

CHAPTER ONE

INTRODUCTION

1.1 Background

Organizations in the 21st century, the hotel industry notwithstanding are recognizing that human resources are very important assets, and that the success of the organization depends fully on how effectively its employees are managed (Okumbe, 2001). Regardless of size, technological advances, market focus and other factors, all organizations are facing voluntary labour turnover and retention challenges. In the current dynamic labour market and competitive business environment particularly in the hotel industry, there is need for organizations to come up with employee retention practices that will ensure their critical staff is not lured to other organizations.

Pfeffer & Baron (1988) noted that downsizing and hiring contingent workers has caused long term organizational commitment to start disappearing, this therefore means that high worker turnover has become common and workers mobility decision is a critical issue. Dessler (1993) writes that to manage change, organizations must have employees who are committed to the demands of rapid change because committed employees are a source of competitive advantage. This thus forces both employees and employers to remain aware of the larger market place and to continuously examine each other's needs.

1.1.1 Employee retention concept

Employee retention or personnel continuity is the ability of an organization to keep their employees from leaving the organization to go to other organizations (Okumbe, 2001). Employees may choose to leave or stay for various reasons; the underlying factor however is job satisfaction. According to Hills (1987), the first goal of any compensation package is to elicit desired behavior from employees, this involves among others attracting the required candidates and motivating them to stay with the organization. When an organization lacks proper retention management practices and thus the ability to retain its

needed workforce, the result is high voluntary turn over which is quite costly in terms of recruitment and selection and also the time spent to discharge those leaving.

Employee retention management practices are the activities undertaken by organizations to encourage their employees to stay with the organization. Okumbe (2001) cites activities such as employee promotions, transfers, management of tardiness and absenteeism, grievances and discipline, procedural justice and ethics in employee relations. Graham (2003) includes other retention management practices such as; employee empowerment, job redesign, objective recruitment and selection practices, induction and training, competitive compensation package, flexible working hours and proper redundancy practices among others.

1.1.2 Voluntary labour turnover

In a broad sense “turnover” according to Flippo (1984) is the movement into and out of an organization by the workforce. Employees may get separated from the organization through various methods such as dismissals, retirement due to old age, redundancies among others. The management is normally in control of these means of separation. Voluntary labour turnover on the other hand is where employees choose to resign or terminate their services from their employing organization for a variety of reasons such as; better job offers elsewhere; poor working conditions and management, relocation, lack of career growth, poor pay among others.

Retention management practices and voluntary labour turnover are aspects of employee mobility; both may be considered as different sides of a coin. Voluntary worker turnover becomes a bigger problem if it involves the separation of critical and needed employees. On the other side of the coin is employee retention and the practices employed to achieve an ongoing employment relationship for the employees an organization does not wish to lose. (Huang, Lin & Chuang, 2006). Putting in place effective retention management practices may eliminate or reduce voluntary labour turnover of critical employees, whereas poor or lack of retention practices may increase voluntary labour turnover.

According to Okumbe, (2001) voluntary labour turnover may be healthy for an organization because it provides voluntary avenues for good-riddance since it helps cushion the organization against impending redundancies. Those leaving should exit peacefully and appreciate the useful experience gained in the organization. Steel, Griffeth, Hom & Lyons (1993) note that high levels of unemployment may dissuade some employees from leaving their jobs; this may however not apply to those individuals with specialized skills and training.

1.2 The hotel industry in Kenya

The Webster's New World Dictionary defines a hotel as an establishment that provides paid lodging and often food for travelers on a short term basis. The word hotel is derived from the French word *hôtel* coined from *hôte* meaning host, according to the French version, it refers to a townhouse or any other building receiving frequent visitors.

There are different kinds of hotels all over the world: Tree house hotels, Cave hotels, Capsule hotels, ice and snow hotels, garden hotels, underwater hotels, resort hotels, railway hotels, airport transit hotels and motels, among others. The hotel industry in Kenya is made up of different classes of hotels that offer accommodation, food and recreational activities to both foreign and local tourists. The pioneer hotel in Kenya which no longer exists was the Grand Hotel in Mombasa; it was the meeting point for the planners and supervisors of the Uganda Railway in the 1890s. Other current pioneer hotels such as The Stanley and The Norfolk were established in 1902 and 1904 respectively, many other hotels have come up since then, managed singly or under a group of hotels by either local or foreign investors. (Kenya Book of Records, 2008).

The success of the hotels industry in Kenya is determined by bed occupancies and number of nights spent. There are many hotels in Nairobi located close to each other. The industry provides the largest number of jobs in Kenya, this also means that dissatisfied employees are surrounded by many alternatives making competition in the hotel industry very stiff. Individual hotels therefore need to put in place retention practices to ensure their critical staff is retained. (Joliffe, 2000).

Hotels in Kenya are classified into classes, where stars have been used as symbols for classification purposes. According to Wikipedia website, a set of one to five stars is commonly employed to categorize hotels. Classification of hotels is based on many values some of which may not be necessarily significant to each guest. The classifications are determined through the opinion of a classifier which may be the tourist office of a nation or a hotel association. Hotels are classified according to their amenities and recreational facilities and the quality of room. Some of the criteria used in making such assessments are size of rooms, décor/furnishings, public areas, hospitality services, staff attitudes, maintenance/housekeeping and sanitary standards among others.

In a five star hotel, a guest expects to find spacious and luxurious accommodation matching or close to international standards, impressive interior design, formal well supervised and flawless services that are tailored to the needs of the guest. A five star hotel should also demonstrate a high level of technical skill, producing dishes to the highest international standards. Staff should be knowledgeable, helpful, well versed in all aspects of customer care, combining efficiency with courtesy. According to Africapoint.com Online travel Agent website there are a total of 11 five star hotels distributed within Nairobi's central business district and its environs.

1.3 Statement of the problem

Voluntary labour turnover and employee retention practices pose huge challenges for many organizations especially in high-technology and the hotel industry (Mitchel, Holtom & Lee 1992). Voluntary labour turnover in the hotel industry is attributed to high competition, availability of alternatives and poor compensation packages (Graham, 2003). This problem is made worse by the fact that the voluntary labour turnover is random in nature, therefore difficult to predict and plan because the management lacks control. It is also very costly. Hills (1987) adds that high rate of voluntary labour turnover eventually affects an organizations ability to attract qualified applicant, this in essence will affect the overall performance of a firm. It is therefore important for organizations to investigate why employees choose to leave and put in place proper retention practices. Studies done in the past concentrated on labour turnover in general. Oroni (2006) wrote on 'Labour

turnover in state corporations in Kenya', Machayo (2006): 'Factors that are associated with labour turnover among health professionals in Kenya', Abuti (2005): 'A survey of the factors that are associated with staff turnover in broadcast media home', and Mugumu (2002): 'Employees perception of factors that influence Labour turnover in ethnics finance institutions in Kenya'. This then means most of the literature review on voluntary turnover is derived from labour turnover literature. Very little study has also been done on employee retention management practices. Graham, (2003) and Armstrong, (2006) note that organizations are either doing very little to retain critical employees, or their focus on retention practices is very narrow with different organizations embracing contrasting retention practices.

The emerging concern therefore is organizations are taking little or no action at all to control their loss of valuable staff through resignations, which therefore means that very few retention management practices if any have been put in place to manage voluntary labour turnover. This study seeks to focus on the employees that are valuable to organization and who may wish to terminate their services and what the management can do or has done to retain them. This will be done by answering the questions; what employee retention management practices has the five star hotels in Nairobi put in place to retain valuable employees? What is the relationship between these retention practices and voluntary labour turnover?

1.4 Research objectives

- i. To establish the employee retention practices used by the five star hotels to retain employees.
- ii. To establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels.

1.5 Importance of the study

The study will be beneficial to organizations in the hotel industry. Human resource managers need to know the extent of voluntary labour turnover in their organization. This

information may lead them to either take corrective actions to retain employees or to reinforce practices that have led to low turnover.

The study will also be beneficial to other organizations in general who may find the results helpful in managing their own voluntary labour turnover and retention problems.

This study will add to the body of existing knowledge. Scholars of human resource management and other related fields will find this study a valuable addition for literature review. This may also help to provoke further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Human Resource Management according to Dessler, (2005) is the process of acquiring, training, appraising, compensating employees and attending to their labor relations, health and safety and fairness concerns. Okumbe, (2001) defines human resource management as a strategic approach to acquiring, developing, managing and gaining the commitment of organization's key resource- the people who work in and for it. One of the principles of human resource management is that the employees or human resources are the most important resources in any organization. He adds that human resource management also includes employee continuity and separation under which voluntary labour turnover and employee retention management practices falls. (Okumbe, 2001).

Employee retention management practices and voluntary labour turnover if not properly managed have far reaching implications to the overall human resource management. According to Okumbe (2001) voluntary labour turnover has a negative effect on human resource planning which he defines as a continuing systematic process of analyzing an organization's human resource requirements, which is achieved through acquiring the right number and quality of the employees an organization needs and retaining the kinds of staff it requires. Hills (1987) emphasizes that high voluntary labour turnover is a manifestation of poor human resource management. This eventually affects an organizations ability to attract qualified applicant and compromise its overall performance.

Graham (2003), Okumbe (2001) and Cascio (1982) acknowledge that high rates of labour turnover are bad for any business; on the other hand, a stagnant workforce with little or no movement to and from the outside world does not provide the best conditions for dynamism and innovation. Somewhere between these extremes lies the optimum level of voluntary turnover.

2.2 Employee retention management strategies and practices

Employee retention is defined by Okumbe, (2001) as the continuity of human resource service through the formulation and implementation of integrative and mutually supportive personnel programmes that will motivate and satisfy the employees. Graham (2003) writings on how to retain the best staff, analyzed a survey carried among 430 Personnel and HR specialist to determine how important retention issues were in their organizations and whether any initiatives were being taken to address them. The findings revealed that employee retention had become a key priority for UK employers and it is among the 10 most important challenges facing Personnel and HR specialists. According to Graham (2003), the issue of retention faces two major difficulties. Firstly, it is not easy to identify who is likely to leave, how large the staff turnover rate is, and what is driving these resignations. Secondly, it is not simple to develop initiatives and practices that can control staff turnover in a cost effective way. Strategies necessary for developing appropriate employee retention management practices include; firstly performing a risk analysis which will determine whether voluntary labour turnover is a problem to the organization or not, issues to be considered include; the number of employees resigning, their positions and whether the organization wants them to leave or not. Secondly, there is need to analyze the reason for leaving, this information can be collected from exit interviews; outside consultants may be used to perform these interviews in order to ensure the reasons given for leaving are not defensive or protecting the remaining employees. Thirdly, organizations need to analyze the reasons for staying by conducting focus groups with existing employees to determine factors that keep them in their jobs. Finally organizations need to develop a top-level support, the management should be willing to devote financial and human resources to the planning, development, execution and maintenance of employee retention management practices. (Armstrong, 2006), (Graham, 2003) and (Steel, Griffeth, Hom & Lyons, 1993).

Graham (2003) lists the following employee retention management practices as effective in retaining employees; Organizational Culture, employee empowerment and job redesign, objective recruitment and selection practices, induction, training and development, identification of manager's role in employee retention, promotions and sideways moves,

competitive pay and benefits, childcare facilities, flexible working hours, proper redundancy practices, reconsidering retirement age, and integrating employees with disabilities.

Corporate culture is each organization's distinct approach to the way things are done. Some organizations may discover that their culture is causing problems on a broader scale, the culture may provoke a reaction that encourages employees to leave the organization, however where the climate is more to their liking they stay. Many organizations usually embark on cultural change initiative for business-related reasons but in the process some discover that the changes they introduced have broader benefits in terms of improving retention rates.

Job redesign and employee empowerment helps to reduce boredom in routine and repetitive jobs which would otherwise force employees to move elsewhere to find a job that is more challenging. Empowerment is an approach that aims at encouraging employees to accept a certain amount of personal responsibility for making decisions and resolving problems. It gives employees greater responsibility, increased flexibility and autonomy. This can improve job satisfaction and help in the management of retention. Empowerment and job redesign are usually interlinked. To introduce empowerment means changing job tasks and responsibilities. (Steers & Porter, 1983) and (Dessler, 2005).

Recruitment and selection practices can have major impacts on staff resignation rates. When recruiting criteria are pitched too high, the recruit ends up being overqualified for the job, they later become bored and leave. Unrealistically high recruitment criteria also expose employers to potential liability for unlawful discrimination. On the other hand, an under skilled recruit may get overwhelmed by the job's demands and fail to do well, he or she is either disciplined for poor performance or become disillusioned and burnt out. In both cases an early departure is likely. The recruiting committee should ensure that recruitment criteria are identified in a careful and objective manner. Candidates should be made fully aware of the demands of the job and what working for the organization would be like through realistic job previews (Flippo, 1984). Induction, training and development

of employees determines how well new recruits settle in the organizations. Effective induction should not be a one-off event; it should involve an ongoing process and is therefore used to aid staff retention. Training and development is heavily used by employers as a means of improving retention of staff by equipping them with the required knowledge, skills and competencies needed to perform their duties and responsibilities (Okumbe, 2001)

The role of line managers as noted by Graham (2003) rank among the most important of all the various influences on employee decision to leave. Taylor (2002) states that the most common reasons for resignation lies in poor or ineffective supervision from their immediate line managers. Employers are not often aware of the extent to which their line managers are contributing directly to their organization's rates of turnover because the line managers are responsible for recording and reporting the reasons people leave. Organizations need to pay attention to the skills and behaviors of line managers by introducing or improving training programs to raise their competence. In positive ways, their power to motivate, enthuse and support their subordinates contributes greatly to the quality of employees working lives. Managers take a center stage in helping employees gain access to training opportunities, promotions and through their regular performance reviews, to favorable performance ratings.

Promotion and sideways moves increases employee development opportunities on available offers and opens up career paths for employees. This is commonly used by employers to retain employees (Flippo, 1984). Pay and benefits offered by employers play a big role in an employee's decision to stay or leave. Employers that pay significantly below market rate with no other compensatory factors working in their favor may find that their retention difficulties may be due to lower salaries. Employers have other options besides increasing basic salary. E.g. market premia can be introduced where groups of staff are given unconsolidated payments, these payments target staff that would be difficult to replace because of skill shortage in the labour market or whose loss would cause serious difficulties for the organization. Location allowances can be used in areas where staff is difficult to recruit and retain; benchmarking pay ensures pay levels are

competitive. Pay progression, a pay scale that is partly linked to performance, experience and competency levels may also be employed (Graham, 2003) and (Armstrong, 2006). Employers may have to highlight the cash value of the existing benefit package and communicating the information to the workforce. Organizations may also create flexible benefit policies thus giving employees some measure of control over their benefits package.

Flexible working arrangement or flextime as put forward by Dessler (2005) is a plan where employees are allowed the freedom regarding the hours they work. Some jobs are unpopular because of their unsocial hours e.g. shift working, night working and weekend working; these are usually required by labour intensive industries. Even where shift working is the norm, some employers have found it possible to make modifications that improve their ability to recruit and retain staff, for example changing the working day, week or offering special types of leave. Changing working time can be effective because the majority of employees now expect to achieve more flexibility in their working lives in order to cater for their personal commitments through for example job sharing and part-time hours. Dessler (2005) mentions work sharing and telecommuting as other flexible work arrangements employers can adopt. Flippo (1984) adds that flextime fits quite well with the new values of the modern workforce and that such plans have also been found to have a number of advantages to the employer such as; enhanced productivity, reduced employee tardiness and absenteeism, improved morale and reduced turnover. Childcare facilities could be made available to especially single working parents who face the challenge of balancing work and family life. This may be in terms of free or subsidized vouchers that can be used to purchase childcare or provision of advice on childcare facilities in the local area. Organization could also have daycare facilities within the organization. (Dessler, 2005).

Employees may become disabled while working for their employers through accidents and age related conditions (Aluchio 1998). Research has shown that early intervention is key in ensuring that individuals on long term sick leave are retained by their firms even if they develop disabilities. Employers should evaluate the job, working conditions, access and

other factors to see if reasonable adjustments can be made in order to retain such individuals. Redeployment to another job is a further possibility to be considered. Retention initiatives usually focus on individuals who leave voluntarily, however the retention of employees who have attained the retirement age and are therefore obliged to resign is more directly under the control of the employer. Employees who reach normal retirement age take with them valuable skills and experience gained over their working life. Employers are realizing that it takes little business sense to compel all such staff to leave the organization. Some employees may wish to continue working as a way of maintaining a familiar sense of routine and social interaction and for income to supplement their income. (Dessler, 2005) and (Graham, 2003). Redundancy defined by Aluchio (1998) and Okumbe (2001) as the loss of employment through no fault of the employee concerned is a method of separation under the control of management, it is normally occasioned by re-organization, mechanization or lack of orders. Unforeseen and unwanted loss of key members of staff represents one of the most commonly found problem of redundancy programs. Many firms fail to manage the process of applying for voluntary redundancy, thus the heavy redundancy payments encourage long serving staff to leave, these are the most experienced and skilled staff. Poorly handled redundancy exercises also have a detrimental impact on survivors who may feel resentful, demotivated and are therefore likely to leave at the earliest opportunity

Sources of information for developing retention practices

Graham (2003) and Armstrong (2006) identified the following sources of information that could be used to construct employee retention management practices and strategies; labour turnover data, exit interviews and separation questionnaires survey forms, feedback, attitude surveys and routine performance appraisal interviews.

Labour turnover data may be used as one of the sources that organizations use when developing a retention management strategy; this data may be useful in identifying the root causes of staff retention problems. Rate of labour turnover represents the end point since they measure what has already occurred which is loss of staff members. They do not show the reasons for staff losses although patterns and changes over time can hint at them.

Exit interviews and separation questionnaires survey forms are completed by departing employees, these provide valuable insights as to reasons why employees leave. These techniques are however backward looking because the subjects have already decided to leave. Gooch (1999) notes that employees may not always disclose the real reasons for leaving or their true views about the organization. This may be overcome by enlisting the help of consultants to carry out the interviews away from normal place of work. Departing employees should understand why exit interviews have to be conducted and that the information they provide is confidential. Feedback may be used to infer the reasons that may prompt other members of the staff to resign. Attitude surveys and questionnaires are other methods that may be used to canvass individuals who have not resigned or may not have even considered leaving. These methods are useful in determining levels of employee morale, motivation and degree to which employee identify with the organization. (Taylor, 1988). Routine performance appraisal interviews also provide information to the management. Action can then be taken by the organization before employees decide to look elsewhere. These provide the earliest opportunity to address them before the psychological break with the employer is reached.

2.3 Voluntary labour turnover

Voluntary turnover refers to cases where employees resign or terminate their services from organizations that had employed them, (Okumbe, 2001). Job terminations occur for various reasons, however there has evolved a consistent line of research evidence showing that voluntary job terminations can be explained from the employee's intentions to leave an organization (Bluedorn, 1982). According to March & Simon (1958) this intentional decision involves a subjective evaluation of the employee's job aspirations in comparison with the expected value of job opportunities in the present organization and the availability of attractive opportunities in other organizations or alternative careers. The employee's decision to quit is not considered an impulsive action but one that is rationalized over time (Simon, 1957).

Mobley (1977), Mobley, Horner & Hollingsworth (1978) suggest that the termination decision process can be described as a sequence of cognitive stages that starts with; initial

dissatisfaction with the present job, intention to search for a different job, an active search and evaluation of alternatives, an expressed intention to quit and finally job termination. According to the writers, each successive step represents increasing withdrawal from the organization. Mobley, Griffeth, Hand & Meglino (1979) concludes that there is still a lot more to be learned about the decision process leading to job termination. They suggest two factors that are related to employee's progression through successive stages of withdrawal. One factor reflects the employee's evaluation of the organization's future expected value with respect to their work aspirations. Termination here may represent the employee's decision to accept a more attractive job opportunity. The second factor focuses on the tension associated with the organization's present working conditions. Termination in this case may represent the employee's decision to leave a stressful work environment. Lee & Mitchell (1994) describe four paths employees could take when deciding to terminate their employment; they may follow a plan, this is where a plan and script for leaving is already in place, others may leave without a plan or even alternatives, some employees may leave for a better alternative elsewhere, while others will leave because their current job is unsatisfying.

Employees decide to resign for various reasons. Graham (2003) identifies push and pull factors as the main reasons employees voluntarily terminate their employment. Push factors contribute to the weakening of the psychological contract between employees and their employers, these factors affect employees' identification and attachment to their employers, they contribute to a large extent to an employee's decision making process about moving on. The push factors include; poor supervision that may be arbitrary and or unfair, lack of training and development and poor pay. Pull factors on the other hand come to play when the psychological contract is already weakened; employees begin to compare what other employers are offering.

Mitchell, Holton & Lee (1992) and Armstrong (2006) give other reasons which they describe as; personal, organizational, job dissatisfaction and availability of alternatives. Examples cited under personal reasons include; changes in family situations, desire to learn a new skill or trade, unsolicited job offers, pregnancy, illness and relocation.

Organizational reasons include examples such as; observing mistreatment of a co-worker, over passed for promotion, poor relationships with managers and or team leaders, poor relationship with co-workers, bullying and harassment. Also included under organizational reasons are changes such as mergers, unsolicited job offers, friends leaving, poorly managed redundancies and retrenchment exercises. Under Job dissatisfaction, Mitchell, Holton & Lee (1993) note that employees who are dissatisfied with their jobs are likely to leave after evaluating their pay, supervision, chances of promotion, work environment, and the task they do. Causes of job dissatisfaction include; job stress, repetitive work, role ambiguity and role overload. Dissatisfied employees start looking around for other alternatives; they may conduct a perceived and or actual job search. Alternatives can influence this process such that if alternatives are considered favorable in comparison to the present job, the person is predicted to leave, if not he or she stays. In addition, employees with more alternatives are more likely to leave than those with fewer alternatives.

Various assumptions have been made about voluntary labour turnover. According to Sicherman, (1996) and Glass & Riley (1998), women are more likely to turnover due to family considerations which interrupt their careers. Keith & McWilliams (1995) suggests that married employees often make decision based on relatively complicated concerns, including kinship responsibility and children issues, such concerns may causes them to hold onto their jobs longer than unmarried people. According to Williamson (1981) highly educated employees are more likely to resign since education determines the number of job openings available. Human capital theory proposes that, other things being constant, a given worker will have a greater probability of leaving a low-paying job than a higher-paying one. Akerlof, (1984) and Yellen, (1984) posit that offering a wage that is higher than the average market level will help to retain competent workers. They however add that pay is not the only or main reason why employees begin to look for another job, they may get discontented and leave when their skills or talents are not properly developed. According to Steel, Griffeth & Hom (2002), the impact of different workers' turnover on a firm is not equal; it is the performance level of the employee, not the act of quitting or staying per se that determines the positive or negative nature of the retention and or

separation event. Lazear (1999) found that better performers were less likely to turnover; better performance reflects more beneficial firm-specific skills which may motivate retention. On the other hand, poor performers may be less likely to stay longer with a firm because of the poor performance evaluations and the lower pay level they receive. Lazear (1998) found that recent promotion is negatively related to turnover, it makes one more suitable to the current employer than to other, in which case promotion would reduce turnover. March and Simon (1958) declared that under nearly all conditions, the most accurate single predictor of labor turnover is the state of the economy, during periods of prosperity, the turnover rate in the overall market tends to be higher than in times of economic recession.

Methods used to calculate labour turnover

Graham (2003) and Armstrong (2006) identified the following methods of calculating turnover; crude wastage, rates of voluntary turnover, stability index, survival rates and destination of leavers. Since voluntary resignation represents the main focus of interest, it should be ensured that the data on labour turnover rates measures only this form of turnover. Unfortunately most external sources of benchmarking data measure it with far less precision through crude wastage. The method lumps together all and every reason for turnover:

$$\frac{\text{Number of all types of leavers in a specified period (usually 12 Months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

The crude wastage method has the effect of inflating the findings. Although many published surveys rely on it, the crude-wastage rate is of virtually no use as the basis for managing retention- it represents a tool that is too blunt for effective use unless the employers included in the survey are behaving in the same way as the organizations making the comparison. Most organizations use this method because they lack more precise statistics available.

Rates of voluntary turnover follow much the same process as for crude wastage:

$$\frac{\text{Number of leavers for voluntary reasons in a specified time(usually 12 months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

Stability index shows the extent to which the turbulence caused by labour turnover permeates the workforce. In the hospitality industry where high turnover rates are prevalent, some employers have found that the same posts have a succession of recruits and leavers during the course of a year while much of the workforce is unaffected.

$$\text{Stability index} = \frac{\text{Number of employees having a specified length of service}}{\text{Total workforce}} \times 100$$

Survival Rates focuses on the effectiveness of the recruitment, training and management of identifiable groups of staff. It is mainly used for new graduates. Alternatively, it can be one way of gauging the impact of a change in recruitment and selection practice on retention rates, comparing survival rates before and after the modification

$$\text{Survival Rate} = \frac{\text{Number of people recruited in a specific year}}{\text{Number in that Group still in employment at a certain date}} \times 100$$

This calculation is often based on a time series of individual years e.g. the intake of 1995 is compared with the number surviving in 1996, 1997 etc.

Resignation rate can also be calculated according to the destination of leavers. This method is favored more in the public sector where turnover rate are often broken down into those moving within the same area or going elsewhere.

2.4 Economic impact of voluntary labor turnover

Under the present economic pressures, organizations should ensure that valuable staff is retained and that recruitment should take place only when it is fully justified. It is very costly to do nothing about high rates of turnover. One key individual can hold the fortunes of a department or business in their hands. Loss of several members of staff in the same

unit or team can lead to instability (Okumbe, 2001). Voluntary turnover is costly for both employers and workers, employers find replacement cost and hidden organizational cost high (Mitchell, Holton, & Lee 1993). Workers also find monetary and psychological costs taxing (Ehrenberg & Smith, 1994). Human capital theory according to Mincer (1962) and Becker (1962) considers voluntary turnover an investment in which costs are borne in an earlier period in order to obtain returns over a long period of time. Therefore, the decision to stay or go involves evaluating cost and benefits. If the present value of the returns associated with turnover exceeds both monetary and psychological costs of leaving, workers will be motivated to change jobs. If the discounted stream of benefits is not as large as costs, workers will resist changing jobs (Ehrenberg & Smith, 1994).

Fitz-enz (1997) stated that the average company loses about \$1 million with every 10 managerial and professional employees who leave the organization plus other indirect costs. Some of obvious labour turnover costs include; the expense of recruiting advertisement; commission paid to employment agencies; staff time required to consider the applications; time required in interviewing short listed candidates and selection methods; successful applicants have to be inducted and probably trained and given a period of grace while their effectiveness gradually improves to that of an experienced staff; departing employees will require administrative time to handle their separation and there may be cost implications of the turbulence caused by the resignation and new appointments such as reduced customer service.

Other voluntary labour costs include; Loss of organization knowledge and experience, loss of clients and stress. There is significant economic impact with organizations losing any of its critical employees especially because of the knowledge that is lost with the employees' departure. This knowledge is actually the organizations' most valuable assets. Snell & Dean (1992) emphasize that these skills, knowledge and experience represents capital because they enhance productivity. According to the human capital theory, some labour is more productive than others because more resources have been invested into the training of that labour, on the other hand departing employees that had established close relationship with clients may move with them to their new jobs, spelling loss of business

and customer loyalty to the organization. Ehrenberg & Smith (1994) notes that moving to a new job is stressful for departing employees, there is a lot of uncertainty and ambiguity, family adjustment, new school for children, new living accommodation and leaving behind friends. Adjustments for these employees may take up to a year.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

The study was carried out through a census survey, this is due to the cross sectional nature of the data that was collected. The survey involved collection of data from all members of the population. The design chosen is most appropriate for this study because all the five star hotels in Nairobi were targeted.

3.2 Population

The population of this study consisted of all the five star hotels in Nairobi. According to the Kenyan ministry of tourism and the Africanpoint.com online travel agent website, there are 11 five star hotels in Nairobi as attached in appendix 3.

3.3 Data collection

The study was based on primary data through self- administered questionnaires. The questionnaires were filled by the Human resource managers and consisted of three parts. Part A gathered background information, Part B focused on employee retention practices and part C tackled voluntary labor turnover. The questionnaires were administered through the “drop and pick later” method. Human resource managers were targeted because they were considered custodians of vital information for this study.

3.4 Data analysis

The collected data was analyzed using descriptive statistics, particularly frequencies and percentages. The Pearson’s product-moment correlation was used to analyze the relationship between employee retention management practices and voluntary labour turnover. SPSS, a statistical analysis program was used as a tool of analysis.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The objective of this study was to first establish the employee retention practices used by the five star hotels to retain employees and secondly, to establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels. The research was a census survey that constituted of 11 five star hotels located in Nairobi. 11 questionnaires were dropped at the hotels, 7 which represented a response rate of 64% were received back. The respondents were Human Resource Managers.

In the analysis of data for this study, respondents who strongly disagreed and disagreed on various items of the questionnaire were grouped together and those that strongly agreed and agreed were also grouped together. SPSS package was used to analyze the data.

4.2 Background information

Table 1: Distribution of respondents by gender

Gender	Frequency	Percent
Male	2	28.6
Female	5	71.4
Total	7	100

As shown in Table 1, 71.4% of the respondents were females while 28.6% were males. From this finding, it appears that the human resource profession appeals more to the females than to the males. This analysis may be of no consequence to the findings of the study; however ones gender may influence the respondent's response especially in gender related contentious issues.

Table 2: Academic qualifications of respondents

	Frequency	Percent
Post graduate qualification	7	100

Table 2 above indicates that 100% of the respondents had attained post graduate qualifications. The implication of this fact is that the human resource managers were well qualified and knowledgeable in human resource management functions and were therefore in a position to offer credible information necessary for this study.

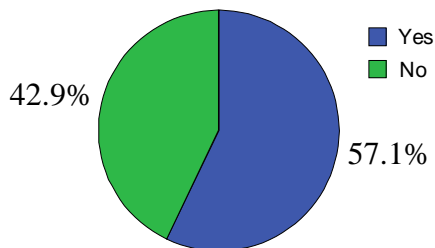
Table 3: Number of years worked by respondents.

	Frequency	Percent
1-5 years	5	71.4
Over 10 years	2	28.6
Total	7	100.0

Table 3 shows the number of years the respondents have worked in their various organizations. 71.4% of the respondents had worked for their organizations between 1-5 years and 28.6% had worked for 10 years and above. For the respondents to be in a position to provide actual information about their employees and their organization at large, they should have been in the organization long enough

4.3 Employee retention management practices

Figure 1: Employee retention efforts



Critical employees are employees that are considered valuable to the organization; these are employees any organization would try retain in the organization. Figure 1 shows that of the organizations surveyed, 57.1% made efforts to stop critical employees from resigning, while 42.9% did not. Making efforts to stop voluntary labour turnover means certain measures have been put in place to entice these employees to stay on. These measures are basically what this study seeks to identify and which are referred to as

employee retention management practices. The organizations that made no effort to retain critical employees may also have in place retention practices that they are not aware of.

Table 4: Organizational culture

	Frequency	Percent
Strongly agree	7	100.0

Organization culture or climate is each organization’s distinct approach to the way things are done. Some cultures may provoke a reaction that encourages employees to stay or leave the organization. Table 4 shows that 100% of the respondents agreed that organization culture strongly influences employees’ decision to either stay or leave. This implies that the management of the five star hotels recognizes the importance of having a conducive working atmosphere where employees are at ease.

Table 5: Management style

	Frequency	Percent
Agree	2	28.6
Strongly agree	5	71.4
Total	7	100.0

Line managers and supervisors play a vital role in determining voluntary labour turnover and employee retention. The most common reasons for resignation lie in poor or ineffective supervision from their immediate line managers. Table 5 shows that 28.6% of respondents agreed and 71.4% strongly agreed that management style plays a major role in influencing employees’ decision to stay or leave the organization. These organizations are therefore aware their managers have the power to motivate and support their employees or to drive them away.

Table 6: Training and development programs

	Frequency	Percent
Agree	1	14.3
Strongly agree	6	85.7
Total	7	100.0

Training and development programs equip employees with the required knowledge, skills and competencies needed to perform their duties and responsibilities effectively and efficiently. As shown in Table 6, 14.3% agreed and an overwhelming 85.7% strongly

agreed to having training and development programs in place as a retention measure for their employees. The implication is that employees that are well trained are more confident and are more likely to stay longer in the organization.

Table 7: Employee empowerment

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	3	42.9
Strongly agree	2	28.6
Total	7	100.0

Employee Empowerment is an approach that encourages employees to make decisions and resolve problems while at the same time taking responsibilities of the outcome; this gives employees flexibility and autonomy. Table 7 indicates that 14.3% of respondents strongly disagreed and another 14.3% disagreed that their employees were empowered. 42.9% agreed and 28.6% strongly agreed that their employees were empowered. The majority of the five star hotels have empowered employees, a practice that is also known to improve job satisfaction while at the same time managing retention.

Table 8: Perfect match in the hiring process

	Frequency	Percent
Disagree	2	28.6
Agree	5	71.4
Total	7	100.0

Recruitment and selection practices can have major impacts on employee rates of resignation. Under qualified or overqualified employees have higher rates of turnover due to inefficiency or boredom; most employers therefore seek to hire applicants that match the job requirements. Table 8 shows that 28.6% of the respondents did not hire applicants that perfectly matched the job requirement while 71.4% agree they hired employees that perfectly matched the job requirement. The majority of the five star hotels hired employees that are qualified as a way of retaining them.

Table 9: Extension of retirement age

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	2	28.6
Strongly agree	3	42.9
Total	7	100.0

Every organization has policies concerning retirement age, however, employees who have attained this age take with them valuable skill and experience gained over the years. Employers are realizing their organization can still benefit from this category of people and many are extending the contracts of retirees who are still needed in the organization as a way of retaining them. According to Table 9, 14.3% strongly disagreed and another 14.3% disagreed to extending the retirement age. 28.6% agreed and 42.9% strongly agreed that they extended the retirement age of those retiring in a bid to retain valuable employees. Most of the five star hotels can be said to use this practice as a way of retaining critical employees.

Table 10: Redesigning jobs

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	2	28.6
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

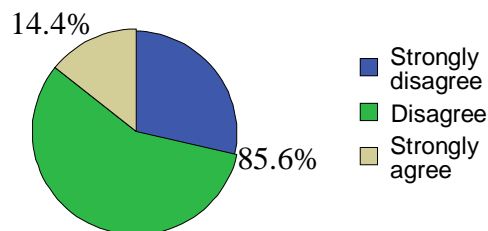
Job redesign means changing job tasks and responsibilities of routine and repetitive jobs which would otherwise create boredom, forcing employees to look for more challenging jobs elsewhere. According to Table 10, 28.6% of respondents strongly disagreed on redesigning jobs. 28.6% disagreed, 28.6% agreed and 14.3% strongly agreed. Since the majority of the respondents disagreed, redesigning jobs is therefore not widely used as a retention measure in the five star hotels. Employees who feel bored and unchallenged in their jobs are therefore likely to resign in search of more challenging jobs.

Table 11: Realistic job preview

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

New applicants should be made fully aware of the job demands and what working for the organization would be like through realistic job preview. Realistic job previews helps to deflate any unrealistic expectations a new recruit may have which may otherwise lead to voluntary labour turnover. Figure 11 shows that 42.9% of the human resource managers strongly disagreed to providing realistic job previews to potential applicants, 14.3% disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis implies that most five star hotels in Nairobi did not provide their potential applicants and new employees with a realistic job preview before engaging them, therefore, new employee with very high expectations may be disappointed and choose to resign.

Figure 2: Hiring Overqualified Employees



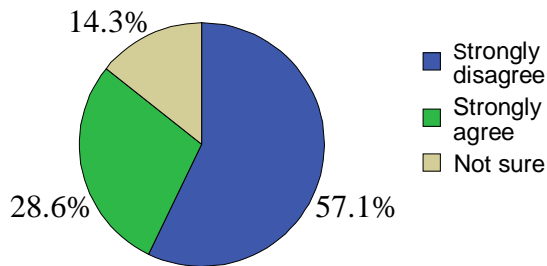
When recruiting criteria is pitched too high, the recruits end up being overqualified for the job. Most feeling their potentials are not fully exploited and challenged become bored and resign. As shown in Figure 2, the majority of the respondents; 85.6% did not hire overqualified employees for any given job in their organizations, 14.4% did. This analysis shows the five star hotels did not hire overqualified employees as retention measure therefore minimizing voluntary labour turnover.

Table 12: Hiring under qualified employees

	Frequency	Percent
Strongly disagree	4	57.1
Disagree	3	42.9
Total	7	100.0

Under qualified employees, being unskilled may get overwhelmed by their responsibilities and fail to perform well, these employees may end up being disciplined for poor performance, disillusioned and burnt out. The inevitable would be early exit from the organization. According to Table 12 above, 57.1% of the respondents strongly disagreed that they hired under qualified employees for the various job positions while 42.9% disagreed. It is therefore evident that five star hotels recruit applicants that are already qualified in order to curb voluntary labour turnover.

Figure 3: Benchmarking Compensation package



Benchmarking of compensation package is a practice often used by organizations to ensure pay levels are competitive and at par with what other competing organizations offer if not better. The aim is to ensure critical employees are not enticed by other well paying organizations. Figure 3 shows that 28.6% of the respondents strongly agreed that their organizations benchmarked the compensation package, 57.1% disagreed and 14.3% were not sure whether any benchmarking was done by their organizations. It is evident that the majority of the five star hotels did not compare their compensation package with their competitors. This implies that benchmarking of compensation package is not well employed as a means of retaining critical employees.

Table 13: Flexible working time

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	1	14.3
Agree	2	28.6
Strongly agree	2	28.6
Total	7	100.0

Flexible working time or flextime is an arrangement where employees are allowed the freedom regarding the hours they work; this enables employees to achieve more flexibility in their working lives through for example job sharing and part time hours. In Table 13 above, 28.6% of the respondents strongly disagreed concerning flextime in their hotel, 14.3% disagreed, 28.6% agreed and 28.6 strongly agreed. Flexible working time as a means of retaining employees is therefore used by the majority of the five star hotels to prevent loss of valuable employees.

Table 14: Revision and renegotiation of compensation package

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Whenever critical employees get other job offers with better terms of compensation, the current employer may decide to match that offer in order to retain them. According to Table 14, 42.9% of the respondents strongly disagreed their organizations revised and renegotiated the compensation packages of employees wishing to leave, 14.3% disagreed, whereas 28.6% agreed and 14.3% strongly agreed. This finding implies that five star hotels in Nairobi are not in the habit of revising the compensation packages of critical employees who wish to leave for better compensation elsewhere. Revision and renegotiation of compensation package cannot be considered common retention management practice in the five star hotels in Nairobi.

4.4 Voluntary labour turnover/resignations

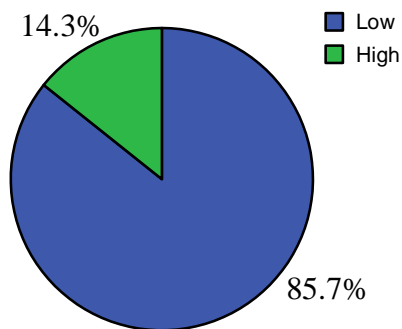
Voluntary labour turnover refers to when employees choose to resign or terminate their services from their employing organization due to various reasons, some of which have been analyzed below.

Table 15: Critical employees

	Frequency	Percent
Yes	7	100.0

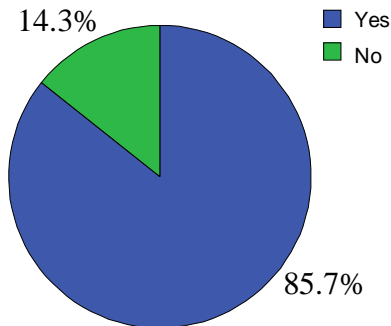
Critical employees as referred to in this study are those employees that an organization considers needed and valuable. These are the employees any organization would not like to lose. Table 15 shows that 100% of the respondents agreed they had employees they considered critical. This implies that effective employee retention practice have to be in place to entice these employees to stay with the organization.

Figure 4: level of resignation



Level of resignations basically refers to how often voluntary labour turnover takes place in the five star hotels. According to Figure 4, 85.7% of the respondents rated their levels of resignations or voluntary labour turnover as low and 14.3% rated it as high. Voluntary labour turnover in this case is not considered a big problem in the five star hotels.

Figure 5: Investigation of resignations



Organizations need to investigate why employees choose to turnover voluntarily in order to objectively deal with and curb the problem. According to figure 5 above, 85.7% of the respondents investigated why employees decide to leave and 14.3% did not do any investigations. The implication here is that the five star hotels that did not investigate reasons for voluntary labour turnover rated their resignation level as high while those who did rated voluntary labour turnover as low.

Table 16: Poor compensation

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Compensations are both monetary and non monetary rewards offered to employees for services rendered to the organization. Organizations that poorly compensates its employees risks losing them to better paying organization. As to whether poor compensation is considered a good reason for voluntary labour turnover in the five star hotels, 42.9% agreed while 57.1% strongly agreed. Five star hotels therefore needs to continually review how it compensates their employees in order to minimize or stop voluntary labour turnover.

Table 17 Competitive job offers

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Competitive job offers elsewhere may entice employees to move from their current employer. According to table 17, 42.9% agreed and 57.1% strongly agreed that competitive job offers is a good reason for voluntary labour turnover. To stop voluntary labour turnover that may be as a result of competitive job offers elsewhere, the five star hotels need to remain competitive.

Table 18: Lack of training and development opportunities

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Training and development opportunities equip employees with the necessary knowledge, skills and competencies to effectively perform their duties. Training also enables employees to adapt to changing systems, structures and technologies. Employees that are not accorded proper training and development opportunities may chose to leave for better prospects elsewhere. According to Table 18, 14.3% of the respondents strongly disagreed that lack of training and development is a reason for voluntary labour turnover, 71.4% disagreed and 14.3% agreed. The implication of this analysis is that the five star hotels have elaborate training and development programs for their employees, this is therefore not a good reason for voluntary labour turnover.

Table 19: Illness

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4

agree	1	14.3
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Illness often incapacitates employees such that they are unable to perform their duties effectively. Although many organizations have policies concerning sick leave, there are limits to how long one should be away from work. Whether or not employees resign due to poor health, 14.3% of the respondents strongly disagreed, 71.5% disagree and 14.3% agreed as shown in Table 19 above. Evidently illness is not a reason for voluntary labour turnover in the five star hotels although the management may choose to terminate an employee's employment contract due to poor health.

Table 20: Role overload

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Overworked employees often get burnt out and are unable to cope with their responsibilities, poor health and lack of balance between their work and social life may force them to opt for an early exit from the organization. However, according to Table 20, 14.3% of respondents strongly disagreed that role overload would cause voluntary labour turnover, 71.4% disagreed and only 14.3% agreed. The implication of this analysis is that the respondents that disagreed ensured their employees were not overworked while those that did agree deliberately exploited their employees who in most cases would opt to resign, consequently role overload is not considered a good reason for voluntary labour turnover.

Table 21: Relocation

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Movements from one geographical region to another especially among married couples may force spouses to resign and join their families, especially where transfer options are

not available. Asked whether relocation was a reason for voluntary labour turnover 42.9% of the respondents disagreed, and 57.1% agreed as is shown in Table 21. Although the majority of the respondents disagreed, almost a half agreed, relocation can be therefore be considered a minor reason of voluntary labour turnover.

Table 22: Job stress

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Stress at work can be caused by various reasons such as; being overworked, lack of proper job description, and harassment at work by both supervisors and fellow co-workers among other. When stress becomes unbearable, the health and performance of employees' gets jeopardized and the result may be voluntary labour turnover. According to Table 22, 42.9% of the respondents disagreed that job stress would cause employees to resign and 57.1 agreed. Job stress therefore can be said to cause employees to resign.

Table 23: lack of growth/promotion opportunities

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

When employees perceive that their organizations does not offer them opportunities for growth, or they are unfairly being over passed by promotions or they have reached the ceiling of their careers, they may opt to resign in a bid to grow their careers elsewhere. 42.9% of the respondents in Table 23 disagreed that lack of growth and promotion opportunities is a reason enough for voluntary labour turnover while 57.1% agreed that employees would resign due to lack of growth in their careers.

Table 24: Boredom

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

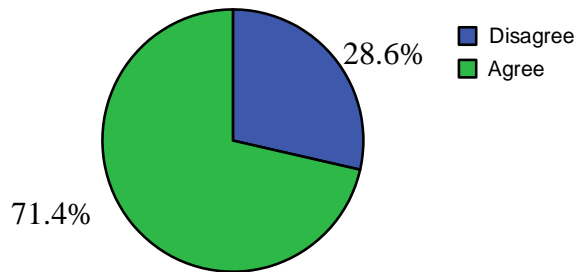
Boredom at work creeps in when employees engage in repetitive and routine jobs where they feel their potentials are not exploited to the full. They may feel unchallenged and unfulfilled in what they do. Such employees may be compelled to look for more challenging work elsewhere. 42.9% disagreed with this assertion while 57.1 agreed as shown in Table 24. Boredom should be addressed by the organization as a reason for voluntary labour turnover.

Table 25: Poor Working Conditions

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	6	85.7
Total	7	100.0

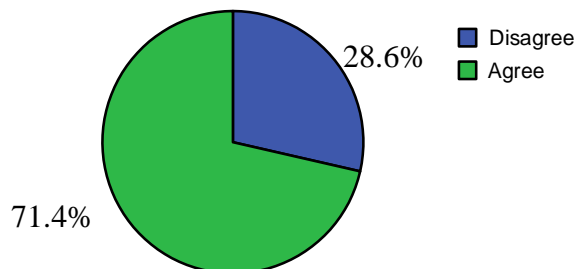
When the working environment is not conducive due to for example lack of proper working equipment and safety measures, employees may chose to resign. According to Table 25, 14.3% the human resource managers strongly disagreed that poor working conditions would cause employees to resign and a further 85.7% disagreed. This means that either the organizations ensured the conditions of work were favorable or the employees did not find this a problem to warrant terminating their services. In this case poor working condition is not a reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 6: Poor relationship with supervisors



When supervisors and line managers fail to relate well with employees due to poor interpersonal skills, the results could be voluntary labour turnover. According to figure 6, 71.4% of respondents agreed that poor relationship with supervisors would cause employees to resign but 28.6% disagreed. Poor relationship with supervisors can therefore be said to be a main reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 7: Family considerations



Family affairs have been known to force employees to terminate their services, these may include; marriage, pregnancies, relocation of spouses and the need to care for children with special needs among others. According to figure 7, 71.4% of the respondents agreed that employees would resign due to family considerations while 28.6% disagreed. Evidently, family considerations rank amongst the main reasons for voluntary labour turnover for employees in the five star hotels in Nairobi.

Table 26: Poor relationship with co-workers

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Organizations employ workers from different backgrounds and with different personalities. Disagreements among co-workers often occur and this affects one's ability to perform his or her duties effectively. Co-workers have also been known to be jealous and envious of each other especially when some are favored over others in the distribution of resources. According to Table 26, 28.6% of the respondents strongly disagreed that poor relationship among co-workers would cause voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that most employees in the five star hotels would not resign due to poor relationships with fellow co-workers.

Table 27: Poorly managed redundancy/retrenchment exercises

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

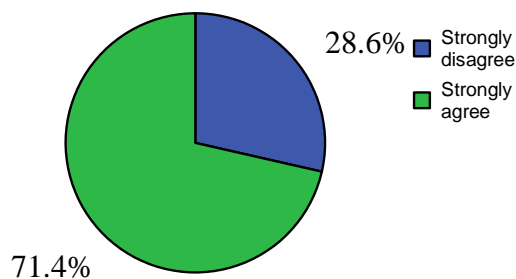
Poorly managed redundancies/retrenchment exercises often lead to survivor's syndrome; a situation where the employees that survived the exercise feel demotivated and are unsure of their job security which this may force them to start looking for alternatives. On the other hand, voluntary retrenchment package may be attractive to employees who are considered critical by the organization and are not themselves target of the exercise. According to Table 27, 28.6% of the respondents strongly disagreed that poorly managed redundancy/retrenchment exercises would lead to voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that poorly managed redundancy and retrenchment exercises seldom cause voluntary labour turnover in the five star hotels.

Table 28: Poor supervision

	Frequency	Percent
Disagree	4	57.1
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Poor supervision may be as a result of incompetent supervisors and managers, whose style of management may force frustrated employees to resign. Whether poor supervision contributed to voluntary labour turnover, Table 28 shows that 57.1% of the respondents disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis shows that poor supervision is not considered by the majority of the respondents as a good reason for voluntary labour turnover.

Figure 8: Resignation rate among the new and young employees



The new and young employees are assumed to have a higher rate of voluntary labour turnover, this is attributed to the fact that the young employees are not yet settled or established in their career while the new employee may leave due to unmet expectations. According to Figure 8, 71.4% of the respondents agreed to there being higher resignations among new and younger staff, while 28.6% disagreed. The new and young employees can therefore be said to resign more in the five star hotels compared to the rest of the employees.

Table 29: Rates of resignation among female employees

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Female employees are often thought to have a higher resignation rate compared to their male counterparts; this may be due to family interruptions and inability to deal with stress, as a result, certain organizations may choose to employ more men than women employees. Table 29 above shows that 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. Based on this analysis it is not true that female employees have a higher rate of voluntary labour turnover compared to the employees.

Table 30: Pay/ monetary reward

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Pay is the monetary reward employees are given in exchange for their services to the organization. It is often assumed that pay is the most important consideration when deciding to move to another organization. In Table 30 above, 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. It is therefore evident that employees put into consideration the whole compensation package which includes both the pay and other benefits. In this case pay alone is not a good reason for voluntary labour turnover.

Table 31: Married employees stay longer

	Frequency	percent
Disagree	1	14.3
Agree	6	85.7
Total	7	100.0

Due to family commitments and responsibilities, married employees are assumed to stay longer in employment compared to unmarried employees. According to Table 31, 14.3 % of the respondents disagreed that married couples stayed longer in their jobs and 85.7% agreed. The implication of this analysis is that five star hotels may reduce voluntary labour turnover by recruiting more married employees since it has been proven that they stay longer in employment.

Table 32: Level of education determines job alternatives

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

The level of education determines the number of job alternatives available to employees. Employees with higher levels of education have more job opportunities available to them. Table 32 shows that 42.9% of the respondents agreed to this and a further 57.1% strongly agreed. This therefore implies that employees with higher levels of education are likely to resign more compared to those with lower levels of education as they have more job opportunities available.

4.5 Pearson's product moment correlation

To establish the relationship between employee retention management practices and voluntary labour turnover, the variables retention efforts, employee empowerment, realistic job preview, job redesign, job alternatives, poor supervision, job stress, family considerations, education level and pay were correlated with the levels of voluntary labour turnover. For the above variables, correlation "r" will be significant when the significant level "p" is less or equal to 0.05.

