

**EFFECTIVENESS OF EMPLOYEE RETENTION STRATEGIES
USED BY COMMERCIAL BANKS IN KENYA**

YVONNE OMBIJA

D64/87622/2016

Supervisor: Professor Peter K'Obonyo

**Research Project Proposal Submitted in Partial fulfillment of the
Requirements for the award of Degree of Master of Science in Human
Resource Management, School of Business, University of Nairobi**

OCTOBER 2018

TABLE OF CONTENTS

CHAPTER ONE: INTRODUCTION	1
1.1 Background of the Study	1
1.1.1. Concept of Strategy	3
1.1.2. Employee Retention Strategies	4
1.1.3. Concept of Effectiveness	4
1.1.4. Commercial Banks in Kenya	5
1.2 Research Problem	6
1.3 Research Objective.....	8
1.4 Value of the Study	8
CHAPTER TWO: LITERATURE REVIEW.....	9
2.1 Introduction.....	9
2.2 Theoretical Foundation.....	9
2.3 Employee Retention Strategies	10
CHAPTER THREE: RESEARCH METHODOLOGY	16
3.1 Introduction.....	16
3.2 Research Design	16
3.3 Population	16
3.4 Data Collection.....	16
3.5 Data Analysis.....	17
REFERENCES	18
APPENDIX I Letter of Introduction.....	24
APPENDIX II Questionnaire.....	25

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The success of an organization is directly influenced by the optimal utilization of resources and particularly human talent in the organization (Dessler, 2017). Organizations procure and retain quality employees as part of their strategy to sustain competitive advantage (Armstrong, 2014). Finding and keeping the best talent for the organization is a priority in today's dynamic environment (Purcell, 2016). The management of employee retention requires highly complex approaches and decisions including socialization and acculturation, the vision and mission of the organization, organization communication and corporate culture, customer centeredness, employee training and development, employee acknowledgement, rewards and compensation, assessment of employee performance, organization leadership as well as socialization and acculturation (Grobler et. al. 2006).

Boxall and Steenveld (1999) argue for a positive relationship between the performance of the firm vis a vis the quality of human resource in the firm. Armstrong (1994) proposes that there must be a strategic approach to the management of people working in an organization; who contribute to the success and create sustainable competitive advantage. The successful achievement of business objectives depends upon the effective use of strategies of retention of human resources along with financial and physical resources. Human resource retention initiatives should ideally be aligned with strategic objectives of the organization. Human capital is one of the most critical components of strategic

success for many organizations. Ulrich et al, (1995), Schuler and Macmillan (1984) have pointed out that by matching human resource management with strategy, the critical human resources skills, attitudes, behaviour and performances that are needed to successfully implement strategies can be acquired, developed, motivated and maintained. In order for human resources management practices to be judged to be truly effective, they must contribute to the organization's bottom line (Pfeffer, 1994; Huselid, 1995; Guest, 1997). Recently, several studies conducted in China have found a positive relationship between effective use of existing human resource in the firm and firm performance (Bjorkman and Fan, 2002; Law, Tse and Zhou, 2003).

This study is underpinned by Human Capital Theory. Romer (1990) argues that human capital theory is the stock of human capital in an organization. An organization that has a greater human capital is more likely to grow and compete at a higher rate compared to other organizations. A firm that retains competent acquires the capability to outdo the one that does not (Wei, (2006).

Commercial Banks in Kenya operate in a very competitive environment with the country's legislature having made this competition fiercer by levelling the playing ground with respect to the interest rates that commercial banks may charge their clients, this means that the banks are left with less options of gaining competitive advantage over each other. Most commercial banks offer comparable products and services, they constantly search for competitive advantage through attracting new customers and retaining existing ones, they must adopt appropriate strategies for retention of competent staff (Rajan et. al. 2017). This is equally true for the

commercial banks in Kenya. According to Ployhart (2006) commercial banks that are able to design strategies for effective maintenance of competent staff, are likely to perform well, particularly in today's competitive environment. This study seeks to determine the effectiveness of strategies that commercial banks in Kenya use to retain staff.

1.1.1. Concept of Strategy

Johnson and Scholes (1999) argues that strategy is the direction that an organization pursues over the long term and which helps achieve advantage for the organization through configuration of resources within a changing environment, to meet market needs and fulfil shareholders expectations. Mintzberg et al (1988) also supports this view and opines that strategy means a plan, direction, guide or cause of action, pattern that is consistent in behavior over time, a perspective, an organizations way of doing things, or a specific maneuver intended to outwit a competitor.

