their new jobs which makes the tasks difficult to perform and the employee might consider leaving to another organization | 1 | 0.711368 |
| tasks allocated to you do not correlate with content of the job description and this brings dissatisfaction and frustration | 1 | 0.682829 |
| continuous feedback and recognition for employees whose performance has improved, and areas that require improvement are not taken seriously or communicated appropriately; thus causing dissatisfaction among the employees | 1 | 0.661268 |
| organizational commitment is an effective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization hence, employees are less likely to leave | 1 | 0.651813 |
| Superiors do not keep open communication with employees about their jobs, which makes it hard to know what has changed or what has remained the same. only instructions to do the job are given | 1 | 0.644428 |
| There are no opportunities for personal development and employees often look for organizations that will give them an opportunity to develop, for example; advancing ones education, buying a home or acquiring other assets | 1 | 0.562895 |
| Employees are not involved in policy and decision making processes by their supervisors. hence there is no organizational commitment from the employee, who might look for other company he/she will be more involved in decision making | 1 | 0.556258 |

Extraction Method: Principal Component Analysis.

Communalities are the proportion of variance that each factor has in common with other Factors. For example each factor in the table had communality or shared relationship with other factors

Table 4.15 Total variance explained

| Total Variance Explained | | | | | | |
|--------------------------|----------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| Component | Initial Eigen values | | | Extraction Sums of Squared Loadings | | |
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 4.466157 | 24.81198 | 24.81198 | 4.466157 | 24.81198 | 24.81198 |
| 2 | 3.604159 | 20.0231 | 44.83509 | 3.604159 | 20.0231 | 44.83509 |
| 3 | 2.076991 | 11.53884 | 56.37393 | 2.076991 | 11.53884 | 56.37393 |
| 4 | 1.730402 | 9.613342 | 65.98727 | 1.730402 | 9.613342 | 65.98727 |
| 5 | 1.177334 | 6.540742 | 72.52801 | 1.177334 | 6.540742 | 72.52801 |
| 6 | 0.953036 | 5.294647 | 77.82266 | | | |
| 7 | 0.824638 | 4.581324 | 82.40398 | | | |
| 8 | 0.709355 | 3.94086 | 86.34484 | | | |
| 9 | 0.561694 | 3.120522 | 89.46536 | | | |
| 10 | 0.435595 | 2.419974 | 91.88534 | | | |
| 11 | 0.368309 | 2.046159 | 93.9315 | | | |
| 12 | 0.262027 | 1.455703 | 95.3872 | | | |
| 13 | 0.228502 | 1.269456 | 96.65666 | | | |
| 14 | 0.20827 | 1.157053 | 97.81371 | | | |
| 15 | 0.136847 | 0.760263 | 98.57397 | | | |
| 16 | 0.12718 | 0.706557 | 99.28053 | | | |
| 17 | 0.095947 | 0.533039 | 99.81357 | | | |
| 18 | 0.033558 | 0.186431 | 100 | | | |

Extraction Method: Principal component Analysis.

Kaiser Normalization Criterion was used, which allowed for the extraction of components that have an Eigen value greater than 1. The principal component analysis was used and four factors were extracted. These eighteen factors explained

72.5% of the total variation. Factor 1 contributed the highest variation of 24.8%. The contributions decrease as one move from one factor to the other up to factor four which contributed the lowest variation of 6.54%. Initial is factor axis factoring, the initial values on the diagonal of the correlation matrix are determined by the squared multiple correlation of the variable with the other variables. Extraction values indicate the proportion of each variable's variance that can be explained by the retained factors. Variables with high values are well represented in the common factor space, while variables with low values are not well represented