Table 33: Retention efforts and resignation levels/ voluntary labour turnover

		Retention efforts	Resignation levels
Retention efforts	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Resignation levels	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

(r)= Pearson's product moment coefficient

(p)= Significance Level ≤ 0.05

(N)= Number of cases.

As shown in Table 33, $r=0.471$ and $p=0.286$. These findings suggest that there is a moderate positive but insignificant relationship between employee retention management practices and voluntary labour turnover. The implication is that the five star hotels that made efforts to retain critical employees did not register lower resignation levels. On the contrary, the positive relationship shows as retention efforts increased, the levels of resignation also increased.

Table 34: Employee empowerment and resignation levels/ voluntary labour turnover

		Employee empowerment	Resignation level
Decision making	Pearson Correlation	1	-.354
	Sig. (2-tailed)	.	.437
	N	7	7
Resignation level	Pearson Correlation	-.354	1
	Sig. (2-tailed)	.437	.
	N	7	7

The correlation results in Table 35 above show that $r=-0.354$ $p=0.437$. This suggests a very small and insignificant negative relationship between voluntary labour turnover and employee empowerment. Although the relationship between employee empowerment and

voluntary labour turnover is insignificant, the implication is that as the employees in the five star hotels get empowerment, voluntary labour turnover decreases but in a very small degree, on the other hand the low levels of voluntary labour turnover may be due to other variables other than employee empowerment.

Table 35: Job redesign and Resignation levels/ voluntary labour turnover

		Resignation level	Job redesign
Resignation level	Pearson Correlation	1	-.510
	Sig. (2-tailed)	.	.243
	N	7	7
Job redesign	Pearson Correlation	-.510	1
	Sig. (2-tailed)	.243	.
	N	7	7

At a correlation of -0.510 and significance level of 0.243, Table 35 shows a moderate negative but insignificant relationship between job redesign as a means of retaining employees and the levels of voluntary labour turnover. As the five star hotels redesign jobs in order to reduce boredom due to routine and repetitive roles, voluntary labour turnover is expected to reduce though not significantly.

Table 36: Realistic job preview and resignation levels/ voluntary labour turnover

		Realistic job preview	Resignation level
Realistic job preview	Pearson Correlation	1	-.415
	Sig. (2-tailed)	.	.355
	N	7	7
Resignation level	Pearson Correlation	-.415	1
	Sig. (2-tailed)	.355	.
	N	7	7

The relationship between realistic job preview and levels of resignation is shown in Table 36 to be negative and insignificant at $r = -0.415$ and $p = 0.355$. Whether or not the organizations surveyed carried out realistic job previews, it did not affect the levels of resignations of critical employees.

Table 37: Job alternatives and resignation levels/ voluntary labour turnover

		Resignation level	Job alternatives
Resignation level	Pearson Correlation	1	.167
	Sig. (2-tailed)	.	.721
	N	7	7
Job alternatives	Pearson Correlation	.167	1
	Sig. (2-tailed)	.721	.
	N	7	7

At $r = 0.167$ and $p = 0.721$, Table 37 clearly shows the relationship between job alternatives and levels of voluntary labor turnover or resignations to be insignificant and very weak. This correlation negates the assumption that increased job alternatives in other organizations would lead to increased levels of voluntary labour turnover.

Table 38: Poor supervision and resignation levels/ voluntary labour turnover

		Resignation level	Poor supervision
Resignation level	Pearson Correlation	1	-.320
	Sig. (2-tailed)	.	.484
	N	7	7
Poor supervision	Pearson Correlation	-.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

In Table 38, poor supervision and levels of resignation when $r = -0.320$ and $p = 0.484$ have a very weak negative relationship that is not significant. This implies that poor supervision would not necessarily reduce or increase voluntary labour turnover.

Table 39: Job stress and resignation levels/voluntary labour turnover

		Resignat ion level	Job stress
Resignation level	Pearson Correlation	1	.320
	Sig. (2-tailed)	.	.484
	N	7	7
Job stress	Pearson Correlation	.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

The relationship between job stress and resignation levels as shown in Table 39 where $r = 0.320$ $p = 0.484$ is shown to be positive but very weak and insignificant. According to this analysis, Job stress in a very weak way may lead to increased voluntary labour turnover but again this may not be so.

Table 40: Family considerations and resignation levels/voluntary labour turnover

		Resignat ion level	Family consider ations.
Resignation level	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Family	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 40 shows that $r = 0.471$ and $p = 0.286$. This analysis means that the relationship between resignation level and family considerations is positive, moderate and

insignificant. Although family concerns may lead to increased voluntarily turnover, the effect is insignificant.

Table 41: Education level and resignation levels/voluntary labour turnover

		Resignat ion level	Education Level determines alternatives
Resignation level	Pearson Correlation	1	-.471
	Sig. (2-tailed)	.	.286
	N	7	7
Education level determines alternatives	Pearson Correlation	-.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 41 shows the findings of the correlation between levels of education and voluntary labour turnover. The findings $r = -0.471$ and $p = 0.286$ suggest a negative insignificant relationship between the two variables. This finding implies that although higher levels of education may expose an employee to other job alternatives, the rate of resignation however remains low.

Table 42: Pay and resignation levels/voluntary labour turnover

		Pay	Resignat ion level
Pay	Pearson Correlation	1	.132
	Sig. (2-tailed)	.	.777
	N	7	7
Resignation level	Pearson Correlation	.132	1
	Sig. (2-tailed)	.777	.
	N	7	7

As shown in Table 43, $r = 0.132$ and $p = 0.7$, the relationship between pay and voluntary labour turnover is almost nil and is not significant. Pay here is not a determinant of

voluntary labour turnover, reduced or increased pay will not affect the levels of voluntary labour turnover.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The objective of this study was to establish the relationship between employee retention management practices and voluntary labour turnover in five star hotels in Nairobi; it also sought to identify employee retention management practices employed by these hotels. The census survey targeted a total of 11 five star hotels, however only 7 hotels responded and the data captured using questionnaires were analyzed. The data collected mainly covered the various employee retention practices used to retain critical employees and the reasons commonly given for voluntary labour turnover.

5.2 Discussions

The background information gathered revealed that all the human resource managers had post graduate qualifications and that they had worked in their organizations long enough. This proves that the respondents were competent and knowledgeable in human resource management functions and therefore able to offer credible information necessary for this study.

Previous studies carried out on employee retention management practices and voluntary labour turnover suggest that the two go hand in hand and are sides of the same coin. This means that as organizations put in place proper employee retention management practices, voluntary labour turnover is expected to reduce and vice versa. However, this study has revealed that the five star hotels that made deliberate efforts to retain critical employees and those that did not both registered low levels of voluntary labour turnover. Either the five star hotels that made no efforts to retain critical employees had incidental retention practices they were not aware of or the retention practices employed by the hotels that made efforts to retain critical employees had no bearing on the levels of voluntary labour turnover.

Employee retention management practices that received utmost support included ensuring that the organization culture was appropriate and that managers and supervisors received proper training in order to handle employees appropriately. This emerged from the fact that the organization culture and management style of managers were found to greatly influence the employees' decision to stay in the organization or resign. It is worth noting that all the five star hotels had elaborate training and development programs for their employees, this works to ensure that employees have the needed skill and knowledge to discharge their duties; well trained employees are less stressed and therefore stayed longer in employment. Employee empowerment, a practice that allows employees to make and participate in decision making was found to reduce voluntary labour turnover as it gives employees greater responsibilities, increased flexibility, autonomy and a sense of belonging.

As a retention measure, the recruiting and selection practices used by the five star hotels sought to hire employees that perfectly matched the job requirements. Hiring of under qualified and or overqualified employees was shunned as this would eventually lead to voluntary labour turnover. In addition, a common practice found among the five star hotels was the extension of employment contracts for critical employees who had reached the retirement age. Although the five star hotels surveyed were close to each other in proximity, very few benchmarked the compensation package offered; the compensation package offered by individual hotels did not depend on what other competing hotels were offering. It follows therefore that the five star hotels hardly revised or renegotiated compensation packages of critical employees who wished to move to other more competitive organizations. The majority of the five star hotels were found to accord flexible working time to their employees, this practice was used in order to enhance productivity, reduce employee absenteeism, improve morale and reduce turnover.

The human resource managers indicated their organizations have employees they consider critical and who they wish to retain, it is therefore imperative that these organizations investigated why voluntary labour turnover would come about. It should be noted however that voluntary labour turnover was rated low by an overwhelming majority of the

respondents most of who carried out investigations as to why employees resigned through exit interviews. Interestingly, the hotels that failed to investigate reason for voluntary labour turnover registered high levels of voluntary labour turnover.

The reasons for voluntary labour turnover that received a lot of support from the respondents were; poor compensation and competitive job offers. The five star hotels that had poor compensation packages risked losing their employees to better paying competitors. Poor relationship with supervisors was found to also encourage voluntary labour turnover, the role of supervisors and line manager in determining an employee's decision to terminate their services or not should not therefore be underestimated. Other reasons such as relocation, job stress, lack of growth and boredom were also found to influence voluntary labour turnover but in a moderate manner.

Poor working condition was not considered a reason for voluntary labour turnover by all respondents, either the organizations ensured the conditions of work were favorable or the employees do not find this a problem to warrant terminating their services. Lack of training and development opportunities, illness, role overload and ambiguous roles did not feature as good reason for voluntary labour turnover. It is evident that the five star hotels ensured all their employees received the necessary training needed to perform their duties effectively. It also means that the five star hotels have properly defined job descriptions and that the employees are not overwhelmed by their responsibilities. On the other hand poor relationship with co-workers and poorly managed redundancy exercises were not considered strong reasons to warrant voluntary labour turnover. Although poor relationship with supervisors was found to contribute to voluntary labour turnover, poor supervision did not receive much support.

On which category of employees is likely to have a higher rate of voluntary labour turnover, the study revealed that the new and the young employees tend to resign more than the rest; this finding could be attributed to the fact that this category of employees are still experimenting and are not fully settled and established in their careers. It therefore becomes necessary for organizations with this category of employees to mentor and coach

them concerning their career paths in order to retain them. On the contrary, married employees were found to stay longer; this could be because of family responsibilities, commitments and the need for stability. The assumption that women employees have higher rates of voluntary labour turnover compared to their male counterparts has been refuted, meaning the five star hotels offered equal employment opportunities to both male and female employees. Contrary to common believe that employees would easily move to organization that paid better salaries, it has emerged that pay per se is not an important determinant of voluntary labour turnover; this is because employees are more interested in the whole compensation package that also includes non financial benefits such as job security and work life balance. Finally, this study established that the level of education attained by employees determined availability of job alternatives; employees with higher qualifications will find themselves with more alternatives in other organizations compared to those with fewer qualifications, their employers therefore have to remain competitive if they are to retain their highly educated and qualified employees.

In order to establish whether there exists a relationship between employee retention management practices and voluntary labour turnover in the five star hotels in Nairobi, the Pearson's product moment correlation was used to correlate the levels of voluntary labour turnover and selected employee retention management practices. Retention efforts made by the five star hotels were found to have a positive moderate but insignificant relationship with voluntary labour turnover, such that the five star hotels that made efforts to retain critical employees and those that did not both registered low levels of resignations. Employee empowerment on the other had a very small and insignificant negative relationship with levels of resignation, the implication is that increased employee empowerment which allows employees to make and participate in decision making may reduce voluntary labour turnover but to a very small degree. Job redesign, realistic job preview, poor supervision and level of education indicated a negative and very weak insignificant relationship with levels of turnover. Job alternatives, job stress, family considerations and pay showed a very weak positive but insignificant relationship with voluntary labour turnover.

5.3 Conclusions

In conclusion, employee retention management practices and voluntary labour turnover have a fairly weak and insignificant relationship, whether negative or positive. All the five star hotels investigated had some employee retention practices in place although their extent of application varied from one organization to another, certain retention practices were found to be more popular than others. The employee retention practices employed by the five star hotels could as well be regarded as good human resource practices which do not necessarily determine an employee's decision to resign or stay. Of the employee retention practices, the popular ones adopted by the majority of the five star hotels include: appropriate and conducive organization climate or culture, proper and elaborate training and development programs for employees, appropriate management style of line managers, employee empowerment, objective recruitment and selective procedures which ensures the organizations recruits employees that match the job requirements; extension of employment contracts for employees who have reached the retirement age and allowing flexible working time to employees.

The findings have revealed that voluntary labour turnover is not a major problem in the hotel industry since all the respondents rated it as low save for one, this does not however imply these hotels are not addressing voluntary labour turnover since all the human resource managers agreed to having critical employees whom they wish to retain. The five star hotels that carried out investigations to determine the reasons for the few resignations, recorded low levels of resignations as opposed to those who did not. The sole instrument used to investigate the reasons for voluntary labour turnover was exit interviews.

The main reasons given for voluntary labour turnover are; poor compensation, competitive job offers elsewhere, poor relationship with supervisors; family considerations, boredom and job stress in that order. New and younger employees were found to have higher rates of voluntary labour turnover while married employees stayed longer in their jobs. It has further emerged that there may be other reasons besides employee retention management practices which has led to low voluntary labour turnover in the five star hotels. Byrnes (2002) suggest these other reasons could be non-work factors such as the links employees

have establish with co-workers, their fit or perceived compatibility with their jobs, the sacrifices they have to forego should they resign and economic recession where high levels of unemployment would dissuade employees from leaving.

Voluntary labour turnover posed certain challenges to human resource management and the organization at large, some of these include; the costs involved in recruiting and training new staff which is also time consuming; loss of tacit knowledge and skills and poor company image. Voluntary labour turnover also negatively affects performance, workflow and human resource planning.

5.4 Recommendations

The five star hotels that made efforts to investigate the voluntary turnover of critical employees used exit interviews as the sole information instrument. To gather more information, it is recommended that other instruments be employed; these organizations should also get the opinion of staying employees in order to assess their attitudes and morale, this will help avert future cases of voluntary labour turnover.

The findings of the study have shown that employee retention practices employed to retain critical employees are not the sole determinants of low levels of voluntary labour turnover, this is due to the fact that hotels that made no efforts to retain critical employees who wished to leave also recorded low voluntary labour turnover. Further studies should therefore be carried out to determine other factors that could be contributing to low levels of voluntary labour turnover.

The study focused on data collected from human resource managers of the five star hotels, it is recommended that further studies be carried out and data collected from employees in general. Their different opinions may provide more insight into the relationship between employee retention management practices and voluntary labour turnover.

The study did not manage to cover the whole target population due to time constrains and lack of cooperation from the respondents. It is therefore recommended that further studies

be undertaken to accommodate the hotel industry as a whole, this will widen the scope of the study.

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[http://tourism/Nairobi.hotels rating..mht](http://tourism/Nairobi.hotels_rating..mht)

APPENDICES

APPENDIX 1

LETTER OF INTRODUCTION

Jeddy C. Lepilale
School of Business
University of Nairobi
P.O Box 30197
Nairobi.

Dear Sir / Madam,

RE: Research on the relationship between employee retention management practices and labour turnover.

I am a student pursuing a Masters of Business Administration (MBA) at the University of Nairobi. This research is carried out for a management project paper as a requirement in partial fulfillment of the stated degree.

You have been selected to participate in this study by providing the required information necessary for this study, kindly fill the attached questionnaire as accurately as possible, your participation is essential to this study and will enhance our knowledge of these important human resource issues. The information you provide will be will be treated with utmost confidentiality and will only be used for academic purposes. Thank you.

Yours Faithfully,

Jeddy Lepilale,
MBA student
University Of Nairobi.

APPENDIX 2

QUESTIONNAIRE

This questionnaire has been designed to collect information from the human resource managers of five star hotels in Nairobi. Each questionnaire has 3 sections, please complete each section as instructed. You are not required to write your name or the name of your hotel.

Section A

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

1. What is your gender? 1. Male () 2. Female ()

2. What is your highest academic qualification?
 1. "O" level ().
 2. "A" Level ().
 3. Certificate ()
 4. Diploma ()
 4. Degree ().
 5. Post graduate degree ().
 6. Other_____

3. How long have you worked in the organization
 1. Less than one year ().
 2. 1-5 years ().
 3. 6-10 years ().
 4. Over 10 years ()

Section B

Employee Retention Management Practices.

4. Does your organization try to stop the needed employees from resigning?
 1. Yes ()
 - 2.No ()

5. What human resource retention management practices do you use to retain employees?
 - 1) _____
 - 2) _____
 - 3) _____
 - 4) _____
 - 5) _____
 - 6) _____
 - 7) _____
 - 8) _____

9) _____

10) _____

In the table below please tick your response to the statement in the space provided where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

<i>Q. No.</i>	<i>Statement</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
6	Organization culture/ climate can influence an employee's decision to stay or resign					
7	Employees in my organization are allowed to make and participate in decision making					
8	Repetitive/routine jobs in my organization are often redesigned to reduce boredom					
9	In the hiring process, potential employees are often provided with a realistic picture of the job and the organization					
10	My organization often recruits overqualified employees for any given job					
11	My organization often recruits under qualified employees fro any given job.					
12	My organization recruits employees that perfectly match the requirements of the job.					
13	Employees in my organization go through training programs					
14	The management style of line managers influences an employee's decision to stay or resign					
15	My organization benchmarks/compares the pay and benefit packages offered to employees in other five star hotels.					

16	Our employees are allowed flexible working time					
17	My organization often extends the contracts of needed employees who have reached the retirement age.					
18	My organization attempts to revise the pay and benefit packages of needed employees who intend to resign					

Section C

Voluntary labour Turnover/ Resignation

19. Are there employees you consider critical/ valuable to the organization who you wish to retain? 1. Yes () 2. No ()

20. What is the level of voluntary resignations in your organization?

1. Very low () 2. Low () 3. Moderate () 4. High () 5. Very high ()

21. Which department has the highest rate of voluntary resignation?

22. Does your organization investigate reasons why employees choose to resign from the organization? 1. Yes () 2. No ()

23. If yes above please tick the sources of information your organizations uses to investigate these reasons.

1. Exit Interviews() 2. Separation questionnaires (). 3. Attitude surveys ()
4. Routine performance appraisal interviews (). 5.Others_____

24. Below are some common reasons cited by resigning employees, use the scale below to tick the extent to which the same reason apply to your organization. **1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure**

Reason for voluntary labour turnover	1	2	3	4	5
Poor compensation package					
Lack of training and development opportunities					
Competitive job offers elsewhere					
Illness					
Relocation					
Poor working conditions					
Poor relationship with supervisors					
Poor relationships with co-workers					
Poor supervision					
Poorly managed redundancies					
Job stress					
Lack of growth and promotion opportunities					
Family considerations					
Role overload					
Ambiguous job roles					
Others					

In the table below please tick your response to the statement given in the statement column where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

No.	Question	1	2	3	4	5
25.	New recruits and younger staff have higher rates of voluntary resignations.					
26.	Female employees tend to have higher rates of resignations compared to the male employees.					

27.	Married employees stay longer in their jobs compared to unmarried employees.					
28.	Level of education determines the number of job alternatives.					
29.	Pay is the most important consideration when deciding to move to another organization.					

30. What challenges does voluntary labour turnover pose to Human Resource Management?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____
- 7) _____
- 8) _____
- 9) _____
- 10) _____

31. How does voluntary labour turnover affect the organization?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____

APPENDIX 3

LIST OF FIVE STAR HOTELS IN NAIROBI

Nairobi Serena hotel

Sarova Stanley Hotel

Safari Park Hotel and Casino

Wildsor Golf Hotel and Country Club

The Giraffe Manor

Panari Hotel

The Holiday Inn

Laico Regency Hotel

The Norfolk Hotel

Intercontinental Hotel

The Hilton Hotel

CHAPTER ONE

INTRODUCTION

1.1 Background

Organizations in the 21st century, the hotel industry notwithstanding are recognizing that human resources are very important assets, and that the success of the organization depends fully on how effectively its employees are managed (Okumbe, 2001). Regardless of size, technological advances, market focus and other factors, all organizations are facing voluntary labour turnover and retention challenges. In the current dynamic labour market and competitive business environment particularly in the hotel industry, there is need for organizations to come up with employee retention practices that will ensure their critical staff is not lured to other organizations.

Pfeffer & Baron (1988) noted that downsizing and hiring contingent workers has caused long term organizational commitment to start disappearing, this therefore means that high worker turnover has become common and workers mobility decision is a critical issue. Dessler (1993) writes that to manage change, organizations must have employees who are committed to the demands of rapid change because committed employees are a source of competitive advantage. This thus forces both employees and employers to remain aware of the larger market place and to continuously examine each other's needs.

1.1.1 Employee retention concept

Employee retention or personnel continuity is the ability of an organization to keep their employees from leaving the organization to go to other organizations (Okumbe, 2001). Employees may choose to leave or stay for various reasons; the underlying factor however is job satisfaction. According to Hills (1987), the first goal of any compensation package is to elicit desired behavior from employees, this involves among others attracting the required candidates and motivating them to stay with the organization. When an organization lacks proper retention management practices and thus the ability to retain its

needed workforce, the result is high voluntary turn over which is quite costly in terms of recruitment and selection and also the time spent to discharge those leaving.

Employee retention management practices are the activities undertaken by organizations to encourage their employees to stay with the organization. Okumbe (2001) cites activities such as employee promotions, transfers, management of tardiness and absenteeism, grievances and discipline, procedural justice and ethics in employee relations. Graham (2003) includes other retention management practices such as; employee empowerment, job redesign, objective recruitment and selection practices, induction and training, competitive compensation package, flexible working hours and proper redundancy practices among others.

1.1.2 Voluntary labour turnover

In a broad sense “turnover” according to Flippo (1984) is the movement into and out of an organization by the workforce. Employees may get separated from the organization through various methods such as dismissals, retirement due to old age, redundancies among others. The management is normally in control of these means of separation. Voluntary labour turnover on the other hand is where employees choose to resign or terminate their services from their employing organization for a variety of reasons such as; better job offers elsewhere; poor working conditions and management, relocation, lack of career growth, poor pay among others.

Retention management practices and voluntary labour turnover are aspects of employee mobility; both may be considered as different sides of a coin. Voluntary worker turnover becomes a bigger problem if it involves the separation of critical and needed employees. On the other side of the coin is employee retention and the practices employed to achieve an ongoing employment relationship for the employees an organization does not wish to lose. (Huang, Lin & Chuang, 2006). Putting in place effective retention management practices may eliminate or reduce voluntary labour turnover of critical employees, whereas poor or lack of retention practices may increase voluntary labour turnover.

According to Okumbe, (2001) voluntary labour turnover may be healthy for an organization because it provides voluntary avenues for good-riddance since it helps cushion the organization against impending redundancies. Those leaving should exit peacefully and appreciate the useful experience gained in the organization. Steel, Griffeth, Hom & Lyons (1993) note that high levels of unemployment may dissuade some employees from leaving their jobs; this may however not apply to those individuals with specialized skills and training.

1.2 The hotel industry in Kenya

The Webster's New World Dictionary defines a hotel as an establishment that provides paid lodging and often food for travelers on a short term basis. The word hotel is derived from the French word *hôtel* coined from *hôte* meaning host, according to the French version, it refers to a townhouse or any other building receiving frequent visitors.

There are different kinds of hotels all over the world: Tree house hotels, Cave hotels, Capsule hotels, ice and snow hotels, garden hotels, underwater hotels, resort hotels, railway hotels, airport transit hotels and motels, among others. The hotel industry in Kenya is made up of different classes of hotels that offer accommodation, food and recreational activities to both foreign and local tourists. The pioneer hotel in Kenya which no longer exists was the Grand Hotel in Mombasa; it was the meeting point for the planners and supervisors of the Uganda Railway in the 1890s. Other current pioneer hotels such as The Stanley and The Norfolk were established in 1902 and 1904 respectively, many other hotels have come up since then, managed singly or under a group of hotels by either local or foreign investors. (Kenya Book of Records, 2008).

The success of the hotels industry in Kenya is determined by bed occupancies and number of nights spent. There are many hotels in Nairobi located close to each other. The industry provides the largest number of jobs in Kenya, this also means that dissatisfied employees are surrounded by many alternatives making competition in the hotel industry very stiff. Individual hotels therefore need to put in place retention practices to ensure their critical staff is retained. (Joliffe, 2000).

Hotels in Kenya are classified into classes, where stars have been used as symbols for classification purposes. According to Wikipedia website, a set of one to five stars is commonly employed to categorize hotels. Classification of hotels is based on many values some of which may not be necessarily significant to each guest. The classifications are determined through the opinion of a classifier which may be the tourist office of a nation or a hotel association. Hotels are classified according to their amenities and recreational facilities and the quality of room. Some of the criteria used in making such assessments are size of rooms, décor/furnishings, public areas, hospitality services, staff attitudes, maintenance/housekeeping and sanitary standards among others.

In a five star hotel, a guest expects to find spacious and luxurious accommodation matching or close to international standards, impressive interior design, formal well supervised and flawless services that are tailored to the needs of the guest. A five star hotel should also demonstrate a high level of technical skill, producing dishes to the highest international standards. Staff should be knowledgeable, helpful, well versed in all aspects of customer care, combining efficiency with courtesy. According to Africapoint.com Online travel Agent website there are a total of 11 five star hotels distributed within Nairobi's central business district and its environs.

1.3 Statement of the problem

Voluntary labour turnover and employee retention practices pose huge challenges for many organizations especially in high-technology and the hotel industry (Mitchel, Holtom & Lee 1992). Voluntary labour turnover in the hotel industry is attributed to high competition, availability of alternatives and poor compensation packages (Graham, 2003). This problem is made worse by the fact that the voluntary labour turnover is random in nature, therefore difficult to predict and plan because the management lacks control. It is also very costly. Hills (1987) adds that high rate of voluntary labour turnover eventually affects an organizations ability to attract qualified applicant, this in essence will affect the overall performance of a firm. It is therefore important for organizations to investigate why employees choose to leave and put in place proper retention practices. Studies done in the past concentrated on labour turnover in general. Oroni (2006) wrote on 'Labour

turnover in state corporations in Kenya', Machayo (2006): 'Factors that are associated with labour turnover among health professionals in Kenya', Abuti (2005): 'A survey of the factors that are associated with staff turnover in broadcast media home', and Mugumu (2002): 'Employees perception of factors that influence Labour turnover in ethnics finance institutions in Kenya'. This then means most of the literature review on voluntary turnover is derived from labour turnover literature. Very little study has also been done on employee retention management practices. Graham, (2003) and Armstrong, (2006) note that organizations are either doing very little to retain critical employees, or their focus on retention practices is very narrow with different organizations embracing contrasting retention practices.

The emerging concern therefore is organizations are taking little or no action at all to control their loss of valuable staff through resignations, which therefore means that very few retention management practices if any have been put in place to manage voluntary labour turnover. This study seeks to focus on the employees that are valuable to organization and who may wish to terminate their services and what the management can do or has done to retain them. This will be done by answering the questions; what employee retention management practices has the five star hotels in Nairobi put in place to retain valuable employees? What is the relationship between these retention practices and voluntary labour turnover?

1.4 Research objectives

- i. To establish the employee retention practices used by the five star hotels to retain employees.
- ii. To establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels.

1.5 Importance of the study

The study will be beneficial to organizations in the hotel industry. Human resource managers need to know the extent of voluntary labour turnover in their organization. This

information may lead them to either take corrective actions to retain employees or to reinforce practices that have led to low turnover.

The study will also be beneficial to other organizations in general who may find the results helpful in managing their own voluntary labour turnover and retention problems.

This study will add to the body of existing knowledge. Scholars of human resource management and other related fields will find this study a valuable addition for literature review. This may also help to provoke further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Human Resource Management according to Dessler, (2005) is the process of acquiring, training, appraising, compensating employees and attending to their labor relations, health and safety and fairness concerns. Okumbe, (2001) defines human resource management as a strategic approach to acquiring, developing, managing and gaining the commitment of organization's key resource- the people who work in and for it. One of the principles of human resource management is that the employees or human resources are the most important resources in any organization. He adds that human resource management also includes employee continuity and separation under which voluntary labour turnover and employee retention management practices falls. (Okumbe, 2001).

Employee retention management practices and voluntary labour turnover if not properly managed have far reaching implications to the overall human resource management. According to Okumbe (2001) voluntary labour turnover has a negative effect on human resource planning which he defines as a continuing systematic process of analyzing an organization's human resource requirements, which is achieved through acquiring the right number and quality of the employees an organization needs and retaining the kinds of staff it requires. Hills (1987) emphasizes that high voluntary labour turnover is a manifestation of poor human resource management. This eventually affects an organizations ability to attract qualified applicant and compromise its overall performance.

Graham (2003), Okumbe (2001) and Cascio (1982) acknowledge that high rates of labour turnover are bad for any business; on the other hand, a stagnant workforce with little or no movement to and from the outside world does not provide the best conditions for dynamism and innovation. Somewhere between these extremes lies the optimum level of voluntary turnover.

2.2 Employee retention management strategies and practices

Employee retention is defined by Okumbe, (2001) as the continuity of human resource service through the formulation and implementation of integrative and mutually supportive personnel programmes that will motivate and satisfy the employees. Graham (2003) writings on how to retain the best staff, analyzed a survey carried among 430 Personnel and HR specialist to determine how important retention issues were in their organizations and whether any initiatives were being taken to address them. The findings revealed that employee retention had become a key priority for UK employers and it is among the 10 most important challenges facing Personnel and HR specialists. According to Graham (2003), the issue of retention faces two major difficulties. Firstly, it is not easy to identify who is likely to leave, how large the staff turnover rate is, and what is driving these resignations. Secondly, it is not simple to develop initiatives and practices that can control staff turnover in a cost effective way. Strategies necessary for developing appropriate employee retention management practices include; firstly performing a risk analysis which will determine whether voluntary labour turnover is a problem to the organization or not, issues to be considered include; the number of employees resigning, their positions and whether the organization wants them to leave or not. Secondly, there is need to analyze the reason for leaving, this information can be collected from exit interviews; outside consultants may be used to perform these interviews in order to ensure the reasons given for leaving are not defensive or protecting the remaining employees. Thirdly, organizations need to analyze the reasons for staying by conducting focus groups with existing employees to determine factors that keep them in their jobs. Finally organizations need to develop a top-level support, the management should be willing to devote financial and human resources to the planning, development, execution and maintenance of employee retention management practices. (Armstrong, 2006), (Graham, 2003) and (Steel, Griffeth, Hom & Lyons, 1993).

Graham (2003) lists the following employee retention management practices as effective in retaining employees; Organizational Culture, employee empowerment and job redesign, objective recruitment and selection practices, induction, training and development, identification of manager's role in employee retention, promotions and sideways moves,

competitive pay and benefits, childcare facilities, flexible working hours, proper redundancy practices, reconsidering retirement age, and integrating employees with disabilities.

Corporate culture is each organization's distinct approach to the way things are done. Some organizations may discover that their culture is causing problems on a broader scale, the culture may provoke a reaction that encourages employees to leave the organization, however where the climate is more to their liking they stay. Many organizations usually embark on cultural change initiative for business-related reasons but in the process some discover that the changes they introduced have broader benefits in terms of improving retention rates.

Job redesign and employee empowerment helps to reduce boredom in routine and repetitive jobs which would otherwise force employees to move elsewhere to find a job that is more challenging. Empowerment is an approach that aims at encouraging employees to accept a certain amount of personal responsibility for making decisions and resolving problems. It gives employees greater responsibility, increased flexibility and autonomy. This can improve job satisfaction and help in the management of retention. Empowerment and job redesign are usually interlinked. To introduce empowerment means changing job tasks and responsibilities. (Steers & Porter, 1983) and (Dessler, 2005).

Recruitment and selection practices can have major impacts on staff resignation rates. When recruiting criteria are pitched too high, the recruit ends up being overqualified for the job, they later become bored and leave. Unrealistically high recruitment criteria also expose employers to potential liability for unlawful discrimination. On the other hand, an under skilled recruit may get overwhelmed by the job's demands and fail to do well, he or she is either disciplined for poor performance or become disillusioned and burnt out. In both cases an early departure is likely. The recruiting committee should ensure that recruitment criteria are identified in a careful and objective manner. Candidates should be made fully aware of the demands of the job and what working for the organization would be like through realistic job previews (Flippo, 1984). Induction, training and development

of employees determines how well new recruits settle in the organizations. Effective induction should not be a one-off event; it should involve an ongoing process and is therefore used to aid staff retention. Training and development is heavily used by employers as a means of improving retention of staff by equipping them with the required knowledge, skills and competencies needed to perform their duties and responsibilities (Okumbe, 2001)

The role of line managers as noted by Graham (2003) rank among the most important of all the various influences on employee decision to leave. Taylor (2002) states that the most common reasons for resignation lies in poor or ineffective supervision from their immediate line managers. Employers are not often aware of the extent to which their line managers are contributing directly to their organization's rates of turnover because the line managers are responsible for recording and reporting the reasons people leave. Organizations need to pay attention to the skills and behaviors of line managers by introducing or improving training programs to raise their competence. In positive ways, their power to motivate, enthuse and support their subordinates contributes greatly to the quality of employees working lives. Managers take a center stage in helping employees gain access to training opportunities, promotions and through their regular performance reviews, to favorable performance ratings.

Promotion and sideways moves increases employee development opportunities on available offers and opens up career paths for employees. This is commonly used by employers to retain employees (Flippo, 1984). Pay and benefits offered by employers play a big role in an employee's decision to stay or leave. Employers that pay significantly below market rate with no other compensatory factors working in their favor may find that their retention difficulties may be due to lower salaries. Employers have other options besides increasing basic salary. E.g. market premia can be introduced where groups of staff are given unconsolidated payments, these payments target staff that would be difficult to replace because of skill shortage in the labour market or whose loss would cause serious difficulties for the organization. Location allowances can be used in areas where staff is difficult to recruit and retain; benchmarking pay ensures pay levels are

competitive. Pay progression, a pay scale that is partly linked to performance, experience and competency levels may also be employed (Graham, 2003) and (Armstrong, 2006). Employers may have to highlight the cash value of the existing benefit package and communicating the information to the workforce. Organizations may also create flexible benefit policies thus giving employees some measure of control over their benefits package.

Flexible working arrangement or flextime as put forward by Dessler (2005) is a plan where employees are allowed the freedom regarding the hours they work. Some jobs are unpopular because of their unsocial hours e.g. shift working, night working and weekend working; these are usually required by labour intensive industries. Even where shift working is the norm, some employers have found it possible to make modifications that improve their ability to recruit and retain staff, for example changing the working day, week or offering special types of leave. Changing working time can be effective because the majority of employees now expect to achieve more flexibility in their working lives in order to cater for their personal commitments through for example job sharing and part-time hours. Dessler (2005) mentions work sharing and telecommuting as other flexible work arrangements employers can adopt. Flippo (1984) adds that flextime fits quite well with the new values of the modern workforce and that such plans have also been found to have a number of advantages to the employer such as; enhanced productivity, reduced employee tardiness and absenteeism, improved morale and reduced turnover. Childcare facilities could be made available to especially single working parents who face the challenge of balancing work and family life. This may be in terms of free or subsidized vouchers that can be used to purchase childcare or provision of advice on childcare facilities in the local area. Organization could also have daycare facilities within the organization. (Dessler, 2005).

Employees may become disabled while working for their employers through accidents and age related conditions (Aluchio 1998). Research has shown that early intervention is key in ensuring that individuals on long term sick leave are retained by their firms even if they develop disabilities. Employers should evaluate the job, working conditions, access and

other factors to see if reasonable adjustments can be made in order to retain such individuals. Redeployment to another job is a further possibility to be considered. Retention initiatives usually focus on individuals who leave voluntarily, however the retention of employees who have attained the retirement age and are therefore obliged to resign is more directly under the control of the employer. Employees who reach normal retirement age take with them valuable skills and experience gained over their working life. Employers are realizing that it takes little business sense to compel all such staff to leave the organization. Some employees may wish to continue working as a way of maintaining a familiar sense of routine and social interaction and for income to supplement their income. (Dessler, 2005) and (Graham, 2003). Redundancy defined by Aluchio (1998) and Okumbe (2001) as the loss of employment through no fault of the employee concerned is a method of separation under the control of management, it is normally occasioned by re-organization, mechanization or lack of orders. Unforeseen and unwanted loss of key members of staff represents one of the most commonly found problem of redundancy programs. Many firms fail to manage the process of applying for voluntary redundancy, thus the heavy redundancy payments encourage long serving staff to leave, these are the most experienced and skilled staff. Poorly handled redundancy exercises also have a detrimental impact on survivors who may feel resentful, demotivated and are therefore likely to leave at the earliest opportunity

Sources of information for developing retention practices

Graham (2003) and Armstrong (2006) identified the following sources of information that could be used to construct employee retention management practices and strategies; labour turnover data, exit interviews and separation questionnaires survey forms, feedback, attitude surveys and routine performance appraisal interviews.

Labour turnover data may be used as one of the sources that organizations use when developing a retention management strategy; this data may be useful in identifying the root causes of staff retention problems. Rate of labour turnover represents the end point since they measure what has already occurred which is loss of staff members. They do not show the reasons for staff losses although patterns and changes over time can hint at them.

Exit interviews and separation questionnaires survey forms are completed by departing employees, these provide valuable insights as to reasons why employees leave. These techniques are however backward looking because the subjects have already decided to leave. Gooch (1999) notes that employees may not always disclose the real reasons for leaving or their true views about the organization. This may be overcome by enlisting the help of consultants to carry out the interviews away from normal place of work. Departing employees should understand why exit interviews have to be conducted and that the information they provide is confidential. Feedback may be used to infer the reasons that may prompt other members of the staff to resign. Attitude surveys and questionnaires are other methods that may be used to canvass individuals who have not resigned or may not have even considered leaving. These methods are useful in determining levels of employee morale, motivation and degree to which employee identify with the organization. (Taylor, 1988). Routine performance appraisal interviews also provide information to the management. Action can then be taken by the organization before employees decide to look elsewhere. These provide the earliest opportunity to address them before the psychological break with the employer is reached.

2.3 Voluntary labour turnover

Voluntary turnover refers to cases where employees resign or terminate their services from organizations that had employed them, (Okumbe, 2001). Job terminations occur for various reasons, however there has evolved a consistent line of research evidence showing that voluntary job terminations can be explained from the employee's intentions to leave an organization (Bluedorn, 1982). According to March & Simon (1958) this intentional decision involves a subjective evaluation of the employee's job aspirations in comparison with the expected value of job opportunities in the present organization and the availability of attractive opportunities in other organizations or alternative careers. The employee's decision to quit is not considered an impulsive action but one that is rationalized over time (Simon, 1957).

Mobley (1977), Mobley, Horner & Hollingsworth (1978) suggest that the termination decision process can be described as a sequence of cognitive stages that starts with; initial

dissatisfaction with the present job, intention to search for a different job, an active search and evaluation of alternatives, an expressed intention to quit and finally job termination. According to the writers, each successive step represents increasing withdrawal from the organization. Mobley, Griffeth, Hand & Meglino (1979) concludes that there is still a lot more to be learned about the decision process leading to job termination. They suggest two factors that are related to employee's progression through successive stages of withdrawal. One factor reflects the employee's evaluation of the organization's future expected value with respect to their work aspirations. Termination here may represent the employee's decision to accept a more attractive job opportunity. The second factor focuses on the tension associated with the organization's present working conditions. Termination in this case may represent the employee's decision to leave a stressful work environment. Lee & Mitchell (1994) describe four paths employees could take when deciding to terminate their employment; they may follow a plan, this is where a plan and script for leaving is already in place, others may leave without a plan or even alternatives, some employees may leave for a better alternative elsewhere, while others will leave because their current job is unsatisfying.

Employees decide to resign for various reasons. Graham (2003) identifies push and pull factors as the main reasons employees voluntarily terminate their employment. Push factors contribute to the weakening of the psychological contract between employees and their employers, these factors affect employees' identification and attachment to their employers, they contribute to a large extent to an employee's decision making process about moving on. The push factors include; poor supervision that may be arbitrary and or unfair, lack of training and development and poor pay. Pull factors on the other hand come to play when the psychological contract is already weakened; employees begin to compare what other employers are offering.

Mitchell, Holton & Lee (1992) and Armstrong (2006) give other reasons which they describe as; personal, organizational, job dissatisfaction and availability of alternatives. Examples cited under personal reasons include; changes in family situations, desire to learn a new skill or trade, unsolicited job offers, pregnancy, illness and relocation.

Organizational reasons include examples such as; observing mistreatment of a co-worker, over passed for promotion, poor relationships with managers and or team leaders, poor relationship with co-workers, bullying and harassment. Also included under organizational reasons are changes such as mergers, unsolicited job offers, friends leaving, poorly managed redundancies and retrenchment exercises. Under Job dissatisfaction, Mitchell, Holton & Lee (1993) note that employees who are dissatisfied with their jobs are likely to leave after evaluating their pay, supervision, chances of promotion, work environment, and the task they do. Causes of job dissatisfaction include; job stress, repetitive work, role ambiguity and role overload. Dissatisfied employees start looking around for other alternatives; they may conduct a perceived and or actual job search. Alternatives can influence this process such that if alternatives are considered favorable in comparison to the present job, the person is predicted to leave, if not he or she stays. In addition, employees with more alternatives are more likely to leave than those with fewer alternatives.

Various assumptions have been made about voluntary labour turnover. According to Sicherman, (1996) and Glass & Riley (1998), women are more likely to turnover due to family considerations which interrupt their careers. Keith & McWilliams (1995) suggests that married employees often make decision based on relatively complicated concerns, including kinship responsibility and children issues, such concerns may causes them to hold onto their jobs longer than unmarried people. According to Williamson (1981) highly educated employees are more likely to resign since education determines the number of job openings available. Human capital theory proposes that, other things being constant, a given worker will have a greater probability of leaving a low-paying job than a higher-paying one. Akerlof, (1984) and Yellen, (1984) posit that offering a wage that is higher than the average market level will help to retain competent workers. They however add that pay is not the only or main reason why employees begin to look for another job, they may get discontented and leave when their skills or talents are not properly developed. According to Steel, Griffeth & Hom (2002), the impact of different workers' turnover on a firm is not equal; it is the performance level of the employee, not the act of quitting or staying per se that determines the positive or negative nature of the retention and or

separation event. Lazear (1999) found that better performers were less likely to turnover; better performance reflects more beneficial firm-specific skills which may motivate retention. On the other hand, poor performers may be less likely to stay longer with a firm because of the poor performance evaluations and the lower pay level they receive. Lazear (1998) found that recent promotion is negatively related to turnover, it makes one more suitable to the current employer than to other, in which case promotion would reduce turnover. March and Simon (1958) declared that under nearly all conditions, the most accurate single predictor of labor turnover is the state of the economy, during periods of prosperity, the turnover rate in the overall market tends to be higher than in times of economic recession.

Methods used to calculate labour turnover

Graham (2003) and Armstrong (2006) identified the following methods of calculating turnover; crude wastage, rates of voluntary turnover, stability index, survival rates and destination of leavers. Since voluntary resignation represents the main focus of interest, it should be ensured that the data on labour turnover rates measures only this form of turnover. Unfortunately most external sources of benchmarking data measure it with far less precision through crude wastage. The method lumps together all and every reason for turnover:

$$\frac{\text{Number of all types of leavers in a specified period (usually 12 Months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

The crude wastage method has the effect of inflating the findings. Although many published surveys rely on it, the crude-wastage rate is of virtually no use as the basis for managing retention- it represents a tool that is too blunt for effective use unless the employers included in the survey are behaving in the same way as the organizations making the comparison. Most organizations use this method because they lack more precise statistics available.

Rates of voluntary turnover follow much the same process as for crude wastage:

$$\frac{\text{Number of leavers for voluntary reasons in a specified time(usually 12 months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

Stability index shows the extent to which the turbulence caused by labour turnover permeates the workforce. In the hospitality industry where high turnover rates are prevalent, some employers have found that the same posts have a succession of recruits and leavers during the course of a year while much of the workforce is unaffected.

$$\text{Stability index} = \frac{\text{Number of employees having a specified length of service}}{\text{Total workforce}} \times 100$$

Survival Rates focuses on the effectiveness of the recruitment, training and management of identifiable groups of staff. It is mainly used for new graduates. Alternatively, it can be one way of gauging the impact of a change in recruitment and selection practice on retention rates, comparing survival rates before and after the modification

$$\text{Survival Rate} = \frac{\text{Number of people recruited in a specific year}}{\text{Number in that Group still in employment at a certain date}} \times 100$$

This calculation is often based on a time series of individual years e.g. the intake of 1995 is compared with the number surviving in 1996, 1997 etc.

Resignation rate can also be calculated according to the destination of leavers. This method is favored more in the public sector where turnover rate are often broken down into those moving within the same area or going elsewhere.

2.4 Economic impact of voluntary labor turnover

Under the present economic pressures, organizations should ensure that valuable staff is retained and that recruitment should take place only when it is fully justified. It is very costly to do nothing about high rates of turnover. One key individual can hold the fortunes of a department or business in their hands. Loss of several members of staff in the same

unit or team can lead to instability (Okumbe, 2001). Voluntary turnover is costly for both employers and workers, employers find replacement cost and hidden organizational cost high (Mitchell, Holton, & Lee 1993). Workers also find monetary and psychological costs taxing (Ehrenberg & Smith, 1994). Human capital theory according to Mincer (1962) and Becker (1962) considers voluntary turnover an investment in which costs are borne in an earlier period in order to obtain returns over a long period of time. Therefore, the decision to stay or go involves evaluating cost and benefits. If the present value of the returns associated with turnover exceeds both monetary and psychological costs of leaving, workers will be motivated to change jobs. If the discounted stream of benefits is not as large as costs, workers will resist changing jobs (Ehrenberg & Smith, 1994).

Fitz-enz (1997) stated that the average company loses about \$1 million with every 10 managerial and professional employees who leave the organization plus other indirect costs. Some of obvious labour turnover costs include; the expense of recruiting advertisement; commission paid to employment agencies; staff time required to consider the applications; time required in interviewing short listed candidates and selection methods; successful applicants have to be inducted and probably trained and given a period of grace while their effectiveness gradually improves to that of an experienced staff; departing employees will require administrative time to handle their separation and there may be cost implications of the turbulence caused by the resignation and new appointments such as reduced customer service.

Other voluntary labour costs include; Loss of organization knowledge and experience, loss of clients and stress. There is significant economic impact with organizations losing any of its critical employees especially because of the knowledge that is lost with the employees' departure. This knowledge is actually the organizations' most valuable assets. Snell & Dean (1992) emphasize that these skills, knowledge and experience represents capital because they enhance productivity. According to the human capital theory, some labour is more productive than others because more resources have been invested into the training of that labour, on the other hand departing employees that had established close relationship with clients may move with them to their new jobs, spelling loss of business

and customer loyalty to the organization. Ehrenberg & Smith (1994) notes that moving to a new job is stressful for departing employees, there is a lot of uncertainty and ambiguity, family adjustment, new school for children, new living accommodation and leaving behind friends. Adjustments for these employees may take up to a year.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

The study was carried out through a census survey, this is due to the cross sectional nature of the data that was collected. The survey involved collection of data from all members of the population. The design chosen is most appropriate for this study because all the five star hotels in Nairobi were targeted.

3.2 Population

The population of this study consisted of all the five star hotels in Nairobi. According to the Kenyan ministry of tourism and the Africanpoint.com online travel agent website, there are 11 five star hotels in Nairobi as attached in appendix 3.

3.3 Data collection

The study was based on primary data through self- administered questionnaires. The questionnaires were filled by the Human resource managers and consisted of three parts. Part A gathered background information, Part B focused on employee retention practices and part C tackled voluntary labor turnover. The questionnaires were administered through the “drop and pick later” method. Human resource managers were targeted because they were considered custodians of vital information for this study.

3.4 Data analysis

The collected data was analyzed using descriptive statistics, particularly frequencies and percentages. The Pearson’s product-moment correlation was used to analyze the relationship between employee retention management practices and voluntary labour turnover. SPSS, a statistical analysis program was used as a tool of analysis.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The objective of this study was to first establish the employee retention practices used by the five star hotels to retain employees and secondly, to establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels. The research was a census survey that constituted of 11 five star hotels located in Nairobi. 11 questionnaires were dropped at the hotels, 7 which represented a response rate of 64% were received back. The respondents were Human Resource Managers.

In the analysis of data for this study, respondents who strongly disagreed and disagreed on various items of the questionnaire were grouped together and those that strongly agreed and agreed were also grouped together. SPSS package was used to analyze the data.

4.2 Background information

Table 1: Distribution of respondents by gender

Gender	Frequency	Percent
Male	2	28.6
Female	5	71.4
Total	7	100

As shown in Table 1, 71.4% of the respondents were females while 28.6% were males. From this finding, it appears that the human resource profession appeals more to the females than to the males. This analysis may be of no consequence to the findings of the study; however ones gender may influence the respondent's response especially in gender related contentious issues.

Table 2: Academic qualifications of respondents

	Frequency	Percent
Post graduate qualification	7	100

Table 2 above indicates that 100% of the respondents had attained post graduate qualifications. The implication of this fact is that the human resource managers were well qualified and knowledgeable in human resource management functions and were therefore in a position to offer credible information necessary for this study.

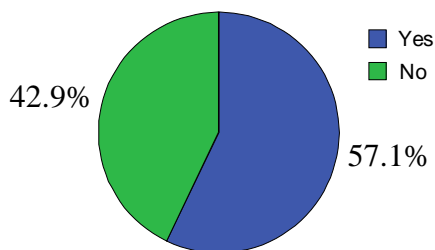
Table 3: Number of years worked by respondents.

	Frequency	Percent
1-5 years	5	71.4
Over 10 years	2	28.6
Total	7	100.0

Table 3 shows the number of years the respondents have worked in their various organizations. 71.4% of the respondents had worked for their organizations between 1-5 years and 28.6% had worked for 10 years and above. For the respondents to be in a position to provide actual information about their employees and their organization at large, they should have been in the organization long enough

4.3 Employee retention management practices

Figure 1: Employee retention efforts



Critical employees are employees that are considered valuable to the organization; these are employees any organization would try retain in the organization. Figure 1 shows that of the organizations surveyed, 57.1% made efforts to stop critical employees from resigning, while 42.9% did not. Making efforts to stop voluntary labour turnover means certain measures have been put in place to entice these employees to stay on. These measures are basically what this study seeks to identify and which are referred to as

employee retention management practices. The organizations that made no effort to retain critical employees may also have in place retention practices that they are not aware of.

Table 4: Organizational culture

	Frequency	Percent
Strongly agree	7	100.0

Organization culture or climate is each organization’s distinct approach to the way things are done. Some cultures may provoke a reaction that encourages employees to stay or leave the organization. Table 4 shows that 100% of the respondents agreed that organization culture strongly influences employees’ decision to either stay or leave. This implies that the management of the five star hotels recognizes the importance of having a conducive working atmosphere where employees are at ease.