Companies establish themselves as brands to retain the most talented employees. This is usually a way to prevent frequent employee turnover as mismatches are greatly minimized. Knox and Freeman (2006) notes that it is the brand of the employer that attracts and retain the human resource and capability. Customers are potential recruits while perceptions of a company enables retention of competent staff. Wright and McMahan (1992) consider strategies used to attract and retain human resource as key to enabling the firm to achieve its goals. Similarly, Wright and Snell (1991) argue that strategic human resource approaches together with other broader initiatives are deliberately designed to achieve sustainable

competitive advantage through retention of capable people. Ulrich and Lake (1991) describes strategic human resource management as a process of linking human resource practices to business strategy. The key component of such strategies include both before-entry and on-the-job human resources management practices.

1.1.2. Employee Retention Strategies

Human resource strategies are interventions designed by the organization to maintain competent staff in post for as long as the firm needs them. They are activities that are planned in advance by the firm to ensure that it does not lose productive employees to competition (Wang, and Mobley, 1999). These approaches are aligned with corporate level strategy and enable the firm to realize its set objectives both at the human resource functional level and at the global corporate level (Chadwick, and Cappelli, 1999).

The employee retention strategies include socialization and acculturation, effective communication of the vision and mission of the organization to employees, customer centeredness, employee training and development, employee acknowledgement, rewards and compensation, employee performance assessment and management as well as organization leadership (Dessler, 2014). These strategies have proven success in improving the performance of firms in different (Schuler and Jackson, 1987; Huselid, 1995; Delery and Doty, 1996; Chin, 2001; Mulman, 2003; Murage, 2005; Ployart, 2006).

1.1.3. Concept of Effectiveness

Effectiveness is the extent to which an entity realizes the targets it has set to achieve. Etzioni (2003) notes that effectiveness from a corporate perspective is the ability to achieve set objectives. To be effective is to assist in delivering desired results. Strategies are means to an end. A strategy is effective if it enables the firm to realize the expected outcomes. If a strategic intervention enables the firm to retain competent staff, it is considered more effective relative to another one that does enable the firm to retain staff. Effectiveness is not an absolute measure, it is indeed a relative measure (Mulman, 2003).

Effectiveness is assessed through reduction in employee turnover rate or alternatively an increase in the number of employee who opt to stay in the firm over a period of time. The commonly used indicator of employee retention is the number of employee who perform well and continue to remain in the firm over a designated period of time (Chin, 2001).

1.1.4. Commercial Banks in Kenya

Commercial banks are financial institutions that play a key role in the financial system. Commercial banks provide deposit, loan and trading facilities. Commercial banks in Kenya play a number of roles in the financial stability and cash flow of the country. They process payments through telegraphic transfer, internet banking and electronic funds transfers; issue bank cheques and drafts; accept money on term deposits; act as moneylenders, by way of instalment loans and overdrafts; provide loan options including secured loans, unsecured loans and mortgage loans. Commercial banks in Kenya provide a number of import financial

and trading documents such as letters of credit, performance bonds, standby letters of credit, security underwriting commitments and various other types of balance sheet guarantees; responsible for safeguarding such documents and other valuables; provide currency exchange functions and provide unit trusts and commercial insurance (Abongo, 2009).

Currently, there are 44 commercial banks (Central Bank Supervision Report, 2017). Despite this huge numbers, the competition among them is not even as a few large banks dominate the industry. Some of these banks are foreign owned and most of them are listed in Nairobi's Securities Exchange.

1.2 Research Problem

Organizations endeavor to have the most productive resources has forced them to design strategies to attract and retain the best talents available in the market. According to Bhatnagar (2007), the retention of competent staff enables organizations to gain competitive advantage. The competitive environment in which organizations operate is becoming increasingly fierce, it is important for organizations to maximize the value of employees. Adoption of effective strategies to retain competent staff by commercial enterprises is key to successful competition in dynamic markets (Huselid, 2012).

Currently, there are 44 commercial banks (Central Bank Supervision Report, 2017). Despite this relatively huge numbers, the competition is oligopolistic among them since a few large banks dominate the industry. Some commercial banks are foreign owned and a number are listed in Nairobi's Securities Exchange.