Table 4.16 Rotated Component Matrix

| | Component (Factor) | | | | |
|---|-----------------------|--------|--------|--------|--------|
| | 1 | 2 | 3 | 4 | 5 |
| The recruitment procedures in my company are not done professionally and competitive hence the persons hired do not match the job, and the mismatch causes employees to be fired or quit on their own | 0.668 | 0.120 | -0.210 | 0.490 | 0.005 |
| Formal induction programs are not in place to teach new employees the skills they need to perform their new jobs which makes the tasks difficult to perform and the employee might consider leaving to another organization | 0.396 | 0.092 | -0.350 | 0.616 | -0.209 |
| The training done during induction is not relevant to my work, which makes it hard for new recruits to learn the job faster. this may result in less productivity and poor organizational knowledge | 0.262 | -0.048 | -0.345 | 0.737 | 0.048 |
| My job description is not clear and the goals expected from my input are also vague, which makes it hard to achieve the targeted results. this might result in dismissal or demotion | 0.542 | 0.209 | -0.538 | -0.291 | 0.057 |
| Tasks allocated to you do not correlate with | 0.678 | -0.017 | -0.362 | -0.143 | 0.268 |

| | | | | | |
|--|-------|--------|--------|--------|--------|
| content of the job description and this brings dissatisfaction and frustration | | | | | |
| The supervision received from my supervisors is not helpful and makes work hard. this has caused some employees to quit the organization | 0.801 | -0.343 | 0.258 | -0.162 | -0.014 |
| The salary structure is not competitive, which makes the employees look for other employers who will pay them more | 0.735 | -0.393 | 0.203 | -0.231 | -0.083 |
| Superiors do not keep open communication with employees about their jobs, which makes it hard to know what has changed or what has remained the same. only instructions to do the job are given | 0.728 | -0.292 | -0.038 | -0.166 | -0.017 |
| There are no opportunities for personal development and employees often look for organizations that will give them an opportunity to develop, for example; advancing ones education, buying a home or acquiring other assets | 0.713 | 0.049 | -0.032 | -0.189 | 0.127 |
| The job to be done is not interesting and has no variations. this makes work boring and leads some to employees to look for more challenging work elsewhere | 0.589 | 0.115 | 0.376 | 0.143 | 0.438 |
| There is no elaborate departmental structure. This makes the chain of command unclear and confusing to the employees. this creates pressure and in due time the employee will be tempted to leave the organization | 0.045 | 0.225 | 0.756 | 0.430 | -0.023 |
| Superiors do not always discuss the performance of their subordinates with them. Hence the subordinate might feel unfairly appraised and they will leave the | 0.413 | 0.434 | 0.646 | 0.102 | 0.043 |

| | | | | | |
|--|--------|-------|--------|--------|--------|
| organization to look for a fairer organization | | | | | |
| Continuous feedback and recognition for employees whose performance has improved, and areas that require improvement are not taken seriously or communicated appropriately; thus causing dissatisfaction among the employees | 0.312 | 0.707 | -0.019 | -0.178 | -0.187 |
| There is no clear promotion policy that guides on the promotional processes. Candidates who want to move up in their career ladder will leave the organization to look for a more senior position | 0.211 | 0.756 | -0.016 | -0.255 | -0.350 |
| Employees do not usually go through training programs throughout the year. This can cause skill deficiency which might make the organization to fire the employees | 0.195 | 0.840 | 0.107 | -0.044 | -0.231 |
| Job performance is not very important in determining the reward for the employee. that makes some top performers to quit and look for organizations that appreciate good work results | -0.270 | 0.364 | -0.045 | -0.044 | 0.763 |
| Employees are not involved in policy and decision making processes by their supervisors. hence there is no organizational commitment from the employee, who might look for other company he/she will be more involved in decision making | -0.138 | 0.704 | 0.0284 | -0.065 | 0.191 |
| Organizational commitment is an effective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization hence, employees are less likely to leave | -0.173 | 0.703 | -0.340 | 0.023 | 0.106 |

Extraction Method: Principal Component Analysis. ; 5 components extracted

The 18 variables analyzed from table 4.15 were scrutinized and placed in one of the 5 components (factor) extracted as shown here below

