

**THE INFLUENCE OF EMPLOYEE BENEFITS ON RETENTION AT
SAFARICOM LIMITED**

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DECLARATION

STUDENT'S DECLARATION

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

Signed

Date

ALICE WANGARE CHEGE

D64/75491/2014

SUPERVISOR'S DECLARATION

This research project has been submitted for examination with my approval as the candidate's university supervisor.

Signed

Date.....

DEDICATION

I dedicate this work to my family and friends. May God continue to bless the works of my hands Amen!

ACKNOWLEDGEMENTS

I wish to express my sincere thanks to my Supervisor for the guidance, support and patience throughout the project duration. I would also like to thank my family for their support both in prayers and finances.

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ABSTRACT

Employee benefits is a broad topic that most organizations are trying to strike a balance between the various benefits they offer their staff. Employee's perceptions on the kind of benefits they are entitled to differ with another employee, hence the need for organizations to clearly analysis and understand the benefits that will impact most employees. Some of the benefits that organizations can design and implement as highlighted in this study are medical benefits, retirement plans, discounted staff loans, leave and stock Option those are among the factors that influence an employee decision to either leave or stay in an organization. The study aimed at determining the influence of employee benefits on retention at Safaricom Limited- head office, with a target population of 4,839 staff. This study is guided by mainly two theories namely; Social exchange theory and Reinforcement theory of motivation. The methodology used was a descriptive survey which enables a researcher to describe the characteristics of the variables mentioned in the study, stratified sampling and the sample size of 320 which was determined using Krejcie and Morgan method. Primary data was collected by means of a structured questionnaire, which was self-administered. The data collected was analyzed using descriptive statistics (measures of central tendency, regression, and measures of variations) with the help of Statistical Package for Social Sciences (SPSS) version 20 to achieve the objectives of the study. Regression was used in determining the relationship between employee benefits variables and retention at Safaricom. The study concluded that all the benefits discussed in the study influences employee retention, however, one benefit had to be introduced at a time so as to evaluate the level of influence as the other factors are held constant. It is recommended that Safaricom Limited management should take actions aimed at ensuring that employees are rewarded accordingly and benefits offered to are constantly reviewed, furthermore, Safaricom Ltd needs to invest on non-monetary benefits which will not cost the company high financial costs. The study recommends that other benefits that Safaricom Limited should provide to increase employee retention includes employee of the month, praise and recognition among other non-monetary benefits. The study findings were applicable to Safaricom Limited only. The findings can therefore not be generalized to all organizations. The study recommends that further research should be done on the effects of employee benefits on employee retention in private organizations mainly the telecommunication industries in Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Companies should ensure that places of work are professed as an enabling working environment that employees' enjoy working. (Mitchell & Lee, 2011). Employee benefits are important, for example, during high inflation rates, the company is able to boost staff economic status by giving them cost of living adjustment allowance, have a provision of work-life balance, proper health insurance among others, and this results to a committed and engaged workforce. The Importance of employee retention results in sustaining a positive as well as a highly motivated workforce and a profitable business. If a company has a high rate of employee turnover it ends up increasing various expenses such as recruitment or advertising cost, training among others and have a negative effect on the employee's overall satisfaction. Therefore, the process of implementing beneficial employee retention program to both employee and employer becomes a means of ensuring that all high performers are well recognized and developed so as to continue being part of an organization by maintaining high levels of job performance and give a company a competitive edge respectively (Siggler, 2009). Benefits of retention programs to an organizations include portraying a positive company image, for instance, companies that rarely hire are perceived to retain its employees hence attracts a highly qualified pool of candidates, saves the company replacement cost in terms of advertisement fee, headhunting cost, training cost and the waste time involved before a new hire adapts to the ways of business operations.

Social exchange theory depicts an unstable hierarchy of needs, meaning needs of an individual will change the status quo and hence the need for a bargaining agreement. These bargaining agreements are based on a cost-benefit analysis which leads to high level of comparing various alternatives. This theory presents a psychological contract between employee and employer that is constituted with sets of assumptions and expectations. Robinson (2008) argues that psychological contract defines the views of the employees and what they think they owe their employers and on the other hand what they are owed by their employers, he further noted that behavior is shaped by consequences, meaning that if behavior is rewarded there are chances to repeat that same behavior, however, if behavior is punished then chances of repeating that same behavior will be minimum or zero, that means that some of the rewards employers give employees are used to promoting positive behavior such as bonuses, while others are used to punish individual behavior such as withdrawing bonuses among others.

Safaricom limited staff enjoys a wide range of benefits namely, vacations and perks, medical, pension, Leave which includes maternity/paternity, compassionate leave, social clubs (based on grade criteria) and stock ownership among others. This study looks at the influence of employee benefits on retention at Safaricom Ltd since the company provides a good working condition to retain the employees.

1.1.1 Employee Benefits

Casper and Buffardi (2004) defines benefits as intangible compensation which an employer uses to equalize and moderate staff total reward package. Ford (2010) asserts that employee benefits refer to those benefits that a company offers 100% to its staff such

as disability, health, and dental plans. Employer-provided group insurance plan varies and depends on the number of staff in an organization, sum assured is determined by the amount of salary all staff receive hence an employer pays for a yearly premium other insurance plans are accidental based whereby the employer takes into consideration the safety of workers both at work and at home- work injury-related insurance.

According to De Vos and Meganck (2009) employee benefits is part of the total reward package of staff, however, benefits go over and above their monthly salaries, this means total reward package. They further highlighted one of the main benefits that employers need to prioritize which is medical, this gives employees an impression that the employer cares about their wellness and hence promotes a highly motivated and healthy workforce, however; benefit programs are based on employers' financial strength and preference (Gillespie, 2012). In most countries, some of the employee benefits such as relocation allowance among others are subject to taxation, in cases whereby tax is exempted could be in the disability allowance and education allowance among others.

Various authors namely Siggler (2009) and Gillespie (2010) identified some examples of benefits that are either company sponsored 100% or that employees co-pay together with the employer namely medical, retirement plans, group life, disability income, profit sharing among others.

The aim of employee benefits is to enable staff accommodate their families and sustain themselves during high cost of living or any economic downtime and as a result organization enjoys a commitment workforce. Benefits are designed differently such that, some vendors give staff discounts on skills enablement programs boat camp, seminars,

workshops or training that employees may participate in for a full year. Employers save money on training in such cases where a vendor sponsors training partially or in full.

Several research has been carried out so as to establish strategies of employee retention, this included factors such as performance appraisal, work life balance, compensation and benefits among others, however according to De Vos and Meganck (2009) argued that most of the temporarily workers, this includes contracted and casual staff, are not entitled to most benefits that permanent staff enjoy such as retirement plans, medical among others, hence organization management should come up with measures that prevent such disparities in future and will in turn enjoy increased commitment and motivated staff of all carder. Retention measures include naming a few career developments, training and development and attractive compensation package. Such measures enables staff realize that the employer cares and is concerned about their welfare.

1.1.2 Employee Retention

Parkinson (2007) and Ford (2010) define employee retention as an outcome brought about by Human Resource strategies and abilities which are aimed at keeping the best talents in the workforce. Employee retention is linked to an attrition rate that can be represented by simple statistic (for example, if the attrition rate is 100%, this implies that the company managed to keep 100% of its employees in a given duration of time and vice versa). Employee retention is an outcome and not a strategy; however, employers should not hold on to employees who are poor or low performers, there must be a mechanism put in place to measure employees worth keeping in the workplace. Leighn

(2002) depicts that employees are most valuable assets in an organization; hence once a company understands that they enjoy a competitive advantage over their competitors in terms of employee's rare skills, hard to substitute skills, skills no other company can copy. Abraham (2007) acknowledges that Human resource planning, which is a very important strategy in human resource function helps in getting the right staff at the right places and at the right time and hence assist in identifying any surplus or deficit of staff, by so doing it gives a company good manpower planning and avoid underutilizing or over utilizing staff, this can lead to staff burnout or boredom.

Parkinson (2007) further recommend that when developing employee retention strategies, top management should focus on the overall objective of the firm, increase sales output by making the company profitable. This dictates that a company has to have a clear mission and vision which will give employees clear focus and direction, if an organizations philosophy is to cultivate new hires, provide a beneficial work environment among other values then the outcome will be a committed and engaged workforce.