Commercial banks offer largely similar services and the key differentiating strengths are quality of resources, particularly staff and technology. Retention of quality staff is a critical necessity for success among commercial banks in Kenya.

Chin (2001) conducted a study on factors influencing intention to stay among machine operators in agricultural processing industries in South Korea. The major finding was that the employees stay was influenced largely by working conditions including availability of opportunities for career growth. Murage (2005) undertook a survey of the relationship between strategic human resource management practices and performance of firms quoted in the Nairobi Stock Exchange. The main finding was that firms that adopted strategic human resource management practices had superior performance compared to those that had not. Roba (2008) conducted a survey to assess the extent of adoption of strategic human resource management practices at Teachers Service Commission of Kenya. The study found that Teachers Service Commission of Kenya had largely adopted strategic human resource management practices.

Although a number of studies have been done in this area, none has been done on effectiveness of strategies used by commercial banks in Kenya to retain employees. It is necessary to conduct a study to determine effectiveness of strategies used by commercial banks in Kenya to retain employees. To achieve the research objective, the study will address the following research question: What is the effectiveness of employee retention strategies used by commercial banks in Kenya?

1.3 Research Objective

To determine effectiveness of employee retention strategies used by commercial banks in Kenya.

1.4 Value of the Study

This study will be important for the management of commercial banks as it will improve their knowledge of strategies used by commercial banks to retain employees.

The findings are also likely to be valuable to firms in other industries in and outside Kenya.

The government will also find the findings of the study useful, especially while making policies on regulation of commercial banks.

The findings of the study will be of importance to academia as a stepping-stone to further studies on the strategies that employer use to hire and retain employees.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter contains theoretical foundation and strategies used by organizations to retain employees.

2.2 Theoretical Foundation

This study is underpinned by Human Capital Theory. Romer (1990) argues that human capital theory is the stock of human capital in an organization. The stock of human capital includes attitude, commitment and intelligence. An organization that has a greater human capital is more likely to grow and compete at a higher rate compared to other organizations. This view is supported by (Chadwick, and Cappelli, 1999) who posit that the existence of appropriate stock of competencies among staff in an organization is a proven determinant of success, therefore, in planning and executing all the human resource activities, the firm needs to ensure that there is sustained effort to retain the staff with the relevant competencies for as long as the firm can.

Schuler and Jackson (1987) argue that for an organization to be successful, its staffing and human resource policies, should generally be in line with other corporate level strategies. Baird and Meshoulam (1988) suggested that the stages of development of the organization much be matched by appropriate human resource strategies practices within the organization.

2.3 Employee Retention Strategies Used by Employers

These include socialization and acculturation, effective communication of the vision and mission of the organization to employees, customer centeredness, employee training and development, employee acknowledgement, rewards and compensation, employee performance assessment and management as well as organization leadership (Dessler, 2014). These strategies are reviewed in the next subsections.

2.3.1 Socialization and Acculturation

The initial stages of employment prove to be the biggest challenge to the employees. It is during these first few weeks that the largest number of resignations occur. Employers therefore use this phase of employment to determine which employees are most likely to stay with them or leave. The way the employer receives the new employees and the which the employee is treated and guided during these first few weeks could therefore be very important in keeping an employee settled (Schuler, 1999). The employee who enters an organization must be properly socialized and made to adopt the operating corporate culture that optimizes on realization of immediate work results and ultimately the desired global corporate targets (Huselid, 1995).

An organization should look at all their human resources as investments, while employers often accuse some of their employees of not being worthwhile, they also recognize that some employees bring good returns to the organization. Employees who possess relevant competencies and are able to adapt to the

corporate social setting would make an organization capitalize on opportunities to earn progressive returns (Bowen and Ostroff, 2004).

2.3.2 Effective Communication of Vision and Mission of the Organization to Employees

The rate of employee retention has been shown to be affected by the nature of goals that an organization has put in place. The direction that an organization takes and the support the organization gets towards pursuing its objectives are important for employees especially when determining their level of job satisfaction and overall commitment to the organization (Kim, 2005).

According to Susskind (2000), the level of satisfaction and commitment of the employee towards the employer is also determined by the perceived relevance of the direction taken and organization support received by the employee. According to the United States Department of Labor (1993), employees became more satisfied with their jobs if their employers actively involved them in the setting of goals, decision making and even giving direction to the company. The employee turnover in such a company is likely to go down. According to Cho et al. (2009), when such high-performance practices exist in any organization, the rate of employee turnover would greatly decrease particularly among non-managerial employees.