FACTOR 1- WORK AND COMPENSATION FACTORS

1. The recruitment procedures in my company are not done professionally and competitively hence the persons hired do not match the job, and the mismatch causes employees to be fired or quit on their own
2. My job description is not clear and the goals expected from my input are also vague, which makes it hard to achieve the targeted results. This might result in dismissal or demotion
3. Tasks allocated to you do not correlate with content of the job description and this brings dissatisfaction and frustration
4. The supervision received from my supervisors is not helpful and makes work hard. This has caused some employees to quit the organization
5. The salary structure is not competitive, which makes the employees look for other employers who will pay them more
6. Superiors do not keep open communication with employees about their jobs, which makes it hard to know what has changed or what has remained the same. Only instructions to do the job are given
7. There are no opportunities for personal development and employees often look for organizations that will give them an opportunity to develop, for example; advancing one's education, buying a home or acquiring other assets
8. The job to be done is not interesting and has no variations. This makes work boring and leads some employees to look for more challenging work elsewhere

FACTOR 2- TRAINING, INVOLVEMENT AND PROMOTION FACTORS

1. Employees are not involved in policy and decision making processes by their supervisors. Hence there is no organizational commitment from the employee, who might look for other company he/she will be more involved in decision making
2. Organizational commitment is an effective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization hence, employees are less likely to leave

3. continuous feedback and recognition for employees whose performance has improved, and areas that require improvement are not taken seriously or communicated appropriately; thus causing dissatisfaction among the employees
4. There is no clear promotion policy that guides on the promotional processes. Candidates who want to move up in their career ladder will leave the organization to look for a more senior position
5. Employees do not usually go through training programs throughout the year. This can cause skill deficiency which might make the organization to fire the employees

FACTOR 3- DEPARTMENTAL STRUCTURE AND PERFORMANCE

1. There is no elaborate departmental structure. This makes the chain of command unclear and confusing to the employees. this creates pressure and in due time the employee will be tempted to leave the organization
2. Superiors do not always discuss the performance of their subordinates with them. Hence the subordinate might feel unfairly appraised and they will leave the organization to look for a fairer organization

FACTOR 4 – SKILLS AND PRODUCTIVITY FACTORS

1. Formal induction programs are not in place to teach new employees the skills they need to perform their new jobs which makes the tasks difficult to perform and the employee might consider leaving to another organization
2. The training done during induction is not relevant to my work, which makes it hard for new recruits to learn the job faster. this may result in less productivity and poor organizational knowledge

FACTOR 5 – REWARD FACTOR

1. Job performance is not very important in determining the reward for the employee. that makes some top performers to quit and look for organizations that appreciate good work results

4.6 Factor Analysis for External Factors Rated By Managers as Influencing Job Turnover

Table 4.17 Mean and Standard deviations for factor influencing Job Turnover as perceived by managers

| | Mean | Std deviation |
|--|----------|---------------|
| As one advance in a career there are no opportunities to do different assignments; this makes work routine and no one may want a different work experience. this makes some employees to leave in search for work variety and expertise in different areas | 3.555556 | 0.772545 |
| Organizational culture and policies do not foster for a good working environment which makes some employees leave for companies that have more conducive work environment | 3.083333 | 1.130739 |
| The longer the tenure of service of an employee the less likely they might consider leaving the organization | 2.916667 | 0.874234 |
| The economic climate does not affect the way my organization creates or destroy jobs | 1.277778 | 0.454257 |

The study also required the respondents to rate the extent that the external factors in the table 4.17 influenced job turnover in insurance companies. According to managers, the external factor that greatly influenced job turnover was that as one advanced in a career there was no opportunities to do different assignments as shown by a score of 3.5. Other external factors that influenced job turnover to a moderate extent were organizational culture and policies not fostering a good working environment as shown by a score of 3.0 and the longer the tenure of service of an employee the less likely they might consider leaving the organization as indicated by a score of 2.9.