Table 5: Management style

	Frequency	Percent
Agree	2	28.6
Strongly agree	5	71.4
Total	7	100.0

Line managers and supervisors play a vital role in determining voluntary labour turnover and employee retention. The most common reasons for resignation lie in poor or ineffective supervision from their immediate line managers. Table 5 shows that 28.6% of respondents agreed and 71.4% strongly agreed that management style plays a major role in influencing employees’ decision to stay or leave the organization. These organizations are therefore aware their managers have the power to motivate and support their employees or to drive them away.

Table 6: Training and development programs

	Frequency	Percent
Agree	1	14.3
Strongly agree	6	85.7
Total	7	100.0

Training and development programs equip employees with the required knowledge, skills and competencies needed to perform their duties and responsibilities effectively and efficiently. As shown in Table 6, 14.3% agreed and an overwhelming 85.7% strongly

agreed to having training and development programs in place as a retention measure for their employees. The implication is that employees that are well trained are more confident and are more likely to stay longer in the organization.

Table 7: Employee empowerment

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	3	42.9
Strongly agree	2	28.6
Total	7	100.0

Employee Empowerment is an approach that encourages employees to make decisions and resolve problems while at the same time taking responsibilities of the outcome; this gives employees flexibility and autonomy. Table 7 indicates that 14.3% of respondents strongly disagreed and another 14.3% disagreed that their employees were empowered. 42.9% agreed and 28.6% strongly agreed that their employees were empowered. The majority of the five star hotels have empowered employees, a practice that is also known to improve job satisfaction while at the same time managing retention.

Table 8: Perfect match in the hiring process

	Frequency	Percent
Disagree	2	28.6
Agree	5	71.4
Total	7	100.0

Recruitment and selection practices can have major impacts on employee rates of resignation. Under qualified or overqualified employees have higher rates of turnover due to inefficiency or boredom; most employers therefore seek to hire applicants that match the job requirements. Table 8 shows that 28.6% of the respondents did not hire applicants that perfectly matched the job requirement while 71.4% agree they hired employees that perfectly matched the job requirement. The majority of the five star hotels hired employees that are qualified as a way of retaining them.

Table 9: Extension of retirement age

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	2	28.6
Strongly agree	3	42.9
Total	7	100.0

Every organization has policies concerning retirement age, however, employees who have attained this age take with them valuable skill and experience gained over the years. Employers are realizing their organization can still benefit from this category of people and many are extending the contracts of retirees who are still needed in the organization as a way of retaining them. According to Table 9, 14.3% strongly disagreed and another 14.3% disagreed to extending the retirement age. 28.6% agreed and 42.9% strongly agreed that they extended the retirement age of those retiring in a bid to retain valuable employees. Most of the five star hotels can be said to use this practice as a way of retaining critical employees.

Table 10: Redesigning jobs

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	2	28.6
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

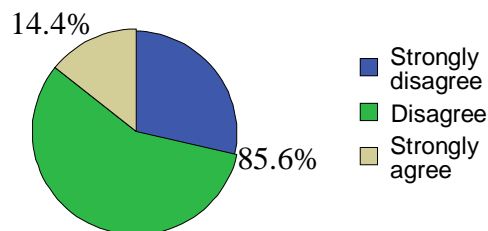
Job redesign means changing job tasks and responsibilities of routine and repetitive jobs which would otherwise create boredom, forcing employees to look for more challenging jobs elsewhere. According to Table 10, 28.6% of respondents strongly disagreed on redesigning jobs. 28.6% disagreed, 28.6% agreed and 14.3% strongly agreed. Since the majority of the respondents disagreed, redesigning jobs is therefore not widely used as a retention measure in the five star hotels. Employees who feel bored and unchallenged in their jobs are therefore likely to resign in search of more challenging jobs.

Table 11: Realistic job preview

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

New applicants should be made fully aware of the job demands and what working for the organization would be like through realistic job preview. Realistic job previews helps to deflate any unrealistic expectations a new recruit may have which may otherwise lead to voluntary labour turnover. Figure 11 shows that 42.9% of the human resource managers strongly disagreed to providing realistic job previews to potential applicants, 14.3% disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis implies that most five star hotels in Nairobi did not provide their potential applicants and new employees with a realistic job preview before engaging them, therefore, new employee with very high expectations may be disappointed and choose to resign.

Figure 2: Hiring Overqualified Employees



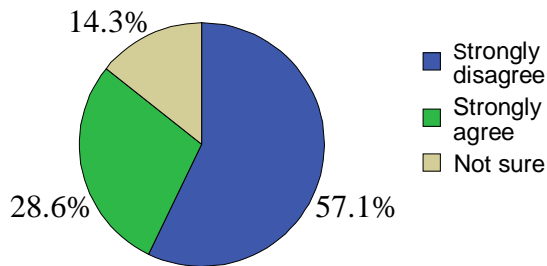
When recruiting criteria is pitched too high, the recruits end up being overqualified for the job. Most feeling their potentials are not fully exploited and challenged become bored and resign. As shown in Figure 2, the majority of the respondents; 85.6% did not hire overqualified employees for any given job in their organizations, 14.4% did. This analysis shows the five star hotels did not hire overqualified employees as retention measure therefore minimizing voluntary labour turnover.

Table 12: Hiring under qualified employees

	Frequency	Percent
Strongly disagree	4	57.1
Disagree	3	42.9
Total	7	100.0

Under qualified employees, being unskilled may get overwhelmed by their responsibilities and fail to perform well, these employees may end up being disciplined for poor performance, disillusioned and burnt out. The inevitable would be early exit from the organization. According to Table 12 above, 57.1% of the respondents strongly disagreed that they hired under qualified employees for the various job positions while 42.9% disagreed. It is therefore evident that five star hotels recruit applicants that are already qualified in order to curb voluntary labour turnover.

Figure 3: Benchmarking Compensation package



Benchmarking of compensation package is a practice often used by organizations to ensure pay levels are competitive and at par with what other competing organizations offer if not better. The aim is to ensure critical employees are not enticed by other well paying organizations. Figure 3 shows that 28.6% of the respondents strongly agreed that their organizations benchmarked the compensation package, 57.1% disagreed and 14.3% were not sure whether any benchmarking was done by their organizations. It is evident that the majority of the five star hotels did not compare their compensation package with their competitors. This implies that benchmarking of compensation package is not well employed as a means of retaining critical employees.

Table 13: Flexible working time

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	1	14.3
Agree	2	28.6
Strongly agree	2	28.6
Total	7	100.0

Flexible working time or flextime is an arrangement where employees are allowed the freedom regarding the hours they work; this enables employees to achieve more flexibility in their working lives through for example job sharing and part time hours. In Table 13 above, 28.6% of the respondents strongly disagreed concerning flextime in their hotel, 14.3% disagreed, 28.6% agreed and 28.6 strongly agreed. Flexible working time as a means of retaining employees is therefore used by the majority of the five star hotels to prevent loss of valuable employees.

Table 14: Revision and renegotiation of compensation package

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Whenever critical employees get other job offers with better terms of compensation, the current employer may decide to match that offer in order to retain them. According to Table 14, 42.9% of the respondents strongly disagreed their organizations revised and renegotiated the compensation packages of employees wishing to leave, 14.3% disagreed, whereas 28.6% agreed and 14.3% strongly agreed. This finding implies that five star hotels in Nairobi are not in the habit of revising the compensation packages of critical employees who wish to leave for better compensation elsewhere. Revision and renegotiation of compensation package cannot be considered common retention management practice in the five star hotels in Nairobi.

4.4 Voluntary labour turnover/resignations

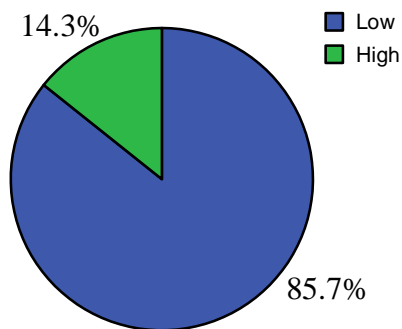
Voluntary labour turnover refers to when employees choose to resign or terminate their services from their employing organization due to various reasons, some of which have been analyzed below.

Table 15: Critical employees

	Frequency	Percent
Yes	7	100.0

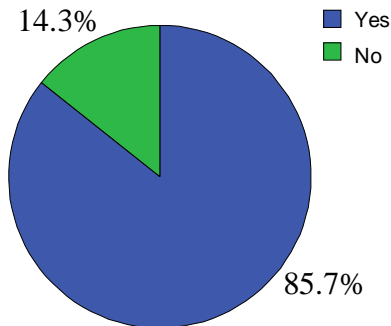
Critical employees as referred to in this study are those employees that an organization considers needed and valuable. These are the employees any organization would not like to lose. Table 15 shows that 100% of the respondents agreed they had employees they considered critical. This implies that effective employee retention practice have to be in place to entice these employees to stay with the organization.

Figure 4: level of resignation



Level of resignations basically refers to how often voluntary labour turnover takes place in the five star hotels. According to Figure 4, 85.7% of the respondents rated their levels of resignations or voluntary labour turnover as low and 14.3% rated it as high. Voluntary labour turnover in this case is not considered a big problem in the five star hotels.

Figure 5: Investigation of resignations



Organizations need to investigate why employees choose to turnover voluntarily in order to objectively deal with and curb the problem. According to figure 5 above, 85.7% of the respondents investigated why employees decide to leave and 14.3% did not do any investigations. The implication here is that the five star hotels that did not investigate reasons for voluntary labour turnover rated their resignation level as high while those who did rated voluntary labour turnover as low.

Table 16: Poor compensation

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Compensations are both monetary and non monetary rewards offered to employees for services rendered to the organization. Organizations that poorly compensates its employees risks losing them to better paying organization. As to whether poor compensation is considered a good reason for voluntary labour turnover in the five star hotels, 42.9% agreed while 57.1% strongly agreed. Five star hotels therefore needs to continually review how it compensates their employees in order to minimize or stop voluntary labour turnover.

Table 17 Competitive job offers

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Competitive job offers elsewhere may entice employees to move from their current employer. According to table 17, 42.9% agreed and 57.1% strongly agreed that competitive job offers is a good reason for voluntary labour turnover. To stop voluntary labour turnover that may be as a result of competitive job offers elsewhere, the five star hotels need to remain competitive.

Table 18: Lack of training and development opportunities

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Training and development opportunities equip employees with the necessary knowledge, skills and competencies to effectively perform their duties. Training also enables employees to adapt to changing systems, structures and technologies. Employees that are not accorded proper training and development opportunities may chose to leave for better prospects elsewhere. According to Table 18, 14.3% of the respondents strongly disagreed that lack of training and development is a reason for voluntary labour turnover, 71.4% disagreed and 14.3% agreed. The implication of this analysis is that the five star hotels have elaborate training and development programs for their employees, this is therefore not a good reason for voluntary labour turnover.

Table 19: Illness

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4

agree	1	14.3
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Illness often incapacitates employees such that they are unable to perform their duties effectively. Although many organizations have policies concerning sick leave, there are limits to how long one should be away from work. Whether or not employees resign due to poor health, 14.3% of the respondents strongly disagreed, 71.5% disagree and 14.3% agreed as shown in Table 19 above. Evidently illness is not a reason for voluntary labour turnover in the five star hotels although the management may choose to terminate an employee's employment contract due to poor health.

Table 20: Role overload

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Overworked employees often get burnt out and are unable to cope with their responsibilities, poor health and lack of balance between their work and social life may force them to opt for an early exit from the organization. However, according to Table 20, 14.3% of respondents strongly disagreed that role overload would cause voluntary labour turnover, 71.4% disagreed and only 14.3% agreed. The implication of this analysis is that the respondents that disagreed ensured their employees were not overworked while those that did agree deliberately exploited their employees who in most cases would opt to resign, consequently role overload is not considered a good reason for voluntary labour turnover.

Table 21: Relocation

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Movements from one geographical region to another especially among married couples may force spouses to resign and join their families, especially where transfer options are

not available. Asked whether relocation was a reason for voluntary labour turnover 42.9% of the respondents disagreed, and 57.1% agreed as is shown in Table 21. Although the majority of the respondents disagreed, almost a half agreed, relocation can be therefore be considered a minor reason of voluntary labour turnover.

Table 22: Job stress

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Stress at work can be caused by various reasons such as; being overworked, lack of proper job description, and harassment at work by both supervisors and fellow co-workers among other. When stress becomes unbearable, the health and performance of employees' gets jeopardized and the result may be voluntary labour turnover. According to Table 22, 42.9% of the respondents disagreed that job stress would cause employees to resign and 57.1 agreed. Job stress therefore can be said to cause employees to resign.

Table 23: lack of growth/promotion opportunities

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

When employees perceive that their organizations does not offer them opportunities for growth, or they are unfairly being over passed by promotions or they have reached the ceiling of their careers, they may opt to resign in a bid to grow their careers elsewhere. 42.9% of the respondents in Table 23 disagreed that lack of growth and promotion opportunities is a reason enough for voluntary labour turnover while 57.1% agreed that employees would resign due to lack of growth in their careers.

Table 24: Boredom

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

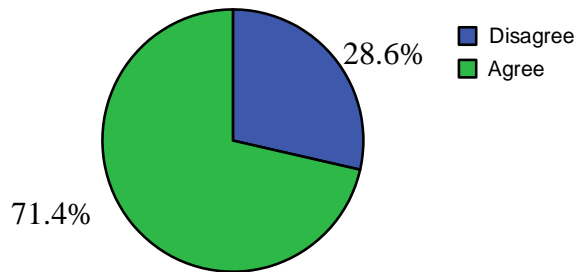
Boredom at work creeps in when employees engage in repetitive and routine jobs where they feel their potentials are not exploited to the full. They may feel unchallenged and unfulfilled in what they do. Such employees may be compelled to look for more challenging work elsewhere. 42.9% disagreed with this assertion while 57.1 agreed as shown in Table 24. Boredom should be addressed by the organization as a reason for voluntary labour turnover.

Table 25: Poor Working Conditions

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	6	85.7
Total	7	100.0

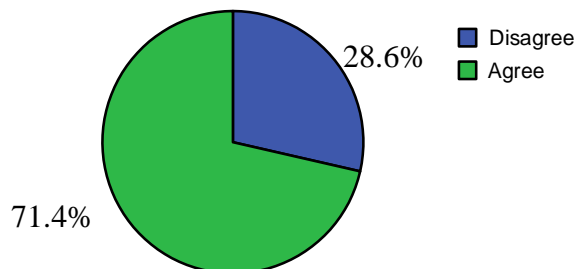
When the working environment is not conducive due to for example lack of proper working equipment and safety measures, employees may chose to resign. According to Table 25, 14.3% the human resource managers strongly disagreed that poor working conditions would cause employees to resign and a further 85.7% disagreed. This means that either the organizations ensured the conditions of work were favorable or the employees did not find this a problem to warrant terminating their services. In this case poor working condition is not a reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 6: Poor relationship with supervisors



When supervisors and line managers fail to relate well with employees due to poor interpersonal skills, the results could be voluntary labour turnover. According to figure 6, 71.4% of respondents agreed that poor relationship with supervisors would cause employees to resign but 28.6% disagreed. Poor relationship with supervisors can therefore be said to be a main reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 7: Family considerations



Family affairs have been known to force employees to terminate their services, these may include; marriage, pregnancies, relocation of spouses and the need to care for children with special needs among others. According to figure 7, 71.4% of the respondents agreed that employees would resign due to family considerations while 28.6% disagreed. Evidently, family considerations rank amongst the main reasons for voluntary labour turnover for employees in the five star hotels in Nairobi.

Table 26: Poor relationship with co-workers

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Organizations employ workers from different backgrounds and with different personalities. Disagreements among co-workers often occur and this affects one's ability to perform his or her duties effectively. Co-workers have also been known to be jealous and envious of each other especially when some are favored over others in the distribution of resources. According to Table 26, 28.6% of the respondents strongly disagreed that poor relationship among co-workers would cause voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that most employees in the five star hotels would not resign due to poor relationships with fellow co-workers.

Table 27: Poorly managed redundancy/retrenchment exercises

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

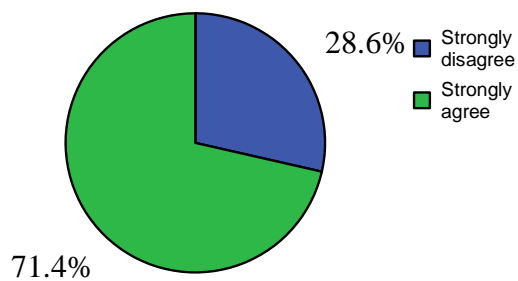
Poorly managed redundancies/retrenchment exercises often lead to survivor's syndrome; a situation where the employees that survived the exercise feel demotivated and are unsure of their job security which this may force them to start looking for alternatives. On the other hand, voluntary retrenchment package may be attractive to employees who are considered critical by the organization and are not themselves target of the exercise. According to Table 27, 28.6% of the respondents strongly disagreed that poorly managed redundancy/retrenchment exercises would lead to voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that poorly managed redundancy and retrenchment exercises seldom cause voluntary labour turnover in the five star hotels.

Table 28: Poor supervision

	Frequency	Percent
Disagree	4	57.1
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Poor supervision may be as a result of incompetent supervisors and managers, whose style of management may force frustrated employees to resign. Whether poor supervision contributed to voluntary labour turnover, Table 28 shows that 57.1% of the respondents disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis shows that poor supervision is not considered by the majority of the respondents as a good reason for voluntary labour turnover.

Figure 8: Resignation rate among the new and young employees



The new and young employees are assumed to have a higher rate of voluntary labour turnover, this is attributed to the fact that the young employees are not yet settled or established in their career while the new employee may leave due to unmet expectations. According to Figure 8, 71.4% of the respondents agreed to there being higher resignations among new and younger staff, while 28.6% disagreed. The new and young employees can therefore be said to resign more in the five star hotels compared to the rest of the employees.

Table 29: Rates of resignation among female employees

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Female employees are often thought to have a higher resignation rate compared to their male counterparts; this may be due to family interruptions and inability to deal with stress, as a result, certain organizations may choose to employ more men than women employees. Table 29 above shows that 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. Based on this analysis it is not true that female employees have a higher rate of voluntary labour turnover compared to the employees.

Table 30: Pay/ monetary reward

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Pay is the monetary reward employees are given in exchange for their services to the organization. It is often assumed that pay is the most important consideration when deciding to move to another organization. In Table 30 above, 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. It is therefore evident that employees put into consideration the whole compensation package which includes both the pay and other benefits. In this case pay alone is not a good reason for voluntary labour turnover.

Table 31: Married employees stay longer

	Frequency	percent
Disagree	1	14.3
Agree	6	85.7
Total	7	100.0

Due to family commitments and responsibilities, married employees are assumed to stay longer in employment compared to unmarried employees. According to Table 31, 14.3 % of the respondents disagreed that married couples stayed longer in their jobs and 85.7% agreed. The implication of this analysis is that five star hotels may reduce voluntary labour turnover by recruiting more married employees since it has been proven that they stay longer in employment.

Table 32: Level of education determines job alternatives

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

The level of education determines the number of job alternatives available to employees. Employees with higher levels of education have more job opportunities available to them. Table 32 shows that 42.9% of the respondents agreed to this and a further 57.1% strongly agreed. This therefore implies that employees with higher levels of education are likely to resign more compared to those with lower levels of education as they have more job opportunities available.

4.5 Pearson's product moment correlation

To establish the relationship between employee retention management practices and voluntary labour turnover, the variables retention efforts, employee empowerment, realistic job preview, job redesign, job alternatives, poor supervision, job stress, family considerations, education level and pay were correlated with the levels of voluntary labour turnover. For the above variables, correlation "r" will be significant when the significant level "p" is less or equal to 0.05.

Table 33: Retention efforts and resignation levels/ voluntary labour turnover

		Retention efforts	Resignation levels
Retention efforts	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Resignation levels	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

(r)= Pearson’s product moment coefficient

(p)= Significance Level ≤ 0.05

(N)= Number of cases.

As shown in Table 33, $r=0.471$ and $p=0.286$. These findings suggest that there is a moderate positive but insignificant relationship between employee retention management practices and voluntary labour turnover. The implication is that the five star hotels that made efforts to retain critical employees did not register lower resignation levels. On the contrary, the positive relationship shows as retention efforts increased, the levels of resignation also increased.

Table 34: Employee empowerment and resignation levels/ voluntary labour turnover

		Employee empowerment	Resignation level
Decision making	Pearson Correlation	1	-.354
	Sig. (2-tailed)	.	.437
	N	7	7
Resignation level	Pearson Correlation	-.354	1
	Sig. (2-tailed)	.437	.
	N	7	7

The correlation results in Table 35 above show that $r=-0.354$ $p=0.437$. This suggests a very small and insignificant negative relationship between voluntary labour turnover and employee empowerment. Although the relationship between employee empowerment and

voluntary labour turnover is insignificant, the implication is that as the employees in the five star hotels get empowerment, voluntary labour turnover decreases but in a very small degree, on the other hand the low levels of voluntary labour turnover may be due to other variables other than employee empowerment.

Table 35: Job redesign and Resignation levels/ voluntary labour turnover

		Resignation level	Job redesign
Resignation level	Pearson Correlation	1	-.510
	Sig. (2-tailed)	.	.243
	N	7	7
Job redesign	Pearson Correlation	-.510	1
	Sig. (2-tailed)	.243	.
	N	7	7

At a correlation of -0.510 and significance level of 0.243, Table 35 shows a moderate negative but insignificant relationship between job redesign as a means of retaining employees and the levels of voluntary labour turnover. As the five star hotels redesign jobs in order to reduce boredom due to routine and repetitive roles, voluntary labour turnover is expected to reduce though not significantly.

Table 36: Realistic job preview and resignation levels/ voluntary labour turnover

		Realistic job preview	Resignation level
Realistic job preview	Pearson Correlation	1	-.415
	Sig. (2-tailed)	.	.355
	N	7	7
Resignation level	Pearson Correlation	-.415	1
	Sig. (2-tailed)	.355	.
	N	7	7

The relationship between realistic job preview and levels of resignation is shown in Table 36 to be negative and insignificant at $r = -0.415$ and $p = 0.355$. Whether or not the organizations surveyed carried out realistic job previews, it did not affect the levels of resignations of critical employees.

Table 37: Job alternatives and resignation levels/ voluntary labour turnover

		Resignation level	Job alternatives
Resignation level	Pearson Correlation	1	.167
	Sig. (2-tailed)	.	.721
	N	7	7
Job alternatives	Pearson Correlation	.167	1
	Sig. (2-tailed)	.721	.
	N	7	7

At $r = 0.167$ and $p = 0.721$, Table 37 clearly shows the relationship between job alternatives and levels of voluntary labor turnover or resignations to be insignificant and very weak. This correlation negates the assumption that increased job alternatives in other organizations would lead to increased levels of voluntary labour turnover.

Table 38: Poor supervision and resignation levels/ voluntary labour turnover

		Resignation level	Poor supervision
Resignation level	Pearson Correlation	1	-.320
	Sig. (2-tailed)	.	.484
	N	7	7
Poor supervision	Pearson Correlation	-.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

In Table 38, poor supervision and levels of resignation when $r = -0.320$ and $p = 0.484$ have a very weak negative relationship that is not significant. This implies that poor supervision would not necessarily reduce or increase voluntary labour turnover.

Table 39: Job stress and resignation levels/voluntary labour turnover

		Resignat ion level	Job stress
Resignation level	Pearson Correlation	1	.320
	Sig. (2-tailed)	.	.484
	N	7	7
Job stress	Pearson Correlation	.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

The relationship between job stress and resignation levels as shown in Table 39 where $r = 0.320$ $p = 0.484$ is shown to be positive but very weak and insignificant. According to this analysis, Job stress in a very weak way may lead to increased voluntary labour turnover but again this may not be so.

Table 40: Family considerations and resignation levels/voluntary labour turnover

		Resignat ion level	Family consider ations.
Resignation level	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Family	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 40 shows that $r = 0.471$ and $p = 0.286$. This analysis means that the relationship between resignation level and family considerations is positive, moderate and

insignificant. Although family concerns may lead to increased voluntarily turnover, the effect is insignificant.

Table 41: Education level and resignation levels/voluntary labour turnover

		Resignat ion level	Education Level determines alternatives
Resignation level	Pearson Correlation	1	-.471
	Sig. (2-tailed)	.	.286
	N	7	7
Education level determines alternatives	Pearson Correlation	-.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 41 shows the findings of the correlation between levels of education and voluntary labour turnover. The findings $r = -0.471$ and $p = 0.286$ suggest a negative insignificant relationship between the two variables. This finding implies that although higher levels of education may expose an employee to other job alternatives, the rate of resignation however remains low.

Table 42: Pay and resignation levels/voluntary labour turnover

		Pay	Resignat ion level
Pay	Pearson Correlation	1	.132
	Sig. (2-tailed)	.	.777
	N	7	7
Resignation level	Pearson Correlation	.132	1
	Sig. (2-tailed)	.777	.
	N	7	7

As shown in Table 43, $r = 0.132$ and $p = 0.7$, the relationship between pay and voluntary labour turnover is almost nil and is not significant. Pay here is not a determinant of

voluntary labour turnover, reduced or increased pay will not affect the levels of voluntary labour turnover.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The objective of this study was to establish the relationship between employee retention management practices and voluntary labour turnover in five star hotels in Nairobi; it also sought to identify employee retention management practices employed by these hotels. The census survey targeted a total of 11 five star hotels, however only 7 hotels responded and the data captured using questionnaires were analyzed. The data collected mainly covered the various employee retention practices used to retain critical employees and the reasons commonly given for voluntary labour turnover.

5.2 Discussions

The background information gathered revealed that all the human resource managers had post graduate qualifications and that they had worked in their organizations long enough. This proves that the respondents were competent and knowledgeable in human resource management functions and therefore able to offer credible information necessary for this study.

Previous studies carried out on employee retention management practices and voluntary labour turnover suggest that the two go hand in hand and are sides of the same coin. This means that as organizations put in place proper employee retention management practices, voluntary labour turnover is expected to reduce and vice versa. However, this study has revealed that the five star hotels that made deliberate efforts to retain critical employees and those that did not both registered low levels of voluntary labour turnover. Either the five star hotels that made no efforts to retain critical employees had incidental retention practices they were not aware of or the retention practices employed by the hotels that made efforts to retain critical employees had no bearing on the levels of voluntary labour turnover.

Employee retention management practices that received utmost support included ensuring that the organization culture was appropriate and that managers and supervisors received proper training in order to handle employees appropriately. This emerged from the fact that the organization culture and management style of managers were found to greatly influence the employees' decision to stay in the organization or resign. It is worth noting that all the five star hotels had elaborate training and development programs for their employees, this works to ensure that employees have the needed skill and knowledge to discharge their duties; well trained employees are less stressed and therefore stayed longer in employment. Employee empowerment, a practice that allows employees to make and participate in decision making was found to reduce voluntary labour turnover as it gives employees greater responsibilities, increased flexibility, autonomy and a sense of belonging.

As a retention measure, the recruiting and selection practices used by the five star hotels sought to hire employees that perfectly matched the job requirements. Hiring of under qualified and or overqualified employees was shunned as this would eventually lead to voluntary labour turnover. In addition, a common practice found among the five star hotels was the extension of employment contracts for critical employees who had reached the retirement age. Although the five star hotels surveyed were close to each other in proximity, very few benchmarked the compensation package offered; the compensation package offered by individual hotels did not depend on what other competing hotels were offering. It follows therefore that the five star hotels hardly revised or renegotiated compensation packages of critical employees who wished to move to other more competitive organizations. The majority of the five star hotels were found to accord flexible working time to their employees, this practice was used in order to enhance productivity, reduce employee absenteeism, improve morale and reduce turnover.

The human resource managers indicated their organizations have employees they consider critical and who they wish to retain, it is therefore imperative that these organizations investigated why voluntary labour turnover would come about. It should be noted however that voluntary labour turnover was rated low by an overwhelming majority of the

respondents most of who carried out investigations as to why employees resigned through exit interviews. Interestingly, the hotels that failed to investigate reason for voluntary labour turnover registered high levels of voluntary labour turnover.

The reasons for voluntary labour turnover that received a lot of support from the respondents were; poor compensation and competitive job offers. The five star hotels that had poor compensation packages risked losing their employees to better paying competitors. Poor relationship with supervisors was found to also encourage voluntary labour turnover, the role of supervisors and line manager in determining an employee's decision to terminate their services or not should not therefore be underestimated. Other reasons such as relocation, job stress, lack of growth and boredom were also found to influence voluntary labour turnover but in a moderate manner.

Poor working condition was not considered a reason for voluntary labour turnover by all respondents, either the organizations ensured the conditions of work were favorable or the employees do not find this a problem to warrant terminating their services. Lack of training and development opportunities, illness, role overload and ambiguous roles did not feature as good reason for voluntary labour turnover. It is evident that the five star hotels ensured all their employees received the necessary training needed to perform their duties effectively. It also means that the five star hotels have properly defined job descriptions and that the employees are not overwhelmed by their responsibilities. On the other hand poor relationship with co-workers and poorly managed redundancy exercises were not considered strong reasons to warrant voluntary labour turnover. Although poor relationship with supervisors was found to contribute to voluntary labour turnover, poor supervision did not receive much support.

On which category of employees is likely to have a higher rate of voluntary labour turnover, the study revealed that the new and the young employees tend to resign more than the rest; this finding could be attributed to the fact that this category of employees are still experimenting and are not fully settled and established in their careers. It therefore becomes necessary for organizations with this category of employees to mentor and coach

them concerning their career paths in order to retain them. On the contrary, married employees were found to stay longer; this could be because of family responsibilities, commitments and the need for stability. The assumption that women employees have higher rates of voluntary labour turnover compared to their male counterparts has been refuted, meaning the five star hotels offered equal employment opportunities to both male and female employees. Contrary to common believe that employees would easily move to organization that paid better salaries, it has emerged that pay per se is not an important determinant of voluntary labour turnover; this is because employees are more interested in the whole compensation package that also includes non financial benefits such as job security and work life balance. Finally, this study established that the level of education attained by employees determined availability of job alternatives; employees with higher qualifications will find themselves with more alternatives in other organizations compared to those with fewer qualifications, their employers therefore have to remain competitive if they are to retain their highly educated and qualified employees.

In order to establish whether there exists a relationship between employee retention management practices and voluntary labour turnover in the five star hotels in Nairobi, the Pearson's product moment correlation was used to correlate the levels of voluntary labour turnover and selected employee retention management practices. Retention efforts made by the five star hotels were found to have a positive moderate but insignificant relationship with voluntary labour turnover, such that the five star hotels that made efforts to retain critical employees and those that did not both registered low levels of resignations. Employee empowerment on the other had a very small and insignificant negative relationship with levels of resignation, the implication is that increased employee empowerment which allows employees to make and participate in decision making may reduce voluntary labour turnover but to a very small degree. Job redesign, realistic job preview, poor supervision and level of education indicated a negative and very weak insignificant relationship with levels of turnover. Job alternatives, job stress, family considerations and pay showed a very weak positive but insignificant relationship with voluntary labour turnover.

5.3 Conclusions

In conclusion, employee retention management practices and voluntary labour turnover have a fairly weak and insignificant relationship, whether negative or positive. All the five star hotels investigated had some employee retention practices in place although their extent of application varied from one organization to another, certain retention practices were found to be more popular than others. The employee retention practices employed by the five star hotels could as well be regarded as good human resource practices which do not necessarily determine an employee's decision to resign or stay. Of the employee retention practices, the popular ones adopted by the majority of the five star hotels include: appropriate and conducive organization climate or culture, proper and elaborate training and development programs for employees, appropriate management style of line managers, employee empowerment, objective recruitment and selective procedures which ensures the organizations recruits employees that match the job requirements; extension of employment contracts for employees who have reached the retirement age and allowing flexible working time to employees.

The findings have revealed that voluntary labour turnover is not a major problem in the hotel industry since all the respondents rated it as low save for one, this does not however imply these hotels are not addressing voluntary labour turnover since all the human resource managers agreed to having critical employees whom they wish to retain. The five star hotels that carried out investigations to determine the reasons for the few resignations, recorded low levels of resignations as opposed to those who did not. The sole instrument used to investigate the reasons for voluntary labour turnover was exit interviews.

The main reasons given for voluntary labour turnover are; poor compensation, competitive job offers elsewhere, poor relationship with supervisors; family considerations, boredom and job stress in that order. New and younger employees were found to have higher rates of voluntary labour turnover while married employees stayed longer in their jobs. It has further emerged that there may be other reasons besides employee retention management practices which has led to low voluntary labour turnover in the five star hotels. Byrnes (2002) suggest these other reasons could be non-work factors such as the links employees

have establish with co-workers, their fit or perceived compatibility with their jobs, the sacrifices they have to forego should they resign and economic recession where high levels of unemployment would dissuade employees from leaving.

Voluntary labour turnover posed certain challenges to human resource management and the organization at large, some of these include; the costs involved in recruiting and training new staff which is also time consuming; loss of tacit knowledge and skills and poor company image. Voluntary labour turnover also negatively affects performance, workflow and human resource planning.

5.4 Recommendations

The five star hotels that made efforts to investigate the voluntary turnover of critical employees used exit interviews as the sole information instrument. To gather more information, it is recommended that other instruments be employed; these organizations should also get the opinion of staying employees in order to assess their attitudes and morale, this will help avert future cases of voluntary labour turnover.

The findings of the study have shown that employee retention practices employed to retain critical employees are not the sole determinants of low levels of voluntary labour turnover, this is due to the fact that hotels that made no efforts to retain critical employees who wished to leave also recorded low voluntary labour turnover. Further studies should therefore be carried out to determine other factors that could be contributing to low levels of voluntary labour turnover.

The study focused on data collected from human resource managers of the five star hotels, it is recommended that further studies be carried out and data collected from employees in general. Their different opinions may provide more insight into the relationship between employee retention management practices and voluntary labour turnover.

The study did not manage to cover the whole target population due to time constrains and lack of cooperation from the respondents. It is therefore recommended that further studies

be undertaken to accommodate the hotel industry as a whole, this will widen the scope of the study.

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[http://tourism/Nairobi.hotels rating..mht](http://tourism/Nairobi.hotels_rating..mht)

APPENDICES

APPENDIX 1

LETTER OF INTRODUCTION

Jeddy C. Lepilale
School of Business
University of Nairobi
P.O Box 30197
Nairobi.

Dear Sir / Madam,

RE: Research on the relationship between employee retention management practices and labour turnover.

I am a student pursuing a Masters of Business Administration (MBA) at the University of Nairobi. This research is carried out for a management project paper as a requirement in partial fulfillment of the stated degree.

You have been selected to participate in this study by providing the required information necessary for this study, kindly fill the attached questionnaire as accurately as possible, your participation is essential to this study and will enhance our knowledge of these important human resource issues. The information you provide will be will be treated with utmost confidentiality and will only be used for academic purposes. Thank you.

Yours Faithfully,

Jeddy Lepilale,
MBA student
University Of Nairobi.

APPENDIX 2

QUESTIONNAIRE

This questionnaire has been designed to collect information from the human resource managers of five star hotels in Nairobi. Each questionnaire has 3 sections, please complete each section as instructed. You are not required to write your name or the name of your hotel.

Section A

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

1. What is your gender? 1. Male () 2. Female ()

2. What is your highest academic qualification?
 1. "O" level ().
 2. "A" Level ().
 3. Certificate ()
 4. Diploma ()
 4. Degree ().
 5. Post graduate degree ().
 6. Other_____

3. How long have you worked in the organization
 1. Less than one year ().
 2. 1-5 years ().
 3. 6-10 years ().
 4. Over 10 years ()

Section B

Employee Retention Management Practices.

4. Does your organization try to stop the needed employees from resigning?
 1. Yes ()
 - 2.No ()

5. What human resource retention management practices do you use to retain employees?
 - 1) _____
 - 2) _____
 - 3) _____
 - 4) _____
 - 5) _____
 - 6) _____
 - 7) _____
 - 8) _____

9) _____

10) _____

In the table below please tick your response to the statement in the space provided where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

<i>Q. No.</i>	<i>Statement</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
6	Organization culture/ climate can influence an employee's decision to stay or resign					
7	Employees in my organization are allowed to make and participate in decision making					
8	Repetitive/routine jobs in my organization are often redesigned to reduce boredom					
9	In the hiring process, potential employees are often provided with a realistic picture of the job and the organization					
10	My organization often recruits overqualified employees for any given job					
11	My organization often recruits under qualified employees fro any given job.					
12	My organization recruits employees that perfectly match the requirements of the job.					
13	Employees in my organization go through training programs					
14	The management style of line managers influences an employee's decision to stay or resign					
15	My organization benchmarks/compares the pay and benefit packages offered to employees in other five star hotels.					

16	Our employees are allowed flexible working time					
17	My organization often extends the contracts of needed employees who have reached the retirement age.					
18	My organization attempts to revise the pay and benefit packages of needed employees who intend to resign					

Section C

Voluntary labour Turnover/ Resignation

19. Are there employees you consider critical/ valuable to the organization who you wish to retain? 1. Yes () 2. No ()

20. What is the level of voluntary resignations in your organization?

1. Very low () 2. Low () 3. Moderate () 4. High () 5. Very high ()

21. Which department has the highest rate of voluntary resignation?

22. Does your organization investigate reasons why employees choose to resign from the organization? 1. Yes () 2. No ()

23. If yes above please tick the sources of information your organizations uses to investigate these reasons.

1. Exit Interviews() 2. Separation questionnaires (). 3. Attitude surveys ()
4. Routine performance appraisal interviews (). 5.Others_____

24. Below are some common reasons cited by resigning employees, use the scale below to tick the extent to which the same reason apply to your organization. **1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure**

Reason for voluntary labour turnover	1	2	3	4	5
Poor compensation package					
Lack of training and development opportunities					
Competitive job offers elsewhere					
Illness					
Relocation					
Poor working conditions					
Poor relationship with supervisors					
Poor relationships with co-workers					
Poor supervision					
Poorly managed redundancies					
Job stress					
Lack of growth and promotion opportunities					
Family considerations					
Role overload					
Ambiguous job roles					
Others					

In the table below please tick your response to the statement given in the statement column where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

No.	Question	1	2	3	4	5
25.	New recruits and younger staff have higher rates of voluntary resignations.					
26.	Female employees tend to have higher rates of resignations compared to the male employees.					

27.	Married employees stay longer in their jobs compared to unmarried employees.					
28.	Level of education determines the number of job alternatives.					
29.	Pay is the most important consideration when deciding to move to another organization.					

30. What challenges does voluntary labour turnover pose to Human Resource Management?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____
- 7) _____
- 8) _____
- 9) _____
- 10) _____

31. How does voluntary labour turnover affect the organization?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____

APPENDIX 3

LIST OF FIVE STAR HOTELS IN NAIROBI

Nairobi Serena hotel

Sarova Stanley Hotel

Safari Park Hotel and Casino

Wildsor Golf Hotel and Country Club

The Giraffe Manor

Panari Hotel

The Holiday Inn

Laico Regency Hotel

The Norfolk Hotel

Intercontinental Hotel

The Hilton Hotel

CHAPTER ONE

INTRODUCTION

1.1 Background

Organizations in the 21st century, the hotel industry notwithstanding are recognizing that human resources are very important assets, and that the success of the organization depends fully on how effectively its employees are managed (Okumbe, 2001). Regardless of size, technological advances, market focus and other factors, all organizations are facing voluntary labour turnover and retention challenges. In the current dynamic labour market and competitive business environment particularly in the hotel industry, there is need for organizations to come up with employee retention practices that will ensure their critical staff is not lured to other organizations.

Pfeffer & Baron (1988) noted that downsizing and hiring contingent workers has caused long term organizational commitment to start disappearing, this therefore means that high worker turnover has become common and workers mobility decision is a critical issue. Dessler (1993) writes that to manage change, organizations must have employees who are committed to the demands of rapid change because committed employees are a source of competitive advantage. This thus forces both employees and employers to remain aware of the larger market place and to continuously examine each other's needs.

1.1.1 Employee retention concept

Employee retention or personnel continuity is the ability of an organization to keep their employees from leaving the organization to go to other organizations (Okumbe, 2001). Employees may choose to leave or stay for various reasons; the underlying factor however is job satisfaction. According to Hills (1987), the first goal of any compensation package is to elicit desired behavior from employees, this involves among others attracting the required candidates and motivating them to stay with the organization. When an organization lacks proper retention management practices and thus the ability to retain its

needed workforce, the result is high voluntary turn over which is quite costly in terms of recruitment and selection and also the time spent to discharge those leaving.

Employee retention management practices are the activities undertaken by organizations to encourage their employees to stay with the organization. Okumbe (2001) cites activities such as employee promotions, transfers, management of tardiness and absenteeism, grievances and discipline, procedural justice and ethics in employee relations. Graham (2003) includes other retention management practices such as; employee empowerment, job redesign, objective recruitment and selection practices, induction and training, competitive compensation package, flexible working hours and proper redundancy practices among others.

1.1.2 Voluntary labour turnover

In a broad sense “turnover” according to Flippo (1984) is the movement into and out of an organization by the workforce. Employees may get separated from the organization through various methods such as dismissals, retirement due to old age, redundancies among others. The management is normally in control of these means of separation. Voluntary labour turnover on the other hand is where employees choose to resign or terminate their services from their employing organization for a variety of reasons such as; better job offers elsewhere; poor working conditions and management, relocation, lack of career growth, poor pay among others.

Retention management practices and voluntary labour turnover are aspects of employee mobility; both may be considered as different sides of a coin. Voluntary worker turnover becomes a bigger problem if it involves the separation of critical and needed employees. On the other side of the coin is employee retention and the practices employed to achieve an ongoing employment relationship for the employees an organization does not wish to lose. (Huang, Lin & Chuang, 2006). Putting in place effective retention management practices may eliminate or reduce voluntary labour turnover of critical employees, whereas poor or lack of retention practices may increase voluntary labour turnover.

According to Okumbe, (2001) voluntary labour turnover may be healthy for an organization because it provides voluntary avenues for good-riddance since it helps cushion the organization against impending redundancies. Those leaving should exit peacefully and appreciate the useful experience gained in the organization. Steel, Griffeth, Hom & Lyons (1993) note that high levels of unemployment may dissuade some employees from leaving their jobs; this may however not apply to those individuals with specialized skills and training.

1.2 The hotel industry in Kenya

The Webster's New World Dictionary defines a hotel as an establishment that provides paid lodging and often food for travelers on a short term basis. The word hotel is derived from the French word *hôtel* coined from *hôte* meaning host, according to the French version, it refers to a townhouse or any other building receiving frequent visitors.

There are different kinds of hotels all over the world: Tree house hotels, Cave hotels, Capsule hotels, ice and snow hotels, garden hotels, underwater hotels, resort hotels, railway hotels, airport transit hotels and motels, among others. The hotel industry in Kenya is made up of different classes of hotels that offer accommodation, food and recreational activities to both foreign and local tourists. The pioneer hotel in Kenya which no longer exists was the Grand Hotel in Mombasa; it was the meeting point for the planners and supervisors of the Uganda Railway in the 1890s. Other current pioneer hotels such as The Stanley and The Norfolk were established in 1902 and 1904 respectively, many other hotels have come up since then, managed singly or under a group of hotels by either local or foreign investors. (Kenya Book of Records, 2008).

The success of the hotels industry in Kenya is determined by bed occupancies and number of nights spent. There are many hotels in Nairobi located close to each other. The industry provides the largest number of jobs in Kenya, this also means that dissatisfied employees are surrounded by many alternatives making competition in the hotel industry very stiff. Individual hotels therefore need to put in place retention practices to ensure their critical staff is retained. (Joliffe, 2000).

Hotels in Kenya are classified into classes, where stars have been used as symbols for classification purposes. According to Wikipedia website, a set of one to five stars is commonly employed to categorize hotels. Classification of hotels is based on many values some of which may not be necessarily significant to each guest. The classifications are determined through the opinion of a classifier which may be the tourist office of a nation or a hotel association. Hotels are classified according to their amenities and recreational facilities and the quality of room. Some of the criteria used in making such assessments are size of rooms, décor/furnishings, public areas, hospitality services, staff attitudes, maintenance/housekeeping and sanitary standards among others.

In a five star hotel, a guest expects to find spacious and luxurious accommodation matching or close to international standards, impressive interior design, formal well supervised and flawless services that are tailored to the needs of the guest. A five star hotel should also demonstrate a high level of technical skill, producing dishes to the highest international standards. Staff should be knowledgeable, helpful, well versed in all aspects of customer care, combining efficiency with courtesy. According to Africapoint.com Online travel Agent website there are a total of 11 five star hotels distributed within Nairobi's central business district and its environs.

1.3 Statement of the problem

Voluntary labour turnover and employee retention practices pose huge challenges for many organizations especially in high-technology and the hotel industry (Mitchel, Holtom & Lee 1992). Voluntary labour turnover in the hotel industry is attributed to high competition, availability of alternatives and poor compensation packages (Graham, 2003). This problem is made worse by the fact that the voluntary labour turnover is random in nature, therefore difficult to predict and plan because the management lacks control. It is also very costly. Hills (1987) adds that high rate of voluntary labour turnover eventually affects an organizations ability to attract qualified applicant, this in essence will affect the overall performance of a firm. It is therefore important for organizations to investigate why employees choose to leave and put in place proper retention practices. Studies done in the past concentrated on labour turnover in general. Oroni (2006) wrote on 'Labour

turnover in state corporations in Kenya', Machayo (2006): 'Factors that are associated with labour turnover among health professionals in Kenya', Abuti (2005): 'A survey of the factors that are associated with staff turnover in broadcast media home', and Mugumu (2002): 'Employees perception of factors that influence Labour turnover in ethnics finance institutions in Kenya'. This then means most of the literature review on voluntary turnover is derived from labour turnover literature. Very little study has also been done on employee retention management practices. Graham, (2003) and Armstrong, (2006) note that organizations are either doing very little to retain critical employees, or their focus on retention practices is very narrow with different organizations embracing contrasting retention practices.

The emerging concern therefore is organizations are taking little or no action at all to control their loss of valuable staff through resignations, which therefore means that very few retention management practices if any have been put in place to manage voluntary labour turnover. This study seeks to focus on the employees that are valuable to organization and who may wish to terminate their services and what the management can do or has done to retain them. This will be done by answering the questions; what employee retention management practices has the five star hotels in Nairobi put in place to retain valuable employees? What is the relationship between these retention practices and voluntary labour turnover?

1.4 Research objectives

- i. To establish the employee retention practices used by the five star hotels to retain employees.
- ii. To establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels.

1.5 Importance of the study

The study will be beneficial to organizations in the hotel industry. Human resource managers need to know the extent of voluntary labour turnover in their organization. This

information may lead them to either take corrective actions to retain employees or to reinforce practices that have led to low turnover.

The study will also be beneficial to other organizations in general who may find the results helpful in managing their own voluntary labour turnover and retention problems.

This study will add to the body of existing knowledge. Scholars of human resource management and other related fields will find this study a valuable addition for literature review. This may also help to provoke further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Human Resource Management according to Dessler, (2005) is the process of acquiring, training, appraising, compensating employees and attending to their labor relations, health and safety and fairness concerns. Okumbe, (2001) defines human resource management as a strategic approach to acquiring, developing, managing and gaining the commitment of organization's key resource- the people who work in and for it. One of the principles of human resource management is that the employees or human resources are the most important resources in any organization. He adds that human resource management also includes employee continuity and separation under which voluntary labour turnover and employee retention management practices falls. (Okumbe, 2001).

Employee retention management practices and voluntary labour turnover if not properly managed have far reaching implications to the overall human resource management. According to Okumbe (2001) voluntary labour turnover has a negative effect on human resource planning which he defines as a continuing systematic process of analyzing an organization's human resource requirements, which is achieved through acquiring the right number and quality of the employees an organization needs and retaining the kinds of staff it requires. Hills (1987) emphasizes that high voluntary labour turnover is a manifestation of poor human resource management. This eventually affects an organizations ability to attract qualified applicant and compromise its overall performance.

Graham (2003), Okumbe (2001) and Cascio (1982) acknowledge that high rates of labour turnover are bad for any business; on the other hand, a stagnant workforce with little or no movement to and from the outside world does not provide the best conditions for dynamism and innovation. Somewhere between these extremes lies the optimum level of voluntary turnover.

2.2 Employee retention management strategies and practices

Employee retention is defined by Okumbe, (2001) as the continuity of human resource service through the formulation and implementation of integrative and mutually supportive personnel programmes that will motivate and satisfy the employees. Graham (2003) writings on how to retain the best staff, analyzed a survey carried among 430 Personnel and HR specialist to determine how important retention issues were in their organizations and whether any initiatives were being taken to address them. The findings revealed that employee retention had become a key priority for UK employers and it is among the 10 most important challenges facing Personnel and HR specialists. According to Graham (2003), the issue of retention faces two major difficulties. Firstly, it is not easy to identify who is likely to leave, how large the staff turnover rate is, and what is driving these resignations. Secondly, it is not simple to develop initiatives and practices that can control staff turnover in a cost effective way. Strategies necessary for developing appropriate employee retention management practices include; firstly performing a risk analysis which will determine whether voluntary labour turnover is a problem to the organization or not, issues to be considered include; the number of employees resigning, their positions and whether the organization wants them to leave or not. Secondly, there is need to analyze the reason for leaving, this information can be collected from exit interviews; outside consultants may be used to perform these interviews in order to ensure the reasons given for leaving are not defensive or protecting the remaining employees. Thirdly, organizations need to analyze the reasons for staying by conducting focus groups with existing employees to determine factors that keep them in their jobs. Finally organizations need to develop a top-level support, the management should be willing to devote financial and human resources to the planning, development, execution and maintenance of employee retention management practices. (Armstrong, 2006), (Graham, 2003) and (Steel, Griffeth, Hom & Lyons, 1993).

Graham (2003) lists the following employee retention management practices as effective in retaining employees; Organizational Culture, employee empowerment and job redesign, objective recruitment and selection practices, induction, training and development, identification of manager's role in employee retention, promotions and sideways moves,

competitive pay and benefits, childcare facilities, flexible working hours, proper redundancy practices, reconsidering retirement age, and integrating employees with disabilities.

Corporate culture is each organization's distinct approach to the way things are done. Some organizations may discover that their culture is causing problems on a broader scale, the culture may provoke a reaction that encourages employees to leave the organization, however where the climate is more to their liking they stay. Many organizations usually embark on cultural change initiative for business-related reasons but in the process some discover that the changes they introduced have broader benefits in terms of improving retention rates.

Job redesign and employee empowerment helps to reduce boredom in routine and repetitive jobs which would otherwise force employees to move elsewhere to find a job that is more challenging. Empowerment is an approach that aims at encouraging employees to accept a certain amount of personal responsibility for making decisions and resolving problems. It gives employees greater responsibility, increased flexibility and autonomy. This can improve job satisfaction and help in the management of retention. Empowerment and job redesign are usually interlinked. To introduce empowerment means changing job tasks and responsibilities. (Steers & Porter, 1983) and (Dessler, 2005).