2.3.4 Customer Centeredness

Dienhart et al. (1992) conducted a study which revealed that the level of job satisfaction experienced by an employee is positively correlated with the organization's customer focus. An employee who feels that he or she is well taken

care of by the employer is likely to improve his or her productivity and offer better services to customers. This will also improve the levels of customer satisfaction. Good feedback from the customers would increase the employee self-belief and thus reducing their chances of leaving (Arnett et al., 2002).

Kim (2005) also revealed in his study that when the employees are customer centered, their level of job satisfaction increases. This in turn increases their commitment to the organization and in the process reducing the rate of employee turnover within the organization. Kim (2005) also suggested that the employee's desire to leave could be reduced if the employer acknowledges the individual efforts put by the employees and compensates them through awards, promotions in addition to other monetary incentives.

2.3.5 Employee Training and Development

The rate at which employees leave an organization could be reduced by training and developing him or her. Researchers like Huselid (1995), Delery and Doty (1996), Shaw et al. (1998) found a significant correlation between the employee training programs and levels of employee retention within their organization. According to these researchers, the organization is very likely to reap economic benefits if its employees are motivated as a result of training. This outcome can lead to greater level of employee retention (Young, 2008). Young (2008) further suggests that human resource practices meant to help employees improve their talents also lead to improved productivity, and consequently greater customer service and satisfaction.

Shaw et al. (1998) observed that there are higher levels of employee retention within organizations that have more training opportunities. The study also revealed a positive relationship between the employee performance and the training they receive. They concluded that organizations that train their employees more are concerned about the skills and performance of the employees. Because of this, their levels of employee retention are relatively higher. They explained that organizations that had lower retention rate engaged in intensive employee training programs due to the low skill levels of the employees.

2.3.6 Employee Acknowledgement, Rewards and Compensation

One of the common strategies used by organizations to increase employee retention is offering attractive and competitive compensation packages to their employees. Walsh and Taylor (2007); Huselid (1999); Milman (2003); Shaw et al. (1998) and Cho et al. (2006) have argued that employee acknowledgement and rewards have positive effect on employee turnover. These studies appear to suggest that employee remuneration system that is highly competitive can improve their commitment in addition it helps in attracting and retaining a superior work. Shaw et al. (1998) further observe that an organization will be able to keep its employees if it caters for self-interest compared to its competitors that do not offer such treatment to their employees.

Cho et al. (2006) reviewed the relationship that existed between the organization's performance and human management practices are used. They found that the rate of employee turnover was relatively lower in organizations that had incentive plans to for its employees. Milman (2003), however, argues that compensations may not

be enough to keep employees, specifically with respect to base and variable pay. He identified employee retention and other strategies which include working conditions which increase employee intrinsic fulfilment and continued stay in the organization. In their study, Walsh and Taylor (2007) observed that despite compensation being important as a determinant of employee retention within an organization, lack of opportunities for growth within the organization can have adverse effect on retention of employees.

2.3.7 Employee Performance Management and Assessment

Organizations make use of employee performance appraisals to assist employees improve what they do and the way they work. Shaw et al. (1998) observed that performance appraisals help organizations assess each employee and the value they bring to the organization. A study conducted by Delery and Doty (1996) revealed that performance appraisal processes that are focused on results have a strong relationship with the organization's return on equity. Effective performance appraisal yields measured performance indicators that are accurate and complete which assist the supervisor and employee to identify necessary interventions for continuous improvement in performance (Wang and Zang, 2004).

Managing employee performance is a key determinant of employee retention. The firm requires employee who perform well and employees want their performance challenges to be clear (Murage, 2005). The supervisors and employees, therefore, need a functional performance management system that guarantees optimal resolution of performance related conflicts (Delaney and Huselid, 1996). By establishing a relationship between performance appraisals and incentives,

organizations hope to synchronize both the shareholders' and employees' interests such as plan on how to share profits. With such a connection between its long-term strategies and its recruitment strategies, an organization's can improve communication with and reduce employee turnover rate (Ployhart, 2006).

2.3.8 Organization Leadership

A study by Chew (2005) revealed that an organization that has a value profile of good and appropriate leadership, that manages human resources effectively, will have good financial performance. Huselid (1995) conducted a study on the impact of human resource management practices on employee turnover and obtained significant results. He concluded that training and recruitment procedures, reward and compensation mechanisms, promotions and performance appraisal have a relationship with important organization level outcomes.