Table 4.18 Communalities

| Communalities | Initial | Extraction |
|---|---------|------------|
| Organizational culture and policies do not foster for a good working environment which makes some employees leave for companies that have more conducive work environment | 1 | 0.570449 |

| | | |
|--|---|----------|
| As one advance in a career there are no opportunities to do different assignments; this makes work routine and no one may want a different work experience. this makes some employees to leave in search for work variety and expertise in different areas | 1 | 0.520318 |
| The economic climate does not affect the way my organization creates or destroy jobs | 1 | 0.624483 |
| The longer the tenure of service of an employee the less likely they might consider leaving the organization | 1 | 0.283516 |

Extraction Method: Principle component Analysis

Table 4.18 shows the communalities for each factor. Communalities are the proportion of variance that each factor has in common with other Factors. For example each factor in the table had communality or shared relationship with other factors

Table 4.19 Total Variance Explained

| Component | Initial Eigen values | | | Extraction Sums of Squared Loadings | | |
|-----------|----------------------|---------------|--------------|-------------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 1.998767 | 49.96917 | 49.96917 | 1.998767 | 49.96917 | 49.96917 |
| 2 | 0.900473 | 22.51183 | 72.481 | | | |
| 3 | 0.617579 | 15.43947 | 87.92047 | | | |
| 4 | 0.483181 | 12.07953 | 100 | | | |

Extraction Method: Principal Component Analysis.

Table 4.19 above, Kaiser Normalization Criterion was used, which allowed for the extraction of components that have an Eigen value greater than 1. The principal component analysis was used one factor was extracted. These four factors explained 49.95% of the total variation. Factor 1 contributed the highest variation of 49.9%. Initial is factor axis factoring, the initial values on the diagonal of the correlation matrix are determined by the squared multiple correlation of the variable with the other variables. Extraction values indicate the proportion of each.

Table 4.20 Rotated component matrix

| | Component (Factor) |
|--|--------------------|
| | 1 |
| Organizational culture and policies do not foster for a good working environment which makes some employees leave for companies that have more conducive work environment | 0.755281 |
| As one advance in a career there are no opportunities to do different assignments; this makes work routine and no one may want a different work experience. this makes some employees to leave in search for work variety and expertise in different areas | 0.721331 |
| The economic climate does not affect the way my organization creates or destroy jobs | 0.790242 |
| the longer the tenure of service of an employee the less likely they might consider leaving the organization | 0.532463 |

Extraction Method: Principal Component Analysis.

One component extracted of the four factors and was named.

Factor 1: One component extracted and had four factors and these were named work environment, work variety, economic climate and tenure of service factors.

Table 4.21 Mean and Standard deviations for factors influencing Job Turnover as perceived by non managers

| | Mean | Std. Deviation |
|--|----------|----------------|
| Organizational culture and policies do not foster for a good working environment which makes some employees leave for companies that have more conducive work environment | 3.972222 | 1.108051 |
| As one advance in a career there are no opportunities to do different assignments; this makes work routine and no one may want a different work experience. this makes some employees to leave in search for work variety and expertise in different areas | 3.388889 | 0.903257 |
| the economic climate does not affect the way my organization creates or destroy jobs | 2.055556 | 1.413091 |
| The longer the tenure of service of an employee the less likely they might consider leaving the organization | 2.527778 | 0.559904 |

The study also sought to establish the external factors that influenced job turnover. According to non managers, these factors were organizational culture and policies do not foster for a good working environment which makes some employees leave as shown by a mean score of 3.9 and advancement in a career which makes employees look for opportunities to do different assignments which makes some employees to leave in search for work variety and expertise in different areas as shown by a mean score of 3.38. The factor that influences job turnover to a moderate extent was economic climate not affecting the way the organization created or destroyed jobs and this consisted of a mean of 2.05.

Table 4.22 Communalities

| Communalities | | |
|--|----------------|-------------------|
| | Initial | Extraction |
| Organizational culture and policies do not foster for a good working environment which makes some employees leave for companies that have more conducive work environment | 1 | 0.306448 |
| As one advance in a career there are no opportunities to do different assignments; this makes work routine and no one may want a different work experience. this makes some employees to leave in search for work variety and expertise in different areas | 1 | 0.880272 |
| The economic climate does not affect the way my organization creates or destroy jobs | 1 | 0.794459 |
| The longer the tenure of service of an employee the less likely they might consider leaving the organization | 1 | 0.716999 |