According to Ross and Lepper (2010) for easy of understanding attrition rate, they concluded that the rate is an experimental figure, meaning it is represented as a percentage of overall staff who leave either voluntary or involuntary an organization and those that remain in the firm over a certain duration of time.

1.1.4 Safaricom Limited

Safaricom Limited Company is a leading telecommunication company in Kenya, Nairobi that started its operations as a public company in 2002. Some of the telecommunication solutions that Safaricom provides includes but not limited to broadband high-speed data,

voice services, M-pesa, M-shwari, Mobile banking, mobile and fixed Internet services, among others. Safaricom acknowledges that it does not operate in void hence it has come up with ways of giving back to the community around it in various ways such as health provision, getting involved in education, sports, culture, and environment –related projects.

Safaricom aims to operate as guided by their core values namely been passionate about its people meaning striking a balance between work and life for its employees, customers, in the case of launching products and services that are in line with customer needs and expectations, point in case launch of a cashless mobile banking M- pesa and the world around them by getting involved with the community based projects to enhance those communities for instance Lewa Conservation among others and finally promotes an enabling environment that ensures employees create and maintain sustainable winning teams (Nzuve, 2012).

Safaricom employees are 4,839 in total stationed in Nairobi and other cities like Mombasa, Kisumu, Nakuru and Eldoret in which it operates retail outlets, which a nationwide dealership. Safaricom departments includes; human resource management, customer care, corporate affairs, consumer business unit, finance, technology, enterprise business unit, financial services.

1.2 Research problem

Employee's retention in organizations has posed a great challenge in the global market, finding talented staff has become a critical issue that managers are facing. Some of the causes for talent shortage are high inflation rate whereby companies are not able to

matchup with the high cost of living, political influences that are controlling trade unions, technological advances have also exposed firms to no human interaction, hence, terminating the Human resource function and replacing it with machines as shared service.

According to Siggler (2009) and Filipova (2007) they concluded that companies that design and implement retention programs enjoy a positive corporate image, attract a wide pool of key talent as well as save resources such as time used up in training new hires and cost which is involved in hiring new staff. Companies that conduct SWOT analysis so as to determine factors that affect employee benefits gain a loyal workforce.

Ford (2010) argues that for firms to enjoy long term productive and continuity of its workforce and operations respectively, they should focus on long- term successful goals as such designing and implementing the right kind of benefits that the employees will enjoy and benefit from, some companies go over and above having a cafeteria method in which employees pick the benefits that will benefit them and their families. On the other hand, Morgan (2012) concluded that there is a relationship between employee benefits, meaning what an employee is taking home over and above their salaries and retention helps support an organization's productivity and business continuity.

Safaricom Limited has put various measures and programs to increase the rate of employee retention, which has given them a competitive edge over their competitors such as creating a division to harness employee talents as the core responsibility and evaluate employees with an aim of retaining them and aligning Safaricom values in a way to recognize their employees. Safaricom is committed to being an overall leader in the market in terms of compensation package, provision of good working conditions,

creating a good corporate image, giving back to the community among others. Safaricom has developed an employee agreement also known as charter that governs interactions between management and staff and it's in such forums that employees voice is aired, this agreement commits to fulfill certain aspects between management and employees such as provide a conducive work environment where all goals and expectations are met and rewarded accordingly and promote an open door policy for all (Nzuve, 2012). Safaricom employees enjoy a wide range of benefits to name just a few medical insurance, Leave, Car allowance, Daycare services, social clubs among others. This study assesses the influence of employee benefits on retention of Safaricom employees.

Various studies related to employee retention and employee benefits have been carried out, according to Kumar (2013) he studied the impact of employee benefits as retention strategy in a concept dining restaurant chain in India and found that while designing new strategies, organizations should be aware of the impact those benefits are likely to have on the company's financial strength as well as the company's image it displays in the labor market. Similarly, Waleed (2011) investigated the relationship between human resource practices and employee retention in public organizations in the United Arab Emirates, the results show that diversity has a direct impact on the organizations culture mix that is caused by a lot of multinationals working in the organization, as this can erode the good norms and practices of a firm. Similarly, Allen (2000) did a research on talent management as an organization strategy to increase the rate of employee retention and concluded that manpower planning is essential as it requires provision of the right mix of staff at the right time and place organizations. Aligning a perfect skills mix save the company a lot of wastage. Otieno (2010) studied employee compensation as a cause of

staff turnover in private primary schools and found that employee's compensation shows the worth of an individual and is a sign of appreciation from management to employees' knowledge and skills set. Mulwa (2010) carried out a research on benefits as a factor that affect employee turnover in World vision and found that the company had various benefits that were not viewed by employees as important and hence the turnover rate, hence need for proper aligning and review of the existing benefits. From the studies little has been done on the influence of employee satisfaction with benefits on retention, therefore this study sought to answer the question: What is the influence of employee benefits on retention at Safaricom Limited?

1.3 Research Objective

To determine the influence of employee benefits on retention at Safaricom Limited.

1.4 Value of the Study

The management of Safaricom Limited will benefit from the research through understanding their employee retention rate, benefits of employee retention, challenges of retaining employees and the shortcoming of retaining the employees. This will increase their understanding of the benefits that employees view as most important or must-have in the workplace and have a proper channel of administering those benefits so as to achieve a higher rate of employee retention. Other organizations will learn and understand more on the employee retention, understand what employee requires for retention, understand employee retention as an outcome and organization strategy to ensure competitive advantage is acquired.

To the policy makers, the findings are critical in employee benefits policy to enhance retention in organizations. The policies will be used in government reforms involved organization employee well-being in which government reviews their functions, structures and staffing with the aim of enhancing efficiency and productivity. The recommendations and conclusion from this study will be of great value in building capacity of being used to formulate policies which are relevant and sensitive to the forces influencing employee benefits and retention in Kenya.

Those in academic realm will also benefit from the findings through acquiring the materials for reference when conducting similar or related research projects. It will assist the academicians in broadening the syllabus in respect to the study hence providing a deeper understanding of the factors that affect employee retention in Safaricom Limited.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of the related literature on influence of employee benefits on retention as presented by various researchers, scholars, analysts and authors and also the theories explaining this study.

2.2 Theoretical Foundation

This section highlights the various theories that were used to inform the study, namely Social exchange theory and Reinforcement theory of motivation.

2.2.1 Social Exchange Theory

Social exchange theory was introduced in (1958) by the sociologist George Homans with the publication of his work "Social Behavior as Exchange". Social exchange theory is a social psychological and sociological opinion that explains any instability or alterations as a process of bargaining. The theory further depicts that human interactions are subjected to cost-benefit analysis and comparison of alternatives, the theory has its foundation in economics, psychology and sociology (Lawler, 2008). Features of the Social exchange theory include assumptions found in rational choice theory and structuralism mostly involved in a transaction process.

This theory views organization commitment in terms of how well an employee attaches themselves to their firm because of either they getting certain rewards or benefits in return, this is a mutual benefit whereby the employer benefits by utilizing employee skills

and the employee in return gets compensated for his skills and knowledge. According to this approach, both employees and employers have formed expectations and assumptions example of employer expectation is that the employee will be productive, will follow all the business procedures, will exceed his quarterly targets among others, while employees expect to find a conducive work environment, good management styles, clear career and promotion among others (Saks, 2006).

Employees view rewards differently, what one views as beneficial to another it is not beneficial, hence employers must ensure that at least the benefits meet the bare minimum expectations which results to increased engagement and likewise, if an organization does not pay attention to the kind of benefits they provide their staff then this results to a decreased employee engagement. It is clear that this theory highlights the benefits both an organizations and employees gains by providing favorable and conducive working environment that is, punctual employees, committed staff which in turn increases staff productivity employees and likewise, display displeasure with unfavorable working conditions by portraying negative behavior traits such as absenteeism and lateness (Crede, 2007).

The exchange theory also depicts employee's approach towards an organization which either influences the rate of retention or turnover for the employees. This theory explains the reasons behind why an employee decides to be less or more engaged in their work, this is due to the various reporting structures and the kind of relationship that are formed between various departments and colleagues. Aligning corporate and departmental goals is key as it gives employees proper vision and plan (Shiau & Luo, 2012). The social exchange theory in this study helps to understand the human relationship that is formed

through bargaining process whereby, there is an exchange of service or skills and compensation.