The foregoing literature review has identified several studies (Huselid, 1995; Delery and Doty, 1996; Chin, 2001; Murage, 2005; Ployart, 2006; Cho et al., 2006; Show et al. 2006) that found strong relationships between human resource practices and the rate of employee retention. These practices act as strategies for enhancing employee retention. Be that as it may, to the researcher's knowledge, there is no study that has attempted to establish the relative effectiveness of strategies or practices for employee retention. The purpose of this study is to fill this gap in knowledge. The study will investigate employee retention strategies used by commercial banks in Kenya.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The chapter contains research design, population, procedures for data collection and analysis. These components of methodology are explained below in terms of their meaning and relevance to this study.

3.2 Research Design

A descriptive cross-sectional survey design will be used in this study. A Descriptive Cross-sectional study is defined as an observational research type that analyzes data of variables collected at one given point of time across a sample population; the study may be entirely descriptive and it used to assess the frequency and distribution of the study topic in a certain demographic. The design is preferred because this study will utilize data from a cross section of respondents drawn from several organizations. This will be a census study since all the commercial banks will be included in the survey.

3.3 Population

The population of this study comprises 44 commercial banks licensed to undertake commercial banking business in Kenya (Central Bank Report, 2018), all the commercial banks will be included in the survey.

3.4 Data Collection

Primary data will be used in this study. The data will be collected using a semi-structured questionnaire. The questionnaire has two sections. **Section A** covers demographic data while **Section B** covers the strategies used by the commercial

banks to retain staff. The target respondent will be Head of Human Resources function in each Bank or in his/her absence, the person next in rank. The questionnaires will be administered using drop and pick later method.

3.5 Data Analysis

Data will be analyzed using descriptive statistics such as mean, percentages, frequencies and standard deviation. Findings will be presented using tables or as charts as considered appropriate.

The effect of strategies for employee retention on employee's decision to stay will be established using simple linear regression analysis. The applicable regression model is shown below:

Y = B₀ + B_iX_i; where **Y** is retention, **B₀** is constant, **B_i** is the coefficient for retention strategies (**X_i**) and **X_i** represents the retention strategies.

REFERENCES

- Abongo, L. A. (2009) *Strategic human resource management among Commercial Banks in Kenya*, Unpublished MBA Project, University of Nairobi.
- Armstrong, M. (1994), *Handbook of Management Techniques*, London: 3rd ed., Kogan Page.
- Armstrong, M. (2001), *Handbook of Management Techniques*, London: 3rd ed., Kogan Page.
- Armstrong, M. (2014), *Handbook of Management Techniques*, London: 3rd ed., Kogan Page.
- Armstrong, M. and Baron, A. (2002), *Strategic Human Resource Management: The Key to Improved Business Performance*, London: Kogan Page.
- Arnett, D.B., Laverie, D.A., & McLane, C. (2002). Using job satisfaction and pride as internal marketing tools. *Cornell Hotel and Restaurant Administration Quarterly*, 43(2), 87-96.
- Baird, L. and Meshoulam, I. (1988), "Managing two fits of strategic human resource management", *Academy of Management Review*, Vol. 13, pp. 116-28.
- Barney, J. (1991), "Firm resources and sustained competitive advantage", *Journal of Management*, Vol. 17, pp. 99-120.
- Bhatnagar, J. (2007). Talent management strategy of employee engagement in Indian ITES employees: Key to retention. *Employee Relations*, 29(6), 640-663.
- Bjorkman, I. & Fan, X. (2002). *International Journal of Human Resource Management*, 13(6), 853-864.
- Bowen, D.E. and Ostroff, C. (2004), "Understanding HRM-firm linkages: the role of the 'strength' of the HRM system", *Academy of Management Review*, Vol. 29, pp. 203-21.
- Boxall, P., & Steeneveld, M. (1999). Human resource strategy and competitive advantage: A longitudinal study of engineering consultancies. *Journal of Management Studies*, 36 (4), 443-463.