Table 4.22 shows the communalities for each factor. Communalities are the proportion of variance that each factor has in common with other Factors. For example each factor in the table had communality or shared relationship with other factors

Table 4.23 Total variance Explained

| Total Variance Explained | | | | | | |
|---------------------------------|-----------------------------|----------------------|---------------------|--|----------------------|---------------------|
| Component | Initial Eigen values | | | Extraction Sums of Squared Loadings | | |
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 2.698178 | 67.45445 | 67.45445 | 2.698178 | 67.45445 | 67.45445 |
| 2 | 0.792294 | 19.80734 | 87.26179 | | | |
| 3 | 0.379016 | 9.475392 | 96.73718 | | | |
| 4 | 0.130513 | 3.262817 | 100 | | | |

Extraction Method: Principal Component Analysis.

Table 4.23 above, Kaiser Normalization Criterion was used, which allowed for the extraction of components that have an Eigen value greater than 1. The principal component analysis was used one factor was extracted. These four factors explained 67.45% of the total variation. Factor 1 contributed the highest variation of 67.45%. Initial is factor axis factoring, the initial values on the diagonal of the correlation matrix are determined by the squared multiple correlation of the variable with the other variables. Extraction values indicate the proportion of each

Table 4.24 Component Matrix

| | Component (Factor) |
|--|-----------------------|
| | 1 |
| organizational culture and policies do not foster for a good working environment which makes some employees leave for companies that have more conducive work environment | 0.553577 |
| as one advance in a career there are no opportunities to do different assignments; this makes work routine and no one may want a different work experience. this makes some employees to leave in search for work variety and expertise in different areas | 0.938228 |
| the economic climate does not affect the way my organization creates or destroy jobs | 0.891324 |
| the longer the tenure of service of an employee the less likely they might consider leaving the organization | 0.846758 |

One component extracted and had four factors.

Factor 1: One component extracted and had four factors and these were named as work environment, work variety, economic climate and tenure of service factors.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary and conclusions derived from the findings in the chapter four. The purpose of these conclusions is a response the research objective which was to determine the factor influencing job turnover in the insurance companies in Kenya. The recommendations for management and suggestion for future study are presented in this chapter. From the study, the following conclusions, and recommendations were made based on the objectives of the study.

5.2 Conclusions

From the findings of this study it has been concluded that personal factors, organizational factors and external factors influence job turnover in the insurance firms in Kenya. The study further shows that the personal factors that influence job turnover in the insurance companies these included dissatisfaction of employees manifested in how they leave the organization to look for satisfaction in other companies. It was also found that inadequate compensation leads to high turnover because employees seek employment elsewhere where there is a better salary package and benefits. The other finding was that work related stress which causes distress to employees is related to how employees exit the organization in search for serenity and motivation in other organizations. Evaluation of one's job is also critical in determining organizational goals. Measuring the employee's performance and evaluating how the organizations treat their employees' makes evaluation of performance very crucial in preventing job turn over. However, according to the respondents there is lack of job evaluation in most companies visited. Also, causes of non motivation not being analyzed clearly and addressed relevantly is a major source of the employees massive exiting in organizations. Another finding was that lack of peer evaluation and appreciation of ones job as significant can be the basis of an employee seeking for a job that will help them become socially accepted and valued among their peers.

In addition, the study concludes that the organizational factors that influence job turnover are salary structure not being competitive which can be quite demoralizing especially in a case where the employee feels they are doing more than they are