Recruitment and selection practices can have major impacts on staff resignation rates. When recruiting criteria are pitched too high, the recruit ends up being overqualified for the job, they later become bored and leave. Unrealistically high recruitment criteria also expose employers to potential liability for unlawful discrimination. On the other hand, an under skilled recruit may get overwhelmed by the job's demands and fail to do well, he or she is either disciplined for poor performance or become disillusioned and burnt out. In both cases an early departure is likely. The recruiting committee should ensure that recruitment criteria are identified in a careful and objective manner. Candidates should be made fully aware of the demands of the job and what working for the organization would be like through realistic job previews (Flippo, 1984). Induction, training and development

of employees determines how well new recruits settle in the organizations. Effective induction should not be a one-off event; it should involve an ongoing process and is therefore used to aid staff retention. Training and development is heavily used by employers as a means of improving retention of staff by equipping them with the required knowledge, skills and competencies needed to perform their duties and responsibilities (Okumbe, 2001)

The role of line managers as noted by Graham (2003) rank among the most important of all the various influences on employee decision to leave. Taylor (2002) states that the most common reasons for resignation lies in poor or ineffective supervision from their immediate line managers. Employers are not often aware of the extent to which their line managers are contributing directly to their organization's rates of turnover because the line managers are responsible for recording and reporting the reasons people leave. Organizations need to pay attention to the skills and behaviors of line managers by introducing or improving training programs to raise their competence. In positive ways, their power to motivate, enthuse and support their subordinates contributes greatly to the quality of employees working lives. Managers take a center stage in helping employees gain access to training opportunities, promotions and through their regular performance reviews, to favorable performance ratings.

Promotion and sideways moves increases employee development opportunities on available offers and opens up career paths for employees. This is commonly used by employers to retain employees (Flippo, 1984). Pay and benefits offered by employers play a big role in an employee's decision to stay or leave. Employers that pay significantly below market rate with no other compensatory factors working in their favor may find that their retention difficulties may be due to lower salaries. Employers have other options besides increasing basic salary. E.g. market premia can be introduced where groups of staff are given unconsolidated payments, these payments target staff that would be difficult to replace because of skill shortage in the labour market or whose loss would cause serious difficulties for the organization. Location allowances can be used in areas where staff is difficult to recruit and retain; benchmarking pay ensures pay levels are

competitive. Pay progression, a pay scale that is partly linked to performance, experience and competency levels may also be employed (Graham, 2003) and (Armstrong, 2006). Employers may have to highlight the cash value of the existing benefit package and communicating the information to the workforce. Organizations may also create flexible benefit policies thus giving employees some measure of control over their benefits package.

Flexible working arrangement or flextime as put forward by Dessler (2005) is a plan where employees are allowed the freedom regarding the hours they work. Some jobs are unpopular because of their unsocial hours e.g. shift working, night working and weekend working; these are usually required by labour intensive industries. Even where shift working is the norm, some employers have found it possible to make modifications that improve their ability to recruit and retain staff, for example changing the working day, week or offering special types of leave. Changing working time can be effective because the majority of employees now expect to achieve more flexibility in their working lives in order to cater for their personal commitments through for example job sharing and part-time hours. Dessler (2005) mentions work sharing and telecommuting as other flexible work arrangements employers can adopt. Flippo (1984) adds that flextime fits quite well with the new values of the modern workforce and that such plans have also been found to have a number of advantages to the employer such as; enhanced productivity, reduced employee tardiness and absenteeism, improved morale and reduced turnover. Childcare facilities could be made available to especially single working parents who face the challenge of balancing work and family life. This may be in terms of free or subsidized vouchers that can be used to purchase childcare or provision of advice on childcare facilities in the local area. Organization could also have daycare facilities within the organization. (Dessler, 2005).

Employees may become disabled while working for their employers through accidents and age related conditions (Aluchio 1998). Research has shown that early intervention is key in ensuring that individuals on long term sick leave are retained by their firms even if they develop disabilities. Employers should evaluate the job, working conditions, access and

other factors to see if reasonable adjustments can be made in order to retain such individuals. Redeployment to another job is a further possibility to be considered. Retention initiatives usually focus on individuals who leave voluntarily, however the retention of employees who have attained the retirement age and are therefore obliged to resign is more directly under the control of the employer. Employees who reach normal retirement age take with them valuable skills and experience gained over their working life. Employers are realizing that it takes little business sense to compel all such staff to leave the organization. Some employees may wish to continue working as a way of maintaining a familiar sense of routine and social interaction and for income to supplement their income. (Dessler, 2005) and (Graham, 2003). Redundancy defined by Aluchio (1998) and Okumbe (2001) as the loss of employment through no fault of the employee concerned is a method of separation under the control of management, it is normally occasioned by re-organization, mechanization or lack of orders. Unforeseen and unwanted loss of key members of staff represents one of the most commonly found problem of redundancy programs. Many firms fail to manage the process of applying for voluntary redundancy, thus the heavy redundancy payments encourage long serving staff to leave, these are the most experienced and skilled staff. Poorly handled redundancy exercises also have a detrimental impact on survivors who may feel resentful, demotivated and are therefore likely to leave at the earliest opportunity

Sources of information for developing retention practices

Graham (2003) and Armstrong (2006) identified the following sources of information that could be used to construct employee retention management practices and strategies; labour turnover data, exit interviews and separation questionnaires survey forms, feedback, attitude surveys and routine performance appraisal interviews.

Labour turnover data may be used as one of the sources that organizations use when developing a retention management strategy; this data may be useful in identifying the root causes of staff retention problems. Rate of labour turnover represents the end point since they measure what has already occurred which is loss of staff members. They do not show the reasons for staff losses although patterns and changes over time can hint at them.

Exit interviews and separation questionnaires survey forms are completed by departing employees, these provide valuable insights as to reasons why employees leave. These techniques are however backward looking because the subjects have already decided to leave. Gooch (1999) notes that employees may not always disclose the real reasons for leaving or their true views about the organization. This may be overcome by enlisting the help of consultants to carry out the interviews away from normal place of work. Departing employees should understand why exit interviews have to be conducted and that the information they provide is confidential. Feedback may be used to infer the reasons that may prompt other members of the staff to resign. Attitude surveys and questionnaires are other methods that may be used to canvass individuals who have not resigned or may not have even considered leaving. These methods are useful in determining levels of employee morale, motivation and degree to which employee identify with the organization. (Taylor, 1988). Routine performance appraisal interviews also provide information to the management. Action can then be taken by the organization before employees decide to look elsewhere. These provide the earliest opportunity to address them before the psychological break with the employer is reached.

2.3 Voluntary labour turnover

Voluntary turnover refers to cases where employees resign or terminate their services from organizations that had employed them, (Okumbe, 2001). Job terminations occur for various reasons, however there has evolved a consistent line of research evidence showing that voluntary job terminations can be explained from the employee's intentions to leave an organization (Bluedorn, 1982). According to March & Simon (1958) this intentional decision involves a subjective evaluation of the employee's job aspirations in comparison with the expected value of job opportunities in the present organization and the availability of attractive opportunities in other organizations or alternative careers. The employee's decision to quit is not considered an impulsive action but one that is rationalized over time (Simon, 1957).

Mobley (1977), Mobley, Horner & Hollingsworth (1978) suggest that the termination decision process can be described as a sequence of cognitive stages that starts with; initial

dissatisfaction with the present job, intention to search for a different job, an active search and evaluation of alternatives, an expressed intention to quit and finally job termination. According to the writers, each successive step represents increasing withdrawal from the organization. Mobley, Griffeth, Hand & Meglino (1979) concludes that there is still a lot more to be learned about the decision process leading to job termination. They suggest two factors that are related to employee's progression through successive stages of withdrawal. One factor reflects the employee's evaluation of the organization's future expected value with respect to their work aspirations. Termination here may represent the employee's decision to accept a more attractive job opportunity. The second factor focuses on the tension associated with the organization's present working conditions. Termination in this case may represent the employee's decision to leave a stressful work environment. Lee & Mitchell (1994) describe four paths employees could take when deciding to terminate their employment; they may follow a plan, this is where a plan and script for leaving is already in place, others may leave without a plan or even alternatives, some employees may leave for a better alternative elsewhere, while others will leave because their current job is unsatisfying.

Employees decide to resign for various reasons. Graham (2003) identifies push and pull factors as the main reasons employees voluntarily terminate their employment. Push factors contribute to the weakening of the psychological contract between employees and their employers, these factors affect employees' identification and attachment to their employers, they contribute to a large extent to an employee's decision making process about moving on. The push factors include; poor supervision that may be arbitrary and or unfair, lack of training and development and poor pay. Pull factors on the other hand come to play when the psychological contract is already weakened; employees begin to compare what other employers are offering.

Mitchell, Holton & Lee (1992) and Armstrong (2006) give other reasons which they describe as; personal, organizational, job dissatisfaction and availability of alternatives. Examples cited under personal reasons include; changes in family situations, desire to learn a new skill or trade, unsolicited job offers, pregnancy, illness and relocation.

Organizational reasons include examples such as; observing mistreatment of a co-worker, over passed for promotion, poor relationships with managers and or team leaders, poor relationship with co-workers, bullying and harassment. Also included under organizational reasons are changes such as mergers, unsolicited job offers, friends leaving, poorly managed redundancies and retrenchment exercises. Under Job dissatisfaction, Mitchell, Holton & Lee (1993) note that employees who are dissatisfied with their jobs are likely to leave after evaluating their pay, supervision, chances of promotion, work environment, and the task they do. Causes of job dissatisfaction include; job stress, repetitive work, role ambiguity and role overload. Dissatisfied employees start looking around for other alternatives; they may conduct a perceived and or actual job search. Alternatives can influence this process such that if alternatives are considered favorable in comparison to the present job, the person is predicted to leave, if not he or she stays. In addition, employees with more alternatives are more likely to leave than those with fewer alternatives.

Various assumptions have been made about voluntary labour turnover. According to Sicherman, (1996) and Glass & Riley (1998), women are more likely to turnover due to family considerations which interrupt their careers. Keith & McWilliams (1995) suggests that married employees often make decision based on relatively complicated concerns, including kinship responsibility and children issues, such concerns may causes them to hold onto their jobs longer than unmarried people. According to Williamson (1981) highly educated employees are more likely to resign since education determines the number of job openings available. Human capital theory proposes that, other things being constant, a given worker will have a greater probability of leaving a low-paying job than a higher-paying one. Akerlof, (1984) and Yellen, (1984) posit that offering a wage that is higher than the average market level will help to retain competent workers. They however add that pay is not the only or main reason why employees begin to look for another job, they may get discontented and leave when their skills or talents are not properly developed. According to Steel, Griffeth & Hom (2002), the impact of different workers' turnover on a firm is not equal; it is the performance level of the employee, not the act of quitting or staying per se that determines the positive or negative nature of the retention and or

separation event. Lazear (1999) found that better performers were less likely to turnover; better performance reflects more beneficial firm-specific skills which may motivate retention. On the other hand, poor performers may be less likely to stay longer with a firm because of the poor performance evaluations and the lower pay level they receive. Lazear (1998) found that recent promotion is negatively related to turnover, it makes one more suitable to the current employer than to other, in which case promotion would reduce turnover. March and Simon (1958) declared that under nearly all conditions, the most accurate single predictor of labor turnover is the state of the economy, during periods of prosperity, the turnover rate in the overall market tends to be higher than in times of economic recession.

Methods used to calculate labour turnover

Graham (2003) and Armstrong (2006) identified the following methods of calculating turnover; crude wastage, rates of voluntary turnover, stability index, survival rates and destination of leavers. Since voluntary resignation represents the main focus of interest, it should be ensured that the data on labour turnover rates measures only this form of turnover. Unfortunately most external sources of benchmarking data measure it with far less precision through crude wastage. The method lumps together all and every reason for turnover:

$$\frac{\text{Number of all types of leavers in a specified period (usually 12 Months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

The crude wastage method has the effect of inflating the findings. Although many published surveys rely on it, the crude-wastage rate is of virtually no use as the basis for managing retention- it represents a tool that is too blunt for effective use unless the employers included in the survey are behaving in the same way as the organizations making the comparison. Most organizations use this method because they lack more precise statistics available.

Rates of voluntary turnover follow much the same process as for crude wastage:

$$\frac{\text{Number of leavers for voluntary reasons in a specified time(usually 12 months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

Stability index shows the extent to which the turbulence caused by labour turnover permeates the workforce. In the hospitality industry where high turnover rates are prevalent, some employers have found that the same posts have a succession of recruits and leavers during the course of a year while much of the workforce is unaffected.

$$\text{Stability index} = \frac{\text{Number of employees having a specified length of service}}{\text{Total workforce}} \times 100$$

Survival Rates focuses on the effectiveness of the recruitment, training and management of identifiable groups of staff. It is mainly used for new graduates. Alternatively, it can be one way of gauging the impact of a change in recruitment and selection practice on retention rates, comparing survival rates before and after the modification

$$\text{Survival Rate} = \frac{\text{Number of people recruited in a specific year}}{\text{Number in that Group still in employment at a certain date}} \times 100$$

This calculation is often based on a time series of individual years e.g. the intake of 1995 is compared with the number surviving in 1996, 1997 etc.

Resignation rate can also be calculated according to the destination of leavers. This method is favored more in the public sector where turnover rate are often broken down into those moving within the same area or going elsewhere.

2.4 Economic impact of voluntary labor turnover

Under the present economic pressures, organizations should ensure that valuable staff is retained and that recruitment should take place only when it is fully justified. It is very costly to do nothing about high rates of turnover. One key individual can hold the fortunes of a department or business in their hands. Loss of several members of staff in the same

unit or team can lead to instability (Okumbe, 2001). Voluntary turnover is costly for both employers and workers, employers find replacement cost and hidden organizational cost high (Mitchell, Holton, & Lee 1993). Workers also find monetary and psychological costs taxing (Ehrenberg & Smith, 1994). Human capital theory according to Mincer (1962) and Becker (1962) considers voluntary turnover an investment in which costs are borne in an earlier period in order to obtain returns over a long period of time. Therefore, the decision to stay or go involves evaluating cost and benefits. If the present value of the returns associated with turnover exceeds both monetary and psychological costs of leaving, workers will be motivated to change jobs. If the discounted stream of benefits is not as large as costs, workers will resist changing jobs (Ehrenberg & Smith, 1994).

Fitz-enz (1997) stated that the average company loses about \$1 million with every 10 managerial and professional employees who leave the organization plus other indirect costs. Some of obvious labour turnover costs include; the expense of recruiting advertisement; commission paid to employment agencies; staff time required to consider the applications; time required in interviewing short listed candidates and selection methods; successful applicants have to be inducted and probably trained and given a period of grace while their effectiveness gradually improves to that of an experienced staff; departing employees will require administrative time to handle their separation and there may be cost implications of the turbulence caused by the resignation and new appointments such as reduced customer service.

Other voluntary labour costs include; Loss of organization knowledge and experience, loss of clients and stress. There is significant economic impact with organizations losing any of its critical employees especially because of the knowledge that is lost with the employees' departure. This knowledge is actually the organizations' most valuable assets. Snell & Dean (1992) emphasize that these skills, knowledge and experience represents capital because they enhance productivity. According to the human capital theory, some labour is more productive than others because more resources have been invested into the training of that labour, on the other hand departing employees that had established close relationship with clients may move with them to their new jobs, spelling loss of business

and customer loyalty to the organization. Ehrenberg & Smith (1994) notes that moving to a new job is stressful for departing employees, there is a lot of uncertainty and ambiguity, family adjustment, new school for children, new living accommodation and leaving behind friends. Adjustments for these employees may take up to a year.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

The study was carried out through a census survey, this is due to the cross sectional nature of the data that was collected. The survey involved collection of data from all members of the population. The design chosen is most appropriate for this study because all the five star hotels in Nairobi were targeted.

3.2 Population

The population of this study consisted of all the five star hotels in Nairobi. According to the Kenyan ministry of tourism and the Africanpoint.com online travel agent website, there are 11 five star hotels in Nairobi as attached in appendix 3.

3.3 Data collection

The study was based on primary data through self- administered questionnaires. The questionnaires were filled by the Human resource managers and consisted of three parts. Part A gathered background information, Part B focused on employee retention practices and part C tackled voluntary labor turnover. The questionnaires were administered through the “drop and pick later” method. Human resource managers were targeted because they were considered custodians of vital information for this study.

3.4 Data analysis

The collected data was analyzed using descriptive statistics, particularly frequencies and percentages. The Pearson’s product-moment correlation was used to analyze the relationship between employee retention management practices and voluntary labour turnover. SPSS, a statistical analysis program was used as a tool of analysis.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The objective of this study was to first establish the employee retention practices used by the five star hotels to retain employees and secondly, to establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels. The research was a census survey that constituted of 11 five star hotels located in Nairobi. 11 questionnaires were dropped at the hotels, 7 which represented a response rate of 64% were received back. The respondents were Human Resource Managers.

In the analysis of data for this study, respondents who strongly disagreed and disagreed on various items of the questionnaire were grouped together and those that strongly agreed and agreed were also grouped together. SPSS package was used to analyze the data.

4.2 Background information

Table 1: Distribution of respondents by gender

Gender	Frequency	Percent
Male	2	28.6
Female	5	71.4
Total	7	100

As shown in Table 1, 71.4% of the respondents were females while 28.6% were males. From this finding, it appears that the human resource profession appeals more to the females than to the males. This analysis may be of no consequence to the findings of the study; however ones gender may influence the respondent's response especially in gender related contentious issues.

Table 2: Academic qualifications of respondents

	Frequency	Percent
Post graduate qualification	7	100

Table 2 above indicates that 100% of the respondents had attained post graduate qualifications. The implication of this fact is that the human resource managers were well qualified and knowledgeable in human resource management functions and were therefore in a position to offer credible information necessary for this study.

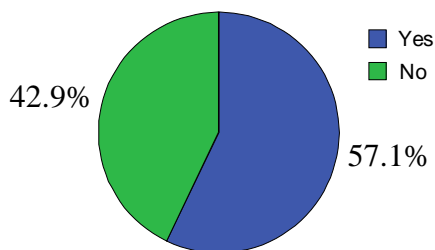
Table 3: Number of years worked by respondents.

	Frequency	Percent
1-5 years	5	71.4
Over 10 years	2	28.6
Total	7	100.0

Table 3 shows the number of years the respondents have worked in their various organizations. 71.4% of the respondents had worked for their organizations between 1-5 years and 28.6% had worked for 10 years and above. For the respondents to be in a position to provide actual information about their employees and their organization at large, they should have been in the organization long enough

4.3 Employee retention management practices

Figure 1: Employee retention efforts



Critical employees are employees that are considered valuable to the organization; these are employees any organization would try retain in the organization. Figure 1 shows that of the organizations surveyed, 57.1% made efforts to stop critical employees from resigning, while 42.9% did not. Making efforts to stop voluntary labour turnover means certain measures have been put in place to entice these employees to stay on. These measures are basically what this study seeks to identify and which are referred to as

employee retention management practices. The organizations that made no effort to retain critical employees may also have in place retention practices that they are not aware of.

Table 4: Organizational culture

	Frequency	Percent
Strongly agree	7	100.0

Organization culture or climate is each organization’s distinct approach to the way things are done. Some cultures may provoke a reaction that encourages employees to stay or leave the organization. Table 4 shows that 100% of the respondents agreed that organization culture strongly influences employees’ decision to either stay or leave. This implies that the management of the five star hotels recognizes the importance of having a conducive working atmosphere where employees are at ease.

Table 5: Management style

	Frequency	Percent
Agree	2	28.6
Strongly agree	5	71.4
Total	7	100.0

Line managers and supervisors play a vital role in determining voluntary labour turnover and employee retention. The most common reasons for resignation lie in poor or ineffective supervision from their immediate line managers. Table 5 shows that 28.6% of respondents agreed and 71.4% strongly agreed that management style plays a major role in influencing employees’ decision to stay or leave the organization. These organizations are therefore aware their managers have the power to motivate and support their employees or to drive them away.

Table 6: Training and development programs

	Frequency	Percent
Agree	1	14.3
Strongly agree	6	85.7
Total	7	100.0

Training and development programs equip employees with the required knowledge, skills and competencies needed to perform their duties and responsibilities effectively and efficiently. As shown in Table 6, 14.3% agreed and an overwhelming 85.7% strongly

agreed to having training and development programs in place as a retention measure for their employees. The implication is that employees that are well trained are more confident and are more likely to stay longer in the organization.

Table 7: Employee empowerment

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	3	42.9
Strongly agree	2	28.6
Total	7	100.0

Employee Empowerment is an approach that encourages employees to make decisions and resolve problems while at the same time taking responsibilities of the outcome; this gives employees flexibility and autonomy. Table 7 indicates that 14.3% of respondents strongly disagreed and another 14.3% disagreed that their employees were empowered. 42.9% agreed and 28.6% strongly agreed that their employees were empowered. The majority of the five star hotels have empowered employees, a practice that is also known to improve job satisfaction while at the same time managing retention.

Table 8: Perfect match in the hiring process

	Frequency	Percent
Disagree	2	28.6
Agree	5	71.4
Total	7	100.0

Recruitment and selection practices can have major impacts on employee rates of resignation. Under qualified or overqualified employees have higher rates of turnover due to inefficiency or boredom; most employers therefore seek to hire applicants that match the job requirements. Table 8 shows that 28.6% of the respondents did not hire applicants that perfectly matched the job requirement while 71.4% agree they hired employees that perfectly matched the job requirement. The majority of the five star hotels hired employees that are qualified as a way of retaining them.

Table 9: Extension of retirement age

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	2	28.6
Strongly agree	3	42.9
Total	7	100.0

Every organization has policies concerning retirement age, however, employees who have attained this age take with them valuable skill and experience gained over the years. Employers are realizing their organization can still benefit from this category of people and many are extending the contracts of retirees who are still needed in the organization as a way of retaining them. According to Table 9, 14.3% strongly disagreed and another 14.3% disagreed to extending the retirement age. 28.6% agreed and 42.9% strongly agreed that they extended the retirement age of those retiring in a bid to retain valuable employees. Most of the five star hotels can be said to use this practice as a way of retaining critical employees.

Table 10: Redesigning jobs

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	2	28.6
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

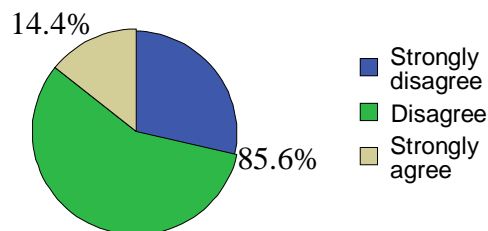
Job redesign means changing job tasks and responsibilities of routine and repetitive jobs which would otherwise create boredom, forcing employees to look for more challenging jobs elsewhere. According to Table 10, 28.6% of respondents strongly disagreed on redesigning jobs. 28.6% disagreed, 28.6% agreed and 14.3% strongly agreed. Since the majority of the respondents disagreed, redesigning jobs is therefore not widely used as a retention measure in the five star hotels. Employees who feel bored and unchallenged in their jobs are therefore likely to resign in search of more challenging jobs.

Table 11: Realistic job preview

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

New applicants should be made fully aware of the job demands and what working for the organization would be like through realistic job preview. Realistic job previews helps to deflate any unrealistic expectations a new recruit may have which may otherwise lead to voluntary labour turnover. Figure 11 shows that 42.9% of the human resource managers strongly disagreed to providing realistic job previews to potential applicants, 14.3% disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis implies that most five star hotels in Nairobi did not provide their potential applicants and new employees with a realistic job preview before engaging them, therefore, new employee with very high expectations may be disappointed and choose to resign.

Figure 2: Hiring Overqualified Employees



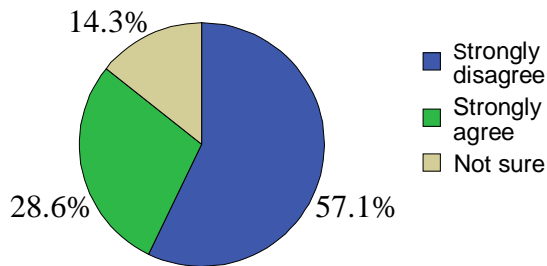
When recruiting criteria is pitched too high, the recruits end up being overqualified for the job. Most feeling their potentials are not fully exploited and challenged become bored and resign. As shown in Figure 2, the majority of the respondents; 85.6% did not hire overqualified employees for any given job in their organizations, 14.4% did. This analysis shows the five star hotels did not hire overqualified employees as retention measure therefore minimizing voluntary labour turnover.

Table 12: Hiring under qualified employees

	Frequency	Percent
Strongly disagree	4	57.1
Disagree	3	42.9
Total	7	100.0

Under qualified employees, being unskilled may get overwhelmed by their responsibilities and fail to perform well, these employees may end up being disciplined for poor performance, disillusioned and burnt out. The inevitable would be early exit from the organization. According to Table 12 above, 57.1% of the respondents strongly disagreed that they hired under qualified employees for the various job positions while 42.9% disagreed. It is therefore evident that five star hotels recruit applicants that are already qualified in order to curb voluntary labour turnover.

Figure 3: Benchmarking Compensation package



Benchmarking of compensation package is a practice often used by organizations to ensure pay levels are competitive and at par with what other competing organizations offer if not better. The aim is to ensure critical employees are not enticed by other well paying organizations. Figure 3 shows that 28.6% of the respondents strongly agreed that their organizations benchmarked the compensation package, 57.1% disagreed and 14.3% were not sure whether any benchmarking was done by their organizations. It is evident that the majority of the five star hotels did not compare their compensation package with their competitors. This implies that benchmarking of compensation package is not well employed as a means of retaining critical employees.

Table 13: Flexible working time

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	1	14.3
Agree	2	28.6
Strongly agree	2	28.6
Total	7	100.0

Flexible working time or flextime is an arrangement where employees are allowed the freedom regarding the hours they work; this enables employees to achieve more flexibility in their working lives through for example job sharing and part time hours. In Table 13 above, 28.6% of the respondents strongly disagreed concerning flextime in their hotel, 14.3% disagreed, 28.6% agreed and 28.6 strongly agreed. Flexible working time as a means of retaining employees is therefore used by the majority of the five star hotels to prevent loss of valuable employees.

Table 14: Revision and renegotiation of compensation package

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Whenever critical employees get other job offers with better terms of compensation, the current employer may decide to match that offer in order to retain them. According to Table 14, 42.9% of the respondents strongly disagreed their organizations revised and renegotiated the compensation packages of employees wishing to leave, 14.3% disagreed, whereas 28.6% agreed and 14.3% strongly agreed. This finding implies that five star hotels in Nairobi are not in the habit of revising the compensation packages of critical employees who wish to leave for better compensation elsewhere. Revision and renegotiation of compensation package cannot be considered common retention management practice in the five star hotels in Nairobi.

4.4 Voluntary labour turnover/resignations

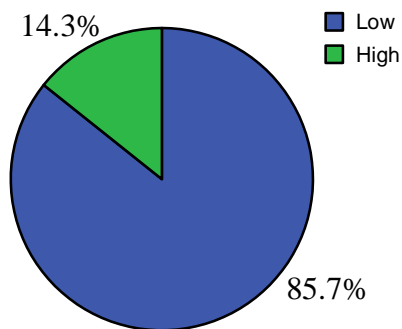
Voluntary labour turnover refers to when employees choose to resign or terminate their services from their employing organization due to various reasons, some of which have been analyzed below.

Table 15: Critical employees

	Frequency	Percent
Yes	7	100.0

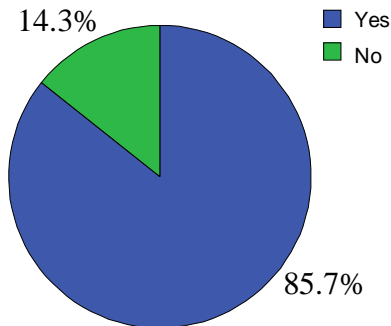
Critical employees as referred to in this study are those employees that an organization considers needed and valuable. These are the employees any organization would not like to lose. Table 15 shows that 100% of the respondents agreed they had employees they considered critical. This implies that effective employee retention practice have to be in place to entice these employees to stay with the organization.

Figure 4: level of resignation



Level of resignations basically refers to how often voluntary labour turnover takes place in the five star hotels. According to Figure 4, 85.7% of the respondents rated their levels of resignations or voluntary labour turnover as low and 14.3% rated it as high. Voluntary labour turnover in this case is not considered a big problem in the five star hotels.

Figure 5: Investigation of resignations



Organizations need to investigate why employees choose to turnover voluntarily in order to objectively deal with and curb the problem. According to figure 5 above, 85.7% of the respondents investigated why employees decide to leave and 14.3% did not do any investigations. The implication here is that the five star hotels that did not investigate reasons for voluntary labour turnover rated their resignation level as high while those who did rated voluntary labour turnover as low.

Table 16: Poor compensation

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Compensations are both monetary and non monetary rewards offered to employees for services rendered to the organization. Organizations that poorly compensates its employees risks losing them to better paying organization. As to whether poor compensation is considered a good reason for voluntary labour turnover in the five star hotels, 42.9% agreed while 57.1% strongly agreed. Five star hotels therefore needs to continually review how it compensates their employees in order to minimize or stop voluntary labour turnover.

Table 17 Competitive job offers

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Competitive job offers elsewhere may entice employees to move from their current employer. According to table 17, 42.9% agreed and 57.1% strongly agreed that competitive job offers is a good reason for voluntary labour turnover. To stop voluntary labour turnover that may be as a result of competitive job offers elsewhere, the five star hotels need to remain competitive.

Table 18: Lack of training and development opportunities

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Training and development opportunities equip employees with the necessary knowledge, skills and competencies to effectively perform their duties. Training also enables employees to adapt to changing systems, structures and technologies. Employees that are not accorded proper training and development opportunities may chose to leave for better prospects elsewhere. According to Table 18, 14.3% of the respondents strongly disagreed that lack of training and development is a reason for voluntary labour turnover, 71.4% disagreed and 14.3% agreed. The implication of this analysis is that the five star hotels have elaborate training and development programs for their employees, this is therefore not a good reason for voluntary labour turnover.

Table 19: Illness

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4

agree	1	14.3
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Illness often incapacitates employees such that they are unable to perform their duties effectively. Although many organizations have policies concerning sick leave, there are limits to how long one should be away from work. Whether or not employees resign due to poor health, 14.3% of the respondents strongly disagreed, 71.5% disagree and 14.3% agreed as shown in Table 19 above. Evidently illness is not a reason for voluntary labour turnover in the five star hotels although the management may choose to terminate an employee's employment contract due to poor health.

Table 20: Role overload

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Overworked employees often get burnt out and are unable to cope with their responsibilities, poor health and lack of balance between their work and social life may force them to opt for an early exit from the organization. However, according to Table 20, 14.3% of respondents strongly disagreed that role overload would cause voluntary labour turnover, 71.4% disagreed and only 14.3% agreed. The implication of this analysis is that the respondents that disagreed ensured their employees were not overworked while those that did agree deliberately exploited their employees who in most cases would opt to resign, consequently role overload is not considered a good reason for voluntary labour turnover.

Table 21: Relocation

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Movements from one geographical region to another especially among married couples may force spouses to resign and join their families, especially where transfer options are

not available. Asked whether relocation was a reason for voluntary labour turnover 42.9% of the respondents disagreed, and 57.1% agreed as is shown in Table 21. Although the majority of the respondents disagreed, almost a half agreed, relocation can be therefore be considered a minor reason of voluntary labour turnover.

Table 22: Job stress

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Stress at work can be caused by various reasons such as; being overworked, lack of proper job description, and harassment at work by both supervisors and fellow co-workers among other. When stress becomes unbearable, the health and performance of employees' gets jeopardized and the result may be voluntary labour turnover. According to Table 22, 42.9% of the respondents disagreed that job stress would cause employees to resign and 57.1 agreed. Job stress therefore can be said to cause employees to resign.

Table 23: lack of growth/promotion opportunities

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

When employees perceive that their organizations does not offer them opportunities for growth, or they are unfairly being over passed by promotions or they have reached the ceiling of their careers, they may opt to resign in a bid to grow their careers elsewhere. 42.9% of the respondents in Table 23 disagreed that lack of growth and promotion opportunities is a reason enough for voluntary labour turnover while 57.1% agreed that employees would resign due to lack of growth in their careers.

Table 24: Boredom

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

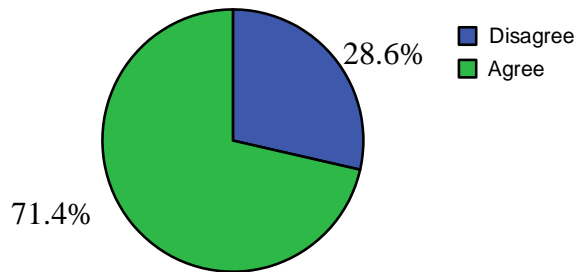
Boredom at work creeps in when employees engage in repetitive and routine jobs where they feel their potentials are not exploited to the full. They may feel unchallenged and unfulfilled in what they do. Such employees may be compelled to look for more challenging work elsewhere. 42.9% disagreed with this assertion while 57.1 agreed as shown in Table 24. Boredom should be addressed by the organization as a reason for voluntary labour turnover.

Table 25: Poor Working Conditions

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	6	85.7
Total	7	100.0

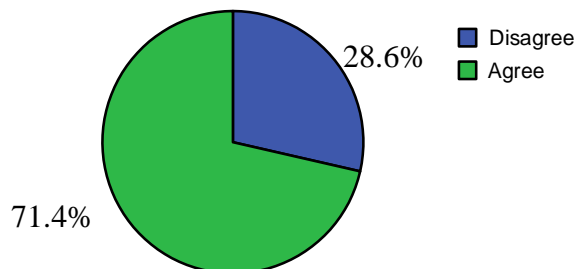
When the working environment is not conducive due to for example lack of proper working equipment and safety measures, employees may chose to resign. According to Table 25, 14.3% the human resource managers strongly disagreed that poor working conditions would cause employees to resign and a further 85.7% disagreed. This means that either the organizations ensured the conditions of work were favorable or the employees did not find this a problem to warrant terminating their services. In this case poor working condition is not a reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 6: Poor relationship with supervisors



When supervisors and line managers fail to relate well with employees due to poor interpersonal skills, the results could be voluntary labour turnover. According to figure 6, 71.4% of respondents agreed that poor relationship with supervisors would cause employees to resign but 28.6% disagreed. Poor relationship with supervisors can therefore be said to be a main reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 7: Family considerations



Family affairs have been known to force employees to terminate their services, these may include; marriage, pregnancies, relocation of spouses and the need to care for children with special needs among others. According to figure 7, 71.4% of the respondents agreed that employees would resign due to family considerations while 28.6% disagreed. Evidently, family considerations rank amongst the main reasons for voluntary labour turnover for employees in the five star hotels in Nairobi.

Table 26: Poor relationship with co-workers

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Organizations employ workers from different backgrounds and with different personalities. Disagreements among co-workers often occur and this affects one's ability to perform his or her duties effectively. Co-workers have also been known to be jealous and envious of each other especially when some are favored over others in the distribution of resources. According to Table 26, 28.6% of the respondents strongly disagreed that poor relationship among co-workers would cause voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that most employees in the five star hotels would not resign due to poor relationships with fellow co-workers.

Table 27: Poorly managed redundancy/retrenchment exercises

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

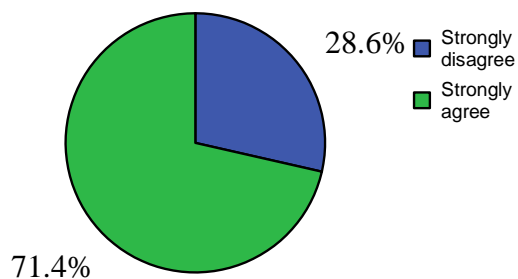
Poorly managed redundancies/retrenchment exercises often lead to survivor's syndrome; a situation where the employees that survived the exercise feel demotivated and are unsure of their job security which this may force them to start looking for alternatives. On the other hand, voluntary retrenchment package may be attractive to employees who are considered critical by the organization and are not themselves target of the exercise. According to Table 27, 28.6% of the respondents strongly disagreed that poorly managed redundancy/retrenchment exercises would lead to voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that poorly managed redundancy and retrenchment exercises seldom cause voluntary labour turnover in the five star hotels.

Table 28: Poor supervision

	Frequency	Percent
Disagree	4	57.1
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Poor supervision may be as a result of incompetent supervisors and managers, whose style of management may force frustrated employees to resign. Whether poor supervision contributed to voluntary labour turnover, Table 28 shows that 57.1% of the respondents disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis shows that poor supervision is not considered by the majority of the respondents as a good reason for voluntary labour turnover.

Figure 8: Resignation rate among the new and young employees



The new and young employees are assumed to have a higher rate of voluntary labour turnover, this is attributed to the fact that the young employees are not yet settled or established in their career while the new employee may leave due to unmet expectations. According to Figure 8, 71.4% of the respondents agreed to there being higher resignations among new and younger staff, while 28.6% disagreed. The new and young employees can therefore be said to resign more in the five star hotels compared to the rest of the employees.

Table 29: Rates of resignation among female employees

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Female employees are often thought to have a higher resignation rate compared to their male counterparts; this may be due to family interruptions and inability to deal with stress, as a result, certain organizations may choose to employ more men than women employees. Table 29 above shows that 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. Based on this analysis it is not true that female employees have a higher rate of voluntary labour turnover compared to the employees.

Table 30: Pay/ monetary reward

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Pay is the monetary reward employees are given in exchange for their services to the organization. It is often assumed that pay is the most important consideration when deciding to move to another organization. In Table 30 above, 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. It is therefore evident that employees put into consideration the whole compensation package which includes both the pay and other benefits. In this case pay alone is not a good reason for voluntary labour turnover.

Table 31: Married employees stay longer

	Frequency	percent
Disagree	1	14.3
Agree	6	85.7
Total	7	100.0

Due to family commitments and responsibilities, married employees are assumed to stay longer in employment compared to unmarried employees. According to Table 31, 14.3 % of the respondents disagreed that married couples stayed longer in their jobs and 85.7% agreed. The implication of this analysis is that five star hotels may reduce voluntary labour turnover by recruiting more married employees since it has been proven that they stay longer in employment.

Table 32: Level of education determines job alternatives

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

The level of education determines the number of job alternatives available to employees. Employees with higher levels of education have more job opportunities available to them. Table 32 shows that 42.9% of the respondents agreed to this and a further 57.1% strongly agreed. This therefore implies that employees with higher levels of education are likely to resign more compared to those with lower levels of education as they have more job opportunities available.

4.5 Pearson's product moment correlation

To establish the relationship between employee retention management practices and voluntary labour turnover, the variables retention efforts, employee empowerment, realistic job preview, job redesign, job alternatives, poor supervision, job stress, family considerations, education level and pay were correlated with the levels of voluntary labour turnover. For the above variables, correlation "r" will be significant when the significant level "p" is less or equal to 0.05.

Table 33: Retention efforts and resignation levels/ voluntary labour turnover

		Retention efforts	Resignation levels
Retention efforts	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Resignation levels	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

(r)= Pearson’s product moment coefficient

(p)= Significance Level ≤ 0.05

(N)= Number of cases.

As shown in Table 33, $r=0.471$ and $p=0.286$. These findings suggest that there is a moderate positive but insignificant relationship between employee retention management practices and voluntary labour turnover. The implication is that the five star hotels that made efforts to retain critical employees did not register lower resignation levels. On the contrary, the positive relationship shows as retention efforts increased, the levels of resignation also increased.

Table 34: Employee empowerment and resignation levels/ voluntary labour turnover

		Employee empowerment	Resignation level
Decision making	Pearson Correlation	1	-.354
	Sig. (2-tailed)	.	.437
	N	7	7
Resignation level	Pearson Correlation	-.354	1
	Sig. (2-tailed)	.437	.
	N	7	7

The correlation results in Table 35 above show that $r=-0.354$ $p=0.437$. This suggests a very small and insignificant negative relationship between voluntary labour turnover and employee empowerment. Although the relationship between employee empowerment and

voluntary labour turnover is insignificant, the implication is that as the employees in the five star hotels get empowerment, voluntary labour turnover decreases but in a very small degree, on the other hand the low levels of voluntary labour turnover may be due to other variables other than employee empowerment.

Table 35: Job redesign and Resignation levels/ voluntary labour turnover

		Resignation level	Job redesign
Resignation level	Pearson Correlation	1	-.510
	Sig. (2-tailed)	.	.243
	N	7	7
Job redesign	Pearson Correlation	-.510	1
	Sig. (2-tailed)	.243	.
	N	7	7

At a correlation of -0.510 and significance level of 0.243, Table 35 shows a moderate negative but insignificant relationship between job redesign as a means of retaining employees and the levels of voluntary labour turnover. As the five star hotels redesign jobs in order to reduce boredom due to routine and repetitive roles, voluntary labour turnover is expected to reduce though not significantly.

Table 36: Realistic job preview and resignation levels/ voluntary labour turnover

		Realistic job preview	Resignation level
Realistic job preview	Pearson Correlation	1	-.415
	Sig. (2-tailed)	.	.355
	N	7	7
Resignation level	Pearson Correlation	-.415	1
	Sig. (2-tailed)	.355	.
	N	7	7

The relationship between realistic job preview and levels of resignation is shown in Table 36 to be negative and insignificant at $r = -0.415$ and $p = 0.355$. Whether or not the organizations surveyed carried out realistic job previews, it did not affect the levels of resignations of critical employees.

Table 37: Job alternatives and resignation levels/ voluntary labour turnover

		Resignat ion level	Job alternati ves
Resignation level	Pearson Correlation	1	.167
	Sig. (2-tailed)	.	.721
	N	7	7
Job alternatives	Pearson Correlation	.167	1
	Sig. (2-tailed)	.721	.
	N	7	7

At $r = 0.167$ and $p = 0.721$, Table 37 clearly shows the relationship between job alternatives and levels of voluntary labor turnover or resignations to be insignificant and very weak. This correlation negates the assumption that increased job alternatives in other organizations would lead to increased levels of voluntary labour turnover.

Table 38: Poor supervision and resignation levels/ voluntary labour turnover

		Resignat ion level	Poor supervisi on
Resignation level	Pearson Correlation	1	-.320
	Sig. (2-tailed)	.	.484
	N	7	7
Poor supervision	Pearson Correlation	-.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

In Table 38, poor supervision and levels of resignation when $r = -0.320$ and $p = 0.484$ have a very weak negative relationship that is not significant. This implies that poor supervision would not necessarily reduce or increase voluntary labour turnover.

Table 39: Job stress and resignation levels/voluntary labour turnover

		Resignat ion level	Job stress
Resignation level	Pearson Correlation	1	.320
	Sig. (2-tailed)	.	.484
	N	7	7
Job stress	Pearson Correlation	.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

The relationship between job stress and resignation levels as shown in Table 39 where $r = 0.320$ $p = 0.484$ is shown to be positive but very weak and insignificant. According to this analysis, Job stress in a very weak way may lead to increased voluntary labour turnover but again this may not be so.

Table 40: Family considerations and resignation levels/voluntary labour turnover

		Resignat ion level	Family consider ations.
Resignation level	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Family	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 40 shows that $r = 0.471$ and $p = 0.286$. This analysis means that the relationship between resignation level and family considerations is positive, moderate and

insignificant. Although family concerns may lead to increased voluntarily turnover, the effect is insignificant.

Table 41: Education level and resignation levels/voluntary labour turnover

		Resignat ion level	Education Level determines alternatives
Resignation level	Pearson Correlation	1	-.471
	Sig. (2-tailed)	.	.286
	N	7	7
Education level determines alternatives	Pearson Correlation	-.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 41 shows the findings of the correlation between levels of education and voluntary labour turnover. The findings $r = -0.471$ and $p = 0.286$ suggest a negative insignificant relationship between the two variables. This finding implies that although higher levels of education may expose an employee to other job alternatives, the rate of resignation however remains low.

Table 42: Pay and resignation levels/voluntary labour turnover

		Pay	Resignat ion level
Pay	Pearson Correlation	1	.132
	Sig. (2-tailed)	.	.777
	N	7	7
Resignation level	Pearson Correlation	.132	1
	Sig. (2-tailed)	.777	.
	N	7	7

As shown in Table 43, $r = 0.132$ and $p = 0.7$, the relationship between pay and voluntary labour turnover is almost nil and is not significant. Pay here is not a determinant of

voluntary labour turnover, reduced or increased pay will not affect the levels of voluntary labour turnover.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The objective of this study was to establish the relationship between employee retention management practices and voluntary labour turnover in five star hotels in Nairobi; it also sought to identify employee retention management practices employed by these hotels. The census survey targeted a total of 11 five star hotels, however only 7 hotels responded and the data captured using questionnaires were analyzed. The data collected mainly covered the various employee retention practices used to retain critical employees and the reasons commonly given for voluntary labour turnover.

5.2 Discussions

The background information gathered revealed that all the human resource managers had post graduate qualifications and that they had worked in their organizations long enough. This proves that the respondents were competent and knowledgeable in human resource management functions and therefore able to offer credible information necessary for this study.

Previous studies carried out on employee retention management practices and voluntary labour turnover suggest that the two go hand in hand and are sides of the same coin. This means that as organizations put in place proper employee retention management practices, voluntary labour turnover is expected to reduce and vice versa. However, this study has revealed that the five star hotels that made deliberate efforts to retain critical employees and those that did not both registered low levels of voluntary labour turnover. Either the five star hotels that made no efforts to retain critical employees had incidental retention practices they were not aware of or the retention practices employed by the hotels that made efforts to retain critical employees had no bearing on the levels of voluntary labour turnover.

Employee retention management practices that received utmost support included ensuring that the organization culture was appropriate and that managers and supervisors received proper training in order to handle employees appropriately. This emerged from the fact that the organization culture and management style of managers were found to greatly influence the employees' decision to stay in the organization or resign. It is worth noting that all the five star hotels had elaborate training and development programs for their employees, this works to ensure that employees have the needed skill and knowledge to discharge their duties; well trained employees are less stressed and therefore stayed longer in employment. Employee empowerment, a practice that allows employees to make and participate in decision making was found to reduce voluntary labour turnover as it gives employees greater responsibilities, increased flexibility, autonomy and a sense of belonging.

As a retention measure, the recruiting and selection practices used by the five star hotels sought to hire employees that perfectly matched the job requirements. Hiring of under qualified and or overqualified employees was shunned as this would eventually lead to voluntary labour turnover. In addition, a common practice found among the five star hotels was the extension of employment contracts for critical employees who had reached the retirement age. Although the five star hotels surveyed were close to each other in proximity, very few benchmarked the compensation package offered; the compensation package offered by individual hotels did not depend on what other competing hotels were offering. It follows therefore that the five star hotels hardly revised or renegotiated compensation packages of critical employees who wished to move to other more competitive organizations. The majority of the five star hotels were found to accord flexible working time to their employees, this practice was used in order to enhance productivity, reduce employee absenteeism, improve morale and reduce turnover.

The human resource managers indicated their organizations have employees they consider critical and who they wish to retain, it is therefore imperative that these organizations investigated why voluntary labour turnover would come about. It should be noted however that voluntary labour turnover was rated low by an overwhelming majority of the

respondents most of who carried out investigations as to why employees resigned through exit interviews. Interestingly, the hotels that failed to investigate reason for voluntary labour turnover registered high levels of voluntary labour turnover.

The reasons for voluntary labour turnover that received a lot of support from the respondents were; poor compensation and competitive job offers. The five star hotels that had poor compensation packages risked losing their employees to better paying competitors. Poor relationship with supervisors was found to also encourage voluntary labour turnover, the role of supervisors and line manager in determining an employee's decision to terminate their services or not should not therefore be underestimated. Other reasons such as relocation, job stress, lack of growth and boredom were also found to influence voluntary labour turnover but in a moderate manner.

Poor working condition was not considered a reason for voluntary labour turnover by all respondents, either the organizations ensured the conditions of work were favorable or the employees do not find this a problem to warrant terminating their services. Lack of training and development opportunities, illness, role overload and ambiguous roles did not feature as good reason for voluntary labour turnover. It is evident that the five star hotels ensured all their employees received the necessary training needed to perform their duties effectively. It also means that the five star hotels have properly defined job descriptions and that the employees are not overwhelmed by their responsibilities. On the other hand poor relationship with co-workers and poorly managed redundancy exercises were not considered strong reasons to warrant voluntary labour turnover. Although poor relationship with supervisors was found to contribute to voluntary labour turnover, poor supervision did not receive much support.

On which category of employees is likely to have a higher rate of voluntary labour turnover, the study revealed that the new and the young employees tend to resign more than the rest; this finding could be attributed to the fact that this category of employees are still experimenting and are not fully settled and established in their careers. It therefore becomes necessary for organizations with this category of employees to mentor and coach

them concerning their career paths in order to retain them. On the contrary, married employees were found to stay longer; this could be because of family responsibilities, commitments and the need for stability. The assumption that women employees have higher rates of voluntary labour turnover compared to their male counterparts has been refuted, meaning the five star hotels offered equal employment opportunities to both male and female employees. Contrary to common believe that employees would easily move to organization that paid better salaries, it has emerged that pay per se is not an important determinant of voluntary labour turnover; this is because employees are more interested in the whole compensation package that also includes non financial benefits such as job security and work life balance. Finally, this study established that the level of education attained by employees determined availability of job alternatives; employees with higher qualifications will find themselves with more alternatives in other organizations compared to those with fewer qualifications, their employers therefore have to remain competitive if they are to retain their highly educated and qualified employees.

In order to establish whether there exists a relationship between employee retention management practices and voluntary labour turnover in the five star hotels in Nairobi, the Pearson's product moment correlation was used to correlate the levels of voluntary labour turnover and selected employee retention management practices. Retention efforts made by the five star hotels were found to have a positive moderate but insignificant relationship with voluntary labour turnover, such that the five star hotels that made efforts to retain critical employees and those that did not both registered low levels of resignations. Employee empowerment on the other had a very small and insignificant negative relationship with levels of resignation, the implication is that increased employee empowerment which allows employees to make and participate in decision making may reduce voluntary labour turnover but to a very small degree. Job redesign, realistic job preview, poor supervision and level of education indicated a negative and very weak insignificant relationship with levels of turnover. Job alternatives, job stress, family considerations and pay showed a very weak positive but insignificant relationship with voluntary labour turnover.