- Butler, J.E. et. al. (1991), *Strategy and Human Resource Management*, New York: South-Western.
- Central Bank of Kenya, Bank Supervision Annual Report 2008.
- Central Bank of Kenya, Bank Supervision Annual Report 2017.
- Chadwick, C. and Cappelli, P. (1999), “Alternatives to generic strategy typologies in strategic human resource management”, in Wright, P., Dyer, L., Boudreau, J. and Milkovich, G. (Eds), *Research in Personnel and Human Resource Management*, Supplement 4, JAI Press, Greenwich, CT.
- Cho, S., Wood, R., Jang, S., & Erdem, M. (2006). Measuring the impact of human resource management practices on hospitality firms’ performances. *International Journal of Hospitality Management*, 25(20), 262-277.
- Cho, S., Johanson, M.M., Guchait, P. (2009). Employees intent to Leave: A comparison of determinants of intent to leave versus intent to stay. *International Journal of Hospitality Management*, 28, 374-381.
- Davis, D.D et al. (1986), *Managing Technological Innovation*, Cincinnati: Jossey-Bass Publishers.
- Delaney, J. and Huselid, M. (1996), “The impact of human resource management practices on perceptions of organizational performance”, *Academy of Management Journal*, Vol. 39 No. 4, pp. 949-69.
- Dessler, G. (2017). *Human resource management*. NY: Pearson
- Dessler, G. (2014). *Human resource management*. NY: Pearson.
- Delery, J. E., & Doty, D. H. (1996). Modes of theorizing in strategic human resource management: Tests of universalistic, contingency. *Academy of Management Journal*, 39(4), 802-818.
- Dienhart, J.R., Gregoire, M.B., Downey, R.G., Knight, P.K. 1992. Service orientation of restaurant employees. *International Journal of Hospitality Management*, 11 (4), 331–346.

- Ekeledo, I. and Sivakumar, K. (2004), "The impact of e-commerce on entry-mode strategies of service firms: a conceptual framework and research propositions", *Journal of International Marketing*, Vol. 12 No. 4, pp. 46-70.
- Etzioni, A. (2003). Toward a new socio-economic paradigm. *Socio-Economic Review*, 1, 105-118.
- Ferris, G. et.. al. (1999), "Human resources management: some new directions", *Journal of Management*, Vol. 25 No. 3, pp. 385-415.
- Grobler, P., Carrell, M., Warnich, S., & Hatfield, N. (2006). *Human resource management in South Africa*. NY: Cengage Learning.
- Huselid, M. (1995), "The impact of human resource management practices on turnover, productivity, and corporate financial performance", *Academy of Management Journal*, Vol. 38, pp. 635-72.
- Huselid, M., Jackson, S. and Schuler, R. (1997), "Technical and strategic human resource management effectiveness as determinants of firm performance", *Academy of Management Journal*, Vol. 40 No. 1, pp. 171-88.
- Huselid, M. (2012). Bridging micro and macro domains: Workforce differentiation and strategic human resource management. *Journal of Management*, 37, 421-428.
- James, W. M. (2002), "Best HR practices for today's innovation management", *Research Technology Management*, Vol. 45 No. 1, pp. 57-60.
- Johnson T. and Scoles V. (1999) "The strategy and its influence on outsourcing of human resource services", *Academy of Management Journal*, Vol. 67, pp. 422-629
- Knox, S., & Freeman, C. (2006). Measuring and managing employer brand image in the service industry. *Journal of Marketing Management*, 22(7-8), 695-716.
- Kim, S. (2005). Gender differences in the job satisfaction of public employees: A study of Seoul Metropolitan Government, Korea. *Sex Roles*, 52(9), 667-81.
- Kim, S. (2005). Organizational support of career development and job satisfaction; a case study of the Nevada operations office of the department of energy. *Review of Public Personnel Administration*, 22 (4), 276-294.

Law, K., Tse, D., & Zhou, N. (2003). Does human resource management matter in a transitional economy? China as an example. *Ingenta Connect*, 34(30), 255-265.

Mahesh S. (2006) Human Resource Management, Vol. 459(2), pp. 195-210.

Milman, A. (2002). Hourly employee retention in the attraction industry: Research from small and medium-sized facilities in Orlando, Florida. *Journal of Retail & Leisure Property*, 2(1), 40-51.

Mintzberg, H., Ahlstrand, B., & Lampel, J. (1988). *Strategy safari: Your complete guide through the wilds of strategic management*. Essex: Pearson Education Limited.