being compensated to do. Lack of opportunities for personal development was also a crucial factor rated as a cause of job turnover. This is because most employees look forward to bettering their current economic status and lack of such opportunities causes fear and desire to exit from that organization is comprehended. Respondents further sited lack of clear promotion policy that guide on the promotional processes as a factor influencing job turnover largely because, most employees want to progress career wise by clutching on bigger positions, and if their efforts are frustrated, they opt to go out of that organization. The study further found that when employees are not involved in making policy decisions, it the rate of labor turnover increases and ownership of major decisions in organizational processes and procedures reduces. The other finding was that when superiors do not keeping open communication with their junior employees about various issues, it influences job turnover because, there is lack of flow of communication from the managers to the juniors. This makes communication a one way process instead of two way process and it can be exasperating for the employee. Respondents also indicated that supervision received from supervisors if it is not helpful it makes work hard hence efficiency and effectiveness are compromised. This causes redundancy and in due course the redundant employees are exited from the organization or they leave voluntarily. Further, recruitment and selection processes and procedures also featured in the responses as one of the factor influencing job turnover. This is because there is predisposition on several variables in these processes. The literature review further indicates that selection and recruitment procedures are essential in appointing the right match for the job. If the processes of selection and recruitment are flawed, there will be appointment of wrong persons and a mismatch occurs. The person-job mismatch can be detrimental in delivering efficient services or quality work. Respondents also factored in training as essential in service delivery and productivity. It is imperative to train employees often so as to increase skill and delivery of desired work results.

The study moreover found that the external factors that influence job turnover in the insurance companies included the organizational culture and policies that do not foster a good working environment. This is because working conditions are crucial for the reason that they indicate the type of the organization atmosphere and the structure that the employees operate in. If the organization environment is not

conductive, in most cases employees leave to look for better organization where they will feel at ease and free to work. The study also found that the shorter tenure of service of an employee the more likely they will leave that organization in search for a better one organization, the opposite is also true that, the longer one has serves in an organization, the less likely they will leave for another organization. This is largely because when the employee has grown older, they lack the drive to explore new avenues given that they have either become complacent or they have fear of exploring the unknown and uncertain job market.

5.3 Recommendations

The study recommends that in order to reduce job turnover in the insurance companies the following can be done:

1. Companies should ensure that the employees are satisfied with their jobs.
2. Job evaluations need to be properly conducted.
3. The causes of non motivation should be analyzed consistently and addressed so that, solutions are established.
4. The study also suggests that there should be a competitive salary structures for the organizations.
5. Opportunities for training and employees' personal development should be put in place.
6. Superiors should be well qualified and additionally they should have friendly and open communication with the staff at all times,
7. Employees should be involved in the decision making and especially those decisions that affect their day to day work.
8. Promotion policy should be made clearer in order to guide management on promotion decisions.

7. Employees should be involved in the decision making and especially those decisions that affect their day to day work.

8. Promotion policy should be made clearer in order to guide management on promotion decisions.

9. Organizational culture and policies should foster a good conducive working environment.

10. Employees should have job security which in turn will ensure long tenure of service.

11. Applicants for the jobs should be screened appropriately to avoid candidate-job mismatches.

12. Exit interviews should be done for the employees who are leaving the organization because the interviews help to ascertain the reasons for exit and use the results obtained to formulate solutions to the problems of premature exits.

13. Job description should be taken more seriously to avoid role ambiguity and employee work overload. Work overload causes burn-out and stress.

5.4 Suggestions for Further Research

The search for the factors that influence job turnover in firms merits further study. There is need to undertake similar studies in different sectors or industries to ascertain whether different sectors or industries have similar or different factors that influence job turnover. Studies should also be done on of the different factors to determine to what extent these factors that influence job turnover. Further, research is necessary to distinguish between job turnover and labor turnover.

5.5 Limitation of the Study

Some people in the sample (24%) did not respond to the questionnaires. This could have biased the results.

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APPENDIX I

List of Insurance and Reinsurance Companies (45 in total)

1. African Merchant Assurance Company (AMACO)
2. AIG Insurance Company
3. APA Insurance Company
4. Apollo Life Assurance Company
5. Blue Shield Insurance Company
6. British American Insurance Company
7. Cannon Assurance Company
8. CFC Life Assurance Company
9. Concord Insurance Company
10. Co-operative Insurance Company
11. Corporate Insurance Company
12. Direct line Assurance Company Ltd
13. East Africa Reinsurance Company limited
14. Fidelity Shield Insurance Company
15. First Assurance Company
16. Gateway