2.2.2 Reinforcement Theory of Motivation

Reinforcement theory was introduced in (1940) by Skinner as he was concerned about the levels of employee motivation and satisfaction towards their work. The basic principle in this theory is that individual manners are formed and maintained through consequences, for instance in planning a program aimed at increasing safety, behavior analysts identify what consequences follow the behavior of interest (Brewer, Wilson, & Beck, 2004). The theory states that "an individual's mannerism is a function of consequences; this is brought about by work frustration which most staff faced during the meditative humanism and unfair treatment.

Reinforcement theory focuses on individual behavior which can only be documented through observation. As highlighted in the operant conditioning whereby the external factors influences an individual's behavior and hence shapes the final results, this implies that a condition also known as stimuli is used to influence behavior, for example salary paid every end month, or bonus paid due to high performance, this motivates all employees to perform highly knowing the consequence is receiving bonus at the end of a particular period. The four approaches of reinforcement theory include constructive reinforcement, unconstructive reinforcement, positive punishment, and negative punishment (Komaki, 2008).

Law of effect has reinforce and punishment as the two main components which explains behavior conditioning, commonly known as consequences leading to levels of satisfaction or dissatisfaction at the workplace.

The theory is relevant to this study because employee benefits are geared towards rewarding and maintaining a commendable behavior, also known as positive reinforcement and punishing wrongful behavior, example of rewards aimed to commendable behavior includes both monetary and non-monetary rewards such as praise and recognition, bonus, promotions, paid holidays among others, this stimulates desirable behavior (Lawler, 2008).

2.3 Types of Employee Benefits

Crede (2007) defines employee benefits as a reward that is not inclusive of salary or wage, that is, benefits is a component of total reward package. Doyle (2011) highlighted example of benefits such as medical, child allowance, transport among others, this clearly states that employees have preference of the kind of benefits which they view as first priority, must have benefits, which are also dependant on companies financial strength. Yazinski (2009) further notes that benefits may be prescribed, meaning those that a company has already signed up for employees and their families or standardized programs to enjoy on a continuous basis such as medical, pension discounted loans, training by the various vendors among others, and casual benefits this could be a one off payment in an year and may not be offered next year, it includes hotel and resorts discounts, park tickets, gym and golf membership among others- this aims at motivating and engaging an employee in all aspects of their social and intellectual nature.

On the other hand, Ford (2010) noted some companies offer their staff cafeteria benefits method, whereby staffs pick benefits that will favor them and their families as well as commit to co-pay for those benefits. Most developed countries like UK have adopted this kind of benefits and employees perceive them as a fair practice. Similarly, Lawler (2008) noted the sole purpose of employee benefit is so as cushion staff during high inflation rates in the workplace such as low financial returns, economic downtimes or due to high cost of living which could be brought about by heavy taxation of raw materials or high importation, and in doing so, this improves employees retention rate.

2.3.1 Stock Option Ownership

Armstrong and Murlis (2007) defines employee share ownership as is a program designed to enable staff acquire equity shares, earn dividends and act as shareholders, meaning employees have a say in the decision making process of the company and are viewed as major contributors towards the success or failure of a company. Stock ownership plays a major role in attracting and retaining a qualified pool of candidates, Knyght (2010) noted that varies companies have different guidelines as to how stock ownership programs are administered, for example some companies bond staff for a certain period of time once they buy shares and are not allowed to sell those shares, other companies do not allow sale of shares until once leaves the organizations amongst other guidelines.

Employee share ownership has various names profit sharing among others. Employers believe that profit sharing enhances employee loyalty and increases job performance, this is because employees are turned into shareholders and they want to see the company

prosper. Employees gain high returns once a company makes high profits such as bonus and high dividends (Gillespie, 2012). There are various ways in which employee ownership program can be accomplished namely by buying stock directly, receive stock among others models. Once employees become shareholders they have an opportunity to raise their views and contribute to the overall success of the company by exercising their voting rights.

According to Arthur (2010) some companies design a trust fund for both employees and employers. The trust fund contains either cash, stock, bonds, property among others financial products, the beneficiary either employee or company must wait until a certain maturity date so as to access the funds. In the trust fund both the employee and organization contributes either cash to buy company stock, contribute shares directly to the plan, or have the plan borrow money to buy shares. He further notes that in a trust fund, there are three important parties namely the grantor who makes contributions into the plan so as to enable staff to borrow money, who then pay back after a certain duration of time either after retirement or leaving the organization, at this duration their contributions are tax deductible, the other party is beneficiary who is the employee and finally a trustee, this can be an institution such as a bank to oversee the functions of the trust fund.

Given various market stock regulations, Appelbaum (2014) highlighted that by providing an Employee Stock Ownership Plan (ESOP) a certain percentage as regulated by the market encourages staff to invest in stocks by giving them a tax incentive, meaning tax is deferred for a future time when the shares will be fully owned by the employees and they can invested those shares in other companies.

2.3.2 Health/Medical Insurance

A commonly known and accepted benefit, that both employee and employer give the first priority is medical insurance or health insurance. This benefit offers a wide coverage of medical health wellness ranging from inpatient, outpatient, maternity, dental and optical benefits among others. Benefits of enrolling a corporate is that they get relatively low premiums as compared to having an individual medical cover, the insurance industry considers an individual as a high risk and a corporate is neither high nor low risk as the money is spread across all staff or many. Healthcare saves a company expenses such as wastage of hours worked in terms of labor output and the cost of employee salaries whenever an employee is on sick off, once organization recognize the above impact and puts in proper measures to prevent such loss then it will surely enjoy a productive and healthy workforce (Gillespie, 2012). A properly designed medical insurance plan requires the employer to clearly indicate whom to cover, is it just the employee or plus his dependants, type and benefits limits per coverage, are they going to set a pool of money aside to assist all staff whenever they need medical assistance or will the company pay medical limits per individual or per family, such measure will help ascertain the best approach to use when it comes to medical cover (Agrela & Carr, 2008). The importance of medical as a benefit validates to the employee that their employer really cares about their wellbeing both physically and health leading to increased employee loyalty and commitment.

A healthy workforce reduces workplace related accidents which could result from poor lighting due to straining eyesight which causes eye sight problems, lack of clean sanitation leading to infectious diseases which some could lead to death , lack of clean water supply among others.

Allen (2010) highlighted that employers enjoy heavy discounts due to the corporate aspects or group insurance, however, the different views among employees when it comes to the types of medical coverage they prefer leading additional cost to the employer, for example, if the employer had planned to insure the in and outpatient services then employees end up demanding for maternity of dental services this leads to additional cost due to the heterogeneity of benefits demands which cannot all be fulfilled by the employer.

Appelbaum (2014) highlighted that company sponsored health plans, tax implication on premiums and all inclusive staff medical plan reduces the extent to which an employee has a selection of medical benefits, this helps in coming up with one uniform medical plan to fit all regardless of the medical limits nor the category of diseases covered.

2.3.3 Retirement Benefits

Retirement benefit is viewed as a reward for those long servicing staff who get to benefit after attaining retirement which could be either on early retirement or upon attaining the retirement age as per the retirement regulations in various countries. Retirement plans go over and beyond the mandatory requirements by the rule of Law, as provided for by various retirement regulatory bodies in a particular country whose mandate is to provide guidelines for regulating pension among other allowances (Otieno, 2010). Retirement

benefits are also known as guaranteed pension fund, whereby an employer contributes a certain percentage towards an employees retirement, as a result this increases employee commitment and engagement in a company, for example, an organization can have an understanding with a pension scheme provider where they put in 10-15% of employee's gross salary monthly and an employee puts in 5% of their contribution, this is used as an employee retention and attraction strategy (Appelbaum, 2014). Pension Scheme or agreement are used by companies to influence employee behavior such that, if an employee understands that the contributions made by both the employer and employee make will have zero taxation at the age of retirement it gives an individual compelling reason to join and stay in that company for young workers and ensure that the baby boomers retire on a timely manner. Experiential evidence has shown that companies with properly structured pension plans attracts qualified candidates that show desirable behavior towards remaining in the firm for a long period of time, hence increasing the firms productivity latest research has shown that 401,000 pension plans set up by various companies have high effects in shaping employees behavior over a period of time (Butler, 2011).

A study done by Susi (2010) in America indicated that retirement plans was embraced by most employees reason begin baby boomers in the end of 20th century had a wide variety of retirements models that offered vacation, others had ideas of productivity engagement and autonomy during their retirement age (Butler, 2011).

The benefits of guaranteed funds include age benefits in terms of annuity payroll, emigration grants and death benefits payable to beneficiaries.