5.3 Conclusions

In conclusion, employee retention management practices and voluntary labour turnover have a fairly weak and insignificant relationship, whether negative or positive. All the five star hotels investigated had some employee retention practices in place although their extent of application varied from one organization to another, certain retention practices were found to be more popular than others. The employee retention practices employed by the five star hotels could as well be regarded as good human resource practices which do not necessarily determine an employee's decision to resign or stay. Of the employee retention practices, the popular ones adopted by the majority of the five star hotels include: appropriate and conducive organization climate or culture, proper and elaborate training and development programs for employees, appropriate management style of line managers, employee empowerment, objective recruitment and selective procedures which ensures the organizations recruits employees that match the job requirements; extension of employment contracts for employees who have reached the retirement age and allowing flexible working time to employees.

The findings have revealed that voluntary labour turnover is not a major problem in the hotel industry since all the respondents rated it as low save for one, this does not however imply these hotels are not addressing voluntary labour turnover since all the human resource managers agreed to having critical employees whom they wish to retain. The five star hotels that carried out investigations to determine the reasons for the few resignations, recorded low levels of resignations as opposed to those who did not. The sole instrument used to investigate the reasons for voluntary labour turnover was exit interviews.

The main reasons given for voluntary labour turnover are; poor compensation, competitive job offers elsewhere, poor relationship with supervisors; family considerations, boredom and job stress in that order. New and younger employees were found to have higher rates of voluntary labour turnover while married employees stayed longer in their jobs. It has further emerged that there may be other reasons besides employee retention management practices which has led to low voluntary labour turnover in the five star hotels. Byrnes (2002) suggest these other reasons could be non-work factors such as the links employees

have establish with co-workers, their fit or perceived compatibility with their jobs, the sacrifices they have to forego should they resign and economic recession where high levels of unemployment would dissuade employees from leaving.

Voluntary labour turnover posed certain challenges to human resource management and the organization at large, some of these include; the costs involved in recruiting and training new staff which is also time consuming; loss of tacit knowledge and skills and poor company image. Voluntary labour turnover also negatively affects performance, workflow and human resource planning.

5.4 Recommendations

The five star hotels that made efforts to investigate the voluntary turnover of critical employees used exit interviews as the sole information instrument. To gather more information, it is recommended that other instruments be employed; these organizations should also get the opinion of staying employees in order to assess their attitudes and morale, this will help avert future cases of voluntary labour turnover.

The findings of the study have shown that employee retention practices employed to retain critical employees are not the sole determinants of low levels of voluntary labour turnover, this is due to the fact that hotels that made no efforts to retain critical employees who wished to leave also recorded low voluntary labour turnover. Further studies should therefore be carried out to determine other factors that could be contributing to low levels of voluntary labour turnover.

The study focused on data collected from human resource managers of the five star hotels, it is recommended that further studies be carried out and data collected from employees in general. Their different opinions may provide more insight into the relationship between employee retention management practices and voluntary labour turnover.

The study did not manage to cover the whole target population due to time constrains and lack of cooperation from the respondents. It is therefore recommended that further studies

be undertaken to accommodate the hotel industry as a whole, this will widen the scope of the study.

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[http://tourism/Nairobi.hotels rating..mht](http://tourism/Nairobi.hotels_rating..mht)

APPENDICES

APPENDIX 1

LETTER OF INTRODUCTION

Jeddy C. Lepilale
School of Business
University of Nairobi
P.O Box 30197
Nairobi.

Dear Sir / Madam,

RE: Research on the relationship between employee retention management practices and labour turnover.

I am a student pursuing a Masters of Business Administration (MBA) at the University of Nairobi. This research is carried out for a management project paper as a requirement in partial fulfillment of the stated degree.

You have been selected to participate in this study by providing the required information necessary for this study, kindly fill the attached questionnaire as accurately as possible, your participation is essential to this study and will enhance our knowledge of these important human resource issues. The information you provide will be will be treated with utmost confidentiality and will only be used for academic purposes. Thank you.

Yours Faithfully,

Jeddy Lepilale,
MBA student
University Of Nairobi.

APPENDIX 2

QUESTIONNAIRE

This questionnaire has been designed to collect information from the human resource managers of five star hotels in Nairobi. Each questionnaire has 3 sections, please complete each section as instructed. You are not required to write your name or the name of your hotel.

Section A

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

1. What is your gender? 1. Male () 2. Female ()

2. What is your highest academic qualification?
 1. "O" level ().
 2. "A" Level ().
 3. Certificate ()
 4. Diploma ()
 4. Degree ().
 5. Post graduate degree ().
 6. Other_____

3. How long have you worked in the organization
 1. Less than one year ().
 2. 1-5 years ().
 3. 6-10 years ().
 4. Over 10 years ()

Section B

Employee Retention Management Practices.

4. Does your organization try to stop the needed employees from resigning?
 1. Yes ()
 - 2.No ()

5. What human resource retention management practices do you use to retain employees?
 - 1) _____
 - 2) _____
 - 3) _____
 - 4) _____
 - 5) _____
 - 6) _____
 - 7) _____
 - 8) _____

9) _____

10) _____

In the table below please tick your response to the statement in the space provided where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

<i>Q. No.</i>	<i>Statement</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
6	Organization culture/ climate can influence an employee's decision to stay or resign					
7	Employees in my organization are allowed to make and participate in decision making					
8	Repetitive/routine jobs in my organization are often redesigned to reduce boredom					
9	In the hiring process, potential employees are often provided with a realistic picture of the job and the organization					
10	My organization often recruits overqualified employees for any given job					
11	My organization often recruits under qualified employees fro any given job.					
12	My organization recruits employees that perfectly match the requirements of the job.					
13	Employees in my organization go through training programs					
14	The management style of line managers influences an employee's decision to stay or resign					
15	My organization benchmarks/compares the pay and benefit packages offered to employees in other five star hotels.					

16	Our employees are allowed flexible working time					
17	My organization often extends the contracts of needed employees who have reached the retirement age.					
18	My organization attempts to revise the pay and benefit packages of needed employees who intend to resign					

Section C

Voluntary labour Turnover/ Resignation

19. Are there employees you consider critical/ valuable to the organization who you wish to retain? 1. Yes () 2. No ()

20. What is the level of voluntary resignations in your organization?

1. Very low () 2. Low () 3. Moderate () 4. High () 5. Very high ()

21. Which department has the highest rate of voluntary resignation?

22. Does your organization investigate reasons why employees choose to resign from the organization? 1. Yes () 2. No ()

23. If yes above please tick the sources of information your organizations uses to investigate these reasons.

1. Exit Interviews() 2. Separation questionnaires (). 3. Attitude surveys ()
4. Routine performance appraisal interviews (). 5.Others_____

24. Below are some common reasons cited by resigning employees, use the scale below to tick the extent to which the same reason apply to your organization. **1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure**

Reason for voluntary labour turnover	1	2	3	4	5
Poor compensation package					
Lack of training and development opportunities					
Competitive job offers elsewhere					
Illness					
Relocation					
Poor working conditions					
Poor relationship with supervisors					
Poor relationships with co-workers					
Poor supervision					
Poorly managed redundancies					
Job stress					
Lack of growth and promotion opportunities					
Family considerations					
Role overload					
Ambiguous job roles					
Others					

In the table below please tick your response to the statement given in the statement column where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

No.	Question	1	2	3	4	5
25.	New recruits and younger staff have higher rates of voluntary resignations.					
26.	Female employees tend to have higher rates of resignations compared to the male employees.					

27.	Married employees stay longer in their jobs compared to unmarried employees.					
28.	Level of education determines the number of job alternatives.					
29.	Pay is the most important consideration when deciding to move to another organization.					

30. What challenges does voluntary labour turnover pose to Human Resource Management?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____
- 7) _____
- 8) _____
- 9) _____
- 10) _____

31. How does voluntary labour turnover affect the organization?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____

APPENDIX 3

LIST OF FIVE STAR HOTELS IN NAIROBI

Nairobi Serena hotel

Sarova Stanley Hotel

Safari Park Hotel and Casino

Wildsor Golf Hotel and Country Club

The Giraffe Manor

Panari Hotel

The Holiday Inn

Laico Regency Hotel

The Norfolk Hotel

Intercontinental Hotel

The Hilton Hotel

CHAPTER ONE

INTRODUCTION

1.1 Background

Organizations in the 21st century, the hotel industry notwithstanding are recognizing that human resources are very important assets, and that the success of the organization depends fully on how effectively its employees are managed (Okumbe, 2001). Regardless of size, technological advances, market focus and other factors, all organizations are facing voluntary labour turnover and retention challenges. In the current dynamic labour market and competitive business environment particularly in the hotel industry, there is need for organizations to come up with employee retention practices that will ensure their critical staff is not lured to other organizations.

Pfeffer & Baron (1988) noted that downsizing and hiring contingent workers has caused long term organizational commitment to start disappearing, this therefore means that high worker turnover has become common and workers mobility decision is a critical issue. Dessler (1993) writes that to manage change, organizations must have employees who are committed to the demands of rapid change because committed employees are a source of competitive advantage. This thus forces both employees and employers to remain aware of the larger market place and to continuously examine each other's needs.

1.1.1 Employee retention concept

Employee retention or personnel continuity is the ability of an organization to keep their employees from leaving the organization to go to other organizations (Okumbe, 2001). Employees may choose to leave or stay for various reasons; the underlying factor however is job satisfaction. According to Hills (1987), the first goal of any compensation package is to elicit desired behavior from employees, this involves among others attracting the required candidates and motivating them to stay with the organization. When an organization lacks proper retention management practices and thus the ability to retain its

needed workforce, the result is high voluntary turn over which is quite costly in terms of recruitment and selection and also the time spent to discharge those leaving.

Employee retention management practices are the activities undertaken by organizations to encourage their employees to stay with the organization. Okumbe (2001) cites activities such as employee promotions, transfers, management of tardiness and absenteeism, grievances and discipline, procedural justice and ethics in employee relations. Graham (2003) includes other retention management practices such as; employee empowerment, job redesign, objective recruitment and selection practices, induction and training, competitive compensation package, flexible working hours and proper redundancy practices among others.

1.1.2 Voluntary labour turnover

In a broad sense “turnover” according to Flippo (1984) is the movement into and out of an organization by the workforce. Employees may get separated from the organization through various methods such as dismissals, retirement due to old age, redundancies among others. The management is normally in control of these means of separation. Voluntary labour turnover on the other hand is where employees choose to resign or terminate their services from their employing organization for a variety of reasons such as; better job offers elsewhere; poor working conditions and management, relocation, lack of career growth, poor pay among others.

Retention management practices and voluntary labour turnover are aspects of employee mobility; both may be considered as different sides of a coin. Voluntary worker turnover becomes a bigger problem if it involves the separation of critical and needed employees. On the other side of the coin is employee retention and the practices employed to achieve an ongoing employment relationship for the employees an organization does not wish to lose. (Huang, Lin & Chuang, 2006). Putting in place effective retention management practices may eliminate or reduce voluntary labour turnover of critical employees, whereas poor or lack of retention practices may increase voluntary labour turnover.

According to Okumbe, (2001) voluntary labour turnover may be healthy for an organization because it provides voluntary avenues for good-riddance since it helps cushion the organization against impending redundancies. Those leaving should exit peacefully and appreciate the useful experience gained in the organization. Steel, Griffeth, Hom & Lyons (1993) note that high levels of unemployment may dissuade some employees from leaving their jobs; this may however not apply to those individuals with specialized skills and training.

1.2 The hotel industry in Kenya

The Webster's New World Dictionary defines a hotel as an establishment that provides paid lodging and often food for travelers on a short term basis. The word hotel is derived from the French word *hôtel* coined from *hôte* meaning host, according to the French version, it refers to a townhouse or any other building receiving frequent visitors.

There are different kinds of hotels all over the world: Tree house hotels, Cave hotels, Capsule hotels, ice and snow hotels, garden hotels, underwater hotels, resort hotels, railway hotels, airport transit hotels and motels, among others. The hotel industry in Kenya is made up of different classes of hotels that offer accommodation, food and recreational activities to both foreign and local tourists. The pioneer hotel in Kenya which no longer exists was the Grand Hotel in Mombasa; it was the meeting point for the planners and supervisors of the Uganda Railway in the 1890s. Other current pioneer hotels such as The Stanley and The Norfolk were established in 1902 and 1904 respectively, many other hotels have come up since then, managed singly or under a group of hotels by either local or foreign investors. (Kenya Book of Records, 2008).

The success of the hotels industry in Kenya is determined by bed occupancies and number of nights spent. There are many hotels in Nairobi located close to each other. The industry provides the largest number of jobs in Kenya, this also means that dissatisfied employees are surrounded by many alternatives making competition in the hotel industry very stiff. Individual hotels therefore need to put in place retention practices to ensure their critical staff is retained. (Joliffe, 2000).

Hotels in Kenya are classified into classes, where stars have been used as symbols for classification purposes. According to Wikipedia website, a set of one to five stars is commonly employed to categorize hotels. Classification of hotels is based on many values some of which may not be necessarily significant to each guest. The classifications are determined through the opinion of a classifier which may be the tourist office of a nation or a hotel association. Hotels are classified according to their amenities and recreational facilities and the quality of room. Some of the criteria used in making such assessments are size of rooms, décor/furnishings, public areas, hospitality services, staff attitudes, maintenance/housekeeping and sanitary standards among others.

In a five star hotel, a guest expects to find spacious and luxurious accommodation matching or close to international standards, impressive interior design, formal well supervised and flawless services that are tailored to the needs of the guest. A five star hotel should also demonstrate a high level of technical skill, producing dishes to the highest international standards. Staff should be knowledgeable, helpful, well versed in all aspects of customer care, combining efficiency with courtesy. According to Africapoint.com Online travel Agent website there are a total of 11 five star hotels distributed within Nairobi's central business district and its environs.

1.3 Statement of the problem

Voluntary labour turnover and employee retention practices pose huge challenges for many organizations especially in high-technology and the hotel industry (Mitchel, Holtom & Lee 1992). Voluntary labour turnover in the hotel industry is attributed to high competition, availability of alternatives and poor compensation packages (Graham, 2003). This problem is made worse by the fact that the voluntary labour turnover is random in nature, therefore difficult to predict and plan because the management lacks control. It is also very costly. Hills (1987) adds that high rate of voluntary labour turnover eventually affects an organizations ability to attract qualified applicant, this in essence will affect the overall performance of a firm. It is therefore important for organizations to investigate why employees choose to leave and put in place proper retention practices. Studies done in the past concentrated on labour turnover in general. Oroni (2006) wrote on 'Labour

turnover in state corporations in Kenya', Machayo (2006): 'Factors that are associated with labour turnover among health professionals in Kenya', Abuti (2005): 'A survey of the factors that are associated with staff turnover in broadcast media home', and Mugumu (2002): 'Employees perception of factors that influence Labour turnover in ethnics finance institutions in Kenya'. This then means most of the literature review on voluntary turnover is derived from labour turnover literature. Very little study has also been done on employee retention management practices. Graham, (2003) and Armstrong, (2006) note that organizations are either doing very little to retain critical employees, or their focus on retention practices is very narrow with different organizations embracing contrasting retention practices.

The emerging concern therefore is organizations are taking little or no action at all to control their loss of valuable staff through resignations, which therefore means that very few retention management practices if any have been put in place to manage voluntary labour turnover. This study seeks to focus on the employees that are valuable to organization and who may wish to terminate their services and what the management can do or has done to retain them. This will be done by answering the questions; what employee retention management practices has the five star hotels in Nairobi put in place to retain valuable employees? What is the relationship between these retention practices and voluntary labour turnover?

1.4 Research objectives

- i. To establish the employee retention practices used by the five star hotels to retain employees.
- ii. To establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels.

1.5 Importance of the study

The study will be beneficial to organizations in the hotel industry. Human resource managers need to know the extent of voluntary labour turnover in their organization. This

information may lead them to either take corrective actions to retain employees or to reinforce practices that have led to low turnover.

The study will also be beneficial to other organizations in general who may find the results helpful in managing their own voluntary labour turnover and retention problems.

This study will add to the body of existing knowledge. Scholars of human resource management and other related fields will find this study a valuable addition for literature review. This may also help to provoke further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Human Resource Management according to Dessler, (2005) is the process of acquiring, training, appraising, compensating employees and attending to their labor relations, health and safety and fairness concerns. Okumbe, (2001) defines human resource management as a strategic approach to acquiring, developing, managing and gaining the commitment of organization's key resource- the people who work in and for it. One of the principles of human resource management is that the employees or human resources are the most important resources in any organization. He adds that human resource management also includes employee continuity and separation under which voluntary labour turnover and employee retention management practices falls. (Okumbe, 2001).

Employee retention management practices and voluntary labour turnover if not properly managed have far reaching implications to the overall human resource management. According to Okumbe (2001) voluntary labour turnover has a negative effect on human resource planning which he defines as a continuing systematic process of analyzing an organization's human resource requirements, which is achieved through acquiring the right number and quality of the employees an organization needs and retaining the kinds of staff it requires. Hills (1987) emphasizes that high voluntary labour turnover is a manifestation of poor human resource management. This eventually affects an organizations ability to attract qualified applicant and compromise its overall performance.

Graham (2003), Okumbe (2001) and Cascio (1982) acknowledge that high rates of labour turnover are bad for any business; on the other hand, a stagnant workforce with little or no movement to and from the outside world does not provide the best conditions for dynamism and innovation. Somewhere between these extremes lies the optimum level of voluntary turnover.

2.2 Employee retention management strategies and practices

Employee retention is defined by Okumbe, (2001) as the continuity of human resource service through the formulation and implementation of integrative and mutually supportive personnel programmes that will motivate and satisfy the employees. Graham (2003) writings on how to retain the best staff, analyzed a survey carried among 430 Personnel and HR specialist to determine how important retention issues were in their organizations and whether any initiatives were being taken to address them. The findings revealed that employee retention had become a key priority for UK employers and it is among the 10 most important challenges facing Personnel and HR specialists. According to Graham (2003), the issue of retention faces two major difficulties. Firstly, it is not easy to identify who is likely to leave, how large the staff turnover rate is, and what is driving these resignations. Secondly, it is not simple to develop initiatives and practices that can control staff turnover in a cost effective way. Strategies necessary for developing appropriate employee retention management practices include; firstly performing a risk analysis which will determine whether voluntary labour turnover is a problem to the organization or not, issues to be considered include; the number of employees resigning, their positions and whether the organization wants them to leave or not. Secondly, there is need to analyze the reason for leaving, this information can be collected from exit interviews; outside consultants may be used to perform these interviews in order to ensure the reasons given for leaving are not defensive or protecting the remaining employees. Thirdly, organizations need to analyze the reasons for staying by conducting focus groups with existing employees to determine factors that keep them in their jobs. Finally organizations need to develop a top-level support, the management should be willing to devote financial and human resources to the planning, development, execution and maintenance of employee retention management practices. (Armstrong, 2006), (Graham, 2003) and (Steel, Griffeth, Hom & Lyons, 1993).

Graham (2003) lists the following employee retention management practices as effective in retaining employees; Organizational Culture, employee empowerment and job redesign, objective recruitment and selection practices, induction, training and development, identification of manager's role in employee retention, promotions and sideways moves,

competitive pay and benefits, childcare facilities, flexible working hours, proper redundancy practices, reconsidering retirement age, and integrating employees with disabilities.

Corporate culture is each organization's distinct approach to the way things are done. Some organizations may discover that their culture is causing problems on a broader scale, the culture may provoke a reaction that encourages employees to leave the organization, however where the climate is more to their liking they stay. Many organizations usually embark on cultural change initiative for business-related reasons but in the process some discover that the changes they introduced have broader benefits in terms of improving retention rates.

Job redesign and employee empowerment helps to reduce boredom in routine and repetitive jobs which would otherwise force employees to move elsewhere to find a job that is more challenging. Empowerment is an approach that aims at encouraging employees to accept a certain amount of personal responsibility for making decisions and resolving problems. It gives employees greater responsibility, increased flexibility and autonomy. This can improve job satisfaction and help in the management of retention. Empowerment and job redesign are usually interlinked. To introduce empowerment means changing job tasks and responsibilities. (Steers & Porter, 1983) and (Dessler, 2005).

Recruitment and selection practices can have major impacts on staff resignation rates. When recruiting criteria are pitched too high, the recruit ends up being overqualified for the job, they later become bored and leave. Unrealistically high recruitment criteria also expose employers to potential liability for unlawful discrimination. On the other hand, an under skilled recruit may get overwhelmed by the job's demands and fail to do well, he or she is either disciplined for poor performance or become disillusioned and burnt out. In both cases an early departure is likely. The recruiting committee should ensure that recruitment criteria are identified in a careful and objective manner. Candidates should be made fully aware of the demands of the job and what working for the organization would be like through realistic job previews (Flippo, 1984). Induction, training and development

of employees determines how well new recruits settle in the organizations. Effective induction should not be a one-off event; it should involve an ongoing process and is therefore used to aid staff retention. Training and development is heavily used by employers as a means of improving retention of staff by equipping them with the required knowledge, skills and competencies needed to perform their duties and responsibilities (Okumbe, 2001)

The role of line managers as noted by Graham (2003) rank among the most important of all the various influences on employee decision to leave. Taylor (2002) states that the most common reasons for resignation lies in poor or ineffective supervision from their immediate line managers. Employers are not often aware of the extent to which their line managers are contributing directly to their organization's rates of turnover because the line managers are responsible for recording and reporting the reasons people leave. Organizations need to pay attention to the skills and behaviors of line managers by introducing or improving training programs to raise their competence. In positive ways, their power to motivate, enthuse and support their subordinates contributes greatly to the quality of employees working lives. Managers take a center stage in helping employees gain access to training opportunities, promotions and through their regular performance reviews, to favorable performance ratings.

Promotion and sideways moves increases employee development opportunities on available offers and opens up career paths for employees. This is commonly used by employers to retain employees (Flippo, 1984). Pay and benefits offered by employers play a big role in an employee's decision to stay or leave. Employers that pay significantly below market rate with no other compensatory factors working in their favor may find that their retention difficulties may be due to lower salaries. Employers have other options besides increasing basic salary. E.g. market premia can be introduced where groups of staff are given unconsolidated payments, these payments target staff that would be difficult to replace because of skill shortage in the labour market or whose loss would cause serious difficulties for the organization. Location allowances can be used in areas where staff is difficult to recruit and retain; benchmarking pay ensures pay levels are

competitive. Pay progression, a pay scale that is partly linked to performance, experience and competency levels may also be employed (Graham, 2003) and (Armstrong, 2006). Employers may have to highlight the cash value of the existing benefit package and communicating the information to the workforce. Organizations may also create flexible benefit policies thus giving employees some measure of control over their benefits package.

Flexible working arrangement or flextime as put forward by Dessler (2005) is a plan where employees are allowed the freedom regarding the hours they work. Some jobs are unpopular because of their unsocial hours e.g. shift working, night working and weekend working; these are usually required by labour intensive industries. Even where shift working is the norm, some employers have found it possible to make modifications that improve their ability to recruit and retain staff, for example changing the working day, week or offering special types of leave. Changing working time can be effective because the majority of employees now expect to achieve more flexibility in their working lives in order to cater for their personal commitments through for example job sharing and part-time hours. Dessler (2005) mentions work sharing and telecommuting as other flexible work arrangements employers can adopt. Flippo (1984) adds that flextime fits quite well with the new values of the modern workforce and that such plans have also been found to have a number of advantages to the employer such as; enhanced productivity, reduced employee tardiness and absenteeism, improved morale and reduced turnover. Childcare facilities could be made available to especially single working parents who face the challenge of balancing work and family life. This may be in terms of free or subsidized vouchers that can be used to purchase childcare or provision of advice on childcare facilities in the local area. Organization could also have daycare facilities within the organization. (Dessler, 2005).

Employees may become disabled while working for their employers through accidents and age related conditions (Aluchio 1998). Research has shown that early intervention is key in ensuring that individuals on long term sick leave are retained by their firms even if they develop disabilities. Employers should evaluate the job, working conditions, access and

other factors to see if reasonable adjustments can be made in order to retain such individuals. Redeployment to another job is a further possibility to be considered. Retention initiatives usually focus on individuals who leave voluntarily, however the retention of employees who have attained the retirement age and are therefore obliged to resign is more directly under the control of the employer. Employees who reach normal retirement age take with them valuable skills and experience gained over their working life. Employers are realizing that it takes little business sense to compel all such staff to leave the organization. Some employees may wish to continue working as a way of maintaining a familiar sense of routine and social interaction and for income to supplement their income. (Dessler, 2005) and (Graham, 2003). Redundancy defined by Aluchio (1998) and Okumbe (2001) as the loss of employment through no fault of the employee concerned is a method of separation under the control of management, it is normally occasioned by re-organization, mechanization or lack of orders. Unforeseen and unwanted loss of key members of staff represents one of the most commonly found problem of redundancy programs. Many firms fail to manage the process of applying for voluntary redundancy, thus the heavy redundancy payments encourage long serving staff to leave, these are the most experienced and skilled staff. Poorly handled redundancy exercises also have a detrimental impact on survivors who may feel resentful, demotivated and are therefore likely to leave at the earliest opportunity

Sources of information for developing retention practices

Graham (2003) and Armstrong (2006) identified the following sources of information that could be used to construct employee retention management practices and strategies; labour turnover data, exit interviews and separation questionnaires survey forms, feedback, attitude surveys and routine performance appraisal interviews.

Labour turnover data may be used as one of the sources that organizations use when developing a retention management strategy; this data may be useful in identifying the root causes of staff retention problems. Rate of labour turnover represents the end point since they measure what has already occurred which is loss of staff members. They do not show the reasons for staff losses although patterns and changes over time can hint at them.

Exit interviews and separation questionnaires survey forms are completed by departing employees, these provide valuable insights as to reasons why employees leave. These techniques are however backward looking because the subjects have already decided to leave. Gooch (1999) notes that employees may not always disclose the real reasons for leaving or their true views about the organization. This may be overcome by enlisting the help of consultants to carry out the interviews away from normal place of work. Departing employees should understand why exit interviews have to be conducted and that the information they provide is confidential. Feedback may be used to infer the reasons that may prompt other members of the staff to resign. Attitude surveys and questionnaires are other methods that may be used to canvass individuals who have not resigned or may not have even considered leaving. These methods are useful in determining levels of employee morale, motivation and degree to which employee identify with the organization. (Taylor, 1988). Routine performance appraisal interviews also provide information to the management. Action can then be taken by the organization before employees decide to look elsewhere. These provide the earliest opportunity to address them before the psychological break with the employer is reached.

2.3 Voluntary labour turnover

Voluntary turnover refers to cases where employees resign or terminate their services from organizations that had employed them, (Okumbe, 2001). Job terminations occur for various reasons, however there has evolved a consistent line of research evidence showing that voluntary job terminations can be explained from the employee's intentions to leave an organization (Bluedorn, 1982). According to March & Simon (1958) this intentional decision involves a subjective evaluation of the employee's job aspirations in comparison with the expected value of job opportunities in the present organization and the availability of attractive opportunities in other organizations or alternative careers. The employee's decision to quit is not considered an impulsive action but one that is rationalized over time (Simon, 1957).

Mobley (1977), Mobley, Horner & Hollingsworth (1978) suggest that the termination decision process can be described as a sequence of cognitive stages that starts with; initial

dissatisfaction with the present job, intention to search for a different job, an active search and evaluation of alternatives, an expressed intention to quit and finally job termination. According to the writers, each successive step represents increasing withdrawal from the organization. Mobley, Griffeth, Hand & Meglino (1979) concludes that there is still a lot more to be learned about the decision process leading to job termination. They suggest two factors that are related to employee's progression through successive stages of withdrawal. One factor reflects the employee's evaluation of the organization's future expected value with respect to their work aspirations. Termination here may represent the employee's decision to accept a more attractive job opportunity. The second factor focuses on the tension associated with the organization's present working conditions. Termination in this case may represent the employee's decision to leave a stressful work environment. Lee & Mitchell (1994) describe four paths employees could take when deciding to terminate their employment; they may follow a plan, this is where a plan and script for leaving is already in place, others may leave without a plan or even alternatives, some employees may leave for a better alternative elsewhere, while others will leave because their current job is unsatisfying.

Employees decide to resign for various reasons. Graham (2003) identifies push and pull factors as the main reasons employees voluntarily terminate their employment. Push factors contribute to the weakening of the psychological contract between employees and their employers, these factors affect employees' identification and attachment to their employers, they contribute to a large extent to an employee's decision making process about moving on. The push factors include; poor supervision that may be arbitrary and or unfair, lack of training and development and poor pay. Pull factors on the other hand come to play when the psychological contract is already weakened; employees begin to compare what other employers are offering.

Mitchell, Holton & Lee (1992) and Armstrong (2006) give other reasons which they describe as; personal, organizational, job dissatisfaction and availability of alternatives. Examples cited under personal reasons include; changes in family situations, desire to learn a new skill or trade, unsolicited job offers, pregnancy, illness and relocation.

Organizational reasons include examples such as; observing mistreatment of a co-worker, over passed for promotion, poor relationships with managers and or team leaders, poor relationship with co-workers, bullying and harassment. Also included under organizational reasons are changes such as mergers, unsolicited job offers, friends leaving, poorly managed redundancies and retrenchment exercises. Under Job dissatisfaction, Mitchell, Holton & Lee (1993) note that employees who are dissatisfied with their jobs are likely to leave after evaluating their pay, supervision, chances of promotion, work environment, and the task they do. Causes of job dissatisfaction include; job stress, repetitive work, role ambiguity and role overload. Dissatisfied employees start looking around for other alternatives; they may conduct a perceived and or actual job search. Alternatives can influence this process such that if alternatives are considered favorable in comparison to the present job, the person is predicted to leave, if not he or she stays. In addition, employees with more alternatives are more likely to leave than those with fewer alternatives.

Various assumptions have been made about voluntary labour turnover. According to Sicherman, (1996) and Glass & Riley (1998), women are more likely to turnover due to family considerations which interrupt their careers. Keith & McWilliams (1995) suggests that married employees often make decision based on relatively complicated concerns, including kinship responsibility and children issues, such concerns may causes them to hold onto their jobs longer than unmarried people. According to Williamson (1981) highly educated employees are more likely to resign since education determines the number of job openings available. Human capital theory proposes that, other things being constant, a given worker will have a greater probability of leaving a low-paying job than a higher-paying one. Akerlof, (1984) and Yellen, (1984) posit that offering a wage that is higher than the average market level will help to retain competent workers. They however add that pay is not the only or main reason why employees begin to look for another job, they may get discontented and leave when their skills or talents are not properly developed. According to Steel, Griffeth & Hom (2002), the impact of different workers' turnover on a firm is not equal; it is the performance level of the employee, not the act of quitting or staying per se that determines the positive or negative nature of the retention and or

separation event. Lazear (1999) found that better performers were less likely to turnover; better performance reflects more beneficial firm-specific skills which may motivate retention. On the other hand, poor performers may be less likely to stay longer with a firm because of the poor performance evaluations and the lower pay level they receive. Lazear (1998) found that recent promotion is negatively related to turnover, it makes one more suitable to the current employer than to other, in which case promotion would reduce turnover. March and Simon (1958) declared that under nearly all conditions, the most accurate single predictor of labor turnover is the state of the economy, during periods of prosperity, the turnover rate in the overall market tends to be higher than in times of economic recession.

Methods used to calculate labour turnover

Graham (2003) and Armstrong (2006) identified the following methods of calculating turnover; crude wastage, rates of voluntary turnover, stability index, survival rates and destination of leavers. Since voluntary resignation represents the main focus of interest, it should be ensured that the data on labour turnover rates measures only this form of turnover. Unfortunately most external sources of benchmarking data measure it with far less precision through crude wastage. The method lumps together all and every reason for turnover:

$$\frac{\text{Number of all types of leavers in a specified period (usually 12 Months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

The crude wastage method has the effect of inflating the findings. Although many published surveys rely on it, the crude-wastage rate is of virtually no use as the basis for managing retention- it represents a tool that is too blunt for effective use unless the employers included in the survey are behaving in the same way as the organizations making the comparison. Most organizations use this method because they lack more precise statistics available.

Rates of voluntary turnover follow much the same process as for crude wastage:

$$\frac{\text{Number of leavers for voluntary reasons in a specified time(usually 12 months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

Stability index shows the extent to which the turbulence caused by labour turnover permeates the workforce. In the hospitality industry where high turnover rates are prevalent, some employers have found that the same posts have a succession of recruits and leavers during the course of a year while much of the workforce is unaffected.

$$\text{Stability index} = \frac{\text{Number of employees having a specified length of service}}{\text{Total workforce}} \times 100$$

Survival Rates focuses on the effectiveness of the recruitment, training and management of identifiable groups of staff. It is mainly used for new graduates. Alternatively, it can be one way of gauging the impact of a change in recruitment and selection practice on retention rates, comparing survival rates before and after the modification

$$\text{Survival Rate} = \frac{\text{Number of people recruited in a specific year}}{\text{Number in that Group still in employment at a certain date}} \times 100$$

This calculation is often based on a time series of individual years e.g. the intake of 1995 is compared with the number surviving in 1996, 1997 etc.

Resignation rate can also be calculated according to the destination of leavers. This method is favored more in the public sector where turnover rate are often broken down into those moving within the same area or going elsewhere.

2.4 Economic impact of voluntary labor turnover

Under the present economic pressures, organizations should ensure that valuable staff is retained and that recruitment should take place only when it is fully justified. It is very costly to do nothing about high rates of turnover. One key individual can hold the fortunes of a department or business in their hands. Loss of several members of staff in the same

unit or team can lead to instability (Okumbe, 2001). Voluntary turnover is costly for both employers and workers, employers find replacement cost and hidden organizational cost high (Mitchell, Holton, & Lee 1993). Workers also find monetary and psychological costs taxing (Ehrenberg & Smith, 1994). Human capital theory according to Mincer (1962) and Becker (1962) considers voluntary turnover an investment in which costs are borne in an earlier period in order to obtain returns over a long period of time. Therefore, the decision to stay or go involves evaluating cost and benefits. If the present value of the returns associated with turnover exceeds both monetary and psychological costs of leaving, workers will be motivated to change jobs. If the discounted stream of benefits is not as large as costs, workers will resist changing jobs (Ehrenberg & Smith, 1994).

Fitz-enz (1997) stated that the average company loses about \$1 million with every 10 managerial and professional employees who leave the organization plus other indirect costs. Some of obvious labour turnover costs include; the expense of recruiting advertisement; commission paid to employment agencies; staff time required to consider the applications; time required in interviewing short listed candidates and selection methods; successful applicants have to be inducted and probably trained and given a period of grace while their effectiveness gradually improves to that of an experienced staff; departing employees will require administrative time to handle their separation and there may be cost implications of the turbulence caused by the resignation and new appointments such as reduced customer service.

Other voluntary labour costs include; Loss of organization knowledge and experience, loss of clients and stress. There is significant economic impact with organizations losing any of its critical employees especially because of the knowledge that is lost with the employees' departure. This knowledge is actually the organizations' most valuable assets. Snell & Dean (1992) emphasize that these skills, knowledge and experience represents capital because they enhance productivity. According to the human capital theory, some labour is more productive than others because more resources have been invested into the training of that labour, on the other hand departing employees that had established close relationship with clients may move with them to their new jobs, spelling loss of business

and customer loyalty to the organization. Ehrenberg & Smith (1994) notes that moving to a new job is stressful for departing employees, there is a lot of uncertainty and ambiguity, family adjustment, new school for children, new living accommodation and leaving behind friends. Adjustments for these employees may take up to a year.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

The study was carried out through a census survey, this is due to the cross sectional nature of the data that was collected. The survey involved collection of data from all members of the population. The design chosen is most appropriate for this study because all the five star hotels in Nairobi were targeted.

3.2 Population

The population of this study consisted of all the five star hotels in Nairobi. According to the Kenyan ministry of tourism and the Africanpoint.com online travel agent website, there are 11 five star hotels in Nairobi as attached in appendix 3.

3.3 Data collection

The study was based on primary data through self- administered questionnaires. The questionnaires were filled by the Human resource managers and consisted of three parts. Part A gathered background information, Part B focused on employee retention practices and part C tackled voluntary labor turnover. The questionnaires were administered through the “drop and pick later” method. Human resource managers were targeted because they were considered custodians of vital information for this study.

3.4 Data analysis

The collected data was analyzed using descriptive statistics, particularly frequencies and percentages. The Pearson’s product-moment correlation was used to analyze the relationship between employee retention management practices and voluntary labour turnover. SPSS, a statistical analysis program was used as a tool of analysis.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The objective of this study was to first establish the employee retention practices used by the five star hotels to retain employees and secondly, to establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels. The research was a census survey that constituted of 11 five star hotels located in Nairobi. 11 questionnaires were dropped at the hotels, 7 which represented a response rate of 64% were received back. The respondents were Human Resource Managers.

In the analysis of data for this study, respondents who strongly disagreed and disagreed on various items of the questionnaire were grouped together and those that strongly agreed and agreed were also grouped together. SPSS package was used to analyze the data.

4.2 Background information

Table 1: Distribution of respondents by gender

Gender	Frequency	Percent
Male	2	28.6
Female	5	71.4
Total	7	100

As shown in Table 1, 71.4% of the respondents were females while 28.6% were males. From this finding, it appears that the human resource profession appeals more to the females than to the males. This analysis may be of no consequence to the findings of the study; however ones gender may influence the respondent's response especially in gender related contentious issues.

Table 2: Academic qualifications of respondents

	Frequency	Percent
Post graduate qualification	7	100

Table 2 above indicates that 100% of the respondents had attained post graduate qualifications. The implication of this fact is that the human resource managers were well qualified and knowledgeable in human resource management functions and were therefore in a position to offer credible information necessary for this study.

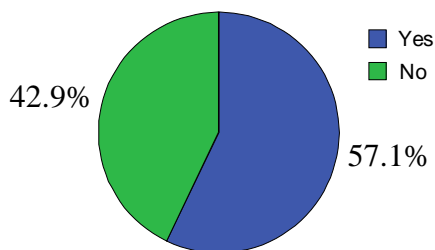
Table 3: Number of years worked by respondents.

	Frequency	Percent
1-5 years	5	71.4
Over 10 years	2	28.6
Total	7	100.0

Table 3 shows the number of years the respondents have worked in their various organizations. 71.4% of the respondents had worked for their organizations between 1-5 years and 28.6% had worked for 10 years and above. For the respondents to be in a position to provide actual information about their employees and their organization at large, they should have been in the organization long enough

4.3 Employee retention management practices

Figure 1: Employee retention efforts



Critical employees are employees that are considered valuable to the organization; these are employees any organization would try retain in the organization. Figure 1 shows that of the organizations surveyed, 57.1% made efforts to stop critical employees from resigning, while 42.9% did not. Making efforts to stop voluntary labour turnover means certain measures have been put in place to entice these employees to stay on. These measures are basically what this study seeks to identify and which are referred to as

employee retention management practices. The organizations that made no effort to retain critical employees may also have in place retention practices that they are not aware of.

Table 4: Organizational culture

	Frequency	Percent
Strongly agree	7	100.0

Organization culture or climate is each organization’s distinct approach to the way things are done. Some cultures may provoke a reaction that encourages employees to stay or leave the organization. Table 4 shows that 100% of the respondents agreed that organization culture strongly influences employees’ decision to either stay or leave. This implies that the management of the five star hotels recognizes the importance of having a conducive working atmosphere where employees are at ease.

Table 5: Management style

	Frequency	Percent
Agree	2	28.6
Strongly agree	5	71.4
Total	7	100.0

Line managers and supervisors play a vital role in determining voluntary labour turnover and employee retention. The most common reasons for resignation lie in poor or ineffective supervision from their immediate line managers. Table 5 shows that 28.6% of respondents agreed and 71.4% strongly agreed that management style plays a major role in influencing employees’ decision to stay or leave the organization. These organizations are therefore aware their managers have the power to motivate and support their employees or to drive them away.

Table 6: Training and development programs

	Frequency	Percent
Agree	1	14.3
Strongly agree	6	85.7
Total	7	100.0

Training and development programs equip employees with the required knowledge, skills and competencies needed to perform their duties and responsibilities effectively and efficiently. As shown in Table 6, 14.3% agreed and an overwhelming 85.7% strongly

agreed to having training and development programs in place as a retention measure for their employees. The implication is that employees that are well trained are more confident and are more likely to stay longer in the organization.

Table 7: Employee empowerment

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	3	42.9
Strongly agree	2	28.6
Total	7	100.0

Employee Empowerment is an approach that encourages employees to make decisions and resolve problems while at the same time taking responsibilities of the outcome; this gives employees flexibility and autonomy. Table 7 indicates that 14.3% of respondents strongly disagreed and another 14.3% disagreed that their employees were empowered. 42.9% agreed and 28.6% strongly agreed that their employees were empowered. The majority of the five star hotels have empowered employees, a practice that is also known to improve job satisfaction while at the same time managing retention.

Table 8: Perfect match in the hiring process

	Frequency	Percent
Disagree	2	28.6
Agree	5	71.4
Total	7	100.0

Recruitment and selection practices can have major impacts on employee rates of resignation. Under qualified or overqualified employees have higher rates of turnover due to inefficiency or boredom; most employers therefore seek to hire applicants that match the job requirements. Table 8 shows that 28.6% of the respondents did not hire applicants that perfectly matched the job requirement while 71.4% agree they hired employees that perfectly matched the job requirement. The majority of the five star hotels hired employees that are qualified as a way of retaining them.

Table 9: Extension of retirement age

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	2	28.6
Strongly agree	3	42.9
Total	7	100.0

Every organization has policies concerning retirement age, however, employees who have attained this age take with them valuable skill and experience gained over the years. Employers are realizing their organization can still benefit from this category of people and many are extending the contracts of retirees who are still needed in the organization as a way of retaining them. According to Table 9, 14.3% strongly disagreed and another 14.3% disagreed to extending the retirement age. 28.6% agreed and 42.9% strongly agreed that they extended the retirement age of those retiring in a bid to retain valuable employees. Most of the five star hotels can be said to use this practice as a way of retaining critical employees.

Table 10: Redesigning jobs

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	2	28.6
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

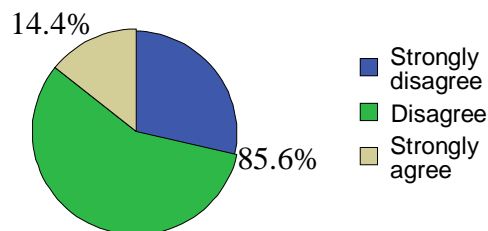
Job redesign means changing job tasks and responsibilities of routine and repetitive jobs which would otherwise create boredom, forcing employees to look for more challenging jobs elsewhere. According to Table 10, 28.6% of respondents strongly disagreed on redesigning jobs. 28.6% disagreed, 28.6% agreed and 14.3% strongly agreed. Since the majority of the respondents disagreed, redesigning jobs is therefore not widely used as a retention measure in the five star hotels. Employees who feel bored and unchallenged in their jobs are therefore likely to resign in search of more challenging jobs.

Table 11: Realistic job preview

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

New applicants should be made fully aware of the job demands and what working for the organization would be like through realistic job preview. Realistic job previews helps to deflate any unrealistic expectations a new recruit may have which may otherwise lead to voluntary labour turnover. Figure 11 shows that 42.9% of the human resource managers strongly disagreed to providing realistic job previews to potential applicants, 14.3% disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis implies that most five star hotels in Nairobi did not provide their potential applicants and new employees with a realistic job preview before engaging them, therefore, new employee with very high expectations may be disappointed and choose to resign.

Figure 2: Hiring Overqualified Employees



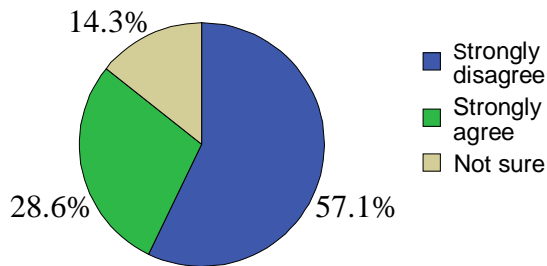
When recruiting criteria is pitched too high, the recruits end up being overqualified for the job. Most feeling their potentials are not fully exploited and challenged become bored and resign. As shown in Figure 2, the majority of the respondents; 85.6% did not hire overqualified employees for any given job in their organizations, 14.4% did. This analysis shows the five star hotels did not hire overqualified employees as retention measure therefore minimizing voluntary labour turnover.

Table 12: Hiring under qualified employees

	Frequency	Percent
Strongly disagree	4	57.1
Disagree	3	42.9
Total	7	100.0

Under qualified employees, being unskilled may get overwhelmed by their responsibilities and fail to perform well, these employees may end up being disciplined for poor performance, disillusioned and burnt out. The inevitable would be early exit from the organization. According to Table 12 above, 57.1% of the respondents strongly disagreed that they hired under qualified employees for the various job positions while 42.9% disagreed. It is therefore evident that five star hotels recruit applicants that are already qualified in order to curb voluntary labour turnover.

Figure 3: Benchmarking Compensation package



Benchmarking of compensation package is a practice often used by organizations to ensure pay levels are competitive and at par with what other competing organizations offer if not better. The aim is to ensure critical employees are not enticed by other well paying organizations. Figure 3 shows that 28.6% of the respondents strongly agreed that their organizations benchmarked the compensation package, 57.1% disagreed and 14.3% were not sure whether any benchmarking was done by their organizations. It is evident that the majority of the five star hotels did not compare their compensation package with their competitors. This implies that benchmarking of compensation package is not well employed as a means of retaining critical employees.

Table 13: Flexible working time

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	1	14.3
Agree	2	28.6
Strongly agree	2	28.6
Total	7	100.0

Flexible working time or flextime is an arrangement where employees are allowed the freedom regarding the hours they work; this enables employees to achieve more flexibility in their working lives through for example job sharing and part time hours. In Table 13 above, 28.6% of the respondents strongly disagreed concerning flextime in their hotel, 14.3% disagreed, 28.6% agreed and 28.6 strongly agreed. Flexible working time as a means of retaining employees is therefore used by the majority of the five star hotels to prevent loss of valuable employees.

Table 14: Revision and renegotiation of compensation package

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Whenever critical employees get other job offers with better terms of compensation, the current employer may decide to match that offer in order to retain them. According to Table 14, 42.9% of the respondents strongly disagreed their organizations revised and renegotiated the compensation packages of employees wishing to leave, 14.3% disagreed, whereas 28.6% agreed and 14.3% strongly agreed. This finding implies that five star hotels in Nairobi are not in the habit of revising the compensation packages of critical employees who wish to leave for better compensation elsewhere. Revision and renegotiation of compensation package cannot be considered common retention management practice in the five star hotels in Nairobi.

4.4 Voluntary labour turnover/resignations

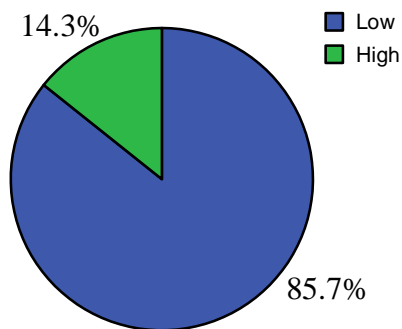
Voluntary labour turnover refers to when employees choose to resign or terminate their services from their employing organization due to various reasons, some of which have been analyzed below.

Table 15: Critical employees

	Frequency	Percent
Yes	7	100.0

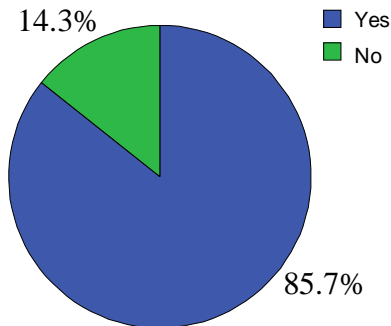
Critical employees as referred to in this study are those employees that an organization considers needed and valuable. These are the employees any organization would not like to lose. Table 15 shows that 100% of the respondents agreed they had employees they considered critical. This implies that effective employee retention practice have to be in place to entice these employees to stay with the organization.

Figure 4: level of resignation



Level of resignations basically refers to how often voluntary labour turnover takes place in the five star hotels. According to Figure 4, 85.7% of the respondents rated their levels of resignations or voluntary labour turnover as low and 14.3% rated it as high. Voluntary labour turnover in this case is not considered a big problem in the five star hotels.

Figure 5: Investigation of resignations



Organizations need to investigate why employees choose to turnover voluntarily in order to objectively deal with and curb the problem. According to figure 5 above, 85.7% of the respondents investigated why employees decide to leave and 14.3% did not do any investigations. The implication here is that the five star hotels that did not investigate reasons for voluntary labour turnover rated their resignation level as high while those who did rated voluntary labour turnover as low.

Table 16: Poor compensation

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Compensations are both monetary and non monetary rewards offered to employees for services rendered to the organization. Organizations that poorly compensates its employees risks losing them to better paying organization. As to whether poor compensation is considered a good reason for voluntary labour turnover in the five star hotels, 42.9% agreed while 57.1% strongly agreed. Five star hotels therefore needs to continually review how it compensates their employees in order to minimize or stop voluntary labour turnover.

Table 17 Competitive job offers

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Competitive job offers elsewhere may entice employees to move from their current employer. According to table 17, 42.9% agreed and 57.1% strongly agreed that competitive job offers is a good reason for voluntary labour turnover. To stop voluntary labour turnover that may be as a result of competitive job offers elsewhere, the five star hotels need to remain competitive.

Table 18: Lack of training and development opportunities

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Training and development opportunities equip employees with the necessary knowledge, skills and competencies to effectively perform their duties. Training also enables employees to adapt to changing systems, structures and technologies. Employees that are not accorded proper training and development opportunities may chose to leave for better prospects elsewhere. According to Table 18, 14.3% of the respondents strongly disagreed that lack of training and development is a reason for voluntary labour turnover, 71.4% disagreed and 14.3% agreed. The implication of this analysis is that the five star hotels have elaborate training and development programs for their employees, this is therefore not a good reason for voluntary labour turnover.

Table 19: Illness

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4

agree	1	14.3
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Illness often incapacitates employees such that they are unable to perform their duties effectively. Although many organizations have policies concerning sick leave, there are limits to how long one should be away from work. Whether or not employees resign due to poor health, 14.3% of the respondents strongly disagreed, 71.5% disagree and 14.3% agreed as shown in Table 19 above. Evidently illness is not a reason for voluntary labour turnover in the five star hotels although the management may choose to terminate an employee's employment contract due to poor health.

Table 20: Role overload

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Overworked employees often get burnt out and are unable to cope with their responsibilities, poor health and lack of balance between their work and social life may force them to opt for an early exit from the organization. However, according to Table 20, 14.3% of respondents strongly disagreed that role overload would cause voluntary labour turnover, 71.4% disagreed and only 14.3% agreed. The implication of this analysis is that the respondents that disagreed ensured their employees were not overworked while those that did agree deliberately exploited their employees who in most cases would opt to resign, consequently role overload is not considered a good reason for voluntary labour turnover.