- 17. Geminia Insurance Company**
- 18. General Accident Insurance Company**
- 19. Heritage A.I.I Insurance Company**
- 20. Insurance Company of East Africa (ICEA)**
- 21. Intra Africa Assurance Company**
- 22. Invesco Insurance Company (Under Statutory Management)**
- 23. Jubilee Insurance Company**
- 24. Kenindia Assurance Company**
- 25. Kenya Alliance Insurance Company**
- 26. Kenya National Assurance (2001) Ltd**
- 27. Kenya Orient Insurance Company**
- 28. Lion of Kenya Insurance Company**
- 29. Madison Insurance Company**
- 30. Mercantile Life & General Insurance Company**
- 31. Metropolitan Life Insurance Kenya Ltd.**
- 32. Monarch Insurance Company**
- 33. Occidental Insurance Company**
- 34. Old Mutual Life Assurance Company**
- 35. Pan Africa Life Assurance Company**

- 36. Pacis Insurance Company Ltd**
- 37. Phoenix of East Africa Assurance Company**
- 38. Pioneer Life Assurance Company**
- 39. Real Insurance Company**
- 40. Tausi Assurance Company**
- 41. Trident Insurance Company**
- 42. Trinity Life Assurance Company**
- 43. UAP Provincial Insurance Company**
- 44. Zep-Re Reinsurance Company Ltd**
- 45. Africa Reinsurance Corporation (PTA)**

APPENDIX II

Letter of Introduction

**University of Nairobi,
School of Business,
P.O BOX 30197 -00100,
Nairobi**

Dear Respondent,

RE: COLLECTION OF DATA FOR MANAGEMENT RESEARCH PROJECT

This questionnaire is designed to gather information on the employees' perception of the factors influencing job turnover in the insurance companies in Kenya.

The study is being carried out for management project as a requirement in partial fulfillment of the degree of Master of Business Administration of the University of Nairobi.

Your response will be treated in confidence and at no instance will your name be mentioned in the report.

Your assistance will be highly appreciated.

Yours sincerely,

**Kanakeh J.K,
MBA Student,
University of Nairobi**

APPENDIX III

This questionnaire is designed to gather information on factors that influence job turnover in the insurance firms in Kenya.

Part A: General Information

1) Your Name _____

2) Name of the Company _____

3) What is your Gender? (*Please tick*)

Male []

Female []

4) What is your position in the organization? *Please tick appropriately*

General Manager []

Departmental Manager []

Non Manager []

Any other please specify []

5) What is your age? (*Please tick appropriately*)

18 – 26 years []

27 – 35 years []

36 – 44 years []

45 –53 Years []

54 years and above []

6) What is your highest educational qualification? (*Please specify*)

Part B: Factors that influence Job turnover

I) Personal Factors Influencing Job Turnover

Rate the extent of your agreement or disagreement with each of the following statements concerning factors that affect job turnover in your organization. Please tick the appropriate box. The scale points represent the following;

- | | |
|---------------------|---------------------------|
| 1. Not at all | 4. To a great extent |
| 2. To a less extent | 5. To a very great extent |
| 3. Moderately | |

| Statement | Rating | | | | |
|--|--------|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| Job satisfaction is not taken seriously and there are no continuous job satisfaction reviews in my organization. | | | | | |
| Dissatisfied employees leave the organization to look for more satisfying jobs else where | | | | | |
| The Compensation offered is not considered adequate this can make employees to quit and look for better compensation | | | | | |
| Peers evaluation of ones job is meaningful both to the organization and to the individual | | | | | |
| Job motivation is not evaluated frequently to ascertain employees who need assistance and the causes of non motivation are not analyzed and addressed | | | | | |
| Older employees who are over 40 years do not often consider leaving the organization as compared to the younger employees | | | | | |
| The level of work related stress causes distress to employees who in turn leave the organization in search for less stressful jobs | | | | | |
| Social interactions at the work place are not pleasant, professional or satisfactory; this causes discomfort to employees who might in turn leave the organization | | | | | |
| Mechanisms to deal with employee work related stresses are not in place, for example, counseling, therapy and management interventions. | | | | | |
| The older the employee (40 years and above) the less likely they might consider leaving the organization | | | | | |

II) Organizational Factors

In this section, the researcher will seek to establish the organizational factors that influence job turnover in the insurance companies.