2.3.4 Leave

Leave implies authorized time off work or rest. Types of leaves includes but not limited to maternity for female employees, paternity for male employees, some companies also offer adoption leave which caters for time off work for adopted babies, and it could be compensated or not paid depending on the company's agreement (Doyle, 2011). Another type of leave is known as sabbatical, which is given to professionals' working in universities and research institutions for a period not exceeding one year, the purpose of this leave is to enable employees in such professional to develop and enhance their skills by getting involved with research activities, journal publication among others. In addition, sabbatical leave helps to reduce job related stress and monotony among employees (Okumbe, 2001).

Vacation benefit programs are designed by companies depending on their capability and business financial performance, find that some vacations are with pay or no pay; hence it's completely voluntary for companies to offer vacation as a benefit. Top employers use it as a means to attract and keep employees. Some companies and states have different laws governing vacation, for example some states require an employer to offer vacations in arrears when an employee leaves employment. Vacation benefit is documented in an employment contract which clearly indicates if one is entitled to vacation with or without pay (Doyle, 2011). These vacation days off are based on particular companies policy in administering both pay or unpaid vacations and are usually accrued on a monthly basis, for instance, some companies offer vacation pay which amounts to about ten to twenty vacation days annually, however prior approval has to be given before proceeding on vacation.

Butler (2011) noted that paid leave is offered to all staff and results in increased employment steadiness, as it gives an employee a feeling of belonging and security, for instance, leave taken during crisis such as family medical emergency or during death of a loved one, known as compassionate leave, it confirms that the employer understands and empathizes with their staff hence gives employers a human phase. This benefit assists in reducing employee stress as they try to balance work and life and restricts work disruptions. Appelbaum (2014) conducted a survey in 2012 on compassionate and medical leave in an American firm, U.S department of Labor, the findings were that almost all staffs were eligible to this benefit and that they resumed back to their jobs after leave only 5 percent did not resume to their jobs. Similar studies have concluded the same findings from 1995 and 200 FMLA surveys.

In summary, voluntary leave meaning planned leave in companies increases job performance, reduces fatigue among staff and most workers who are exposed to such leave benefits are more likely to remain in that company.

2.3.5 Discounted Staff Loans

The above loans refers to compensation-based loans, which companies offers their employees and in so doing, it enables firms to recruit and preserve the company's important assets, that is resources. Loans could range from salary advances, SACCO grantors, trust funds and bank loans. Steers (2007) concluded that having a well structured staff discounted loans, means the loans should provide good returns and fair tax treatment, hence companies use this as a strategy to attract talent, however, loans provides different benefits to different employees, there are those who would perceive

taking loan as a way for the company to keep or bond an employee for an indefinite period while others welcome that idea of taking loans with the company. The ideology behind discounted staff loans is so that staff can receive cash as and when they need it and is dependent on the employee's length of service with a particular company. Companies need to come up with a contingent plan on how to administer staff loans and clear criteria for allocating this benefit. Another type of staff loan would be one that the company enters into an agreement with a financial institution, which offers staff loans that have below-market interest rate than they would otherwise receive if they were not in that company, also known as market interest rate (Agrel, 2008). The below-market loans can either be offered at cheap interest rate or at zero interest rate, hence, the difference between market rate and the discounted rate is considered as a benefit to the employees as it enables personal saving and is deducted as an expense by the employer.

Gillespie (2012) noted that long-established staff loans complied with the actual meaning of a loan, meaning owing the company what they gave you as loan and there was no need for compensation which the employer currently deducts as an expense. There are two types of staff loans which recognize compensation-related loans namely below-market rate and employee 'justifiable loans', with a below-market loan, as indicated above must recognize compensation, that is, the difference between market rate and below market rate, while staff "justifiable loan" companies in general forgives or pardons staff any interests and only allow them to only repay the principal amount over a certain duration of time (Leopold, 2010). Therefore, the interest pardoned and principal amounts are perceived as a benefit to staff.

Companies offers this benefit so as to attract and retain its employees, that is, once an employee saves an extra coin in the interest rates and the principal amounts which gives them an ample time to repay all this is tax deferred and it ensures employee loyalty.

2.4 Indicators of Employee Retention

Abraham (2007) defines employee retention as organization's strength and ability in terms of putting up strategies that help in keeping employees. Employee attrition rate is represented as a percentage over duration of time. Other authors define staff retention as "means" deployed by an organization so as to retain its staff; this means that retention is a plan of action rather than an outcome. Kavitha and Geetha (2011) concluded that staff retention is a major challenge in the modern society and organizations; this is due to some many factors which are influencing rapid exit of staff, making it difficult for organizations to maintain talented staff such as recession, globalization and technological advancement among other reasons. Reitz and Hill (2010) define retention as an ongoing business process, meaning that both internal and external customers are happy, it should also show engagement, open door policy, transparency, can enabling working environment for the business, and show high levels of satisfaction among others.

2.4.1 Workplace Environment

For an employee to choose if to settle or depart from an organization, then the organization politics, policies, culture among others play a critical role in influencing that decision either positively or negatively. Hassan (2011) suggested that coming up with proper and clear measures or policies such as training and development, transfers, succession planning among other factors can work towards retaining staff. Training and

developing staff in some organization is not given a priority, as some employers believe that it's a waste of resources because employees are always looking out for greener pastures elsewhere, while other companies have training and development philosophy, meaning that that company encourages a learning organization. A study conducted by Appelbaum (2014) which targeted nurses in the United States in relations to organization environment, the nurses highlighted a number of factors which influenced their decision to resign such as unsociable workplace which lead to mocking confrontations, sexual harassment among other vises, another factor was emotional distress associated with taking care of patients, meaning the tools of work were insufficient as the hospital used inappropriate technologies , this resulted in a lot of job frustration (Freyermuth, 2007) other factors were tiredness this was brought about by emotional and physical fatigue, those were the reasons why some nurses resigned from their positions in that firm (MacKusick & Minick, 2010).

2.4.2 Employee Turnover

Employee turnover also know as employee loss refers to the number of staff who leave and those who join an organization within a particular period of time. Loss of employees as discussed by Iverson and Pullman (2009) could be categorized as intentional mainly due to personal or professional reasons such as resignation or unintentional such as dismissal. Companies that take time and invest in calculating or measuring staff turnover rate gets helpful insights that enable employers constantly develop new ways of retaining staff such as, gives an overall estimates of hiring budgets, improves in areas that employees leaving highlight as the company's weak points among others. Smith (2011) highlights several factors that may influence an employee decision to leave an

organization namely better paying job, better compensation package, and greater autonomy among others. Companies which put in place strategies that help in reducing staff turnover enjoy business continuity and great succession planning. Some of the strategies include but not limited to conducting employee satisfaction survey to establish staff satisfaction level, job evaluation (De Vos & Meganck, 2009). Recruitment and selection has both direct and indirect costs, such as advertising, new salary structure, training cost among others.

Employee turnover sometimes has a beneficial factor towards the company in cases whereby an employee is a low or poor performer, strategy known as functional turnover, however, this should be well planned as it might damage the company's reputation and decrease staff morale. Another type of turnover is dysfunctional turnover, this implies that good or high performers leave an organizations, this affects the organization in a major way such as low productivity, zero commitment from staff, delays in service delivery, developing or adopting machines to replace staff among others.

In conclusion, reasons that affect an employee's decision to leave or remain in an organization are many, however there are some common ones such as better compensation package, additional responsibility, career growth among others, so companies should come up with mitigating strategies to avoid losing high performers (Clarke, 2011).

2.4.3 Employee Loyalty

Companies all around the global are constantly recruiting, lay offing staff leading to a strain on maintaining talent, this as a result has lead companies to compete for the most

valuable asset that give organizations a competitive advantage over their competitors. Companies should give priority to retaining a loyal workforce, as staffs are always looking for greener pastures elsewhere; this benefits the company by promoting high productivity and avoids wastage of time on training new staff every now and then (Siggler, 2009).

Steers (2007) suggests that employee loyalty is not necessary determined by the length of service one has served in an organization nor does it mean following instructions from ones immediate boss. Agrela (2008) confirms that companies that invest in their employee work are more loyal, they argued that length of service could not affect employee loyalty, employees feel that their work means so much to the organization and that their contributes is highly appreciated. Loyal employees ensure that they contribute to decision making in regards to their jobs and also abide by decisions that management cascades to all employee by supporting their colleges and the overall company, you find that if a loyal employee would leave that organization, they always ensure that their professional ties are not broken, that is, ,they maintain those ties.