Table 21: Relocation

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Movements from one geographical region to another especially among married couples may force spouses to resign and join their families, especially where transfer options are

not available. Asked whether relocation was a reason for voluntary labour turnover 42.9% of the respondents disagreed, and 57.1% agreed as is shown in Table 21. Although the majority of the respondents disagreed, almost a half agreed, relocation can be therefore be considered a minor reason of voluntary labour turnover.

Table 22: Job stress

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Stress at work can be caused by various reasons such as; being overworked, lack of proper job description, and harassment at work by both supervisors and fellow co-workers among other. When stress becomes unbearable, the health and performance of employees' gets jeopardized and the result may be voluntary labour turnover. According to Table 22, 42.9% of the respondents disagreed that job stress would cause employees to resign and 57.1 agreed. Job stress therefore can be said to cause employees to resign.

Table 23: lack of growth/promotion opportunities

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

When employees perceive that their organizations does not offer them opportunities for growth, or they are unfairly being over passed by promotions or they have reached the ceiling of their careers, they may opt to resign in a bid to grow their careers elsewhere. 42.9% of the respondents in Table 23 disagreed that lack of growth and promotion opportunities is a reason enough for voluntary labour turnover while 57.1% agreed that employees would resign due to lack of growth in their careers.

Table 24: Boredom

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

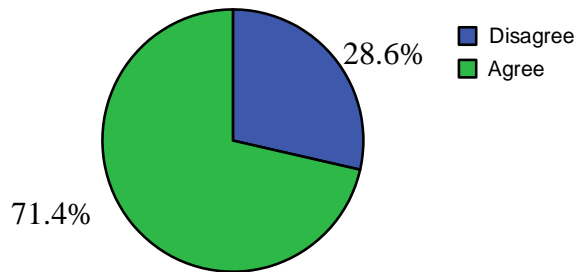
Boredom at work creeps in when employees engage in repetitive and routine jobs where they feel their potentials are not exploited to the full. They may feel unchallenged and unfulfilled in what they do. Such employees may be compelled to look for more challenging work elsewhere. 42.9% disagreed with this assertion while 57.1 agreed as shown in Table 24. Boredom should be addressed by the organization as a reason for voluntary labour turnover.

Table 25: Poor Working Conditions

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	6	85.7
Total	7	100.0

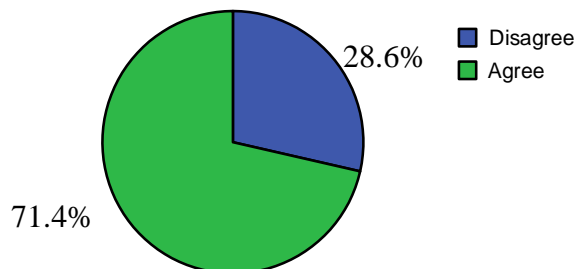
When the working environment is not conducive due to for example lack of proper working equipment and safety measures, employees may chose to resign. According to Table 25, 14.3% the human resource managers strongly disagreed that poor working conditions would cause employees to resign and a further 85.7% disagreed. This means that either the organizations ensured the conditions of work were favorable or the employees did not find this a problem to warrant terminating their services. In this case poor working condition is not a reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 6: Poor relationship with supervisors



When supervisors and line managers fail to relate well with employees due to poor interpersonal skills, the results could be voluntary labour turnover. According to figure 6, 71.4% of respondents agreed that poor relationship with supervisors would cause employees to resign but 28.6% disagreed. Poor relationship with supervisors can therefore be said to be a main reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 7: Family considerations



Family affairs have been known to force employees to terminate their services, these may include; marriage, pregnancies, relocation of spouses and the need to care for children with special needs among others. According to figure 7, 71.4% of the respondents agreed that employees would resign due to family considerations while 28.6% disagreed. Evidently, family considerations rank amongst the main reasons for voluntary labour turnover for employees in the five star hotels in Nairobi.

Table 26: Poor relationship with co-workers

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Organizations employ workers from different backgrounds and with different personalities. Disagreements among co-workers often occur and this affects one's ability to perform his or her duties effectively. Co-workers have also been known to be jealous and envious of each other especially when some are favored over others in the distribution of resources. According to Table 26, 28.6% of the respondents strongly disagreed that poor relationship among co-workers would cause voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that most employees in the five star hotels would not resign due to poor relationships with fellow co-workers.

Table 27: Poorly managed redundancy/retrenchment exercises

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

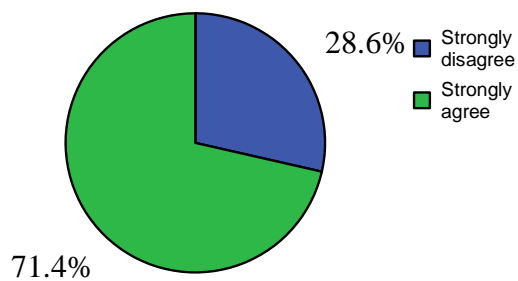
Poorly managed redundancies/retrenchment exercises often lead to survivor's syndrome; a situation where the employees that survived the exercise feel demotivated and are unsure of their job security which this may force them to start looking for alternatives. On the other hand, voluntary retrenchment package may be attractive to employees who are considered critical by the organization and are not themselves target of the exercise. According to Table 27, 28.6% of the respondents strongly disagreed that poorly managed redundancy/retrenchment exercises would lead to voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that poorly managed redundancy and retrenchment exercises seldom cause voluntary labour turnover in the five star hotels.

Table 28: Poor supervision

	Frequency	Percent
Disagree	4	57.1
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Poor supervision may be as a result of incompetent supervisors and managers, whose style of management may force frustrated employees to resign. Whether poor supervision contributed to voluntary labour turnover, Table 28 shows that 57.1% of the respondents disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis shows that poor supervision is not considered by the majority of the respondents as a good reason for voluntary labour turnover.

Figure 8: Resignation rate among the new and young employees



The new and young employees are assumed to have a higher rate of voluntary labour turnover, this is attributed to the fact that the young employees are not yet settled or established in their career while the new employee may leave due to unmet expectations. According to Figure 8, 71.4% of the respondents agreed to there being higher resignations among new and younger staff, while 28.6% disagreed. The new and young employees can therefore be said to resign more in the five star hotels compared to the rest of the employees.

Table 29: Rates of resignation among female employees

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Female employees are often thought to have a higher resignation rate compared to their male counterparts; this may be due to family interruptions and inability to deal with stress, as a result, certain organizations may choose to employ more men than women employees. Table 29 above shows that 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. Based on this analysis it is not true that female employees have a higher rate of voluntary labour turnover compared to the employees.

Table 30: Pay/ monetary reward

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Pay is the monetary reward employees are given in exchange for their services to the organization. It is often assumed that pay is the most important consideration when deciding to move to another organization. In Table 30 above, 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. It is therefore evident that employees put into consideration the whole compensation package which includes both the pay and other benefits. In this case pay alone is not a good reason for voluntary labour turnover.

Table 31: Married employees stay longer

	Frequency	percent
Disagree	1	14.3
Agree	6	85.7
Total	7	100.0

Due to family commitments and responsibilities, married employees are assumed to stay longer in employment compared to unmarried employees. According to Table 31, 14.3 % of the respondents disagreed that married couples stayed longer in their jobs and 85.7% agreed. The implication of this analysis is that five star hotels may reduce voluntary labour turnover by recruiting more married employees since it has been proven that they stay longer in employment.

Table 32: Level of education determines job alternatives

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

The level of education determines the number of job alternatives available to employees. Employees with higher levels of education have more job opportunities available to them. Table 32 shows that 42.9% of the respondents agreed to this and a further 57.1% strongly agreed. This therefore implies that employees with higher levels of education are likely to resign more compared to those with lower levels of education as they have more job opportunities available.

4.5 Pearson's product moment correlation

To establish the relationship between employee retention management practices and voluntary labour turnover, the variables retention efforts, employee empowerment, realistic job preview, job redesign, job alternatives, poor supervision, job stress, family considerations, education level and pay were correlated with the levels of voluntary labour turnover. For the above variables, correlation "r" will be significant when the significant level "p" is less or equal to 0.05.

Table 33: Retention efforts and resignation levels/ voluntary labour turnover

		Retention efforts	Resignation levels
Retention efforts	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Resignation levels	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

(r)= Pearson’s product moment coefficient

(p)= Significance Level ≤ 0.05

(N)= Number of cases.

As shown in Table 33, $r=0.471$ and $p=0.286$. These findings suggest that there is a moderate positive but insignificant relationship between employee retention management practices and voluntary labour turnover. The implication is that the five star hotels that made efforts to retain critical employees did not register lower resignation levels. On the contrary, the positive relationship shows as retention efforts increased, the levels of resignation also increased.

Table 34: Employee empowerment and resignation levels/ voluntary labour turnover

		Employee empowerment	Resignation level
Decision making	Pearson Correlation	1	-.354
	Sig. (2-tailed)	.	.437
	N	7	7
Resignation level	Pearson Correlation	-.354	1
	Sig. (2-tailed)	.437	.
	N	7	7

The correlation results in Table 35 above show that $r=-0.354$ $p=0.437$. This suggests a very small and insignificant negative relationship between voluntary labour turnover and employee empowerment. Although the relationship between employee empowerment and

voluntary labour turnover is insignificant, the implication is that as the employees in the five star hotels get empowerment, voluntary labour turnover decreases but in a very small degree, on the other hand the low levels of voluntary labour turnover may be due to other variables other than employee empowerment.

Table 35: Job redesign and Resignation levels/ voluntary labour turnover

		Resignation level	Job redesign
Resignation level	Pearson Correlation	1	-.510
	Sig. (2-tailed)	.	.243
	N	7	7
Job redesign	Pearson Correlation	-.510	1
	Sig. (2-tailed)	.243	.
	N	7	7

At a correlation of -0.510 and significance level of 0.243, Table 35 shows a moderate negative but insignificant relationship between job redesign as a means of retaining employees and the levels of voluntary labour turnover. As the five star hotels redesign jobs in order to reduce boredom due to routine and repetitive roles, voluntary labour turnover is expected to reduce though not significantly.

Table 36: Realistic job preview and resignation levels/ voluntary labour turnover

		Realistic job preview	Resignation level
Realistic job preview	Pearson Correlation	1	-.415
	Sig. (2-tailed)	.	.355
	N	7	7
Resignation level	Pearson Correlation	-.415	1
	Sig. (2-tailed)	.355	.
	N	7	7

The relationship between realistic job preview and levels of resignation is shown in Table 36 to be negative and insignificant at $r = -0.415$ and $p = 0.355$. Whether or not the organizations surveyed carried out realistic job previews, it did not affect the levels of resignations of critical employees.

Table 37: Job alternatives and resignation levels/ voluntary labour turnover

		Resignation level	Job alternatives
Resignation level	Pearson Correlation	1	.167
	Sig. (2-tailed)	.	.721
	N	7	7
Job alternatives	Pearson Correlation	.167	1
	Sig. (2-tailed)	.721	.
	N	7	7

At $r = 0.167$ and $p = 0.721$, Table 37 clearly shows the relationship between job alternatives and levels of voluntary labor turnover or resignations to be insignificant and very weak. This correlation negates the assumption that increased job alternatives in other organizations would lead to increased levels of voluntary labour turnover.

Table 38: Poor supervision and resignation levels/ voluntary labour turnover

		Resignation level	Poor supervision
Resignation level	Pearson Correlation	1	-.320
	Sig. (2-tailed)	.	.484
	N	7	7
Poor supervision	Pearson Correlation	-.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

In Table 38, poor supervision and levels of resignation when $r = -0.320$ and $p = 0.484$ have a very weak negative relationship that is not significant. This implies that poor supervision would not necessarily reduce or increase voluntary labour turnover.

Table 39: Job stress and resignation levels/voluntary labour turnover

		Resignat ion level	Job stress
Resignation level	Pearson Correlation	1	.320
	Sig. (2-tailed)	.	.484
	N	7	7
Job stress	Pearson Correlation	.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

The relationship between job stress and resignation levels as shown in Table 39 where $r = 0.320$ $p = 0.484$ is shown to be positive but very weak and insignificant. According to this analysis, Job stress in a very weak way may lead to increased voluntary labour turnover but again this may not be so.

Table 40: Family considerations and resignation levels/voluntary labour turnover

		Resignat ion level	Family consider ations.
Resignation level	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Family	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 40 shows that $r = 0.471$ and $p = 0.286$. This analysis means that the relationship between resignation level and family considerations is positive, moderate and

insignificant. Although family concerns may lead to increased voluntarily turnover, the effect is insignificant.

Table 41: Education level and resignation levels/voluntary labour turnover

		Resignat ion level	Education Level determines alternatives
Resignation level	Pearson Correlation	1	-.471
	Sig. (2-tailed)	.	.286
	N	7	7
Education level determines alternatives	Pearson Correlation	-.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 41 shows the findings of the correlation between levels of education and voluntary labour turnover. The findings $r = -0.471$ and $p = 0.286$ suggest a negative insignificant relationship between the two variables. This finding implies that although higher levels of education may expose an employee to other job alternatives, the rate of resignation however remains low.

Table 42: Pay and resignation levels/voluntary labour turnover

		Pay	Resignat ion level
Pay	Pearson Correlation	1	.132
	Sig. (2-tailed)	.	.777
	N	7	7
Resignation level	Pearson Correlation	.132	1
	Sig. (2-tailed)	.777	.
	N	7	7

As shown in Table 43, $r = 0.132$ and $p = 0.7$, the relationship between pay and voluntary labour turnover is almost nil and is not significant. Pay here is not a determinant of

voluntary labour turnover, reduced or increased pay will not affect the levels of voluntary labour turnover.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The objective of this study was to establish the relationship between employee retention management practices and voluntary labour turnover in five star hotels in Nairobi; it also sought to identify employee retention management practices employed by these hotels. The census survey targeted a total of 11 five star hotels, however only 7 hotels responded and the data captured using questionnaires were analyzed. The data collected mainly covered the various employee retention practices used to retain critical employees and the reasons commonly given for voluntary labour turnover.

5.2 Discussions

The background information gathered revealed that all the human resource managers had post graduate qualifications and that they had worked in their organizations long enough. This proves that the respondents were competent and knowledgeable in human resource management functions and therefore able to offer credible information necessary for this study.

Previous studies carried out on employee retention management practices and voluntary labour turnover suggest that the two go hand in hand and are sides of the same coin. This means that as organizations put in place proper employee retention management practices, voluntary labour turnover is expected to reduce and vice versa. However, this study has revealed that the five star hotels that made deliberate efforts to retain critical employees and those that did not both registered low levels of voluntary labour turnover. Either the five star hotels that made no efforts to retain critical employees had incidental retention practices they were not aware of or the retention practices employed by the hotels that made efforts to retain critical employees had no bearing on the levels of voluntary labour turnover.

Employee retention management practices that received utmost support included ensuring that the organization culture was appropriate and that managers and supervisors received proper training in order to handle employees appropriately. This emerged from the fact that the organization culture and management style of managers were found to greatly influence the employees' decision to stay in the organization or resign. It is worth noting that all the five star hotels had elaborate training and development programs for their employees, this works to ensure that employees have the needed skill and knowledge to discharge their duties; well trained employees are less stressed and therefore stayed longer in employment. Employee empowerment, a practice that allows employees to make and participate in decision making was found to reduce voluntary labour turnover as it gives employees greater responsibilities, increased flexibility, autonomy and a sense of belonging.

As a retention measure, the recruiting and selection practices used by the five star hotels sought to hire employees that perfectly matched the job requirements. Hiring of under qualified and or overqualified employees was shunned as this would eventually lead to voluntary labour turnover. In addition, a common practice found among the five star hotels was the extension of employment contracts for critical employees who had reached the retirement age. Although the five star hotels surveyed were close to each other in proximity, very few benchmarked the compensation package offered; the compensation package offered by individual hotels did not depend on what other competing hotels were offering. It follows therefore that the five star hotels hardly revised or renegotiated compensation packages of critical employees who wished to move to other more competitive organizations. The majority of the five star hotels were found to accord flexible working time to their employees, this practice was used in order to enhance productivity, reduce employee absenteeism, improve morale and reduce turnover.

The human resource managers indicated their organizations have employees they consider critical and who they wish to retain, it is therefore imperative that these organizations investigated why voluntary labour turnover would come about. It should be noted however that voluntary labour turnover was rated low by an overwhelming majority of the

respondents most of who carried out investigations as to why employees resigned through exit interviews. Interestingly, the hotels that failed to investigate reason for voluntary labour turnover registered high levels of voluntary labour turnover.

The reasons for voluntary labour turnover that received a lot of support from the respondents were; poor compensation and competitive job offers. The five star hotels that had poor compensation packages risked losing their employees to better paying competitors. Poor relationship with supervisors was found to also encourage voluntary labour turnover, the role of supervisors and line manager in determining an employee's decision to terminate their services or not should not therefore be underestimated. Other reasons such as relocation, job stress, lack of growth and boredom were also found to influence voluntary labour turnover but in a moderate manner.

Poor working condition was not considered a reason for voluntary labour turnover by all respondents, either the organizations ensured the conditions of work were favorable or the employees do not find this a problem to warrant terminating their services. Lack of training and development opportunities, illness, role overload and ambiguous roles did not feature as good reason for voluntary labour turnover. It is evident that the five star hotels ensured all their employees received the necessary training needed to perform their duties effectively. It also means that the five star hotels have properly defined job descriptions and that the employees are not overwhelmed by their responsibilities. On the other hand poor relationship with co-workers and poorly managed redundancy exercises were not considered strong reasons to warrant voluntary labour turnover. Although poor relationship with supervisors was found to contribute to voluntary labour turnover, poor supervision did not receive much support.

On which category of employees is likely to have a higher rate of voluntary labour turnover, the study revealed that the new and the young employees tend to resign more than the rest; this finding could be attributed to the fact that this category of employees are still experimenting and are not fully settled and established in their careers. It therefore becomes necessary for organizations with this category of employees to mentor and coach

them concerning their career paths in order to retain them. On the contrary, married employees were found to stay longer; this could be because of family responsibilities, commitments and the need for stability. The assumption that women employees have higher rates of voluntary labour turnover compared to their male counterparts has been refuted, meaning the five star hotels offered equal employment opportunities to both male and female employees. Contrary to common believe that employees would easily move to organization that paid better salaries, it has emerged that pay per se is not an important determinant of voluntary labour turnover; this is because employees are more interested in the whole compensation package that also includes non financial benefits such as job security and work life balance. Finally, this study established that the level of education attained by employees determined availability of job alternatives; employees with higher qualifications will find themselves with more alternatives in other organizations compared to those with fewer qualifications, their employers therefore have to remain competitive if they are to retain their highly educated and qualified employees.

In order to establish whether there exists a relationship between employee retention management practices and voluntary labour turnover in the five star hotels in Nairobi, the Pearson's product moment correlation was used to correlate the levels of voluntary labour turnover and selected employee retention management practices. Retention efforts made by the five star hotels were found to have a positive moderate but insignificant relationship with voluntary labour turnover, such that the five star hotels that made efforts to retain critical employees and those that did not both registered low levels of resignations. Employee empowerment on the other had a very small and insignificant negative relationship with levels of resignation, the implication is that increased employee empowerment which allows employees to make and participate in decision making may reduce voluntary labour turnover but to a very small degree. Job redesign, realistic job preview, poor supervision and level of education indicated a negative and very weak insignificant relationship with levels of turnover. Job alternatives, job stress, family considerations and pay showed a very weak positive but insignificant relationship with voluntary labour turnover.

5.3 Conclusions

In conclusion, employee retention management practices and voluntary labour turnover have a fairly weak and insignificant relationship, whether negative or positive. All the five star hotels investigated had some employee retention practices in place although their extent of application varied from one organization to another, certain retention practices were found to be more popular than others. The employee retention practices employed by the five star hotels could as well be regarded as good human resource practices which do not necessarily determine an employee's decision to resign or stay. Of the employee retention practices, the popular ones adopted by the majority of the five star hotels include: appropriate and conducive organization climate or culture, proper and elaborate training and development programs for employees, appropriate management style of line managers, employee empowerment, objective recruitment and selective procedures which ensures the organizations recruits employees that match the job requirements; extension of employment contracts for employees who have reached the retirement age and allowing flexible working time to employees.

The findings have revealed that voluntary labour turnover is not a major problem in the hotel industry since all the respondents rated it as low save for one, this does not however imply these hotels are not addressing voluntary labour turnover since all the human resource managers agreed to having critical employees whom they wish to retain. The five star hotels that carried out investigations to determine the reasons for the few resignations, recorded low levels of resignations as opposed to those who did not. The sole instrument used to investigate the reasons for voluntary labour turnover was exit interviews.

The main reasons given for voluntary labour turnover are; poor compensation, competitive job offers elsewhere, poor relationship with supervisors; family considerations, boredom and job stress in that order. New and younger employees were found to have higher rates of voluntary labour turnover while married employees stayed longer in their jobs. It has further emerged that there may be other reasons besides employee retention management practices which has led to low voluntary labour turnover in the five star hotels. Byrnes (2002) suggest these other reasons could be non-work factors such as the links employees

have establish with co-workers, their fit or perceived compatibility with their jobs, the sacrifices they have to forego should they resign and economic recession where high levels of unemployment would dissuade employees from leaving.

Voluntary labour turnover posed certain challenges to human resource management and the organization at large, some of these include; the costs involved in recruiting and training new staff which is also time consuming; loss of tacit knowledge and skills and poor company image. Voluntary labour turnover also negatively affects performance, workflow and human resource planning.

5.4 Recommendations

The five star hotels that made efforts to investigate the voluntary turnover of critical employees used exit interviews as the sole information instrument. To gather more information, it is recommended that other instruments be employed; these organizations should also get the opinion of staying employees in order to assess their attitudes and morale, this will help avert future cases of voluntary labour turnover.

The findings of the study have shown that employee retention practices employed to retain critical employees are not the sole determinants of low levels of voluntary labour turnover, this is due to the fact that hotels that made no efforts to retain critical employees who wished to leave also recorded low voluntary labour turnover. Further studies should therefore be carried out to determine other factors that could be contributing to low levels of voluntary labour turnover.

The study focused on data collected from human resource managers of the five star hotels, it is recommended that further studies be carried out and data collected from employees in general. Their different opinions may provide more insight into the relationship between employee retention management practices and voluntary labour turnover.

The study did not manage to cover the whole target population due to time constrains and lack of cooperation from the respondents. It is therefore recommended that further studies

be undertaken to accommodate the hotel industry as a whole, this will widen the scope of the study.

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APPENDICES

APPENDIX 1

LETTER OF INTRODUCTION

Jeddy C. Lepilale
School of Business
University of Nairobi
P.O Box 30197
Nairobi.

Dear Sir / Madam,

RE: Research on the relationship between employee retention management practices and labour turnover.

I am a student pursuing a Masters of Business Administration (MBA) at the University of Nairobi. This research is carried out for a management project paper as a requirement in partial fulfillment of the stated degree.

You have been selected to participate in this study by providing the required information necessary for this study, kindly fill the attached questionnaire as accurately as possible, your participation is essential to this study and will enhance our knowledge of these important human resource issues. The information you provide will be will be treated with utmost confidentiality and will only be used for academic purposes. Thank you.

Yours Faithfully,

Jeddy Lepilale,
MBA student
University Of Nairobi.

APPENDIX 2

QUESTIONNAIRE

This questionnaire has been designed to collect information from the human resource managers of five star hotels in Nairobi. Each questionnaire has 3 sections, please complete each section as instructed. You are not required to write your name or the name of your hotel.

Section A

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

1. What is your gender? 1. Male () 2. Female ()

2. What is your highest academic qualification?
 1. "O" level ().
 2. "A" Level ().
 3. Certificate ()
 4. Diploma ()
 4. Degree ().
 5. Post graduate degree ().
 6. Other_____

3. How long have you worked in the organization
 1. Less than one year ().
 2. 1-5 years ().
 3. 6-10 years ().
 4. Over 10 years ()

Section B

Employee Retention Management Practices.

4. Does your organization try to stop the needed employees from resigning?
 1. Yes ()
 - 2.No ()

5. What human resource retention management practices do you use to retain employees?
 - 1) _____
 - 2) _____
 - 3) _____
 - 4) _____
 - 5) _____
 - 6) _____
 - 7) _____
 - 8) _____

9) _____

10) _____

In the table below please tick your response to the statement in the space provided where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

<i>Q. No.</i>	<i>Statement</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
6	Organization culture/ climate can influence an employee's decision to stay or resign					
7	Employees in my organization are allowed to make and participate in decision making					
8	Repetitive/routine jobs in my organization are often redesigned to reduce boredom					
9	In the hiring process, potential employees are often provided with a realistic picture of the job and the organization					
10	My organization often recruits overqualified employees for any given job					
11	My organization often recruits under qualified employees fro any given job.					
12	My organization recruits employees that perfectly match the requirements of the job.					
13	Employees in my organization go through training programs					
14	The management style of line managers influences an employee's decision to stay or resign					
15	My organization benchmarks/compares the pay and benefit packages offered to employees in other five star hotels.					

16	Our employees are allowed flexible working time					
17	My organization often extends the contracts of needed employees who have reached the retirement age.					
18	My organization attempts to revise the pay and benefit packages of needed employees who intend to resign					

Section C

Voluntary labour Turnover/ Resignation

19. Are there employees you consider critical/ valuable to the organization who you wish to retain? 1. Yes () 2. No ()

20. What is the level of voluntary resignations in your organization?

1. Very low () 2. Low () 3. Moderate () 4. High () 5. Very high ()

21. Which department has the highest rate of voluntary resignation?

22. Does your organization investigate reasons why employees choose to resign from the organization? 1. Yes () 2. No ()

23. If yes above please tick the sources of information your organizations uses to investigate these reasons.

1. Exit Interviews() 2. Separation questionnaires (). 3. Attitude surveys ()
4. Routine performance appraisal interviews (). 5.Others_____

24. Below are some common reasons cited by resigning employees, use the scale below to tick the extent to which the same reason apply to your organization. **1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure**

Reason for voluntary labour turnover	1	2	3	4	5
Poor compensation package					
Lack of training and development opportunities					
Competitive job offers elsewhere					
Illness					
Relocation					
Poor working conditions					
Poor relationship with supervisors					
Poor relationships with co-workers					
Poor supervision					
Poorly managed redundancies					
Job stress					
Lack of growth and promotion opportunities					
Family considerations					
Role overload					
Ambiguous job roles					
Others					

In the table below please tick your response to the statement given in the statement column where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

No.	Question	1	2	3	4	5
25.	New recruits and younger staff have higher rates of voluntary resignations.					
26.	Female employees tend to have higher rates of resignations compared to the male employees.					

27.	Married employees stay longer in their jobs compared to unmarried employees.					
28.	Level of education determines the number of job alternatives.					
29.	Pay is the most important consideration when deciding to move to another organization.					

30. What challenges does voluntary labour turnover pose to Human Resource Management?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____
- 7) _____
- 8) _____
- 9) _____
- 10) _____

31. How does voluntary labour turnover affect the organization?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____

APPENDIX 3

LIST OF FIVE STAR HOTELS IN NAIROBI

Nairobi Serena hotel

Sarova Stanley Hotel

Safari Park Hotel and Casino

Wildsor Golf Hotel and Country Club

The Giraffe Manor

Panari Hotel

The Holiday Inn

Laico Regency Hotel

The Norfolk Hotel

Intercontinental Hotel

The Hilton Hotel

CHAPTER ONE

INTRODUCTION

1.1 Background

Organizations in the 21st century, the hotel industry notwithstanding are recognizing that human resources are very important assets, and that the success of the organization depends fully on how effectively its employees are managed (Okumbe, 2001). Regardless of size, technological advances, market focus and other factors, all organizations are facing voluntary labour turnover and retention challenges. In the current dynamic labour market and competitive business environment particularly in the hotel industry, there is need for organizations to come up with employee retention practices that will ensure their critical staff is not lured to other organizations.

Pfeffer & Baron (1988) noted that downsizing and hiring contingent workers has caused long term organizational commitment to start disappearing, this therefore means that high worker turnover has become common and workers mobility decision is a critical issue. Dessler (1993) writes that to manage change, organizations must have employees who are committed to the demands of rapid change because committed employees are a source of competitive advantage. This thus forces both employees and employers to remain aware of the larger market place and to continuously examine each other's needs.

1.1.1 Employee retention concept

Employee retention or personnel continuity is the ability of an organization to keep their employees from leaving the organization to go to other organizations (Okumbe, 2001). Employees may choose to leave or stay for various reasons; the underlying factor however is job satisfaction. According to Hills (1987), the first goal of any compensation package is to elicit desired behavior from employees, this involves among others attracting the required candidates and motivating them to stay with the organization. When an organization lacks proper retention management practices and thus the ability to retain its

needed workforce, the result is high voluntary turn over which is quite costly in terms of recruitment and selection and also the time spent to discharge those leaving.

Employee retention management practices are the activities undertaken by organizations to encourage their employees to stay with the organization. Okumbe (2001) cites activities such as employee promotions, transfers, management of tardiness and absenteeism, grievances and discipline, procedural justice and ethics in employee relations. Graham (2003) includes other retention management practices such as; employee empowerment, job redesign, objective recruitment and selection practices, induction and training, competitive compensation package, flexible working hours and proper redundancy practices among others.

1.1.2 Voluntary labour turnover

In a broad sense “turnover” according to Flippo (1984) is the movement into and out of an organization by the workforce. Employees may get separated from the organization through various methods such as dismissals, retirement due to old age, redundancies among others. The management is normally in control of these means of separation. Voluntary labour turnover on the other hand is where employees choose to resign or terminate their services from their employing organization for a variety of reasons such as; better job offers elsewhere; poor working conditions and management, relocation, lack of career growth, poor pay among others.

Retention management practices and voluntary labour turnover are aspects of employee mobility; both may be considered as different sides of a coin. Voluntary worker turnover becomes a bigger problem if it involves the separation of critical and needed employees. On the other side of the coin is employee retention and the practices employed to achieve an ongoing employment relationship for the employees an organization does not wish to lose. (Huang, Lin & Chuang, 2006). Putting in place effective retention management practices may eliminate or reduce voluntary labour turnover of critical employees, whereas poor or lack of retention practices may increase voluntary labour turnover.

According to Okumbe, (2001) voluntary labour turnover may be healthy for an organization because it provides voluntary avenues for good-riddance since it helps cushion the organization against impending redundancies. Those leaving should exit peacefully and appreciate the useful experience gained in the organization. Steel, Griffeth, Hom & Lyons (1993) note that high levels of unemployment may dissuade some employees from leaving their jobs; this may however not apply to those individuals with specialized skills and training.

1.2 The hotel industry in Kenya

The Webster's New World Dictionary defines a hotel as an establishment that provides paid lodging and often food for travelers on a short term basis. The word hotel is derived from the French word *hôtel* coined from *hôte* meaning host, according to the French version, it refers to a townhouse or any other building receiving frequent visitors.

There are different kinds of hotels all over the world: Tree house hotels, Cave hotels, Capsule hotels, ice and snow hotels, garden hotels, underwater hotels, resort hotels, railway hotels, airport transit hotels and motels, among others. The hotel industry in Kenya is made up of different classes of hotels that offer accommodation, food and recreational activities to both foreign and local tourists. The pioneer hotel in Kenya which no longer exists was the Grand Hotel in Mombasa; it was the meeting point for the planners and supervisors of the Uganda Railway in the 1890s. Other current pioneer hotels such as The Stanley and The Norfolk were established in 1902 and 1904 respectively, many other hotels have come up since then, managed singly or under a group of hotels by either local or foreign investors. (Kenya Book of Records, 2008).

The success of the hotels industry in Kenya is determined by bed occupancies and number of nights spent. There are many hotels in Nairobi located close to each other. The industry provides the largest number of jobs in Kenya, this also means that dissatisfied employees are surrounded by many alternatives making competition in the hotel industry very stiff. Individual hotels therefore need to put in place retention practices to ensure their critical staff is retained. (Joliffe, 2000).

Hotels in Kenya are classified into classes, where stars have been used as symbols for classification purposes. According to Wikipedia website, a set of one to five stars is commonly employed to categorize hotels. Classification of hotels is based on many values some of which may not be necessarily significant to each guest. The classifications are determined through the opinion of a classifier which may be the tourist office of a nation or a hotel association. Hotels are classified according to their amenities and recreational facilities and the quality of room. Some of the criteria used in making such assessments are size of rooms, décor/furnishings, public areas, hospitality services, staff attitudes, maintenance/housekeeping and sanitary standards among others.

In a five star hotel, a guest expects to find spacious and luxurious accommodation matching or close to international standards, impressive interior design, formal well supervised and flawless services that are tailored to the needs of the guest. A five star hotel should also demonstrate a high level of technical skill, producing dishes to the highest international standards. Staff should be knowledgeable, helpful, well versed in all aspects of customer care, combining efficiency with courtesy. According to Africapoint.com Online travel Agent website there are a total of 11 five star hotels distributed within Nairobi's central business district and its environs.

1.3 Statement of the problem

Voluntary labour turnover and employee retention practices pose huge challenges for many organizations especially in high-technology and the hotel industry (Mitchel, Holtom & Lee 1992). Voluntary labour turnover in the hotel industry is attributed to high competition, availability of alternatives and poor compensation packages (Graham, 2003). This problem is made worse by the fact that the voluntary labour turnover is random in nature, therefore difficult to predict and plan because the management lacks control. It is also very costly. Hills (1987) adds that high rate of voluntary labour turnover eventually affects an organizations ability to attract qualified applicant, this in essence will affect the overall performance of a firm. It is therefore important for organizations to investigate why employees choose to leave and put in place proper retention practices. Studies done in the past concentrated on labour turnover in general. Oroni (2006) wrote on 'Labour

turnover in state corporations in Kenya', Machayo (2006): 'Factors that are associated with labour turnover among health professionals in Kenya', Abuti (2005): 'A survey of the factors that are associated with staff turnover in broadcast media home', and Mugumu (2002): 'Employees perception of factors that influence Labour turnover in ethnics finance institutions in Kenya'. This then means most of the literature review on voluntary turnover is derived from labour turnover literature. Very little study has also been done on employee retention management practices. Graham, (2003) and Armstrong, (2006) note that organizations are either doing very little to retain critical employees, or their focus on retention practices is very narrow with different organizations embracing contrasting retention practices.

The emerging concern therefore is organizations are taking little or no action at all to control their loss of valuable staff through resignations, which therefore means that very few retention management practices if any have been put in place to manage voluntary labour turnover. This study seeks to focus on the employees that are valuable to organization and who may wish to terminate their services and what the management can do or has done to retain them. This will be done by answering the questions; what employee retention management practices has the five star hotels in Nairobi put in place to retain valuable employees? What is the relationship between these retention practices and voluntary labour turnover?

1.4 Research objectives

- i. To establish the employee retention practices used by the five star hotels to retain employees.
- ii. To establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels.

1.5 Importance of the study

The study will be beneficial to organizations in the hotel industry. Human resource managers need to know the extent of voluntary labour turnover in their organization. This

information may lead them to either take corrective actions to retain employees or to reinforce practices that have led to low turnover.

The study will also be beneficial to other organizations in general who may find the results helpful in managing their own voluntary labour turnover and retention problems.

This study will add to the body of existing knowledge. Scholars of human resource management and other related fields will find this study a valuable addition for literature review. This may also help to provoke further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Human Resource Management according to Dessler, (2005) is the process of acquiring, training, appraising, compensating employees and attending to their labor relations, health and safety and fairness concerns. Okumbe, (2001) defines human resource management as a strategic approach to acquiring, developing, managing and gaining the commitment of organization's key resource- the people who work in and for it. One of the principles of human resource management is that the employees or human resources are the most important resources in any organization. He adds that human resource management also includes employee continuity and separation under which voluntary labour turnover and employee retention management practices falls. (Okumbe, 2001).

Employee retention management practices and voluntary labour turnover if not properly managed have far reaching implications to the overall human resource management. According to Okumbe (2001) voluntary labour turnover has a negative effect on human resource planning which he defines as a continuing systematic process of analyzing an organization's human resource requirements, which is achieved through acquiring the right number and quality of the employees an organization needs and retaining the kinds of staff it requires. Hills (1987) emphasizes that high voluntary labour turnover is a manifestation of poor human resource management. This eventually affects an organizations ability to attract qualified applicant and compromise its overall performance.

Graham (2003), Okumbe (2001) and Cascio (1982) acknowledge that high rates of labour turnover are bad for any business; on the other hand, a stagnant workforce with little or no movement to and from the outside world does not provide the best conditions for dynamism and innovation. Somewhere between these extremes lies the optimum level of voluntary turnover.

2.2 Employee retention management strategies and practices

Employee retention is defined by Okumbe, (2001) as the continuity of human resource service through the formulation and implementation of integrative and mutually supportive personnel programmes that will motivate and satisfy the employees. Graham (2003) writings on how to retain the best staff, analyzed a survey carried among 430 Personnel and HR specialist to determine how important retention issues were in their organizations and whether any initiatives were being taken to address them. The findings revealed that employee retention had become a key priority for UK employers and it is among the 10 most important challenges facing Personnel and HR specialists. According to Graham (2003), the issue of retention faces two major difficulties. Firstly, it is not easy to identify who is likely to leave, how large the staff turnover rate is, and what is driving these resignations. Secondly, it is not simple to develop initiatives and practices that can control staff turnover in a cost effective way. Strategies necessary for developing appropriate employee retention management practices include; firstly performing a risk analysis which will determine whether voluntary labour turnover is a problem to the organization or not, issues to be considered include; the number of employees resigning, their positions and whether the organization wants them to leave or not. Secondly, there is need to analyze the reason for leaving, this information can be collected from exit interviews; outside consultants may be used to perform these interviews in order to ensure the reasons given for leaving are not defensive or protecting the remaining employees. Thirdly, organizations need to analyze the reasons for staying by conducting focus groups with existing employees to determine factors that keep them in their jobs. Finally organizations need to develop a top-level support, the management should be willing to devote financial and human resources to the planning, development, execution and maintenance of employee retention management practices. (Armstrong, 2006), (Graham, 2003) and (Steel, Griffeth, Hom & Lyons, 1993).

Graham (2003) lists the following employee retention management practices as effective in retaining employees; Organizational Culture, employee empowerment and job redesign, objective recruitment and selection practices, induction, training and development, identification of manager's role in employee retention, promotions and sideways moves,

competitive pay and benefits, childcare facilities, flexible working hours, proper redundancy practices, reconsidering retirement age, and integrating employees with disabilities.

Corporate culture is each organization's distinct approach to the way things are done. Some organizations may discover that their culture is causing problems on a broader scale, the culture may provoke a reaction that encourages employees to leave the organization, however where the climate is more to their liking they stay. Many organizations usually embark on cultural change initiative for business-related reasons but in the process some discover that the changes they introduced have broader benefits in terms of improving retention rates.

Job redesign and employee empowerment helps to reduce boredom in routine and repetitive jobs which would otherwise force employees to move elsewhere to find a job that is more challenging. Empowerment is an approach that aims at encouraging employees to accept a certain amount of personal responsibility for making decisions and resolving problems. It gives employees greater responsibility, increased flexibility and autonomy. This can improve job satisfaction and help in the management of retention. Empowerment and job redesign are usually interlinked. To introduce empowerment means changing job tasks and responsibilities. (Steers & Porter, 1983) and (Dessler, 2005).

Recruitment and selection practices can have major impacts on staff resignation rates. When recruiting criteria are pitched too high, the recruit ends up being overqualified for the job, they later become bored and leave. Unrealistically high recruitment criteria also expose employers to potential liability for unlawful discrimination. On the other hand, an under skilled recruit may get overwhelmed by the job's demands and fail to do well, he or she is either disciplined for poor performance or become disillusioned and burnt out. In both cases an early departure is likely. The recruiting committee should ensure that recruitment criteria are identified in a careful and objective manner. Candidates should be made fully aware of the demands of the job and what working for the organization would be like through realistic job previews (Flippo, 1984). Induction, training and development

of employees determines how well new recruits settle in the organizations. Effective induction should not be a one-off event; it should involve an ongoing process and is therefore used to aid staff retention. Training and development is heavily used by employers as a means of improving retention of staff by equipping them with the required knowledge, skills and competencies needed to perform their duties and responsibilities (Okumbe, 2001)

The role of line managers as noted by Graham (2003) rank among the most important of all the various influences on employee decision to leave. Taylor (2002) states that the most common reasons for resignation lies in poor or ineffective supervision from their immediate line managers. Employers are not often aware of the extent to which their line managers are contributing directly to their organization's rates of turnover because the line managers are responsible for recording and reporting the reasons people leave. Organizations need to pay attention to the skills and behaviors of line managers by introducing or improving training programs to raise their competence. In positive ways, their power to motivate, enthuse and support their subordinates contributes greatly to the quality of employees working lives. Managers take a center stage in helping employees gain access to training opportunities, promotions and through their regular performance reviews, to favorable performance ratings.

Promotion and sideways moves increases employee development opportunities on available offers and opens up career paths for employees. This is commonly used by employers to retain employees (Flippo, 1984). Pay and benefits offered by employers play a big role in an employee's decision to stay or leave. Employers that pay significantly below market rate with no other compensatory factors working in their favor may find that their retention difficulties may be due to lower salaries. Employers have other options besides increasing basic salary. E.g. market premia can be introduced where groups of staff are given unconsolidated payments, these payments target staff that would be difficult to replace because of skill shortage in the labour market or whose loss would cause serious difficulties for the organization. Location allowances can be used in areas where staff is difficult to recruit and retain; benchmarking pay ensures pay levels are

competitive. Pay progression, a pay scale that is partly linked to performance, experience and competency levels may also be employed (Graham, 2003) and (Armstrong, 2006). Employers may have to highlight the cash value of the existing benefit package and communicating the information to the workforce. Organizations may also create flexible benefit policies thus giving employees some measure of control over their benefits package.

Flexible working arrangement or flextime as put forward by Dessler (2005) is a plan where employees are allowed the freedom regarding the hours they work. Some jobs are unpopular because of their unsocial hours e.g. shift working, night working and weekend working; these are usually required by labour intensive industries. Even where shift working is the norm, some employers have found it possible to make modifications that improve their ability to recruit and retain staff, for example changing the working day, week or offering special types of leave. Changing working time can be effective because the majority of employees now expect to achieve more flexibility in their working lives in order to cater for their personal commitments through for example job sharing and part-time hours. Dessler (2005) mentions work sharing and telecommuting as other flexible work arrangements employers can adopt. Flippo (1984) adds that flextime fits quite well with the new values of the modern workforce and that such plans have also been found to have a number of advantages to the employer such as; enhanced productivity, reduced employee tardiness and absenteeism, improved morale and reduced turnover. Childcare facilities could be made available to especially single working parents who face the challenge of balancing work and family life. This may be in terms of free or subsidized vouchers that can be used to purchase childcare or provision of advice on childcare facilities in the local area. Organization could also have daycare facilities within the organization. (Dessler, 2005).

Employees may become disabled while working for their employers through accidents and age related conditions (Aluchio 1998). Research has shown that early intervention is key in ensuring that individuals on long term sick leave are retained by their firms even if they develop disabilities. Employers should evaluate the job, working conditions, access and

other factors to see if reasonable adjustments can be made in order to retain such individuals. Redeployment to another job is a further possibility to be considered. Retention initiatives usually focus on individuals who leave voluntarily, however the retention of employees who have attained the retirement age and are therefore obliged to resign is more directly under the control of the employer. Employees who reach normal retirement age take with them valuable skills and experience gained over their working life. Employers are realizing that it takes little business sense to compel all such staff to leave the organization. Some employees may wish to continue working as a way of maintaining a familiar sense of routine and social interaction and for income to supplement their income. (Dessler, 2005) and (Graham, 2003). Redundancy defined by Aluchio (1998) and Okumbe (2001) as the loss of employment through no fault of the employee concerned is a method of separation under the control of management, it is normally occasioned by re-organization, mechanization or lack of orders. Unforeseen and unwanted loss of key members of staff represents one of the most commonly found problem of redundancy programs. Many firms fail to manage the process of applying for voluntary redundancy, thus the heavy redundancy payments encourage long serving staff to leave, these are the most experienced and skilled staff. Poorly handled redundancy exercises also have a detrimental impact on survivors who may feel resentful, demotivated and are therefore likely to leave at the earliest opportunity

Sources of information for developing retention practices

Graham (2003) and Armstrong (2006) identified the following sources of information that could be used to construct employee retention management practices and strategies; labour turnover data, exit interviews and separation questionnaires survey forms, feedback, attitude surveys and routine performance appraisal interviews.

Labour turnover data may be used as one of the sources that organizations use when developing a retention management strategy; this data may be useful in identifying the root causes of staff retention problems. Rate of labour turnover represents the end point since they measure what has already occurred which is loss of staff members. They do not show the reasons for staff losses although patterns and changes over time can hint at them.

Exit interviews and separation questionnaires survey forms are completed by departing employees, these provide valuable insights as to reasons why employees leave. These techniques are however backward looking because the subjects have already decided to leave. Gooch (1999) notes that employees may not always disclose the real reasons for leaving or their true views about the organization. This may be overcome by enlisting the help of consultants to carry out the interviews away from normal place of work. Departing employees should understand why exit interviews have to be conducted and that the information they provide is confidential. Feedback may be used to infer the reasons that may prompt other members of the staff to resign. Attitude surveys and questionnaires are other methods that may be used to canvass individuals who have not resigned or may not have even considered leaving. These methods are useful in determining levels of employee morale, motivation and degree to which employee identify with the organization. (Taylor, 1988). Routine performance appraisal interviews also provide information to the management. Action can then be taken by the organization before employees decide to look elsewhere. These provide the earliest opportunity to address them before the psychological break with the employer is reached.

2.3 Voluntary labour turnover

Voluntary turnover refers to cases where employees resign or terminate their services from organizations that had employed them, (Okumbe, 2001). Job terminations occur for various reasons, however there has evolved a consistent line of research evidence showing that voluntary job terminations can be explained from the employee's intentions to leave an organization (Bluedorn, 1982). According to March & Simon (1958) this intentional decision involves a subjective evaluation of the employee's job aspirations in comparison with the expected value of job opportunities in the present organization and the availability of attractive opportunities in other organizations or alternative careers. The employee's decision to quit is not considered an impulsive action but one that is rationalized over time (Simon, 1957).

Mobley (1977), Mobley, Horner & Hollingsworth (1978) suggest that the termination decision process can be described as a sequence of cognitive stages that starts with; initial

dissatisfaction with the present job, intention to search for a different job, an active search and evaluation of alternatives, an expressed intention to quit and finally job termination. According to the writers, each successive step represents increasing withdrawal from the organization. Mobley, Griffeth, Hand & Meglino (1979) concludes that there is still a lot more to be learned about the decision process leading to job termination. They suggest two factors that are related to employee's progression through successive stages of withdrawal. One factor reflects the employee's evaluation of the organization's future expected value with respect to their work aspirations. Termination here may represent the employee's decision to accept a more attractive job opportunity. The second factor focuses on the tension associated with the organization's present working conditions. Termination in this case may represent the employee's decision to leave a stressful work environment. Lee & Mitchell (1994) describe four paths employees could take when deciding to terminate their employment; they may follow a plan, this is where a plan and script for leaving is already in place, others may leave without a plan or even alternatives, some employees may leave for a better alternative elsewhere, while others will leave because their current job is unsatisfying.

Employees decide to resign for various reasons. Graham (2003) identifies push and pull factors as the main reasons employees voluntarily terminate their employment. Push factors contribute to the weakening of the psychological contract between employees and their employers, these factors affect employees' identification and attachment to their employers, they contribute to a large extent to an employee's decision making process about moving on. The push factors include; poor supervision that may be arbitrary and or unfair, lack of training and development and poor pay. Pull factors on the other hand come to play when the psychological contract is already weakened; employees begin to compare what other employers are offering.

Mitchell, Holton & Lee (1992) and Armstrong (2006) give other reasons which they describe as; personal, organizational, job dissatisfaction and availability of alternatives. Examples cited under personal reasons include; changes in family situations, desire to learn a new skill or trade, unsolicited job offers, pregnancy, illness and relocation.

Organizational reasons include examples such as; observing mistreatment of a co-worker, over passed for promotion, poor relationships with managers and or team leaders, poor relationship with co-workers, bullying and harassment. Also included under organizational reasons are changes such as mergers, unsolicited job offers, friends leaving, poorly managed redundancies and retrenchment exercises. Under Job dissatisfaction, Mitchell, Holton & Lee (1993) note that employees who are dissatisfied with their jobs are likely to leave after evaluating their pay, supervision, chances of promotion, work environment, and the task they do. Causes of job dissatisfaction include; job stress, repetitive work, role ambiguity and role overload. Dissatisfied employees start looking around for other alternatives; they may conduct a perceived and or actual job search. Alternatives can influence this process such that if alternatives are considered favorable in comparison to the present job, the person is predicted to leave, if not he or she stays. In addition, employees with more alternatives are more likely to leave than those with fewer alternatives.

Various assumptions have been made about voluntary labour turnover. According to Sicherman, (1996) and Glass & Riley (1998), women are more likely to turnover due to family considerations which interrupt their careers. Keith & McWilliams (1995) suggests that married employees often make decision based on relatively complicated concerns, including kinship responsibility and children issues, such concerns may causes them to hold onto their jobs longer than unmarried people. According to Williamson (1981) highly educated employees are more likely to resign since education determines the number of job openings available. Human capital theory proposes that, other things being constant, a given worker will have a greater probability of leaving a low-paying job than a higher-paying one. Akerlof, (1984) and Yellen, (1984) posit that offering a wage that is higher than the average market level will help to retain competent workers. They however add that pay is not the only or main reason why employees begin to look for another job, they may get discontented and leave when their skills or talents are not properly developed. According to Steel, Griffeth & Hom (2002), the impact of different workers' turnover on a firm is not equal; it is the performance level of the employee, not the act of quitting or staying per se that determines the positive or negative nature of the retention and or

separation event. Lazear (1999) found that better performers were less likely to turnover; better performance reflects more beneficial firm-specific skills which may motivate retention. On the other hand, poor performers may be less likely to stay longer with a firm because of the poor performance evaluations and the lower pay level they receive. Lazear (1998) found that recent promotion is negatively related to turnover, it makes one more suitable to the current employer than to other, in which case promotion would reduce turnover. March and Simon (1958) declared that under nearly all conditions, the most accurate single predictor of labor turnover is the state of the economy, during periods of prosperity, the turnover rate in the overall market tends to be higher than in times of economic recession.

Methods used to calculate labour turnover

Graham (2003) and Armstrong (2006) identified the following methods of calculating turnover; crude wastage, rates of voluntary turnover, stability index, survival rates and destination of leavers. Since voluntary resignation represents the main focus of interest, it should be ensured that the data on labour turnover rates measures only this form of turnover. Unfortunately most external sources of benchmarking data measure it with far less precision through crude wastage. The method lumps together all and every reason for turnover:

$$\frac{\text{Number of all types of leavers in a specified period (usually 12 Months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

The crude wastage method has the effect of inflating the findings. Although many published surveys rely on it, the crude-wastage rate is of virtually no use as the basis for managing retention- it represents a tool that is too blunt for effective use unless the employers included in the survey are behaving in the same way as the organizations making the comparison. Most organizations use this method because they lack more precise statistics available.