Murage S. (2005) A survey of the relationship between strategic human resource management practices and performance of firms quoted in the Nairobi Stock Exchange. Unpublished MBA project university of Nairobi

Osman-Gani, A. A. M. (1999), "International technology transfer for competitive advantage: a conceptual analysis of the role of HRD", *Competitiveness Reviews*, Vol. 9 No. 1, pp. 9-18, Special Issue.

Pfeffer, J. (1994). *Competitive Advantage through people unleashing the power of the workforce*. Boston: Harvard Business School Press.

Ployhart, R. E. (2006). Staffing in the 21st century: New challenges and strategic opportunities. *Journal of Management*, 32(6), 868-897.

Purcell, J.& Boxall, P. (2016). *Strategy and human resource management*. NY: Red Globe Press.

Rimberia C.K. (2001) A survey of the use of Flexible Human Resource Practices by Manufacturing Firms in Nairobi. Unpublished MBA Project, University of Nairobi.

Roba V. (2008) A survey to assess the extent of adoption of strategic human resource management practices at Teachers Service Commission of Kenya. Unpublished MBA Project University of Nairobi

Romer, P. (1990). Human capital and growth: Theory and evidence. *Procedia Economics and Finance*, 32, 251-286.

- Schuler, R. S. (1999), "Linking competitive strategies with human resource management practices", in Schuler, R.S. and Jackson, S.E. (Eds), Strategic Human Resource Management, Oxford: Blackwell. pp. 139-49. Ulrich, d., Brockbank, W., Yeung, A., & Lake, D. (1995). Human resource competencies: An empirical assessment. *Human Resource Management*, 34(4), 473-495.
- Schuler, R. & MacMillan, I. (1984). Gaining competitive advantage through human resource management practices. *Human Resource Management*, 23(3), 241-255.
- Schuler, R. S., & Jackson, S. E. (1987). Linking competitive strategies with human resource management practices. *Academy of Management Executive*, 1(3), 207-217.
- Shaw, J. D., Delery, J. E., Jenkins, G. D., & Gupta, N. (1998). An organization-level analysis of voluntary and involuntary turnover. *Academy of Management Journal*, 41, 511-525.
- Susskind, A. (2000). *Customer service employees' behavioral intentions and attitudes: An examination of construct validity and path model*. Cornell University.
- Ulrich, D. & Lake, D. (1991). Organizational capability: Creating competitive advantage. *The Executive*, 5(1), 77-92.
- United States Department of Labor (1993). Best places to work. Retrieved from <http://bestplacestowork.org/rankings/detail/DL00>
- Walsh, K. & Taylor, M. (2007). Developing In-House Careers and Retaining Management Talent: What Hospitality Professionals Want from Their Jobs. *Cornell Hotel and Restaurant Administration Quarterly*, 48(2), 163-182
- Wang, Z. M. (2000), *Managerial Psychology*, Beijing: People's Education Press.
- Wang, Z M. (2002), "HRM strategies in managing virtual organizations in China: a case analysis of banking e-commerce projects", in Heneman, R.L. and Greenberger, D.B. (Eds), *Human Resource Management in Virtual Organizations*, Greenwich: Information Age Publishing.
- Wang, Z.M. (2003), "Managerial competency modeling and the development of organizational psychology: a Chinese approach", *International Journal of Psychology*, Vol. 38 No. 5, pp. 323-34.

- Wang, Z.M. and Mobley, W. (1999), "Strategic human resource management for twenty-first-century China", *Research in Personnel and Human Resources Management*, pp. 353-66.
- Wang, Z.M. and Zang, Z. (2004), "Strategic human resources, innovation and entrepreneurship fit: a cross-regional comparative model", *International Journal of Manpower*, pp. 26-41.
- Wei L. (2006), "Strategic human resource management: Determinants of fit," *Research and Practice in Human Resource Management*, 14(2), 49-60.
- Wright, P. M., & McMahan, G. C. (1992). Theoretical perspectives for strategic human resource management. *Journal of Management*, 18(2), 295-299.
- Wright, P. M., & Snell, S. A. (1991). Toward an integrative view of strategic human resource management. *Human Resource Management Review*, 1(3), 203-215.
- Young, B., S., (2008). Organizational commitment among public service employees. *Public Personnel Management*, 27(3)339-345.

APPENDIX I: LETTER OF INTRODUCTION

Dear respondent,

I am pursuing a Master of Science in Human Resource Management degree in the School of Business, University of Nairobi. As a requirement of the program, the student must undertake a management research project. I am carrying out a study on **“Effectiveness of Strategies used by Commercial Banks in Kenya to Retain Employees”**. Your organization has been selected for this study. Please assist by providing the required information contained in the attached questionnaire.