Redington (2007) indicated that involving employees in decision making foster good teamwork and increases employee loyalty knowing that their views also count to the success of the company.

2.4.4 Organizational Commitment

A company whose philosophy is geared towards commitment ensures that it retains its staff for a long period of time; some of the methods that a company can deploy are create an enabling environment that employees enjoy working in (Arthur, 2010). Steers (2007)

suggest that employee commitment has a significant impact on turnover; a committed employee displays great desire towards their work, is punctual and is committed to stay in a particular organization.

Various studies clearly state that highly committed staff display pleasing behavior towards their work and have high levels of remaining in a certain organization (Owen, 2006). The impact of commitment to an organization is perceived to improve job performance as well as satisfaction (Gillespie, 2012).

2.4.5 Average Age of Workers

According to Berry (2010) age is one of the many factors that affects the rate of employee turnover. Steinberg, Walley, Tyman and Donald (1998) argued that, baby boomers suffered highly due to unemployment and retrenchment given that they did not update their skills as often as possible and were afraid of losing their benefits such as pension, while generation X and Y had high expectations once they joined a firm, In conclusion, organizations have to develop mechanisms that will reduce risks of losing its employees. Organizations are facing major challenges such as creating a workplace that adequately manages diversity and ensure all staff are treated equally (Hansen & Leuty, 2012). Baby boomers are more embedded with maintaining their jobs resulting in comfort zones or career plateau; hence they do not see the need to change jobs.

There are various studies conducted to investigate employee retention and staff age as a determining factor affecting retention, for instance, Ahuja (2007) carried a study in an IT industry in India and found that staff age was a major contributing factor on employee retention in that generation X and Y imposed a major challenge to the organization.

Another analysis conducted by Borman and Dowling (2008) about teachers turnover rate and retention, indicated that baby boomers were more likely to leave an organization as compared to generation X and Y.

2.5 Employee Benefits and Retention

Studies have been done on employee benefits and retention both locally and internationally, Aguenza and Som (2012) investigated factors that motivate staff to be committed and remain in an organization study was conducted in Philippines, the findings were that there are some factors that influence employee's decision to either remain or leave an organization, however, it's important for companies to consider an all rounded strategy which has realistic policies governing employee retention such as design and develop enticing employee programs, an attractive compensation package that consists of more than normal salary and conduct employee surveys which represents employees views and perceived satisfaction.

Hassan (2011) conducted a study on employee retention which had major effect on a leather industry in Pakistan; he indicated that most middle managers changed jobs frequently due to high compensation package, more autonomy in their jobs among other factors. Khalid (2010) investigated some of the staff retention strategies in Austrian company that should be deployed and the study found out that most staff wanted clear and better career planning initiatives, however, some staff indicated that their jobs were not interesting, hence more of routine, limited training and development opportunities, this lead to most staff thinking of leaving that firm.

Kumar (2013) investigated the effect of staff benefits as a retention strategy in a dining restaurant chain in India and found that while companies are designing and implementing new strategies, they should examine the impact those strategies will have on the overall company operations, this could be in terms of cost, time among others. Similarly, Waleed (2011) investigated the connection between human resource practices and employee retention in public organizations in the United Arab Emirates, the results show that multicultural factor, this indicates that cultural diversity has an effect on staff retention which affects an organizations' culture. Similarly, Allen (2000) conducted a study on talent acquisition and its effects on staff retention and concluded that organizations need to conduct proper manpower planning so as to ensure individual skills are matched with the vacant roles or responsibilities so as to avoid mismatching of skills and abilities.

A study by Karemu, et al (2014) on examination of reward attractiveness among others on medical employee's retention in public hospitals in Kenya, the study indicated that acquisition of talent strategies have a great impact on doctors retention rate at Kenyatta national hospital in Kenya.

Manyura (2012) carried out a study on perceived factors affecting staff retention at Kenya Commercial Bank Limited Headquarters. He found out that pay among other factors greatly affected employee retention as well as affected organization performance. On the other hand, Mulwa (2010) carried out a research on rewards as a variable factor that affects staff turnover at World Vision, the study recommended that it's important for companies to constantly review the existing reward plans as this gives a clearly understanding of what staff expects the employer to offer as benefits.

Nyanjom (2013) investigated the issues affecting staff retention in the State Corporations in Kenya. The findings were that reward were among some of the issues affecting staff retention, another issue was that the company lacked readily available loans which employees would enjoy discounted rates, lacked job security, poor work life balance, inadequate working tools which affected the rate of staff retention, a major benefit which helped retain staff was discounted educational programs which enables staff assimilate easily into their jobs at the State corporation.

According to Njoroge (2007) he did a survey on issues that impact staff retention in manufacturing firms in Nairobi. He established that staff retention was influenced by benefits and compensation, working conditions among others. It is important for companies to review strategies that prevent high employee turnover, as it enables companies enjoy profitable business and meet overall objectives of the firm.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides a discussion of the research methodology that was used in this study and focuses the following sections research design, target population, sample design, data collection methods and the data analysis and data presentation methods.

3.2 Research Design

According to Cooper and Schindler (2006) a research design is a general guideline method which is used in data gathering, measurement and analysis with the aim of solving the research problem under this study. The study employed a descriptive research design; as it enabled the researcher describe the features of the various variables of this study. This study is about determining the influence of employee benefits on retention at Safaricom Limited. It is therefore warranted that descriptive design will provide sufficient and accurate findings.

3.3 Target Population

A study population refers to a whole group of people or characteristics that a researcher is interested in examining and draws conclusions from. In this study, the researcher will start by developing a research design so as to define the population and gear it towards the achievement of the study objectives (Ngechu, 2004).

The target population for this study was Safaricom Ltd- head office staff only, total 4,839.

3.4 Sample Design

The study used stratified sampling method as it measures the overall population limit with greater accuracy and ensures equal chances of representation from the sample (Kothari, 2004). On the other hand, the proportionate stratification ensures that the sample size of each stratum, which is represented in various departments, is proportionate to the population size of the stratum (Kothari, 2004).

The sample size was determined by using Krejcie and Morgan's method of determination of a sample size for a given population size. If the target population is finite, the following formula (Krejcie & Morgan, 1970) may be used to determine the sample size.

$$n = \frac{\chi^2 * N * P * (1 - P)}{d^2 * (N - 1) + \chi^2 * P * (1 - P)}$$

Where:

n = required sample size.

χ^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

N = the population size.

P = the population proportion (assumed to be .50 since this would provide the maximum Sample size).

d = the degree of accuracy (the margin of error) expressed as a proportion (.05).

The target population had 4839 potential participants, therefore by use of Krejcie and Morgan's method of determination of a sample size; it came up with 320 respondents. According to the Central limit theorem, if the sample size is large enough ($N > 30$), then the data followed a normal distribution curve (Gilbert & Churchill, 2001).

Table 3.1 Sample Size of Respondents

Category of Strata/Department	Target population (N)	N/4839*n
CEO's office	35	2
Customer Business Unit	103	7
Co-operative Affairs unit	62	4
Customer Operations Division	1799	119
Enterprise Business Unit	344	23
Finance Division	103	7
Financial Services Division	50	3
Internal Audit Division	19	1
Regional Sales And Operations	1118	74
Resources Division	109	7
Risk Management	66	4
Strategy And Innovation	14	1
Technology Division	817	54
TOTAL	4,839	307

Source; Author (2016)

3.5 Data Collection

Data collection was conducted by means of open-ended questionnaires which were dropped and picked up by the researcher. According to Cooper and Schindler (2006) they indicated the importance of questionnaire as been consistent while open questions gave the respondent freedom of response which helped the researcher to gauge the feelings of the respondent own words. The structured questions were in form of a five point Likert scale, whereby respondents were required to indicate their satisfaction level on a scale of 1 to 5. The questionnaire had three (3) sections which include: -Section A collecting the respondents bio data, Section B collects information in regard to the benefits

administered at Safaricom Limited, and Section C retention indicators as used in Safaricom Limited.

3.6 Data Analysis

Data analysis constitutes several steps namely, editing for duly filled questionnaires to enhance consistency and finally checking for any kind of mistakes. The research captured both qualitative and quantitative data and this data was analysed using descriptive statistics with the help of Statistical Package for Social Sciences (SPSS) versions 20 so as to enable the researcher achieve the study objectives. The findings were presented using tables, frequencies and percentages.