Rates of voluntary turnover follow much the same process as for crude wastage:

$$\frac{\text{Number of leavers for voluntary reasons in a specified time(usually 12 months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

Stability index shows the extent to which the turbulence caused by labour turnover permeates the workforce. In the hospitality industry where high turnover rates are prevalent, some employers have found that the same posts have a succession of recruits and leavers during the course of a year while much of the workforce is unaffected.

$$\text{Stability index} = \frac{\text{Number of employees having a specified length of service}}{\text{Total workforce}} \times 100$$

Survival Rates focuses on the effectiveness of the recruitment, training and management of identifiable groups of staff. It is mainly used for new graduates. Alternatively, it can be one way of gauging the impact of a change in recruitment and selection practice on retention rates, comparing survival rates before and after the modification

$$\text{Survival Rate} = \frac{\text{Number of people recruited in a specific year}}{\text{Number in that Group still in employment at a certain date}} \times 100$$

This calculation is often based on a time series of individual years e.g. the intake of 1995 is compared with the number surviving in 1996, 1997 etc.

Resignation rate can also be calculated according to the destination of leavers. This method is favored more in the public sector where turnover rate are often broken down into those moving within the same area or going elsewhere.

2.4 Economic impact of voluntary labor turnover

Under the present economic pressures, organizations should ensure that valuable staff is retained and that recruitment should take place only when it is fully justified. It is very costly to do nothing about high rates of turnover. One key individual can hold the fortunes of a department or business in their hands. Loss of several members of staff in the same

unit or team can lead to instability (Okumbe, 2001). Voluntary turnover is costly for both employers and workers, employers find replacement cost and hidden organizational cost high (Mitchell, Holton, & Lee 1993). Workers also find monetary and psychological costs taxing (Ehrenberg & Smith, 1994). Human capital theory according to Mincer (1962) and Becker (1962) considers voluntary turnover an investment in which costs are borne in an earlier period in order to obtain returns over a long period of time. Therefore, the decision to stay or go involves evaluating cost and benefits. If the present value of the returns associated with turnover exceeds both monetary and psychological costs of leaving, workers will be motivated to change jobs. If the discounted stream of benefits is not as large as costs, workers will resist changing jobs (Ehrenberg & Smith, 1994).

Fitz-enz (1997) stated that the average company loses about \$1 million with every 10 managerial and professional employees who leave the organization plus other indirect costs. Some of obvious labour turnover costs include; the expense of recruiting advertisement; commission paid to employment agencies; staff time required to consider the applications; time required in interviewing short listed candidates and selection methods; successful applicants have to be inducted and probably trained and given a period of grace while their effectiveness gradually improves to that of an experienced staff; departing employees will require administrative time to handle their separation and there may be cost implications of the turbulence caused by the resignation and new appointments such as reduced customer service.

Other voluntary labour costs include; Loss of organization knowledge and experience, loss of clients and stress. There is significant economic impact with organizations losing any of its critical employees especially because of the knowledge that is lost with the employees' departure. This knowledge is actually the organizations' most valuable assets. Snell & Dean (1992) emphasize that these skills, knowledge and experience represents capital because they enhance productivity. According to the human capital theory, some labour is more productive than others because more resources have been invested into the training of that labour, on the other hand departing employees that had established close relationship with clients may move with them to their new jobs, spelling loss of business

and customer loyalty to the organization. Ehrenberg & Smith (1994) notes that moving to a new job is stressful for departing employees, there is a lot of uncertainty and ambiguity, family adjustment, new school for children, new living accommodation and leaving behind friends. Adjustments for these employees may take up to a year.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

The study was carried out through a census survey, this is due to the cross sectional nature of the data that was collected. The survey involved collection of data from all members of the population. The design chosen is most appropriate for this study because all the five star hotels in Nairobi were targeted.

3.2 Population

The population of this study consisted of all the five star hotels in Nairobi. According to the Kenyan ministry of tourism and the Africanpoint.com online travel agent website, there are 11 five star hotels in Nairobi as attached in appendix 3.

3.3 Data collection

The study was based on primary data through self- administered questionnaires. The questionnaires were filled by the Human resource managers and consisted of three parts. Part A gathered background information, Part B focused on employee retention practices and part C tackled voluntary labor turnover. The questionnaires were administered through the “drop and pick later” method. Human resource managers were targeted because they were considered custodians of vital information for this study.

3.4 Data analysis

The collected data was analyzed using descriptive statistics, particularly frequencies and percentages. The Pearson’s product-moment correlation was used to analyze the relationship between employee retention management practices and voluntary labour turnover. SPSS, a statistical analysis program was used as a tool of analysis.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The objective of this study was to first establish the employee retention practices used by the five star hotels to retain employees and secondly, to establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels. The research was a census survey that constituted of 11 five star hotels located in Nairobi. 11 questionnaires were dropped at the hotels, 7 which represented a response rate of 64% were received back. The respondents were Human Resource Managers.

In the analysis of data for this study, respondents who strongly disagreed and disagreed on various items of the questionnaire were grouped together and those that strongly agreed and agreed were also grouped together. SPSS package was used to analyze the data.

4.2 Background information

Table 1: Distribution of respondents by gender

Gender	Frequency	Percent
Male	2	28.6
Female	5	71.4
Total	7	100

As shown in Table 1, 71.4% of the respondents were females while 28.6% were males. From this finding, it appears that the human resource profession appeals more to the females than to the males. This analysis may be of no consequence to the findings of the study; however ones gender may influence the respondent's response especially in gender related contentious issues.

Table 2: Academic qualifications of respondents

	Frequency	Percent
Post graduate qualification	7	100

Table 2 above indicates that 100% of the respondents had attained post graduate qualifications. The implication of this fact is that the human resource managers were well qualified and knowledgeable in human resource management functions and were therefore in a position to offer credible information necessary for this study.

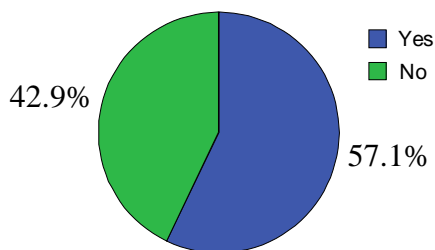
Table 3: Number of years worked by respondents.

	Frequency	Percent
1-5 years	5	71.4
Over 10 years	2	28.6
Total	7	100.0

Table 3 shows the number of years the respondents have worked in their various organizations. 71.4% of the respondents had worked for their organizations between 1-5 years and 28.6% had worked for 10 years and above. For the respondents to be in a position to provide actual information about their employees and their organization at large, they should have been in the organization long enough

4.3 Employee retention management practices

Figure 1: Employee retention efforts



Critical employees are employees that are considered valuable to the organization; these are employees any organization would try retain in the organization. Figure 1 shows that of the organizations surveyed, 57.1% made efforts to stop critical employees from resigning, while 42.9% did not. Making efforts to stop voluntary labour turnover means certain measures have been put in place to entice these employees to stay on. These measures are basically what this study seeks to identify and which are referred to as

employee retention management practices. The organizations that made no effort to retain critical employees may also have in place retention practices that they are not aware of.

Table 4: Organizational culture

	Frequency	Percent
Strongly agree	7	100.0

Organization culture or climate is each organization’s distinct approach to the way things are done. Some cultures may provoke a reaction that encourages employees to stay or leave the organization. Table 4 shows that 100% of the respondents agreed that organization culture strongly influences employees’ decision to either stay or leave. This implies that the management of the five star hotels recognizes the importance of having a conducive working atmosphere where employees are at ease.

Table 5: Management style

	Frequency	Percent
Agree	2	28.6
Strongly agree	5	71.4
Total	7	100.0

Line managers and supervisors play a vital role in determining voluntary labour turnover and employee retention. The most common reasons for resignation lie in poor or ineffective supervision from their immediate line managers. Table 5 shows that 28.6% of respondents agreed and 71.4% strongly agreed that management style plays a major role in influencing employees’ decision to stay or leave the organization. These organizations are therefore aware their managers have the power to motivate and support their employees or to drive them away.

Table 6: Training and development programs

	Frequency	Percent
Agree	1	14.3
Strongly agree	6	85.7
Total	7	100.0

Training and development programs equip employees with the required knowledge, skills and competencies needed to perform their duties and responsibilities effectively and efficiently. As shown in Table 6, 14.3% agreed and an overwhelming 85.7% strongly

agreed to having training and development programs in place as a retention measure for their employees. The implication is that employees that are well trained are more confident and are more likely to stay longer in the organization.

Table 7: Employee empowerment

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	3	42.9
Strongly agree	2	28.6
Total	7	100.0

Employee Empowerment is an approach that encourages employees to make decisions and resolve problems while at the same time taking responsibilities of the outcome; this gives employees flexibility and autonomy. Table 7 indicates that 14.3% of respondents strongly disagreed and another 14.3% disagreed that their employees were empowered. 42.9% agreed and 28.6% strongly agreed that their employees were empowered. The majority of the five star hotels have empowered employees, a practice that is also known to improve job satisfaction while at the same time managing retention.

Table 8: Perfect match in the hiring process

	Frequency	Percent
Disagree	2	28.6
Agree	5	71.4
Total	7	100.0

Recruitment and selection practices can have major impacts on employee rates of resignation. Under qualified or overqualified employees have higher rates of turnover due to inefficiency or boredom; most employers therefore seek to hire applicants that match the job requirements. Table 8 shows that 28.6% of the respondents did not hire applicants that perfectly matched the job requirement while 71.4% agree they hired employees that perfectly matched the job requirement. The majority of the five star hotels hired employees that are qualified as a way of retaining them.

Table 9: Extension of retirement age

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	2	28.6
Strongly agree	3	42.9
Total	7	100.0

Every organization has policies concerning retirement age, however, employees who have attained this age take with them valuable skill and experience gained over the years. Employers are realizing their organization can still benefit from this category of people and many are extending the contracts of retirees who are still needed in the organization as a way of retaining them. According to Table 9, 14.3% strongly disagreed and another 14.3% disagreed to extending the retirement age. 28.6% agreed and 42.9% strongly agreed that they extended the retirement age of those retiring in a bid to retain valuable employees. Most of the five star hotels can be said to use this practice as a way of retaining critical employees.

Table 10: Redesigning jobs

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	2	28.6
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

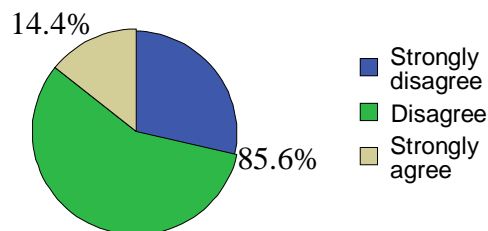
Job redesign means changing job tasks and responsibilities of routine and repetitive jobs which would otherwise create boredom, forcing employees to look for more challenging jobs elsewhere. According to Table 10, 28.6% of respondents strongly disagreed on redesigning jobs. 28.6% disagreed, 28.6% agreed and 14.3% strongly agreed. Since the majority of the respondents disagreed, redesigning jobs is therefore not widely used as a retention measure in the five star hotels. Employees who feel bored and unchallenged in their jobs are therefore likely to resign in search of more challenging jobs.

Table 11: Realistic job preview

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

New applicants should be made fully aware of the job demands and what working for the organization would be like through realistic job preview. Realistic job previews helps to deflate any unrealistic expectations a new recruit may have which may otherwise lead to voluntary labour turnover. Figure 11 shows that 42.9% of the human resource managers strongly disagreed to providing realistic job previews to potential applicants, 14.3% disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis implies that most five star hotels in Nairobi did not provide their potential applicants and new employees with a realistic job preview before engaging them, therefore, new employee with very high expectations may be disappointed and choose to resign.

Figure 2: Hiring Overqualified Employees



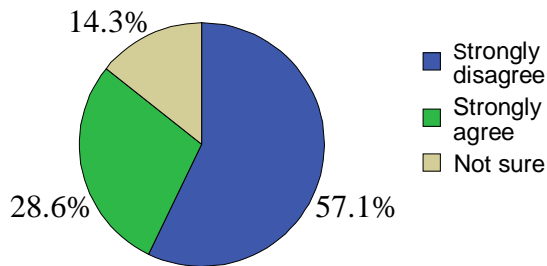
When recruiting criteria is pitched too high, the recruits end up being overqualified for the job. Most feeling their potentials are not fully exploited and challenged become bored and resign. As shown in Figure 2, the majority of the respondents; 85.6% did not hire overqualified employees for any given job in their organizations, 14.4% did. This analysis shows the five star hotels did not hire overqualified employees as retention measure therefore minimizing voluntary labour turnover.

Table 12: Hiring under qualified employees

	Frequency	Percent
Strongly disagree	4	57.1
Disagree	3	42.9
Total	7	100.0

Under qualified employees, being unskilled may get overwhelmed by their responsibilities and fail to perform well, these employees may end up being disciplined for poor performance, disillusioned and burnt out. The inevitable would be early exit from the organization. According to Table 12 above, 57.1% of the respondents strongly disagreed that they hired under qualified employees for the various job positions while 42.9% disagreed. It is therefore evident that five star hotels recruit applicants that are already qualified in order to curb voluntary labour turnover.

Figure 3: Benchmarking Compensation package



Benchmarking of compensation package is a practice often used by organizations to ensure pay levels are competitive and at par with what other competing organizations offer if not better. The aim is to ensure critical employees are not enticed by other well paying organizations. Figure 3 shows that 28.6% of the respondents strongly agreed that their organizations benchmarked the compensation package, 57.1% disagreed and 14.3% were not sure whether any benchmarking was done by their organizations. It is evident that the majority of the five star hotels did not compare their compensation package with their competitors. This implies that benchmarking of compensation package is not well employed as a means of retaining critical employees.

Table 13: Flexible working time

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	1	14.3
Agree	2	28.6
Strongly agree	2	28.6
Total	7	100.0

Flexible working time or flextime is an arrangement where employees are allowed the freedom regarding the hours they work; this enables employees to achieve more flexibility in their working lives through for example job sharing and part time hours. In Table 13 above, 28.6% of the respondents strongly disagreed concerning flextime in their hotel, 14.3% disagreed, 28.6% agreed and 28.6 strongly agreed. Flexible working time as a means of retaining employees is therefore used by the majority of the five star hotels to prevent loss of valuable employees.

Table 14: Revision and renegotiation of compensation package

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Whenever critical employees get other job offers with better terms of compensation, the current employer may decide to match that offer in order to retain them. According to Table 14, 42.9% of the respondents strongly disagreed their organizations revised and renegotiated the compensation packages of employees wishing to leave, 14.3% disagreed, whereas 28.6% agreed and 14.3% strongly agreed. This finding implies that five star hotels in Nairobi are not in the habit of revising the compensation packages of critical employees who wish to leave for better compensation elsewhere. Revision and renegotiation of compensation package cannot be considered common retention management practice in the five star hotels in Nairobi.

4.4 Voluntary labour turnover/resignations

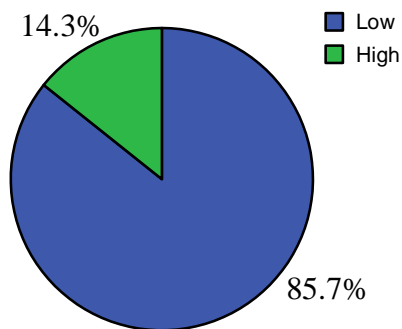
Voluntary labour turnover refers to when employees choose to resign or terminate their services from their employing organization due to various reasons, some of which have been analyzed below.

Table 15: Critical employees

	Frequency	Percent
Yes	7	100.0

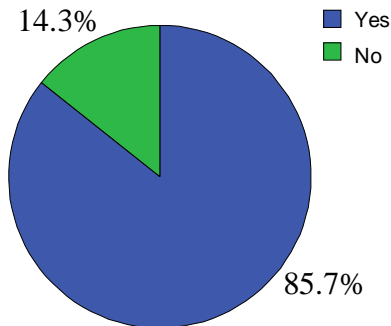
Critical employees as referred to in this study are those employees that an organization considers needed and valuable. These are the employees any organization would not like to lose. Table 15 shows that 100% of the respondents agreed they had employees they considered critical. This implies that effective employee retention practice have to be in place to entice these employees to stay with the organization.

Figure 4: level of resignation



Level of resignations basically refers to how often voluntary labour turnover takes place in the five star hotels. According to Figure 4, 85.7% of the respondents rated their levels of resignations or voluntary labour turnover as low and 14.3% rated it as high. Voluntary labour turnover in this case is not considered a big problem in the five star hotels.

Figure 5: Investigation of resignations



Organizations need to investigate why employees choose to turnover voluntarily in order to objectively deal with and curb the problem. According to figure 5 above, 85.7% of the respondents investigated why employees decide to leave and 14.3% did not do any investigations. The implication here is that the five star hotels that did not investigate reasons for voluntary labour turnover rated their resignation level as high while those who did rated voluntary labour turnover as low.

Table 16: Poor compensation

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Compensations are both monetary and non monetary rewards offered to employees for services rendered to the organization. Organizations that poorly compensates its employees risks losing them to better paying organization. As to whether poor compensation is considered a good reason for voluntary labour turnover in the five star hotels, 42.9% agreed while 57.1% strongly agreed. Five star hotels therefore needs to continually review how it compensates their employees in order to minimize or stop voluntary labour turnover.

Table 17 Competitive job offers

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Competitive job offers elsewhere may entice employees to move from their current employer. According to table 17, 42.9% agreed and 57.1% strongly agreed that competitive job offers is a good reason for voluntary labour turnover. To stop voluntary labour turnover that may be as a result of competitive job offers elsewhere, the five star hotels need to remain competitive.

Table 18: Lack of training and development opportunities

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Training and development opportunities equip employees with the necessary knowledge, skills and competencies to effectively perform their duties. Training also enables employees to adapt to changing systems, structures and technologies. Employees that are not accorded proper training and development opportunities may chose to leave for better prospects elsewhere. According to Table 18, 14.3% of the respondents strongly disagreed that lack of training and development is a reason for voluntary labour turnover, 71.4% disagreed and 14.3% agreed. The implication of this analysis is that the five star hotels have elaborate training and development programs for their employees, this is therefore not a good reason for voluntary labour turnover.

Table 19: Illness

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4

agree	1	14.3
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Illness often incapacitates employees such that they are unable to perform their duties effectively. Although many organizations have policies concerning sick leave, there are limits to how long one should be away from work. Whether or not employees resign due to poor health, 14.3% of the respondents strongly disagreed, 71.5% disagree and 14.3% agreed as shown in Table 19 above. Evidently illness is not a reason for voluntary labour turnover in the five star hotels although the management may choose to terminate an employee's employment contract due to poor health.

Table 20: Role overload

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Overworked employees often get burnt out and are unable to cope with their responsibilities, poor health and lack of balance between their work and social life may force them to opt for an early exit from the organization. However, according to Table 20, 14.3% of respondents strongly disagreed that role overload would cause voluntary labour turnover, 71.4% disagreed and only 14.3% agreed. The implication of this analysis is that the respondents that disagreed ensured their employees were not overworked while those that did agree deliberately exploited their employees who in most cases would opt to resign, consequently role overload is not considered a good reason for voluntary labour turnover.

Table 21: Relocation

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Movements from one geographical region to another especially among married couples may force spouses to resign and join their families, especially where transfer options are

not available. Asked whether relocation was a reason for voluntary labour turnover 42.9% of the respondents disagreed, and 57.1% agreed as is shown in Table 21. Although the majority of the respondents disagreed, almost a half agreed, relocation can be therefore be considered a minor reason of voluntary labour turnover.

Table 22: Job stress

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Stress at work can be caused by various reasons such as; being overworked, lack of proper job description, and harassment at work by both supervisors and fellow co-workers among other. When stress becomes unbearable, the health and performance of employees' gets jeopardized and the result may be voluntary labour turnover. According to Table 22, 42.9% of the respondents disagreed that job stress would cause employees to resign and 57.1 agreed. Job stress therefore can be said to cause employees to resign.

Table 23: lack of growth/promotion opportunities

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

When employees perceive that their organizations does not offer them opportunities for growth, or they are unfairly being over passed by promotions or they have reached the ceiling of their careers, they may opt to resign in a bid to grow their careers elsewhere. 42.9% of the respondents in Table 23 disagreed that lack of growth and promotion opportunities is a reason enough for voluntary labour turnover while 57.1% agreed that employees would resign due to lack of growth in their careers.

Table 24: Boredom

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

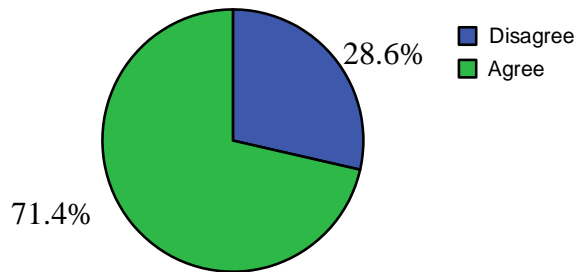
Boredom at work creeps in when employees engage in repetitive and routine jobs where they feel their potentials are not exploited to the full. They may feel unchallenged and unfulfilled in what they do. Such employees may be compelled to look for more challenging work elsewhere. 42.9% disagreed with this assertion while 57.1 agreed as shown in Table 24. Boredom should be addressed by the organization as a reason for voluntary labour turnover.

Table 25: Poor Working Conditions

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	6	85.7
Total	7	100.0

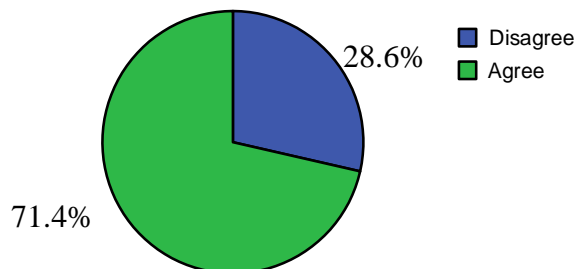
When the working environment is not conducive due to for example lack of proper working equipment and safety measures, employees may chose to resign. According to Table 25, 14.3% the human resource managers strongly disagreed that poor working conditions would cause employees to resign and a further 85.7% disagreed. This means that either the organizations ensured the conditions of work were favorable or the employees did not find this a problem to warrant terminating their services. In this case poor working condition is not a reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 6: Poor relationship with supervisors



When supervisors and line managers fail to relate well with employees due to poor interpersonal skills, the results could be voluntary labour turnover. According to figure 6, 71.4% of respondents agreed that poor relationship with supervisors would cause employees to resign but 28.6% disagreed. Poor relationship with supervisors can therefore be said to be a main reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 7: Family considerations



Family affairs have been known to force employees to terminate their services, these may include; marriage, pregnancies, relocation of spouses and the need to care for children with special needs among others. According to figure 7, 71.4% of the respondents agreed that employees would resign due to family considerations while 28.6% disagreed. Evidently, family considerations rank amongst the main reasons for voluntary labour turnover for employees in the five star hotels in Nairobi.

Table 26: Poor relationship with co-workers

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Organizations employ workers from different backgrounds and with different personalities. Disagreements among co-workers often occur and this affects one's ability to perform his or her duties effectively. Co-workers have also been known to be jealous and envious of each other especially when some are favored over others in the distribution of resources. According to Table 26, 28.6% of the respondents strongly disagreed that poor relationship among co-workers would cause voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that most employees in the five star hotels would not resign due to poor relationships with fellow co-workers.

Table 27: Poorly managed redundancy/retrenchment exercises

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

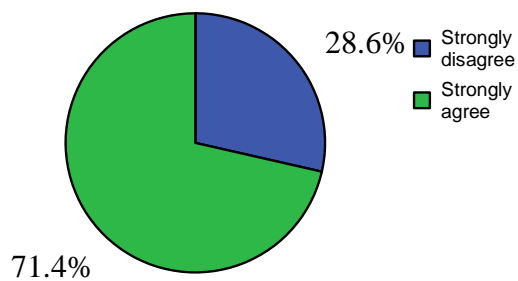
Poorly managed redundancies/retrenchment exercises often lead to survivor's syndrome; a situation where the employees that survived the exercise feel demotivated and are unsure of their job security which this may force them to start looking for alternatives. On the other hand, voluntary retrenchment package may be attractive to employees who are considered critical by the organization and are not themselves target of the exercise. According to Table 27, 28.6% of the respondents strongly disagreed that poorly managed redundancy/retrenchment exercises would lead to voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that poorly managed redundancy and retrenchment exercises seldom cause voluntary labour turnover in the five star hotels.

Table 28: Poor supervision

	Frequency	Percent
Disagree	4	57.1
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Poor supervision may be as a result of incompetent supervisors and managers, whose style of management may force frustrated employees to resign. Whether poor supervision contributed to voluntary labour turnover, Table 28 shows that 57.1% of the respondents disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis shows that poor supervision is not considered by the majority of the respondents as a good reason for voluntary labour turnover.

Figure 8: Resignation rate among the new and young employees



The new and young employees are assumed to have a higher rate of voluntary labour turnover, this is attributed to the fact that the young employees are not yet settled or established in their career while the new employee may leave due to unmet expectations. According to Figure 8, 71.4% of the respondents agreed to there being higher resignations among new and younger staff, while 28.6% disagreed. The new and young employees can therefore be said to resign more in the five star hotels compared to the rest of the employees.

Table 29: Rates of resignation among female employees

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Female employees are often thought to have a higher resignation rate compared to their male counterparts; this may be due to family interruptions and inability to deal with stress, as a result, certain organizations may choose to employ more men than women employees. Table 29 above shows that 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. Based on this analysis it is not true that female employees have a higher rate of voluntary labour turnover compared to the employees.

Table 30: Pay/ monetary reward

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Pay is the monetary reward employees are given in exchange for their services to the organization. It is often assumed that pay is the most important consideration when deciding to move to another organization. In Table 30 above, 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. It is therefore evident that employees put into consideration the whole compensation package which includes both the pay and other benefits. In this case pay alone is not a good reason for voluntary labour turnover.

Table 31: Married employees stay longer

	Frequency	percent
Disagree	1	14.3
Agree	6	85.7
Total	7	100.0

Due to family commitments and responsibilities, married employees are assumed to stay longer in employment compared to unmarried employees. According to Table 31, 14.3 % of the respondents disagreed that married couples stayed longer in their jobs and 85.7% agreed. The implication of this analysis is that five star hotels may reduce voluntary labour turnover by recruiting more married employees since it has been proven that they stay longer in employment.

Table 32: Level of education determines job alternatives

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

The level of education determines the number of job alternatives available to employees. Employees with higher levels of education have more job opportunities available to them. Table 32 shows that 42.9% of the respondents agreed to this and a further 57.1% strongly agreed. This therefore implies that employees with higher levels of education are likely to resign more compared to those with lower levels of education as they have more job opportunities available.

4.5 Pearson's product moment correlation

To establish the relationship between employee retention management practices and voluntary labour turnover, the variables retention efforts, employee empowerment, realistic job preview, job redesign, job alternatives, poor supervision, job stress, family considerations, education level and pay were correlated with the levels of voluntary labour turnover. For the above variables, correlation "r" will be significant when the significant level "p" is less or equal to 0.05.

Table 33: Retention efforts and resignation levels/ voluntary labour turnover

		Retention efforts	Resignation levels
Retention efforts	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Resignation levels	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

(r)= Pearson's product moment coefficient

(p)= Significance Level ≤ 0.05

(N)= Number of cases.

As shown in Table 33, $r=0.471$ and $p=0.286$. These findings suggest that there is a moderate positive but insignificant relationship between employee retention management practices and voluntary labour turnover. The implication is that the five star hotels that made efforts to retain critical employees did not register lower resignation levels. On the contrary, the positive relationship shows as retention efforts increased, the levels of resignation also increased.

Table 34: Employee empowerment and resignation levels/ voluntary labour turnover

		Employee empowerment	Resignation level
Decision making	Pearson Correlation	1	-.354
	Sig. (2-tailed)	.	.437
	N	7	7
Resignation level	Pearson Correlation	-.354	1
	Sig. (2-tailed)	.437	.
	N	7	7

The correlation results in Table 35 above show that $r=-0.354$ $p=0.437$. This suggests a very small and insignificant negative relationship between voluntary labour turnover and employee empowerment. Although the relationship between employee empowerment and

voluntary labour turnover is insignificant, the implication is that as the employees in the five star hotels get empowerment, voluntary labour turnover decreases but in a very small degree, on the other hand the low levels of voluntary labour turnover may be due to other variables other than employee empowerment.

Table 35: Job redesign and Resignation levels/ voluntary labour turnover

		Resignation level	Job redesign
Resignation level	Pearson Correlation	1	-.510
	Sig. (2-tailed)	.	.243
	N	7	7
Job redesign	Pearson Correlation	-.510	1
	Sig. (2-tailed)	.243	.
	N	7	7

At a correlation of -0.510 and significance level of 0.243, Table 35 shows a moderate negative but insignificant relationship between job redesign as a means of retaining employees and the levels of voluntary labour turnover. As the five star hotels redesign jobs in order to reduce boredom due to routine and repetitive roles, voluntary labour turnover is expected to reduce though not significantly.

Table 36: Realistic job preview and resignation levels/ voluntary labour turnover

		Realistic job preview	Resignation level
Realistic job preview	Pearson Correlation	1	-.415
	Sig. (2-tailed)	.	.355
	N	7	7
Resignation level	Pearson Correlation	-.415	1
	Sig. (2-tailed)	.355	.
	N	7	7

The relationship between realistic job preview and levels of resignation is shown in Table 36 to be negative and insignificant at $r = -0.415$ and $p = 0.355$. Whether or not the organizations surveyed carried out realistic job previews, it did not affect the levels of resignations of critical employees.

Table 37: Job alternatives and resignation levels/ voluntary labour turnover

		Resignation level	Job alternatives
Resignation level	Pearson Correlation	1	.167
	Sig. (2-tailed)	.	.721
	N	7	7
Job alternatives	Pearson Correlation	.167	1
	Sig. (2-tailed)	.721	.
	N	7	7

At $r = 0.167$ and $p = 0.721$, Table 37 clearly shows the relationship between job alternatives and levels of voluntary labor turnover or resignations to be insignificant and very weak. This correlation negates the assumption that increased job alternatives in other organizations would lead to increased levels of voluntary labour turnover.

Table 38: Poor supervision and resignation levels/ voluntary labour turnover

		Resignation level	Poor supervision
Resignation level	Pearson Correlation	1	-.320
	Sig. (2-tailed)	.	.484
	N	7	7
Poor supervision	Pearson Correlation	-.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

In Table 38, poor supervision and levels of resignation when $r = -0.320$ and $p = 0.484$ have a very weak negative relationship that is not significant. This implies that poor supervision would not necessarily reduce or increase voluntary labour turnover.

Table 39: Job stress and resignation levels/voluntary labour turnover

		Resignat ion level	Job stress
Resignation level	Pearson Correlation	1	.320
	Sig. (2-tailed)	.	.484
	N	7	7
Job stress	Pearson Correlation	.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

The relationship between job stress and resignation levels as shown in Table 39 where $r = 0.320$ $p = 0.484$ is shown to be positive but very weak and insignificant. According to this analysis, Job stress in a very weak way may lead to increased voluntary labour turnover but again this may not be so.

Table 40: Family considerations and resignation levels/voluntary labour turnover

		Resignat ion level	Family consider ations.
Resignation level	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Family	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 40 shows that $r = 0.471$ and $p = 0.286$. This analysis means that the relationship between resignation level and family considerations is positive, moderate and

insignificant. Although family concerns may lead to increased voluntarily turnover, the effect is insignificant.

Table 41: Education level and resignation levels/voluntary labour turnover

		Resignat ion level	Education Level determines alternatives
Resignation level	Pearson Correlation	1	-.471
	Sig. (2-tailed)	.	.286
	N	7	7
Education level determines alternatives	Pearson Correlation	-.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 41 shows the findings of the correlation between levels of education and voluntary labour turnover. The findings $r = -0.471$ and $p = 0.286$ suggest a negative insignificant relationship between the two variables. This finding implies that although higher levels of education may expose an employee to other job alternatives, the rate of resignation however remains low.

Table 42: Pay and resignation levels/voluntary labour turnover

		Pay	Resignat ion level
Pay	Pearson Correlation	1	.132
	Sig. (2-tailed)	.	.777
	N	7	7
Resignation level	Pearson Correlation	.132	1
	Sig. (2-tailed)	.777	.
	N	7	7

As shown in Table 43, $r = 0.132$ and $p = 0.7$, the relationship between pay and voluntary labour turnover is almost nil and is not significant. Pay here is not a determinant of

voluntary labour turnover, reduced or increased pay will not affect the levels of voluntary labour turnover.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The objective of this study was to establish the relationship between employee retention management practices and voluntary labour turnover in five star hotels in Nairobi; it also sought to identify employee retention management practices employed by these hotels. The census survey targeted a total of 11 five star hotels, however only 7 hotels responded and the data captured using questionnaires were analyzed. The data collected mainly covered the various employee retention practices used to retain critical employees and the reasons commonly given for voluntary labour turnover.

5.2 Discussions

The background information gathered revealed that all the human resource managers had post graduate qualifications and that they had worked in their organizations long enough. This proves that the respondents were competent and knowledgeable in human resource management functions and therefore able to offer credible information necessary for this study.

Previous studies carried out on employee retention management practices and voluntary labour turnover suggest that the two go hand in hand and are sides of the same coin. This means that as organizations put in place proper employee retention management practices, voluntary labour turnover is expected to reduce and vice versa. However, this study has revealed that the five star hotels that made deliberate efforts to retain critical employees and those that did not both registered low levels of voluntary labour turnover. Either the five star hotels that made no efforts to retain critical employees had incidental retention practices they were not aware of or the retention practices employed by the hotels that made efforts to retain critical employees had no bearing on the levels of voluntary labour turnover.

Employee retention management practices that received utmost support included ensuring that the organization culture was appropriate and that managers and supervisors received proper training in order to handle employees appropriately. This emerged from the fact that the organization culture and management style of managers were found to greatly influence the employees' decision to stay in the organization or resign. It is worth noting that all the five star hotels had elaborate training and development programs for their employees, this works to ensure that employees have the needed skill and knowledge to discharge their duties; well trained employees are less stressed and therefore stayed longer in employment. Employee empowerment, a practice that allows employees to make and participate in decision making was found to reduce voluntary labour turnover as it gives employees greater responsibilities, increased flexibility, autonomy and a sense of belonging.

As a retention measure, the recruiting and selection practices used by the five star hotels sought to hire employees that perfectly matched the job requirements. Hiring of under qualified and or overqualified employees was shunned as this would eventually lead to voluntary labour turnover. In addition, a common practice found among the five star hotels was the extension of employment contracts for critical employees who had reached the retirement age. Although the five star hotels surveyed were close to each other in proximity, very few benchmarked the compensation package offered; the compensation package offered by individual hotels did not depend on what other competing hotels were offering. It follows therefore that the five star hotels hardly revised or renegotiated compensation packages of critical employees who wished to move to other more competitive organizations. The majority of the five star hotels were found to accord flexible working time to their employees, this practice was used in order to enhance productivity, reduce employee absenteeism, improve morale and reduce turnover.

The human resource managers indicated their organizations have employees they consider critical and who they wish to retain, it is therefore imperative that these organizations investigated why voluntary labour turnover would come about. It should be noted however that voluntary labour turnover was rated low by an overwhelming majority of the

respondents most of who carried out investigations as to why employees resigned through exit interviews. Interestingly, the hotels that failed to investigate reason for voluntary labour turnover registered high levels of voluntary labour turnover.

The reasons for voluntary labour turnover that received a lot of support from the respondents were; poor compensation and competitive job offers. The five star hotels that had poor compensation packages risked losing their employees to better paying competitors. Poor relationship with supervisors was found to also encourage voluntary labour turnover, the role of supervisors and line manager in determining an employee's decision to terminate their services or not should not therefore be underestimated. Other reasons such as relocation, job stress, lack of growth and boredom were also found to influence voluntary labour turnover but in a moderate manner.

Poor working condition was not considered a reason for voluntary labour turnover by all respondents, either the organizations ensured the conditions of work were favorable or the employees do not find this a problem to warrant terminating their services. Lack of training and development opportunities, illness, role overload and ambiguous roles did not feature as good reason for voluntary labour turnover. It is evident that the five star hotels ensured all their employees received the necessary training needed to perform their duties effectively. It also means that the five star hotels have properly defined job descriptions and that the employees are not overwhelmed by their responsibilities. On the other hand poor relationship with co-workers and poorly managed redundancy exercises were not considered strong reasons to warrant voluntary labour turnover. Although poor relationship with supervisors was found to contribute to voluntary labour turnover, poor supervision did not receive much support.

On which category of employees is likely to have a higher rate of voluntary labour turnover, the study revealed that the new and the young employees tend to resign more than the rest; this finding could be attributed to the fact that this category of employees are still experimenting and are not fully settled and established in their careers. It therefore becomes necessary for organizations with this category of employees to mentor and coach

them concerning their career paths in order to retain them. On the contrary, married employees were found to stay longer; this could be because of family responsibilities, commitments and the need for stability. The assumption that women employees have higher rates of voluntary labour turnover compared to their male counterparts has been refuted, meaning the five star hotels offered equal employment opportunities to both male and female employees. Contrary to common believe that employees would easily move to organization that paid better salaries, it has emerged that pay per se is not an important determinant of voluntary labour turnover; this is because employees are more interested in the whole compensation package that also includes non financial benefits such as job security and work life balance. Finally, this study established that the level of education attained by employees determined availability of job alternatives; employees with higher qualifications will find themselves with more alternatives in other organizations compared to those with fewer qualifications, their employers therefore have to remain competitive if they are to retain their highly educated and qualified employees.

In order to establish whether there exists a relationship between employee retention management practices and voluntary labour turnover in the five star hotels in Nairobi, the Pearson's product moment correlation was used to correlate the levels of voluntary labour turnover and selected employee retention management practices. Retention efforts made by the five star hotels were found to have a positive moderate but insignificant relationship with voluntary labour turnover, such that the five star hotels that made efforts to retain critical employees and those that did not both registered low levels of resignations. Employee empowerment on the other had a very small and insignificant negative relationship with levels of resignation, the implication is that increased employee empowerment which allows employees to make and participate in decision making may reduce voluntary labour turnover but to a very small degree. Job redesign, realistic job preview, poor supervision and level of education indicated a negative and very weak insignificant relationship with levels of turnover. Job alternatives, job stress, family considerations and pay showed a very weak positive but insignificant relationship with voluntary labour turnover.

5.3 Conclusions

In conclusion, employee retention management practices and voluntary labour turnover have a fairly weak and insignificant relationship, whether negative or positive. All the five star hotels investigated had some employee retention practices in place although their extent of application varied from one organization to another, certain retention practices were found to be more popular than others. The employee retention practices employed by the five star hotels could as well be regarded as good human resource practices which do not necessarily determine an employee's decision to resign or stay. Of the employee retention practices, the popular ones adopted by the majority of the five star hotels include: appropriate and conducive organization climate or culture, proper and elaborate training and development programs for employees, appropriate management style of line managers, employee empowerment, objective recruitment and selective procedures which ensures the organizations recruits employees that match the job requirements; extension of employment contracts for employees who have reached the retirement age and allowing flexible working time to employees.

The findings have revealed that voluntary labour turnover is not a major problem in the hotel industry since all the respondents rated it as low save for one, this does not however imply these hotels are not addressing voluntary labour turnover since all the human resource managers agreed to having critical employees whom they wish to retain. The five star hotels that carried out investigations to determine the reasons for the few resignations, recorded low levels of resignations as opposed to those who did not. The sole instrument used to investigate the reasons for voluntary labour turnover was exit interviews.

The main reasons given for voluntary labour turnover are; poor compensation, competitive job offers elsewhere, poor relationship with supervisors; family considerations, boredom and job stress in that order. New and younger employees were found to have higher rates of voluntary labour turnover while married employees stayed longer in their jobs. It has further emerged that there may be other reasons besides employee retention management practices which has led to low voluntary labour turnover in the five star hotels. Byrnes (2002) suggest these other reasons could be non-work factors such as the links employees

have establish with co-workers, their fit or perceived compatibility with their jobs, the sacrifices they have to forego should they resign and economic recession where high levels of unemployment would dissuade employees from leaving.

Voluntary labour turnover posed certain challenges to human resource management and the organization at large, some of these include; the costs involved in recruiting and training new staff which is also time consuming; loss of tacit knowledge and skills and poor company image. Voluntary labour turnover also negatively affects performance, workflow and human resource planning.

5.4 Recommendations

The five star hotels that made efforts to investigate the voluntary turnover of critical employees used exit interviews as the sole information instrument. To gather more information, it is recommended that other instruments be employed; these organizations should also get the opinion of staying employees in order to assess their attitudes and morale, this will help avert future cases of voluntary labour turnover.

The findings of the study have shown that employee retention practices employed to retain critical employees are not the sole determinants of low levels of voluntary labour turnover, this is due to the fact that hotels that made no efforts to retain critical employees who wished to leave also recorded low voluntary labour turnover. Further studies should therefore be carried out to determine other factors that could be contributing to low levels of voluntary labour turnover.

The study focused on data collected from human resource managers of the five star hotels, it is recommended that further studies be carried out and data collected from employees in general. Their different opinions may provide more insight into the relationship between employee retention management practices and voluntary labour turnover.

The study did not manage to cover the whole target population due to time constrains and lack of cooperation from the respondents. It is therefore recommended that further studies

be undertaken to accommodate the hotel industry as a whole, this will widen the scope of the study.

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[http://www.starclassification/wikiAnswers-what are the hotel classification.mht](http://www.starclassification/wikiAnswers-what%20are%20the%20hotel%20classification.mht)

[http://tourism/Nairobi.hotels rating..mht](http://tourism/Nairobi.hotels_rating..mht)

APPENDICES

APPENDIX 1

LETTER OF INTRODUCTION

Jeddy C. Lepilale
School of Business
University of Nairobi
P.O Box 30197
Nairobi.

Dear Sir / Madam,

RE: Research on the relationship between employee retention management practices and labour turnover.

I am a student pursuing a Masters of Business Administration (MBA) at the University of Nairobi. This research is carried out for a management project paper as a requirement in partial fulfillment of the stated degree.

You have been selected to participate in this study by providing the required information necessary for this study, kindly fill the attached questionnaire as accurately as possible, your participation is essential to this study and will enhance our knowledge of these important human resource issues. The information you provide will be will be treated with utmost confidentiality and will only be used for academic purposes. Thank you.

Yours Faithfully,

Jeddy Lepilale,
MBA student
University Of Nairobi.

APPENDIX 2

QUESTIONNAIRE

This questionnaire has been designed to collect information from the human resource managers of five star hotels in Nairobi. Each questionnaire has 3 sections, please complete each section as instructed. You are not required to write your name or the name of your hotel.

Section A

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

1. What is your gender? 1. Male () 2. Female ()

2. What is your highest academic qualification?
 1. "O" level ().
 2. "A" Level ().
 3. Certificate ()
 4. Diploma ()
 4. Degree ().
 5. Post graduate degree ().
 6. Other_____

3. How long have you worked in the organization
 1. Less than one year ().
 2. 1-5 years ().
 3. 6-10 years ().
 4. Over 10 years ()

Section B

Employee Retention Management Practices.

4. Does your organization try to stop the needed employees from resigning?
 1. Yes ()
 - 2.No ()

5. What human resource retention management practices do you use to retain employees?
 - 1) _____
 - 2) _____
 - 3) _____
 - 4) _____
 - 5) _____
 - 6) _____
 - 7) _____
 - 8) _____

9) _____

10) _____

In the table below please tick your response to the statement in the space provided where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

<i>Q. No.</i>	<i>Statement</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
6	Organization culture/ climate can influence an employee's decision to stay or resign					
7	Employees in my organization are allowed to make and participate in decision making					
8	Repetitive/routine jobs in my organization are often redesigned to reduce boredom					
9	In the hiring process, potential employees are often provided with a realistic picture of the job and the organization					
10	My organization often recruits overqualified employees for any given job					
11	My organization often recruits under qualified employees fro any given job.					
12	My organization recruits employees that perfectly match the requirements of the job.					
13	Employees in my organization go through training programs					
14	The management style of line managers influences an employee's decision to stay or resign					
15	My organization benchmarks/compares the pay and benefit packages offered to employees in other five star hotels.					

16	Our employees are allowed flexible working time					
17	My organization often extends the contracts of needed employees who have reached the retirement age.					
18	My organization attempts to revise the pay and benefit packages of needed employees who intend to resign					

Section C

Voluntary labour Turnover/ Resignation

19. Are there employees you consider critical/ valuable to the organization who you wish to retain? 1. Yes () 2. No ()

20. What is the level of voluntary resignations in your organization?

1. Very low () 2. Low () 3. Moderate () 4. High () 5. Very high ()

21. Which department has the highest rate of voluntary resignation?

22. Does your organization investigate reasons why employees choose to resign from the organization? 1. Yes () 2. No ()

23. If yes above please tick the sources of information your organizations uses to investigate these reasons.

1. Exit Interviews() 2. Separation questionnaires (). 3. Attitude surveys ()
4. Routine performance appraisal interviews (). 5.Others_____

24. Below are some common reasons cited by resigning employees, use the scale below to tick the extent to which the same reason apply to your organization. **1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure**

Reason for voluntary labour turnover	1	2	3	4	5
Poor compensation package					
Lack of training and development opportunities					
Competitive job offers elsewhere					
Illness					
Relocation					
Poor working conditions					
Poor relationship with supervisors					
Poor relationships with co-workers					
Poor supervision					
Poorly managed redundancies					
Job stress					
Lack of growth and promotion opportunities					
Family considerations					
Role overload					
Ambiguous job roles					
Others					

In the table below please tick your response to the statement given in the statement column where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

No.	Question	1	2	3	4	5
25.	New recruits and younger staff have higher rates of voluntary resignations.					
26.	Female employees tend to have higher rates of resignations compared to the male employees.					

27.	Married employees stay longer in their jobs compared to unmarried employees.					
28.	Level of education determines the number of job alternatives.					
29.	Pay is the most important consideration when deciding to move to another organization.					

30. What challenges does voluntary labour turnover pose to Human Resource Management?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____
- 7) _____
- 8) _____
- 9) _____
- 10) _____

31. How does voluntary labour turnover affect the organization?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____

APPENDIX 3

LIST OF FIVE STAR HOTELS IN NAIROBI

Nairobi Serena hotel

Sarova Stanley Hotel

Safari Park Hotel and Casino

Wildsor Golf Hotel and Country Club

The Giraffe Manor

Panari Hotel

The Holiday Inn

Laico Regency Hotel

The Norfolk Hotel

Intercontinental Hotel

The Hilton Hotel

CHAPTER ONE

INTRODUCTION

1.1 Background

Organizations in the 21st century, the hotel industry notwithstanding are recognizing that human resources are very important assets, and that the success of the organization depends fully on how effectively its employees are managed (Okumbe, 2001). Regardless of size, technological advances, market focus and other factors, all organizations are facing voluntary labour turnover and retention challenges. In the current dynamic labour market and competitive business environment particularly in the hotel industry, there is need for organizations to come up with employee retention practices that will ensure their critical staff is not lured to other organizations.

Pfeffer & Baron (1988) noted that downsizing and hiring contingent workers has caused long term organizational commitment to start disappearing, this therefore means that high worker turnover has become common and workers mobility decision is a critical issue. Dessler (1993) writes that to manage change, organizations must have employees who are committed to the demands of rapid change because committed employees are a source of competitive advantage. This thus forces both employees and employers to remain aware of the larger market place and to continuously examine each other's needs.

1.1.1 Employee retention concept

Employee retention or personnel continuity is the ability of an organization to keep their employees from leaving the organization to go to other organizations (Okumbe, 2001). Employees may choose to leave or stay for various reasons; the underlying factor however is job satisfaction. According to Hills (1987), the first goal of any compensation package is to elicit desired behavior from employees, this involves among others attracting the required candidates and motivating them to stay with the organization. When an organization lacks proper retention management practices and thus the ability to retain its

needed workforce, the result is high voluntary turn over which is quite costly in terms of recruitment and selection and also the time spent to discharge those leaving.

Employee retention management practices are the activities undertaken by organizations to encourage their employees to stay with the organization. Okumbe (2001) cites activities such as employee promotions, transfers, management of tardiness and absenteeism, grievances and discipline, procedural justice and ethics in employee relations. Graham (2003) includes other retention management practices such as; employee empowerment, job redesign, objective recruitment and selection practices, induction and training, competitive compensation package, flexible working hours and proper redundancy practices among others.

1.1.2 Voluntary labour turnover

In a broad sense “turnover” according to Flippo (1984) is the movement into and out of an organization by the workforce. Employees may get separated from the organization through various methods such as dismissals, retirement due to old age, redundancies among others. The management is normally in control of these means of separation. Voluntary labour turnover on the other hand is where employees choose to resign or terminate their services from their employing organization for a variety of reasons such as; better job offers elsewhere; poor working conditions and management, relocation, lack of career growth, poor pay among others.

Retention management practices and voluntary labour turnover are aspects of employee mobility; both may be considered as different sides of a coin. Voluntary worker turnover becomes a bigger problem if it involves the separation of critical and needed employees. On the other side of the coin is employee retention and the practices employed to achieve an ongoing employment relationship for the employees an organization does not wish to lose. (Huang, Lin & Chuang, 2006). Putting in place effective retention management practices may eliminate or reduce voluntary labour turnover of critical employees, whereas poor or lack of retention practices may increase voluntary labour turnover.

According to Okumbe, (2001) voluntary labour turnover may be healthy for an organization because it provides voluntary avenues for good-riddance since it helps cushion the organization against impending redundancies. Those leaving should exit peacefully and appreciate the useful experience gained in the organization. Steel, Griffeth, Hom & Lyons (1993) note that high levels of unemployment may dissuade some employees from leaving their jobs; this may however not apply to those individuals with specialized skills and training.

1.2 The hotel industry in Kenya

The Webster's New World Dictionary defines a hotel as an establishment that provides paid lodging and often food for travelers on a short term basis. The word hotel is derived from the French word *hôtel* coined from *hôte* meaning host, according to the French version, it refers to a townhouse or any other building receiving frequent visitors.

There are different kinds of hotels all over the world: Tree house hotels, Cave hotels, Capsule hotels, ice and snow hotels, garden hotels, underwater hotels, resort hotels, railway hotels, airport transit hotels and motels, among others. The hotel industry in Kenya is made up of different classes of hotels that offer accommodation, food and recreational activities to both foreign and local tourists. The pioneer hotel in Kenya which no longer exists was the Grand Hotel in Mombasa; it was the meeting point for the planners and supervisors of the Uganda Railway in the 1890s. Other current pioneer hotels such as The Stanley and The Norfolk were established in 1902 and 1904 respectively, many other hotels have come up since then, managed singly or under a group of hotels by either local or foreign investors. (Kenya Book of Records, 2008).