1) Rate the extent of your agreement or disagreement with each of the following statements; Please tick the appropriate box, the scale points represents the following

- | | |
|-------------------------|---------------------------|
| 1. Not at all | 4. To a great extent |
| 2. To a less extent | 5. To a very great extent |
| 3. To a moderate extent | |

| Statement | Rating | | | | |
|---|--------|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| The recruitment procedures in my company are not done professionally and competitively hence the persons hired do not match the job, and the mismatch causes the employees to be fired or quit on their own | | | | | |
| Formal induction programs are not in place to teach new employees the skills they need to perform their new jobs which, makes the tasks difficult to perform and the employee might consider moving to another organization | | | | | |
| The training done during induction is not relevant to my work, which makes it hard for new recruits to learn the job faster. This may result in less productivity an poor organizational knowledge | | | | | |
| My job description is not clear and the goals expected from my in put are also vague, which makes it hard to achieve the targeted results. This might result in dismissal or demotion | | | | | |
| Tasks allocated to you do not correlate with content of the job description and this brings dissatisfaction and frustration | | | | | |
| The supervision received from supervisors is not helpful and makes work hard. This has caused some employees to quit the organization | | | | | |
| The salary structure is not competitive, which makes the employees look for other employers who will pay them more | | | | | |
| Superiors do not keep open communication with employees about their jobs, which makes it hard to know what has changed or what has remained the same. Only instructions to do the job are given | | | | | |

| | | | | | |
|---|--|--|--|--|--|
| <p>There are no opportunities for personal development and employees often look for organizations that will give them an opportunity to develop, for example: advancing ones education, buying a home or acquiring other assets</p> | | | | | |
| <p>The job to be done is not interesting and has no variations. This makes work boring and leads some to employees look for more challenging work else where</p> | | | | | |
| <p>There is no elaborate departmental structure. This makes the chain of command unclear and confusing to the employees. This creates pressure and in due time the employee will be tempted to leave the organization</p> | | | | | |
| <p>Superiors do not always discuss the performance of their subordinates with them. Hence the subordinate might feel un fairly appraised and they will leave the organization to look for a fairer organization</p> | | | | | |
| <p>Continuous feedback and recognition for employees whose performance has improved, and areas that require improvement are not taken seriously or communicated appropriately; thus causing dissatisfaction among the employees</p> | | | | | |
| <p>There is no clear promotion policy that guides on the promotional processes. Candidates who want to move up in their carrier ladder will leave the organization to look for a more senior position</p> | | | | | |
| <p>Employees do not usually go through training programs through out the year. This can cause skill deficiency which might make the organization to fire the employee</p> | | | | | |
| <p>Job performance is not very important in determining the reward for the employee. That makes some top performers to quit and look for organizations that appreciate good work results</p> | | | | | |
| <p>Employees are not involved in policy and decision making processes by their supervisors. Hence there is no organizational commitment from the employee, who might look for another company where he/she will be more involved in decision making</p> | | | | | |
| <p>Organizational commitment is an affective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization hence, employees are less likely to leave</p> | | | | | |

III) External Factors

External factors refer specifically to the effect of labor demand and supply in the specific labor environment.

1) In this section we will seek to establish the extent to which the following variables affect job turnover in the insurance companies. The measures will represent the following:

1. Not at all
2. To a less extent
3. Moderately
4. To a great extent
5. To a very great extent

| Statement | Rating | | | | |
|--|--------|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 |
| Organizational culture and policies do not foster a good working environment which makes some employees leave for companies that have more conducive work environment | | | | | |
| As one advance in career there are no opportunities to do different assignments; this make work routine and one may want a different work experience. This makes some employees to leave in search for work variety and expertise in different areas | | | | | |
| The economic climate does not affect the way my organization creates or destroy jobs | | | | | |
| The longer the tenure of service of an employee the less likely they might consider leaving the organization | | | | | |