Regression was used in determining the relationship between employee benefits variables and retention at Safaricom.

The study applied the following regression model

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon$$

Where Y = Retention

X_1 = Stock Option Ownership

X_2 = Health/Medical Insurance

X_3 = Retirement Benefits

X_4 = Leave

X_5 = Discounted Staff Loans

$\beta_1 - \beta_5$ are the changes introduced in Y, which represents the dependent variable ϵ are the errors which are random captured in accounting for all other variables that influence retention but not captured in the model.

The researcher carried out a T-test at 95% confidence level to evaluate and explain the importance of the independent variable changes on dependent variable.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter discusses the interpretation and presentation of the findings obtained from the field. The chapter presents the background information of the respondents, findings of the analysis based on the objectives of the study. Descriptive and inferential statistics have been used to discuss the findings of the study.

4.1.1 Response Rate

The study targeted a sample size of 320 respondents from which 280 filled in and returned the questionnaires making a response rate of 87.5%. This response rate was satisfactory to make conclusions for the study as it acted as a representative. According to Mugenda and Mugenda (2003) they stated that feedback rate of 50% is sufficient, 60% rate is good and 70% rate of response is excellent for analysis and reporting. Based on this understanding then data collected, analyzed and reported was excellent.

4.2 Demographic Information

This sub-section investigates respondent's background information namely: - gender distribution, education level and period worked with the organization.

4.2.1 Gender Distribution

Table 4. 2 : Gender Distribution

Gender	Frequency	Percentage
Male	181	64.64
female	99	35.36
Total	280	100

The study sought to establish the gender distribution of the respondents, from the research findings the study revealed that majority of the respondents as shown by 64.64% were males whereas 35.36% of the respondents were females. This implies that respondents were fairly distributed in terms of their gender as the company strives to have a fair gender ratio representation.

4.2.2 Level of Education

The study sought to establish the respondents' education level

Table 4. 3 : Level of Education

Level of Education	Frequency	Percentage
College Diploma	69	24.64
Undergraduate	180	64.29
Master	31	11.07
Total	280	100

On respondents' level of education attained, the study revealed that majority of the respondents as shown by 64.29% had attained undergraduate degrees whereas 24.64% of the respondents had attained college diploma and 11.07 % of the respondents had attained master's degree. This implies that respondents were well educated hence have relative

high job knowledge and were in a position to fill in the questionnaire with understanding.

4.2.3 Period of Service

Table 4. 4 : Period of Service

Period of Service	Frequency	Percentage
Below 2 years	19	6.79
2 to 4 years	51	18.21
4 to 8 years	91	32.5
8 years and above	119	42.5
Total	280	100

The study sought to establish the period which the respondents had served for in the organization. From the research findings, the study revealed that most of the respondents as shown in the above table, 42.5% had served the organization for more than 8 years whereas 32.5% of the respondents had served the organization for a period of 4 to 8 years, 18.21% had served the agency for 2 to 4 years and only 6.79% of the respondents had served the organization for a period of less than 2 years. This implies that majority of the respondents had served the organization for a considerable period of time and thus they were in a position to give credible information relating to this research.

4.3 Employee Benefits

The study sought to establish how various employee benefits influence employee retention at Safaricom Limited which are; stock option ownership, health/medical insurance, retirement benefits/pension, leave and discounted staff loans

4.3.1 Stock Option Ownership

Table 4. 5 : Stock Option Ownership

Stock Option Ownership	Mean	Std deviation
The shareholding benefits	4.22	0.20
Management's transparency and communication when selling stock to staff	3.92	0.19
The guidelines/criteria given for employees to own stock	4.03	0.26
The level of voice given to make decisions in matters involving company operations	3.89	0.23

The study sought to establish the level at which respondents were satisfied with the above statements relating to stock option ownership, from the research findings majority of the respondents were satisfied with; the shareholding benefits (M=4.22, SD =0.20), the respondents were further satisfied with the guidelines/criteria given for employees to own stock (M=4.03, SD =0.26), management's transparency and communication when selling stock to staff (M=3.92, SD =0.19), and the level of voice given to make decisions in matters involving company operations (M=3.89, SD =0.23). The findings concur with various authors such as Gillespie (2012) who strongly believe that stock ownership plans can be implemented and designed in various ways such as buying shares, getting bonus or selling shares among others and the end result is to attract and retain staff by ensuring that their decisions play part in the overall organization success.

4.3.2 Health/Medical Insurance

Table 4. 6 : Health/Medical Insurance

Health/Medical Insurance	Mean	Std deviation
The medical benefits limits provided	4.00	0.23
Approved medical panelist well trained to handle employee illnesses	3.96	0.31
During hospital visits, is there a high level of patient- doctor confidentiality	4.18	0.19
Approved medical panelist in the medical cover	4.24	0.27
Quality of medical treatment	4.39	0.29

The study sought to establish the level at which respondents were satisfied with the above statements relating to health/medical insurance, from the research findings majority of the respondents were satisfied with; quality of medical treatment (M=4.39, SD =0.29), approved medical panelist in the medical cover (M=4.24, SD =0.27), during hospital visits, is there a high level of patient- doctor confidentiality (M=4.18, SD =0.19) and the medical benefits limits provided (M=4.00, SD =0.23). The findings validate what Agrela and Carr (2008) studied that healthcare is a major benefit that employees values and as a result the employer gains a healthy workforce which maximizes on productive increasing companies financial strength.

4.3.3 Retirement Benefits/Pension

Table 4. 7 : Retirement Benefits/Pension

Retirement Benefits/Pension	Mean	Std deviation
The percentage of employer contribution towards pension	4.06	0.23
The pension scheme administrator in terms of dividends declared per year	4.12	0.22
The retirement age as provided by the pension plan	4.01	0.29
In the event of staff separation, pay-out plan is fair	4.09	0.19

The study sought to establish the level at which respondents were satisfied with the above statements relating to retirement benefits/pension, from the research findings majority of the respondents were satisfied with; the pension scheme administrator in terms of dividends declared per year (M=4.12, SD =0.22), in the event of staff separation, pay-out plan is fair (M=4.09, SD =0.19), they were further satisfied with the percentage of employer contribution towards pension (M=4.06, SD =0.23) and the retirement age as provided by the pension plan (M=4.01, SD =0.29). The findings concur with a study conducted by Appelbaum (2014) that pension plans are perceived to have high influence on an employee's attitude and mannerism, meaning, it gives baby boomers a reason to retire on a timely manner, that is upon retirement age and it enables generation X and Y to look forward to working with that company as they perceive this as a way that their employer is concerned about their old age. Other experiential proof indicates that pension influences the kind of candidates an organization attracts.

4.3.4 Leave

Table 4. 8 : Leave

Leave	Mean	Std deviation
Administration of vacation policy	3.71	0.20
Internal/departmental leave scheduling based on who goes on leave first	3.82	0.18
Enjoy full leave off work	4.42	0.30
The adoption leave administration	4.19	0.28

The study sought to establish the level at which respondents were satisfied with the above statements relating to leave, from the research findings majority of the respondents were satisfied with; enjoy full leave off work (M=4.42, SD =0.30), the adoption leave administration (M=4.19, SD =0.28), internal/departmental leave scheduling based on who goes on leave first (M=3.82, SD =0.18) and administration of vacation policy (M=3.71, SD =0.20). The findings are in line with Doyle (2011) that both the employer and employee have to agree on the terms and conditions of vacation pay and have to be included in an employment contract. The terms and conditions should be clearly stated in the contract whether a company pays ten to twenty days annually and or if the vacation days are calculated on a monthly basis.

4.3.5 Discounted Staff Loans

Table 4. 9 : Discounted Staff Loans

Discounted Staff Loans	Mean	Std deviation
The below market rate that your employer has negotiated for all staff	4.25	0.23
Administration of discounted loans is fair for all staff	4.00	0.18
Issuing discounted loans as sign-on or retention bonuses to retain and attract top executives	4.11	0.28

The study sought to establish the level at which respondents satisfied with the above statements relating to discounted staff loans, from the research findings majority of the respondents satisfied with; the below market rate that your employer has negotiated for all staff (M=4.25, SD =0.23), administration of discounted loans is fair for all staff (M=4.11, SD =0.28) and issuing discounted loans as sign-on or retention bonuses to retain and attract top executives (M=4.00, SD =0.18). The findings validate what Agrela, (2008) studied that employees enjoy discounted rates then the current market rate on loans .The discounted market rates could be either at zero rate on interest or a reduced rate. This discounted rates enables staff enjoy plenty of saving which they call as compensation and the employer suffers an expense.