Please be assured that the information given is only for purposes of completing this study and your responses will be strictly confidential and the findings shall not be published or released to anyone.

Thank you very much for your assistance.

Yours Sincerely,

Yvonne Ombija (Student Reg. No. D64/87622/2016)

Tel: 0727515001 Email: vnnombija@gmail.com

School of Business, University of Nairobi

APPENDIX II: QUESTIONNAIRE

INSTRUCTION:

Please answer all the questions below as instructed and to the best of your knowledge.

SECTION A: DEMOGRAPHIC DATA

1. Name of the Bank.....
2. Ownership of the Bank: Private Ltd [] [] Public Limited
3. Category in which the Bank fall: Large [] Medium [] Small []
4. Your position in the Bank.....

SECTION B: STRATEGIES USED BY THE BANK TO RETAIN EMPLOYEES

Please indicate the extent to which you agree/disagree with each of the following statements

Strongly Agree = 5; Agree = 4; Neither Agree nor Disagree = 3; Disagree = 2; Strongly Disagree = 1

Socialization and Acculturation	5	4	3	2	1
Employees are given accurate and complete information about the job					
Employees are given a chance to verify the risks associated with the job					
Employees are given accurate and complete information about regulations governing conduct in the organization					
Employees are allowed to enquire into any areas of concern during selection process and induction					
Employees are given adequate time to decide whether to take up the job or decline it					
Employees are given information about career opportunities in the firm					

Effective Communication of Vision and Mission of the Organization to Employees	5	4	3	2	1
Employees are informed of the Vision of the firm and its content					
Employees are informed of changes in the Vision of the firm					
Employees participate in construction of the Mission of the firm					
Employees are informed of the Mission of the firm and its content					
Employees are informed changes in the Mission of the firm					
Employees are assessed on their understanding of the implications of Vision of the firm on their work					
Employees are assessed on their understanding of the implications of Mission of the firm on their work					
Employees feel they will stay in the firm as a result of effective communication of vision					
Employees feel they will stay in the firm as a result of effective communication of mission					

Customer Centeredness	5	4	3	2	1
Employees feel they are well taken care of by the employer and therefore treat customers well					
Employees find it easy to raise their concerns with their supervisors					
Employees understand the need for customer care					
Employees understand the needs of the customers					
Employees value customers					
Employees ensure that customer concerns are communicated to their supervisors					
Employees feel they will stay in the firm as a result of the satisfactory customer centeredness					

Employee Training and Development	5	4	3	2	1
Employees feel they are well trained					
Employees are given adequate career development opportunities					
Employees feel they are given adequate support for professional development					
Employees participate in identification of training needs as well as implementation of appropriate interventions					
Employees feel that the training programs are relevant to their needs					
Employees competencies are adequately utilized					
Employees feel they will stay in the firm as a result of employee training and development programs					

Employee Acknowledgement, Rewards and Compensation	5	4	3	2	1
Employees performance targets are appropriate					
Employees feel that there is adequate opportunity for them to grow in the firm					
Employees feel that there is no bias in allocation of rewards to staff					
Employees feel that their work performance is recognized by the firm					
Employees feel that performance based incentives are allocated fairly					
Employees feel that relevant support is given to them to improve performance					
Employees feel that they will stay in the firm as a result of acknowledgement, rewards and compensation					

Employee Performance Management and Assessment	5	4	3	2	1
Employees feel that performance management influences their decision to stay in the organization					
Employees feel that they adequately participate in assessment of their performance					
Employees feel that the firm effectively manages their performance					
Employees feel that they will stay in the organization as a result of the performance management practices					
Employees are happy with the performance assessment practices					

Organization Leadership	5	4	3	2	1
Employees feel that their relationships with their supervisors is satisfactory					
Employees are encouraged to stay as a result of leadership of the firm					
Employees feel that the firm has effective leadership style					
Employees value the support they get from leaders in the firm					
Employees feel that they obtain direction and positive critique from leaders in the firm					
Employees feel that they will stay in the firm as a result of leadership practices in the firm					

SECTION C: EMPLOYEE RETENTION

Kindly indicate percentage of your employees that quit your bank in each of the years presented below

YEAR	2017	2016	2015	2014	2013
% of employee who quit					