4.4 Employee Retention

Table 4. 10 : Employee Retention

Employee Retention	Mean	Std deviation
Am happy with the employee policies and practices administered at Safaricom Ltd	3.94	0.18
Employees on average stay for two years	3.85	0.17
I intend to stay at Safaricom Ltd for long	3.98	0.20
Am happy to say that I work for Safaricom Limited	4.01	0.30
Employees having worked here for more than 1 year have high levels of morale and loyalty	4.22	0.28
The high level of competitiveness among employees is enjoyable	4.31	0.27
Employees enjoy equal treatment of all generations (baby boomers, X & Y) in the workforce	4.18	0.23
Employees are happy with the organization's philosophy of commitment	4.09	0.29
The nature of employee job results in emotional stability	4.16	0.25
Employees enjoy clear terms and conditions of their work	4.10	0.21

The study sought to establish the level at which respondents were satisfied with the above statements relating to employee retention, from the research findings majority of the respondents were satisfied with; equal treatment of all generations (baby boomers, X & Y) in the workforce (M=4.18, SD =0.23), the nature of employee job results in emotional stability (M=4.16, SD =0.25), the high level of competitiveness among employees is enjoyable (M=4.31, SD =0.27), employees having worked here for more than 1 year have high levels of morale and loyalty (M=4.22, SD =0.28), happy to say that they work for Safaricom Limited (M=4.01, SD =0.30), happy with the employee policies and practices administered at Safaricom Ltd (M=3.94, SD =0.18). They were satisfied employees enjoy clear terms and conditions of their work (M=4.10, SD =0.21), employees are happy with the organization's philosophy of commitment (M=4.09, SD =0.29), employees on

average stay for two years (M=3.85, SD =0.17), employees intend to stay at Safaricom Ltd for long (M=3.98, SD =0.20). The findings agree with Leighn (2002) study that retention is a means, which is geared towards a company gaining competitive advantage over the competitors. Retaining the most valuable assets in the organizations increases the company's financial strength by increasing sales output.

4.5 Regression Analysis

A multiple regression model was applied to identify the influence of employee benefits on retention at Safaricom Limited. The study adopted the following regression equation to establish the relationship between variables $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon$ where Y= employee retention, β_0 =the constant of regression, $\beta_1, \beta_2, \beta_3, \beta_4$ and β_5 = are the regression coefficients/weights of the following respective independent variables; x_1 = Stock Option Ownership, x_2 = Health/Medical Insurance, x_3 = Retirement Benefits, x_4 = Leave, and x_5 = Discounted Staff Loans ϵ = error term. All the five independent variables were measured using the responses on each of the variables obtained from the respondents. The results are discussed below.

Table 4.11 Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.886 ^a	0.785	0.693	0.01

The five independent variables that were studied explain 78.5% of the employee benefits influencing retention as represented by R Squared (Coefficient of determinant). This therefore means that other factors not studied in this research contribute 21.5% in influencing retention.

Table 4.12 ANOVA Establish the influence of employee benefits on retention

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	395.65	5	79.130	31.35	.001 ^a
Residual	691.576	274	2.524		
Total	1087.23	279			

The study used ANOVA to establish the significance of the regression model from which an f-significance value of p less than 0.05 was established ($p=0.001 < 0.05$). The model is statistically significant in predicting how stock option ownership, health/medical insurance, retirement benefits, leave and discounted staff loans affect retention. This shows that the regression model has a less than 0.05 likelihood (probability) of giving a wrong prediction. This therefore means that the regression model has a confidence level of above 95% hence high reliability of the results. This implies that the regression model is statistically significant since $31.35 > 2.26$.

Table 4.13 Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.449	.035	.174	12.82	.003
Stock option ownership (X ₁)	.543	.116	.423	4.681	.001
Health/medical insurance (X ₂)	.554	.123	.262	4.504	.002
Retirement benefits (X ₃)	.548	.024	.218	22.833	.004
Leave (X ₄)	.558	.026	.123	21.46	.003
Discounted staff loans(X ₅)	.525	.112	.242	4.687	.004

- a) Predictors: (Constant), stock option ownership, health/medical insurance, retirement benefits, leave and discounted staff loans

b) Dependent Variable: employee retention.

The established regression equation was

$$Y = 0.449 + 0.543X_1 + 0.554X_2 + 0.548X_3 + 0.558X_4 + 0.525X_5 + \varepsilon$$

The regression equation above has established that holding all strategic marketing (stock option ownership, health/medical insurance, retirement benefits, leave and discounted staff loans) constant, other factors influencing employee retention will be 0.449 ($p = 0.003 < 0.05$). The findings also show that taking all other independent variables at zero, a unit increase in stock option ownership will lead to a 0.543 ($p = 0.001 < 0.05$) increase in the employee retention. The findings also show that taking all other independent variables at zero, a unit increase in health/medical insurance will lead to a 0.554 ($p = 0.003 < 0.05$) increase in the employee retention. On the other hand, the findings also show that taking all other independent variables at zero, a unit increase in Retirement benefits will lead to a 0.548 ($p = 0.004 < 0.05$) increase in the employee retention, taking all other independent variables at zero, a unit increase in Leave will lead to a 0.477 ($p = 0.004 < 0.05$) increase in the employee retention and that taking all other independent variables at zero, a unit increase in discounted staff loans will lead to a 0.525 ($p = 0.004 < 0.05$) increase in the employee retention.

4.6 Discussion of the Findings

Prediction by regression model indicated that taking all other independent variables at zero, a unit increase in stock option ownership will lead to an increase in the employee retention. The findings confirm Gillespie (2012) study that giving employees a voice in terms of shareholding ensures employee commitment and loyalty, meaning staff will

want to see the company grow from one level to the other. The study further found that the respondents were further satisfied with the guidelines/criteria given for employees to own stock, management's transparency and communication when selling stock to staff and the level of voice given to make decisions in matters involving company operations. The findings concur with Armstrong and Murlis (2007) that employee ownership can be designed and implemented in various ways such as buying stocks directly from the company, having a trust fund among. The findings also revealed that taking all other independent variables constant, a unit increase in health/medical insurance will lead to an increase in the employee retention. The findings are in line with Allen (2010) that health benefit is an important aspect that employees value as it gives a healthy workforce and high productivity. The study further found that respondents were satisfied with the quality of medical treatment, approved medical panelist in the medical cover, during hospital visits, is there a high level of patient- doctor confidentiality and the medical benefits limits provided.

The findings also show that taking all other independent variables at zero, a unit increase in retirement benefits will lead to an increase in the employee retention. The findings confirm Butler (2011) study that retirement plans influence the right kind and type candidates and staff. The study further found that employees enjoy full leave off work, the adoption leave administration internal/departmental leave scheduling based on who goes on leave first and administration of vacation policy.

The study further revealed that taking all other independent variables constant, a unit increase in leave will lead to an increase in the employee retention. The findings are in line with Butler (2011) that leave paid or unpaid influences employees decision to leave

or remain in a certain organization. The study further found that employees enjoy full leave off work, the adoption leave administration, internal/departmental leave scheduling based on who goes on leave first and administration of vacation policy.

Discounted staff loans, the study found that, that taking all other independent variables at zero, a unit increase in discounted staff loans will lead to an increase in the employee retention. The findings concur with Steers (2007) that once employees receives zero or discounted loan rates, they consider that as compensation, hence the study further found the below market rate attracts and retains employees.

CHAPTER FIVE

SUMMARY OF FINDINGS CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of data findings on the analysis of the influence of employee benefits on retention at Safaricom Limited, conclusions and recommendations.

The chapter is structured into summary of findings, conclusions, recommendations, study limitations and areas of further studies.

5.2 Summary of Findings

The study found a positive relationship between stock option ownership and employee retention at Safaricom Limited. The findings confirm Gillespie (2012) study that once employees are given a voice in the decision-making process, they ensure that all business goals are achieved so as to increase the financial strength of the organization and as a result, they become committed and engaged in the activities of the business. The study further revealed that employees were further satisfied with the guidelines/criteria given for employees to own stock at Safaricom Limited, management's transparency and communication when selling stock to staff and the level of voice given to make decisions in matters involving company operations.

The study revealed a positive relationship between health/medical insurance and employee retention at Safaricom Limited. The findings are in line with various studies that indicate the importance of having a medical benefit to staff as it increases employee engagement and hence increases productivity. The study further found that employees at

Safaricom Limited are satisfied with quality of medical treatment, approved medical panelist in the medical cover, during hospital visits, and is there a high level of patient-doctor confidentiality and the medical benefits limits provided.

The study revealed a strong positive relationship between retirement benefits and employee retention at Safaricom Limited. The findings confirm Butler (2011) study that pension benefits attracts the right kind of staff into the workplace. The study further found that the pension scheme administrator in terms of dividends declared per year, in the event of staff separation, pay-out plan is fair, they were further satisfied with the percentage of employer contribution towards pension and the retirement age as provided by the pension plan.

The study further revealed a strong positive relationship between leave and employee retention at Safaricom Limited. Giving staff time off work increases their employment stability. The study further found that employees enjoy full leave off work at Safaricom Limited, the adoption leave administration, internal/departmental leave scheduling based on who goes on leave first and administration of vacation policy at Safaricom Limited.

The study established that, there is a positive influence on discounted staff loans and employee retention at Safaricom Limited. The findings concur with Steers (2007) that once employees are given reduced or zero interest rates, they enjoy that as compensation. The study further found the below market rate that the employer has negotiated for all staff at Safaricom Limited, administration of discounted loans is fair for all staff and issuing discounted loans as sign-on or retention bonuses to retain and attract top executives.

On the employee retention the study established that the nature of employee job results in emotional stability, the high level of competitiveness among employees is enjoyable, employees having worked here for more than 1 year have high levels of morale and loyalty, happy to say that they work for Safaricom Limited, happy with the employee policies and practices administered at Safaricom Ltd. The findings are in line with Leighn (2002) that retention is a means to achieve better results from staff, as it gives a company competitive edge.

5.3 Conclusion

Based on the findings of this study, the study concluded that stock option ownership influences employee retention positively at Safaricom Limited. The study further concluded that employees were further satisfied with the guidelines/criteria given for employees to own stock at Safaricom Limited, management's transparency and communication when selling stock to staff and the level of voice given to make decisions in matters involving company operations. The study further concluded that there is a positive impact of health/medical insurance on employee retention at Safaricom Limited. On retirement benefits, the study concluded that there is a strong positive influence on retirement benefits and employee retention at Safaricom Limited. The study further concluded that employees at Safaricom Limited are satisfied with the quality of medical treatment, approved medical panelist in the medical cover, during hospital visits, is there a high level of patient- doctor confidentiality and the medical benefits limits provided. The study further concluded that employees in at Safaricom Limited enjoy full leave off work, the adoption leave administration internal/departmental leave scheduling based on who goes on leave first and administration of vacation policy at Safaricom Limited.

The study further concluded that there is a strong positive influence between leave and employee retention at Safaricom Limited. The study further concluded that the pension scheme administrator in terms of dividends at Safaricom Limited declared per year, in the event of staff separation, pay-out plan is fair, they were further satisfied with the percentage of employer contribution towards pension and the retirement age as provided by the pension plan. On discounted staff loans, the study concluded that, discounted staff loans influence employee retention at Safaricom Limited positively. The study further concluded that the below market rate that the employer has negotiated for all staff at Safaricom Limited, administration of discounted loans is fair for all staff and issuing discounted loans as sign-on or retention bonuses to retain and attract top executives.

5.4 Recommendations

It is recommended that Safaricom Limited management should take actions aimed at ensuring that employees are rewarded accordingly and benefits offered to them be improved. The study recommends that other types of benefits that the Safaricom Limited should provide to increase employee retention are non-monetary benefits, those that the company pays zero to no cost towards developing and implementing such a benefit system.

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

5.5 Limitations of the Study

The study findings were applicable to Safaricom Limited only, the findings can therefore not be generalized to all organizations. Most of the respondents were very busy and therefore were not in a position to provide all the necessary information. However, after follow-ups by the researcher, they were able to either complete the questionnaires or delegate it to their juniors who were able to provide the information. The fact that the researcher was also in full time employment at the time of study made the data collection process much difficult.

The study encountered unwillingness by respondents to reveal information which was considered as confidential. To counter this limitation, the researcher assured the respondents of proprietary measures that the findings would be accorded and used. The researcher also assured the respondents that the information they offered would be held confidentially and would be used for academic purposes only.

5.6 Suggestions for Further Studies

The study focused on the influence of employee benefits on retention at Safaricom Limited. The study suggests that similar study should be done on the influence of employee non-monetary benefits on retention in communication industry in Kenya.

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APPENDIX I: RESEARCH QUESTIONNAIRE

This questionnaire is to collect data for purely academic purposes. All information will be treated with strict confidence. Do not put any name or identification on this questionnaire. *Answer all questions as indicated by either filling in the blank or ticking the option that applies.*

Section: A: Demographic Information

1. Indicate your Gender

Male () female ()

2. Please indicate the highest level of education attained? (Tick as applicable)

College Diploma []

Undergraduate []

Master []

Others (specify)

.....

3. Indicate your period of service in this organization

Below 2 years () 2 to 4 years ()

4 to 8 years () 8 years and above ()

Section: B: Employee Benefits

Indicate your level of satisfaction with the following statements relating to stock option ownership Key Use a scale of 1-5, where (1= strongly satisfied, 2= dissatisfied, 3= somewhat satisfied, 4= satisfied and 5= strongly satisfied)

Stock Option Ownership	1	2	3	4	5
The shareholding benefits					
Management's transparency and communication when selling stock to staff					
The guidelines/criteria given for employees to own stock					
The level of voice given to make decisions in matters involving company operations					

Indicate your level of satisfaction with the following statements relating to health insurance Key Use a scale of 1-5, where (1= strongly satisfied, 2= dissatisfied, 3= somewhat satisfied, 4= satisfied and 5= strongly satisfied)

Health/Medical Insurance	1	2	3	4	5
The medical benefits limits provided					
Approved medical panelist well trained to handle employee illnesses					
During hospital visits, is there a high level of patient-doctor confidentiality					
Approved medical panelist in the medical cover					
Quality of medical treatment					

Indicate your level of satisfaction with the following statements relating to retirement benefits Key Use a scale of 1-5, where (1= strongly satisfied, 2= dissatisfied, 3= somewhat satisfied, 4= satisfied and 5= strongly satisfied)

Retirement Benefits/Pension	1	2	3	4	5
The percentage of employer contribution towards pension					
The pension scheme administrator in terms of dividends declared per year					
The retirement age as provided by the pension plan					
In the event of staff separation, pay-out plan is fair					

Indicate your level of satisfaction with the following statements relating to leave Key Use a scale of 1-5, where (1= strongly satisfied, 2= dissatisfied, 3= somewhat satisfied, 4= satisfied and 5= strongly satisfied)

Leave	1	2	3	4	5
Administration of vacation policy					
Internal/departmental leave scheduling based on who goes on leave first					
Enjoy full leave off work					
The adoption leave administration					

Indicate your level of satisfaction with the following statements relating to discounted staff loans Key Use a scale of 1-5, where (1= strongly satisfied, 2= dissatisfied, 3= somewhat satisfied, 4= satisfied and 5= strongly satisfied)

Discounted Staff Loans	1	2	3	4	5
The below market rate that your employer has negotiated for all staff					
Administration of discounted loans is fair for all staff					
Issuing discounted loans as sign-on or retention bonuses to retain and attract top executives					

Section: C: Employee Retention

Indicate your level of satisfaction with the following statements relating to employee retention Key Use a scale of 1-5, where (1= strongly satisfied, 2= dissatisfied, 3= somewhat satisfied, 4= satisfied and 5= strongly satisfied)

Employee Retention	1	2	3	4	5
Am happy with the employee policies and practices administered at Safaricom Ltd					
Employees on average stay for two years					
I intend to stay at Safaricom Ltd for long					
Am happy to say that I work for Safaricom Limited					
Employees having worked here for more than 1 year have high levels of morale and loyalty					

The high level of competitiveness among employees is enjoyable					
Employees enjoy equal treatment of all generations (baby boomers, X & Y) in the workforce					
Employees are happy with the organization's philosophy of commitment					
The Nature of employee job results in emotional stability					
Employees enjoy clear terms and conditions of their work					

END

THANK YOU