The success of the hotels industry in Kenya is determined by bed occupancies and number of nights spent. There are many hotels in Nairobi located close to each other. The industry provides the largest number of jobs in Kenya, this also means that dissatisfied employees are surrounded by many alternatives making competition in the hotel industry very stiff. Individual hotels therefore need to put in place retention practices to ensure their critical staff is retained. (Joliffe, 2000).

Hotels in Kenya are classified into classes, where stars have been used as symbols for classification purposes. According to Wikipedia website, a set of one to five stars is commonly employed to categorize hotels. Classification of hotels is based on many values some of which may not be necessarily significant to each guest. The classifications are determined through the opinion of a classifier which may be the tourist office of a nation or a hotel association. Hotels are classified according to their amenities and recreational facilities and the quality of room. Some of the criteria used in making such assessments are size of rooms, décor/furnishings, public areas, hospitality services, staff attitudes, maintenance/housekeeping and sanitary standards among others.

In a five star hotel, a guest expects to find spacious and luxurious accommodation matching or close to international standards, impressive interior design, formal well supervised and flawless services that are tailored to the needs of the guest. A five star hotel should also demonstrate a high level of technical skill, producing dishes to the highest international standards. Staff should be knowledgeable, helpful, well versed in all aspects of customer care, combining efficiency with courtesy. According to Africapoint.com Online travel Agent website there are a total of 11 five star hotels distributed within Nairobi's central business district and its environs.

1.3 Statement of the problem

Voluntary labour turnover and employee retention practices pose huge challenges for many organizations especially in high-technology and the hotel industry (Mitchel, Holtom & Lee 1992). Voluntary labour turnover in the hotel industry is attributed to high competition, availability of alternatives and poor compensation packages (Graham, 2003). This problem is made worse by the fact that the voluntary labour turnover is random in nature, therefore difficult to predict and plan because the management lacks control. It is also very costly. Hills (1987) adds that high rate of voluntary labour turnover eventually affects an organizations ability to attract qualified applicant, this in essence will affect the overall performance of a firm. It is therefore important for organizations to investigate why employees choose to leave and put in place proper retention practices. Studies done in the past concentrated on labour turnover in general. Oroni (2006) wrote on 'Labour

turnover in state corporations in Kenya', Machayo (2006): 'Factors that are associated with labour turnover among health professionals in Kenya', Abuti (2005): 'A survey of the factors that are associated with staff turnover in broadcast media home', and Mugumu (2002): 'Employees perception of factors that influence Labour turnover in ethnics finance institutions in Kenya'. This then means most of the literature review on voluntary turnover is derived from labour turnover literature. Very little study has also been done on employee retention management practices. Graham, (2003) and Armstrong, (2006) note that organizations are either doing very little to retain critical employees, or their focus on retention practices is very narrow with different organizations embracing contrasting retention practices.

The emerging concern therefore is organizations are taking little or no action at all to control their loss of valuable staff through resignations, which therefore means that very few retention management practices if any have been put in place to manage voluntary labour turnover. This study seeks to focus on the employees that are valuable to organization and who may wish to terminate their services and what the management can do or has done to retain them. This will be done by answering the questions; what employee retention management practices has the five star hotels in Nairobi put in place to retain valuable employees? What is the relationship between these retention practices and voluntary labour turnover?

1.4 Research objectives

- i. To establish the employee retention practices used by the five star hotels to retain employees.
- ii. To establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels.

1.5 Importance of the study

The study will be beneficial to organizations in the hotel industry. Human resource managers need to know the extent of voluntary labour turnover in their organization. This

information may lead them to either take corrective actions to retain employees or to reinforce practices that have led to low turnover.

The study will also be beneficial to other organizations in general who may find the results helpful in managing their own voluntary labour turnover and retention problems.

This study will add to the body of existing knowledge. Scholars of human resource management and other related fields will find this study a valuable addition for literature review. This may also help to provoke further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Human Resource Management according to Dessler, (2005) is the process of acquiring, training, appraising, compensating employees and attending to their labor relations, health and safety and fairness concerns. Okumbe, (2001) defines human resource management as a strategic approach to acquiring, developing, managing and gaining the commitment of organization's key resource- the people who work in and for it. One of the principles of human resource management is that the employees or human resources are the most important resources in any organization. He adds that human resource management also includes employee continuity and separation under which voluntary labour turnover and employee retention management practices falls. (Okumbe, 2001).

Employee retention management practices and voluntary labour turnover if not properly managed have far reaching implications to the overall human resource management. According to Okumbe (2001) voluntary labour turnover has a negative effect on human resource planning which he defines as a continuing systematic process of analyzing an organization's human resource requirements, which is achieved through acquiring the right number and quality of the employees an organization needs and retaining the kinds of staff it requires. Hills (1987) emphasizes that high voluntary labour turnover is a manifestation of poor human resource management. This eventually affects an organizations ability to attract qualified applicant and compromise its overall performance.

Graham (2003), Okumbe (2001) and Cascio (1982) acknowledge that high rates of labour turnover are bad for any business; on the other hand, a stagnant workforce with little or no movement to and from the outside world does not provide the best conditions for dynamism and innovation. Somewhere between these extremes lies the optimum level of voluntary turnover.

2.2 Employee retention management strategies and practices

Employee retention is defined by Okumbe, (2001) as the continuity of human resource service through the formulation and implementation of integrative and mutually supportive personnel programmes that will motivate and satisfy the employees. Graham (2003) writings on how to retain the best staff, analyzed a survey carried among 430 Personnel and HR specialist to determine how important retention issues were in their organizations and whether any initiatives were being taken to address them. The findings revealed that employee retention had become a key priority for UK employers and it is among the 10 most important challenges facing Personnel and HR specialists. According to Graham (2003), the issue of retention faces two major difficulties. Firstly, it is not easy to identify who is likely to leave, how large the staff turnover rate is, and what is driving these resignations. Secondly, it is not simple to develop initiatives and practices that can control staff turnover in a cost effective way. Strategies necessary for developing appropriate employee retention management practices include; firstly performing a risk analysis which will determine whether voluntary labour turnover is a problem to the organization or not, issues to be considered include; the number of employees resigning, their positions and whether the organization wants them to leave or not. Secondly, there is need to analyze the reason for leaving, this information can be collected from exit interviews; outside consultants may be used to perform these interviews in order to ensure the reasons given for leaving are not defensive or protecting the remaining employees. Thirdly, organizations need to analyze the reasons for staying by conducting focus groups with existing employees to determine factors that keep them in their jobs. Finally organizations need to develop a top-level support, the management should be willing to devote financial and human resources to the planning, development, execution and maintenance of employee retention management practices. (Armstrong, 2006), (Graham, 2003) and (Steel, Griffeth, Hom & Lyons, 1993).

Graham (2003) lists the following employee retention management practices as effective in retaining employees; Organizational Culture, employee empowerment and job redesign, objective recruitment and selection practices, induction, training and development, identification of manager's role in employee retention, promotions and sideways moves,

competitive pay and benefits, childcare facilities, flexible working hours, proper redundancy practices, reconsidering retirement age, and integrating employees with disabilities.

Corporate culture is each organization's distinct approach to the way things are done. Some organizations may discover that their culture is causing problems on a broader scale, the culture may provoke a reaction that encourages employees to leave the organization, however where the climate is more to their liking they stay. Many organizations usually embark on cultural change initiative for business-related reasons but in the process some discover that the changes they introduced have broader benefits in terms of improving retention rates.

Job redesign and employee empowerment helps to reduce boredom in routine and repetitive jobs which would otherwise force employees to move elsewhere to find a job that is more challenging. Empowerment is an approach that aims at encouraging employees to accept a certain amount of personal responsibility for making decisions and resolving problems. It gives employees greater responsibility, increased flexibility and autonomy. This can improve job satisfaction and help in the management of retention. Empowerment and job redesign are usually interlinked. To introduce empowerment means changing job tasks and responsibilities. (Steers & Porter, 1983) and (Dessler, 2005).

Recruitment and selection practices can have major impacts on staff resignation rates. When recruiting criteria are pitched too high, the recruit ends up being overqualified for the job, they later become bored and leave. Unrealistically high recruitment criteria also expose employers to potential liability for unlawful discrimination. On the other hand, an under skilled recruit may get overwhelmed by the job's demands and fail to do well, he or she is either disciplined for poor performance or become disillusioned and burnt out. In both cases an early departure is likely. The recruiting committee should ensure that recruitment criteria are identified in a careful and objective manner. Candidates should be made fully aware of the demands of the job and what working for the organization would be like through realistic job previews (Flippo, 1984). Induction, training and development

of employees determines how well new recruits settle in the organizations. Effective induction should not be a one-off event; it should involve an ongoing process and is therefore used to aid staff retention. Training and development is heavily used by employers as a means of improving retention of staff by equipping them with the required knowledge, skills and competencies needed to perform their duties and responsibilities (Okumbe, 2001)

The role of line managers as noted by Graham (2003) rank among the most important of all the various influences on employee decision to leave. Taylor (2002) states that the most common reasons for resignation lies in poor or ineffective supervision from their immediate line managers. Employers are not often aware of the extent to which their line managers are contributing directly to their organization's rates of turnover because the line managers are responsible for recording and reporting the reasons people leave. Organizations need to pay attention to the skills and behaviors of line managers by introducing or improving training programs to raise their competence. In positive ways, their power to motivate, enthuse and support their subordinates contributes greatly to the quality of employees working lives. Managers take a center stage in helping employees gain access to training opportunities, promotions and through their regular performance reviews, to favorable performance ratings.

Promotion and sideways moves increases employee development opportunities on available offers and opens up career paths for employees. This is commonly used by employers to retain employees (Flippo, 1984). Pay and benefits offered by employers play a big role in an employee's decision to stay or leave. Employers that pay significantly below market rate with no other compensatory factors working in their favor may find that their retention difficulties may be due to lower salaries. Employers have other options besides increasing basic salary. E.g. market premia can be introduced where groups of staff are given unconsolidated payments, these payments target staff that would be difficult to replace because of skill shortage in the labour market or whose loss would cause serious difficulties for the organization. Location allowances can be used in areas where staff is difficult to recruit and retain; benchmarking pay ensures pay levels are

competitive. Pay progression, a pay scale that is partly linked to performance, experience and competency levels may also be employed (Graham, 2003) and (Armstrong, 2006). Employers may have to highlight the cash value of the existing benefit package and communicating the information to the workforce. Organizations may also create flexible benefit policies thus giving employees some measure of control over their benefits package.

Flexible working arrangement or flextime as put forward by Dessler (2005) is a plan where employees are allowed the freedom regarding the hours they work. Some jobs are unpopular because of their unsocial hours e.g. shift working, night working and weekend working; these are usually required by labour intensive industries. Even where shift working is the norm, some employers have found it possible to make modifications that improve their ability to recruit and retain staff, for example changing the working day, week or offering special types of leave. Changing working time can be effective because the majority of employees now expect to achieve more flexibility in their working lives in order to cater for their personal commitments through for example job sharing and part-time hours. Dessler (2005) mentions work sharing and telecommuting as other flexible work arrangements employers can adopt. Flippo (1984) adds that flextime fits quite well with the new values of the modern workforce and that such plans have also been found to have a number of advantages to the employer such as; enhanced productivity, reduced employee tardiness and absenteeism, improved morale and reduced turnover. Childcare facilities could be made available to especially single working parents who face the challenge of balancing work and family life. This may be in terms of free or subsidized vouchers that can be used to purchase childcare or provision of advice on childcare facilities in the local area. Organization could also have daycare facilities within the organization. (Dessler, 2005).

Employees may become disabled while working for their employers through accidents and age related conditions (Aluchio 1998). Research has shown that early intervention is key in ensuring that individuals on long term sick leave are retained by their firms even if they develop disabilities. Employers should evaluate the job, working conditions, access and

other factors to see if reasonable adjustments can be made in order to retain such individuals. Redeployment to another job is a further possibility to be considered. Retention initiatives usually focus on individuals who leave voluntarily, however the retention of employees who have attained the retirement age and are therefore obliged to resign is more directly under the control of the employer. Employees who reach normal retirement age take with them valuable skills and experience gained over their working life. Employers are realizing that it takes little business sense to compel all such staff to leave the organization. Some employees may wish to continue working as a way of maintaining a familiar sense of routine and social interaction and for income to supplement their income. (Dessler, 2005) and (Graham, 2003). Redundancy defined by Aluchio (1998) and Okumbe (2001) as the loss of employment through no fault of the employee concerned is a method of separation under the control of management, it is normally occasioned by re-organization, mechanization or lack of orders. Unforeseen and unwanted loss of key members of staff represents one of the most commonly found problem of redundancy programs. Many firms fail to manage the process of applying for voluntary redundancy, thus the heavy redundancy payments encourage long serving staff to leave, these are the most experienced and skilled staff. Poorly handled redundancy exercises also have a detrimental impact on survivors who may feel resentful, demotivated and are therefore likely to leave at the earliest opportunity

Sources of information for developing retention practices

Graham (2003) and Armstrong (2006) identified the following sources of information that could be used to construct employee retention management practices and strategies; labour turnover data, exit interviews and separation questionnaires survey forms, feedback, attitude surveys and routine performance appraisal interviews.

Labour turnover data may be used as one of the sources that organizations use when developing a retention management strategy; this data may be useful in identifying the root causes of staff retention problems. Rate of labour turnover represents the end point since they measure what has already occurred which is loss of staff members. They do not show the reasons for staff losses although patterns and changes over time can hint at them.

Exit interviews and separation questionnaires survey forms are completed by departing employees, these provide valuable insights as to reasons why employees leave. These techniques are however backward looking because the subjects have already decided to leave. Gooch (1999) notes that employees may not always disclose the real reasons for leaving or their true views about the organization. This may be overcome by enlisting the help of consultants to carry out the interviews away from normal place of work. Departing employees should understand why exit interviews have to be conducted and that the information they provide is confidential. Feedback may be used to infer the reasons that may prompt other members of the staff to resign. Attitude surveys and questionnaires are other methods that may be used to canvass individuals who have not resigned or may not have even considered leaving. These methods are useful in determining levels of employee morale, motivation and degree to which employee identify with the organization. (Taylor, 1988). Routine performance appraisal interviews also provide information to the management. Action can then be taken by the organization before employees decide to look elsewhere. These provide the earliest opportunity to address them before the psychological break with the employer is reached.

2.3 Voluntary labour turnover

Voluntary turnover refers to cases where employees resign or terminate their services from organizations that had employed them, (Okumbe, 2001). Job terminations occur for various reasons, however there has evolved a consistent line of research evidence showing that voluntary job terminations can be explained from the employee's intentions to leave an organization (Bluedorn, 1982). According to March & Simon (1958) this intentional decision involves a subjective evaluation of the employee's job aspirations in comparison with the expected value of job opportunities in the present organization and the availability of attractive opportunities in other organizations or alternative careers. The employee's decision to quit is not considered an impulsive action but one that is rationalized over time (Simon, 1957).

Mobley (1977), Mobley, Horner & Hollingsworth (1978) suggest that the termination decision process can be described as a sequence of cognitive stages that starts with; initial

dissatisfaction with the present job, intention to search for a different job, an active search and evaluation of alternatives, an expressed intention to quit and finally job termination. According to the writers, each successive step represents increasing withdrawal from the organization. Mobley, Griffeth, Hand & Meglino (1979) concludes that there is still a lot more to be learned about the decision process leading to job termination. They suggest two factors that are related to employee's progression through successive stages of withdrawal. One factor reflects the employee's evaluation of the organization's future expected value with respect to their work aspirations. Termination here may represent the employee's decision to accept a more attractive job opportunity. The second factor focuses on the tension associated with the organization's present working conditions. Termination in this case may represent the employee's decision to leave a stressful work environment. Lee & Mitchell (1994) describe four paths employees could take when deciding to terminate their employment; they may follow a plan, this is where a plan and script for leaving is already in place, others may leave without a plan or even alternatives, some employees may leave for a better alternative elsewhere, while others will leave because their current job is unsatisfying.

Employees decide to resign for various reasons. Graham (2003) identifies push and pull factors as the main reasons employees voluntarily terminate their employment. Push factors contribute to the weakening of the psychological contract between employees and their employers, these factors affect employees' identification and attachment to their employers, they contribute to a large extent to an employee's decision making process about moving on. The push factors include; poor supervision that may be arbitrary and or unfair, lack of training and development and poor pay. Pull factors on the other hand come to play when the psychological contract is already weakened; employees begin to compare what other employers are offering.

Mitchell, Holton & Lee (1992) and Armstrong (2006) give other reasons which they describe as; personal, organizational, job dissatisfaction and availability of alternatives. Examples cited under personal reasons include; changes in family situations, desire to learn a new skill or trade, unsolicited job offers, pregnancy, illness and relocation.

Organizational reasons include examples such as; observing mistreatment of a co-worker, over passed for promotion, poor relationships with managers and or team leaders, poor relationship with co-workers, bullying and harassment. Also included under organizational reasons are changes such as mergers, unsolicited job offers, friends leaving, poorly managed redundancies and retrenchment exercises. Under Job dissatisfaction, Mitchell, Holton & Lee (1993) note that employees who are dissatisfied with their jobs are likely to leave after evaluating their pay, supervision, chances of promotion, work environment, and the task they do. Causes of job dissatisfaction include; job stress, repetitive work, role ambiguity and role overload. Dissatisfied employees start looking around for other alternatives; they may conduct a perceived and or actual job search. Alternatives can influence this process such that if alternatives are considered favorable in comparison to the present job, the person is predicted to leave, if not he or she stays. In addition, employees with more alternatives are more likely to leave than those with fewer alternatives.

Various assumptions have been made about voluntary labour turnover. According to Sicherman, (1996) and Glass & Riley (1998), women are more likely to turnover due to family considerations which interrupt their careers. Keith & McWilliams (1995) suggests that married employees often make decision based on relatively complicated concerns, including kinship responsibility and children issues, such concerns may causes them to hold onto their jobs longer than unmarried people. According to Williamson (1981) highly educated employees are more likely to resign since education determines the number of job openings available. Human capital theory proposes that, other things being constant, a given worker will have a greater probability of leaving a low-paying job than a higher-paying one. Akerlof, (1984) and Yellen, (1984) posit that offering a wage that is higher than the average market level will help to retain competent workers. They however add that pay is not the only or main reason why employees begin to look for another job, they may get discontented and leave when their skills or talents are not properly developed. According to Steel, Griffeth & Hom (2002), the impact of different workers' turnover on a firm is not equal; it is the performance level of the employee, not the act of quitting or staying per se that determines the positive or negative nature of the retention and or

separation event. Lazear (1999) found that better performers were less likely to turnover; better performance reflects more beneficial firm-specific skills which may motivate retention. On the other hand, poor performers may be less likely to stay longer with a firm because of the poor performance evaluations and the lower pay level they receive. Lazear (1998) found that recent promotion is negatively related to turnover, it makes one more suitable to the current employer than to other, in which case promotion would reduce turnover. March and Simon (1958) declared that under nearly all conditions, the most accurate single predictor of labor turnover is the state of the economy, during periods of prosperity, the turnover rate in the overall market tends to be higher than in times of economic recession.

Methods used to calculate labour turnover

Graham (2003) and Armstrong (2006) identified the following methods of calculating turnover; crude wastage, rates of voluntary turnover, stability index, survival rates and destination of leavers. Since voluntary resignation represents the main focus of interest, it should be ensured that the data on labour turnover rates measures only this form of turnover. Unfortunately most external sources of benchmarking data measure it with far less precision through crude wastage. The method lumps together all and every reason for turnover:

$$\frac{\text{Number of all types of leavers in a specified period (usually 12 Months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

The crude wastage method has the effect of inflating the findings. Although many published surveys rely on it, the crude-wastage rate is of virtually no use as the basis for managing retention- it represents a tool that is too blunt for effective use unless the employers included in the survey are behaving in the same way as the organizations making the comparison. Most organizations use this method because they lack more precise statistics available.

Rates of voluntary turnover follow much the same process as for crude wastage:

$$\frac{\text{Number of leavers for voluntary reasons in a specified time(usually 12 months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

Stability index shows the extent to which the turbulence caused by labour turnover permeates the workforce. In the hospitality industry where high turnover rates are prevalent, some employers have found that the same posts have a succession of recruits and leavers during the course of a year while much of the workforce is unaffected.

$$\text{Stability index} = \frac{\text{Number of employees having a specified length of service}}{\text{Total workforce}} \times 100$$

Survival Rates focuses on the effectiveness of the recruitment, training and management of identifiable groups of staff. It is mainly used for new graduates. Alternatively, it can be one way of gauging the impact of a change in recruitment and selection practice on retention rates, comparing survival rates before and after the modification

$$\text{Survival Rate} = \frac{\text{Number of people recruited in a specific year}}{\text{Number in that Group still in employment at a certain date}} \times 100$$

This calculation is often based on a time series of individual years e.g. the intake of 1995 is compared with the number surviving in 1996, 1997 etc.

Resignation rate can also be calculated according to the destination of leavers. This method is favored more in the public sector where turnover rate are often broken down into those moving within the same area or going elsewhere.

2.4 Economic impact of voluntary labor turnover

Under the present economic pressures, organizations should ensure that valuable staff is retained and that recruitment should take place only when it is fully justified. It is very costly to do nothing about high rates of turnover. One key individual can hold the fortunes of a department or business in their hands. Loss of several members of staff in the same

unit or team can lead to instability (Okumbe, 2001). Voluntary turnover is costly for both employers and workers, employers find replacement cost and hidden organizational cost high (Mitchell, Holton, & Lee 1993). Workers also find monetary and psychological costs taxing (Ehrenberg & Smith, 1994). Human capital theory according to Mincer (1962) and Becker (1962) considers voluntary turnover an investment in which costs are borne in an earlier period in order to obtain returns over a long period of time. Therefore, the decision to stay or go involves evaluating cost and benefits. If the present value of the returns associated with turnover exceeds both monetary and psychological costs of leaving, workers will be motivated to change jobs. If the discounted stream of benefits is not as large as costs, workers will resist changing jobs (Ehrenberg & Smith, 1994).

Fitz-enz (1997) stated that the average company loses about \$1 million with every 10 managerial and professional employees who leave the organization plus other indirect costs. Some of obvious labour turnover costs include; the expense of recruiting advertisement; commission paid to employment agencies; staff time required to consider the applications; time required in interviewing short listed candidates and selection methods; successful applicants have to be inducted and probably trained and given a period of grace while their effectiveness gradually improves to that of an experienced staff; departing employees will require administrative time to handle their separation and there may be cost implications of the turbulence caused by the resignation and new appointments such as reduced customer service.

Other voluntary labour costs include; Loss of organization knowledge and experience, loss of clients and stress. There is significant economic impact with organizations losing any of its critical employees especially because of the knowledge that is lost with the employees' departure. This knowledge is actually the organizations' most valuable assets. Snell & Dean (1992) emphasize that these skills, knowledge and experience represents capital because they enhance productivity. According to the human capital theory, some labour is more productive than others because more resources have been invested into the training of that labour, on the other hand departing employees that had established close relationship with clients may move with them to their new jobs, spelling loss of business

and customer loyalty to the organization. Ehrenberg & Smith (1994) notes that moving to a new job is stressful for departing employees, there is a lot of uncertainty and ambiguity, family adjustment, new school for children, new living accommodation and leaving behind friends. Adjustments for these employees may take up to a year.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

The study was carried out through a census survey, this is due to the cross sectional nature of the data that was collected. The survey involved collection of data from all members of the population. The design chosen is most appropriate for this study because all the five star hotels in Nairobi were targeted.

3.2 Population

The population of this study consisted of all the five star hotels in Nairobi. According to the Kenyan ministry of tourism and the Africanpoint.com online travel agent website, there are 11 five star hotels in Nairobi as attached in appendix 3.

3.3 Data collection

The study was based on primary data through self- administered questionnaires. The questionnaires were filled by the Human resource managers and consisted of three parts. Part A gathered background information, Part B focused on employee retention practices and part C tackled voluntary labor turnover. The questionnaires were administered through the “drop and pick later” method. Human resource managers were targeted because they were considered custodians of vital information for this study.

3.4 Data analysis

The collected data was analyzed using descriptive statistics, particularly frequencies and percentages. The Pearson’s product-moment correlation was used to analyze the relationship between employee retention management practices and voluntary labour turnover. SPSS, a statistical analysis program was used as a tool of analysis.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The objective of this study was to first establish the employee retention practices used by the five star hotels to retain employees and secondly, to establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels. The research was a census survey that constituted of 11 five star hotels located in Nairobi. 11 questionnaires were dropped at the hotels, 7 which represented a response rate of 64% were received back. The respondents were Human Resource Managers.

In the analysis of data for this study, respondents who strongly disagreed and disagreed on various items of the questionnaire were grouped together and those that strongly agreed and agreed were also grouped together. SPSS package was used to analyze the data.

4.2 Background information

Table 1: Distribution of respondents by gender

Gender	Frequency	Percent
Male	2	28.6
Female	5	71.4
Total	7	100

As shown in Table 1, 71.4% of the respondents were females while 28.6% were males. From this finding, it appears that the human resource profession appeals more to the females than to the males. This analysis may be of no consequence to the findings of the study; however ones gender may influence the respondent's response especially in gender related contentious issues.

Table 2: Academic qualifications of respondents

	Frequency	Percent
Post graduate qualification	7	100

Table 2 above indicates that 100% of the respondents had attained post graduate qualifications. The implication of this fact is that the human resource managers were well qualified and knowledgeable in human resource management functions and were therefore in a position to offer credible information necessary for this study.

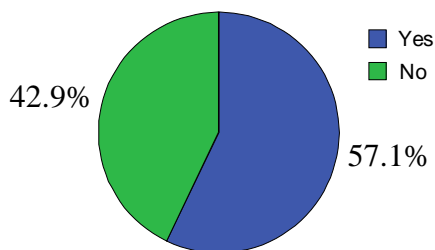
Table 3: Number of years worked by respondents.

	Frequency	Percent
1-5 years	5	71.4
Over 10 years	2	28.6
Total	7	100.0

Table 3 shows the number of years the respondents have worked in their various organizations. 71.4% of the respondents had worked for their organizations between 1-5 years and 28.6% had worked for 10 years and above. For the respondents to be in a position to provide actual information about their employees and their organization at large, they should have been in the organization long enough

4.3 Employee retention management practices

Figure 1: Employee retention efforts



Critical employees are employees that are considered valuable to the organization; these are employees any organization would try retain in the organization. Figure 1 shows that of the organizations surveyed, 57.1% made efforts to stop critical employees from resigning, while 42.9% did not. Making efforts to stop voluntary labour turnover means certain measures have been put in place to entice these employees to stay on. These measures are basically what this study seeks to identify and which are referred to as

employee retention management practices. The organizations that made no effort to retain critical employees may also have in place retention practices that they are not aware of.

Table 4: Organizational culture

	Frequency	Percent
Strongly agree	7	100.0

Organization culture or climate is each organization’s distinct approach to the way things are done. Some cultures may provoke a reaction that encourages employees to stay or leave the organization. Table 4 shows that 100% of the respondents agreed that organization culture strongly influences employees’ decision to either stay or leave. This implies that the management of the five star hotels recognizes the importance of having a conducive working atmosphere where employees are at ease.

Table 5: Management style

	Frequency	Percent
Agree	2	28.6
Strongly agree	5	71.4
Total	7	100.0

Line managers and supervisors play a vital role in determining voluntary labour turnover and employee retention. The most common reasons for resignation lie in poor or ineffective supervision from their immediate line managers. Table 5 shows that 28.6% of respondents agreed and 71.4% strongly agreed that management style plays a major role in influencing employees’ decision to stay or leave the organization. These organizations are therefore aware their managers have the power to motivate and support their employees or to drive them away.

Table 6: Training and development programs

	Frequency	Percent
Agree	1	14.3
Strongly agree	6	85.7
Total	7	100.0

Training and development programs equip employees with the required knowledge, skills and competencies needed to perform their duties and responsibilities effectively and efficiently. As shown in Table 6, 14.3% agreed and an overwhelming 85.7% strongly

agreed to having training and development programs in place as a retention measure for their employees. The implication is that employees that are well trained are more confident and are more likely to stay longer in the organization.

Table 7: Employee empowerment

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	3	42.9
Strongly agree	2	28.6
Total	7	100.0

Employee Empowerment is an approach that encourages employees to make decisions and resolve problems while at the same time taking responsibilities of the outcome; this gives employees flexibility and autonomy. Table 7 indicates that 14.3% of respondents strongly disagreed and another 14.3% disagreed that their employees were empowered. 42.9% agreed and 28.6% strongly agreed that their employees were empowered. The majority of the five star hotels have empowered employees, a practice that is also known to improve job satisfaction while at the same time managing retention.

Table 8: Perfect match in the hiring process

	Frequency	Percent
Disagree	2	28.6
Agree	5	71.4
Total	7	100.0

Recruitment and selection practices can have major impacts on employee rates of resignation. Under qualified or overqualified employees have higher rates of turnover due to inefficiency or boredom; most employers therefore seek to hire applicants that match the job requirements. Table 8 shows that 28.6% of the respondents did not hire applicants that perfectly matched the job requirement while 71.4% agree they hired employees that perfectly matched the job requirement. The majority of the five star hotels hired employees that are qualified as a way of retaining them.

Table 9: Extension of retirement age

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	2	28.6
Strongly agree	3	42.9
Total	7	100.0

Every organization has policies concerning retirement age, however, employees who have attained this age take with them valuable skill and experience gained over the years. Employers are realizing their organization can still benefit from this category of people and many are extending the contracts of retirees who are still needed in the organization as a way of retaining them. According to Table 9, 14.3% strongly disagreed and another 14.3% disagreed to extending the retirement age. 28.6% agreed and 42.9% strongly agreed that they extended the retirement age of those retiring in a bid to retain valuable employees. Most of the five star hotels can be said to use this practice as a way of retaining critical employees.

Table 10: Redesigning jobs

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	2	28.6
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

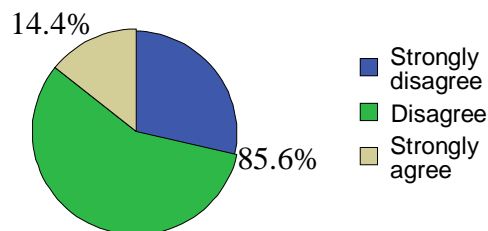
Job redesign means changing job tasks and responsibilities of routine and repetitive jobs which would otherwise create boredom, forcing employees to look for more challenging jobs elsewhere. According to Table 10, 28.6% of respondents strongly disagreed on redesigning jobs. 28.6% disagreed, 28.6% agreed and 14.3% strongly agreed. Since the majority of the respondents disagreed, redesigning jobs is therefore not widely used as a retention measure in the five star hotels. Employees who feel bored and unchallenged in their jobs are therefore likely to resign in search of more challenging jobs.

Table 11: Realistic job preview

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

New applicants should be made fully aware of the job demands and what working for the organization would be like through realistic job preview. Realistic job previews helps to deflate any unrealistic expectations a new recruit may have which may otherwise lead to voluntary labour turnover. Figure 11 shows that 42.9% of the human resource managers strongly disagreed to providing realistic job previews to potential applicants, 14.3% disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis implies that most five star hotels in Nairobi did not provide their potential applicants and new employees with a realistic job preview before engaging them, therefore, new employee with very high expectations may be disappointed and choose to resign.

Figure 2: Hiring Overqualified Employees



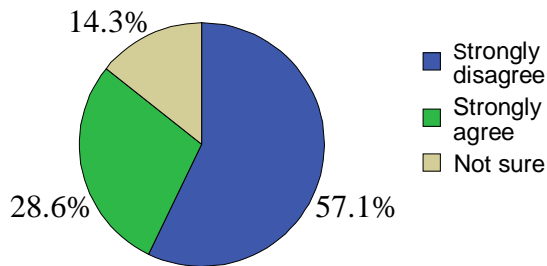
When recruiting criteria is pitched too high, the recruits end up being overqualified for the job. Most feeling their potentials are not fully exploited and challenged become bored and resign. As shown in Figure 2, the majority of the respondents; 85.6% did not hire overqualified employees for any given job in their organizations, 14.4% did. This analysis shows the five star hotels did not hire overqualified employees as retention measure therefore minimizing voluntary labour turnover.

Table 12: Hiring under qualified employees

	Frequency	Percent
Strongly disagree	4	57.1
Disagree	3	42.9
Total	7	100.0

Under qualified employees, being unskilled may get overwhelmed by their responsibilities and fail to perform well, these employees may end up being disciplined for poor performance, disillusioned and burnt out. The inevitable would be early exit from the organization. According to Table 12 above, 57.1% of the respondents strongly disagreed that they hired under qualified employees for the various job positions while 42.9% disagreed. It is therefore evident that five star hotels recruit applicants that are already qualified in order to curb voluntary labour turnover.

Figure 3: Benchmarking Compensation package



Benchmarking of compensation package is a practice often used by organizations to ensure pay levels are competitive and at par with what other competing organizations offer if not better. The aim is to ensure critical employees are not enticed by other well paying organizations. Figure 3 shows that 28.6% of the respondents strongly agreed that their organizations benchmarked the compensation package, 57.1% disagreed and 14.3% were not sure whether any benchmarking was done by their organizations. It is evident that the majority of the five star hotels did not compare their compensation package with their competitors. This implies that benchmarking of compensation package is not well employed as a means of retaining critical employees.

Table 13: Flexible working time

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	1	14.3
Agree	2	28.6
Strongly agree	2	28.6
Total	7	100.0

Flexible working time or flextime is an arrangement where employees are allowed the freedom regarding the hours they work; this enables employees to achieve more flexibility in their working lives through for example job sharing and part time hours. In Table 13 above, 28.6% of the respondents strongly disagreed concerning flextime in their hotel, 14.3% disagreed, 28.6% agreed and 28.6 strongly agreed. Flexible working time as a means of retaining employees is therefore used by the majority of the five star hotels to prevent loss of valuable employees.

Table 14: Revision and renegotiation of compensation package

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Whenever critical employees get other job offers with better terms of compensation, the current employer may decide to match that offer in order to retain them. According to Table 14, 42.9% of the respondents strongly disagreed their organizations revised and renegotiated the compensation packages of employees wishing to leave, 14.3% disagreed, whereas 28.6% agreed and 14.3% strongly agreed. This finding implies that five star hotels in Nairobi are not in the habit of revising the compensation packages of critical employees who wish to leave for better compensation elsewhere. Revision and renegotiation of compensation package cannot be considered common retention management practice in the five star hotels in Nairobi.

4.4 Voluntary labour turnover/resignations

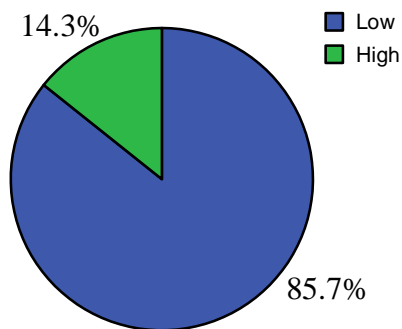
Voluntary labour turnover refers to when employees choose to resign or terminate their services from their employing organization due to various reasons, some of which have been analyzed below.

Table 15: Critical employees

	Frequency	Percent
Yes	7	100.0

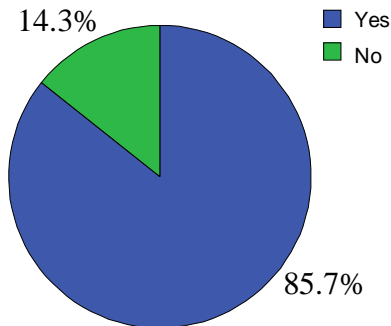
Critical employees as referred to in this study are those employees that an organization considers needed and valuable. These are the employees any organization would not like to lose. Table 15 shows that 100% of the respondents agreed they had employees they considered critical. This implies that effective employee retention practice have to be in place to entice these employees to stay with the organization.

Figure 4: level of resignation



Level of resignations basically refers to how often voluntary labour turnover takes place in the five star hotels. According to Figure 4, 85.7% of the respondents rated their levels of resignations or voluntary labour turnover as low and 14.3% rated it as high. Voluntary labour turnover in this case is not considered a big problem in the five star hotels.

Figure 5: Investigation of resignations



Organizations need to investigate why employees choose to turnover voluntarily in order to objectively deal with and curb the problem. According to figure 5 above, 85.7% of the respondents investigated why employees decide to leave and 14.3% did not do any investigations. The implication here is that the five star hotels that did not investigate reasons for voluntary labour turnover rated their resignation level as high while those who did rated voluntary labour turnover as low.

Table 16: Poor compensation

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Compensations are both monetary and non monetary rewards offered to employees for services rendered to the organization. Organizations that poorly compensates its employees risks losing them to better paying organization. As to whether poor compensation is considered a good reason for voluntary labour turnover in the five star hotels, 42.9% agreed while 57.1% strongly agreed. Five star hotels therefore needs to continually review how it compensates their employees in order to minimize or stop voluntary labour turnover.

Table 17 Competitive job offers

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Competitive job offers elsewhere may entice employees to move from their current employer. According to table 17, 42.9% agreed and 57.1% strongly agreed that competitive job offers is a good reason for voluntary labour turnover. To stop voluntary labour turnover that may be as a result of competitive job offers elsewhere, the five star hotels need to remain competitive.

Table 18: Lack of training and development opportunities

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Training and development opportunities equip employees with the necessary knowledge, skills and competencies to effectively perform their duties. Training also enables employees to adapt to changing systems, structures and technologies. Employees that are not accorded proper training and development opportunities may chose to leave for better prospects elsewhere. According to Table 18, 14.3% of the respondents strongly disagreed that lack of training and development is a reason for voluntary labour turnover, 71.4% disagreed and 14.3% agreed. The implication of this analysis is that the five star hotels have elaborate training and development programs for their employees, this is therefore not a good reason for voluntary labour turnover.

Table 19: Illness

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4

agree	1	14.3
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Illness often incapacitates employees such that they are unable to perform their duties effectively. Although many organizations have policies concerning sick leave, there are limits to how long one should be away from work. Whether or not employees resign due to poor health, 14.3% of the respondents strongly disagreed, 71.5% disagree and 14.3% agreed as shown in Table 19 above. Evidently illness is not a reason for voluntary labour turnover in the five star hotels although the management may choose to terminate an employee's employment contract due to poor health.

Table 20: Role overload

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Overworked employees often get burnt out and are unable to cope with their responsibilities, poor health and lack of balance between their work and social life may force them to opt for an early exit from the organization. However, according to Table 20, 14.3% of respondents strongly disagreed that role overload would cause voluntary labour turnover, 71.4% disagreed and only 14.3% agreed. The implication of this analysis is that the respondents that disagreed ensured their employees were not overworked while those that did agree deliberately exploited their employees who in most cases would opt to resign, consequently role overload is not considered a good reason for voluntary labour turnover.

Table 21: Relocation

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Movements from one geographical region to another especially among married couples may force spouses to resign and join their families, especially where transfer options are

not available. Asked whether relocation was a reason for voluntary labour turnover 42.9% of the respondents disagreed, and 57.1% agreed as is shown in Table 21. Although the majority of the respondents disagreed, almost a half agreed, relocation can be therefore be considered a minor reason of voluntary labour turnover.

Table 22: Job stress

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Stress at work can be caused by various reasons such as; being overworked, lack of proper job description, and harassment at work by both supervisors and fellow co-workers among other. When stress becomes unbearable, the health and performance of employees' gets jeopardized and the result may be voluntary labour turnover. According to Table 22, 42.9% of the respondents disagreed that job stress would cause employees to resign and 57.1 agreed. Job stress therefore can be said to cause employees to resign.

Table 23: lack of growth/promotion opportunities

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

When employees perceive that their organizations does not offer them opportunities for growth, or they are unfairly being over passed by promotions or they have reached the ceiling of their careers, they may opt to resign in a bid to grow their careers elsewhere. 42.9% of the respondents in Table 23 disagreed that lack of growth and promotion opportunities is a reason enough for voluntary labour turnover while 57.1% agreed that employees would resign due to lack of growth in their careers.

Table 24: Boredom

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

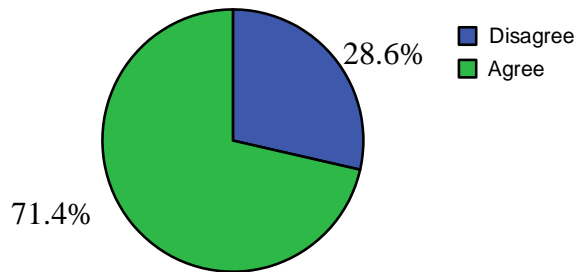
Boredom at work creeps in when employees engage in repetitive and routine jobs where they feel their potentials are not exploited to the full. They may feel unchallenged and unfulfilled in what they do. Such employees may be compelled to look for more challenging work elsewhere. 42.9% disagreed with this assertion while 57.1 agreed as shown in Table 24. Boredom should be addressed by the organization as a reason for voluntary labour turnover.

Table 25: Poor Working Conditions

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	6	85.7
Total	7	100.0

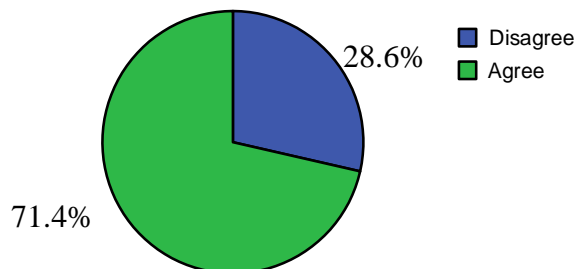
When the working environment is not conducive due to for example lack of proper working equipment and safety measures, employees may chose to resign. According to Table 25, 14.3% the human resource managers strongly disagreed that poor working conditions would cause employees to resign and a further 85.7% disagreed. This means that either the organizations ensured the conditions of work were favorable or the employees did not find this a problem to warrant terminating their services. In this case poor working condition is not a reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 6: Poor relationship with supervisors



When supervisors and line managers fail to relate well with employees due to poor interpersonal skills, the results could be voluntary labour turnover. According to figure 6, 71.4% of respondents agreed that poor relationship with supervisors would cause employees to resign but 28.6% disagreed. Poor relationship with supervisors can therefore be said to be a main reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 7: Family considerations



Family affairs have been known to force employees to terminate their services, these may include; marriage, pregnancies, relocation of spouses and the need to care for children with special needs among others. According to figure 7, 71.4% of the respondents agreed that employees would resign due to family considerations while 28.6% disagreed. Evidently, family considerations rank amongst the main reasons for voluntary labour turnover for employees in the five star hotels in Nairobi.

Table 26: Poor relationship with co-workers

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Organizations employ workers from different backgrounds and with different personalities. Disagreements among co-workers often occur and this affects one's ability to perform his or her duties effectively. Co-workers have also been known to be jealous and envious of each other especially when some are favored over others in the distribution of resources. According to Table 26, 28.6% of the respondents strongly disagreed that poor relationship among co-workers would cause voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that most employees in the five star hotels would not resign due to poor relationships with fellow co-workers.

Table 27: Poorly managed redundancy/retrenchment exercises

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

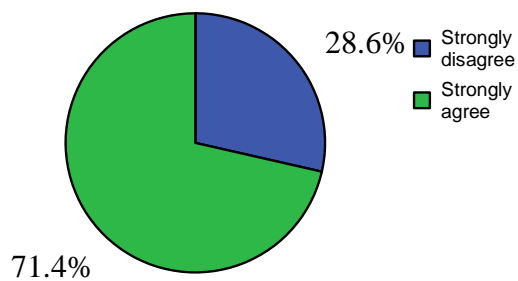
Poorly managed redundancies/retrenchment exercises often lead to survivor's syndrome; a situation where the employees that survived the exercise feel demotivated and are unsure of their job security which this may force them to start looking for alternatives. On the other hand, voluntary retrenchment package may be attractive to employees who are considered critical by the organization and are not themselves target of the exercise. According to Table 27, 28.6% of the respondents strongly disagreed that poorly managed redundancy/retrenchment exercises would lead to voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that poorly managed redundancy and retrenchment exercises seldom cause voluntary labour turnover in the five star hotels.

Table 28: Poor supervision

	Frequency	Percent
Disagree	4	57.1
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Poor supervision may be as a result of incompetent supervisors and managers, whose style of management may force frustrated employees to resign. Whether poor supervision contributed to voluntary labour turnover, Table 28 shows that 57.1% of the respondents disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis shows that poor supervision is not considered by the majority of the respondents as a good reason for voluntary labour turnover.

Figure 8: Resignation rate among the new and young employees



The new and young employees are assumed to have a higher rate of voluntary labour turnover, this is attributed to the fact that the young employees are not yet settled or established in their career while the new employee may leave due to unmet expectations. According to Figure 8, 71.4% of the respondents agreed to there being higher resignations among new and younger staff, while 28.6% disagreed. The new and young employees can therefore be said to resign more in the five star hotels compared to the rest of the employees.

Table 29: Rates of resignation among female employees

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Female employees are often thought to have a higher resignation rate compared to their male counterparts; this may be due to family interruptions and inability to deal with stress, as a result, certain organizations may choose to employ more men than women employees. Table 29 above shows that 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. Based on this analysis it is not true that female employees have a higher rate of voluntary labour turnover compared to the employees.

Table 30: Pay/ monetary reward

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Pay is the monetary reward employees are given in exchange for their services to the organization. It is often assumed that pay is the most important consideration when deciding to move to another organization. In Table 30 above, 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. It is therefore evident that employees put into consideration the whole compensation package which includes both the pay and other benefits. In this case pay alone is not a good reason for voluntary labour turnover.

Table 31: Married employees stay longer

	Frequency	percent
Disagree	1	14.3
Agree	6	85.7
Total	7	100.0

Due to family commitments and responsibilities, married employees are assumed to stay longer in employment compared to unmarried employees. According to Table 31, 14.3 % of the respondents disagreed that married couples stayed longer in their jobs and 85.7% agreed. The implication of this analysis is that five star hotels may reduce voluntary labour turnover by recruiting more married employees since it has been proven that they stay longer in employment.

Table 32: Level of education determines job alternatives

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

The level of education determines the number of job alternatives available to employees. Employees with higher levels of education have more job opportunities available to them. Table 32 shows that 42.9% of the respondents agreed to this and a further 57.1% strongly agreed. This therefore implies that employees with higher levels of education are likely to resign more compared to those with lower levels of education as they have more job opportunities available.

4.5 Pearson's product moment correlation

To establish the relationship between employee retention management practices and voluntary labour turnover, the variables retention efforts, employee empowerment, realistic job preview, job redesign, job alternatives, poor supervision, job stress, family considerations, education level and pay were correlated with the levels of voluntary labour turnover. For the above variables, correlation "r" will be significant when the significant level "p" is less or equal to 0.05.

Table 33: Retention efforts and resignation levels/ voluntary labour turnover

		Retention efforts	Resignation levels
Retention efforts	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Resignation levels	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

(r)= Pearson's product moment coefficient

(p)= Significance Level ≤ 0.05

(N)= Number of cases.

As shown in Table 33, $r=0.471$ and $p=0.286$. These findings suggest that there is a moderate positive but insignificant relationship between employee retention management practices and voluntary labour turnover. The implication is that the five star hotels that made efforts to retain critical employees did not register lower resignation levels. On the contrary, the positive relationship shows as retention efforts increased, the levels of resignation also increased.

Table 34: Employee empowerment and resignation levels/ voluntary labour turnover

		Employee empowerment	Resignation level
Decision making	Pearson Correlation	1	-.354
	Sig. (2-tailed)	.	.437
	N	7	7
Resignation level	Pearson Correlation	-.354	1
	Sig. (2-tailed)	.437	.
	N	7	7

The correlation results in Table 35 above show that $r=-0.354$ $p=0.437$. This suggests a very small and insignificant negative relationship between voluntary labour turnover and employee empowerment. Although the relationship between employee empowerment and

voluntary labour turnover is insignificant, the implication is that as the employees in the five star hotels get empowerment, voluntary labour turnover decreases but in a very small degree, on the other hand the low levels of voluntary labour turnover may be due to other variables other than employee empowerment.

Table 35: Job redesign and Resignation levels/ voluntary labour turnover

		Resignation level	Job redesign
Resignation level	Pearson Correlation	1	-.510
	Sig. (2-tailed)	.	.243
	N	7	7
Job redesign	Pearson Correlation	-.510	1
	Sig. (2-tailed)	.243	.
	N	7	7

At a correlation of -0.510 and significance level of 0.243, Table 35 shows a moderate negative but insignificant relationship between job redesign as a means of retaining employees and the levels of voluntary labour turnover. As the five star hotels redesign jobs in order to reduce boredom due to routine and repetitive roles, voluntary labour turnover is expected to reduce though not significantly.

Table 36: Realistic job preview and resignation levels/ voluntary labour turnover

		Realistic job preview	Resignation level
Realistic job preview	Pearson Correlation	1	-.415
	Sig. (2-tailed)	.	.355
	N	7	7
Resignation level	Pearson Correlation	-.415	1
	Sig. (2-tailed)	.355	.
	N	7	7

The relationship between realistic job preview and levels of resignation is shown in Table 36 to be negative and insignificant at $r = -0.415$ and $p = 0.355$. Whether or not the organizations surveyed carried out realistic job previews, it did not affect the levels of resignations of critical employees.

Table 37: Job alternatives and resignation levels/ voluntary labour turnover

		Resignation level	Job alternatives
Resignation level	Pearson Correlation	1	.167
	Sig. (2-tailed)	.	.721
	N	7	7
Job alternatives	Pearson Correlation	.167	1
	Sig. (2-tailed)	.721	.
	N	7	7

At $r = 0.167$ and $p = 0.721$, Table 37 clearly shows the relationship between job alternatives and levels of voluntary labor turnover or resignations to be insignificant and very weak. This correlation negates the assumption that increased job alternatives in other organizations would lead to increased levels of voluntary labour turnover.

Table 38: Poor supervision and resignation levels/ voluntary labour turnover

		Resignation level	Poor supervision
Resignation level	Pearson Correlation	1	-.320
	Sig. (2-tailed)	.	.484
	N	7	7
Poor supervision	Pearson Correlation	-.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

In Table 38, poor supervision and levels of resignation when $r = -0.320$ and $p = 0.484$ have a very weak negative relationship that is not significant. This implies that poor supervision would not necessarily reduce or increase voluntary labour turnover.

Table 39: Job stress and resignation levels/voluntary labour turnover

		Resignat ion level	Job stress
Resignation level	Pearson Correlation	1	.320
	Sig. (2-tailed)	.	.484
	N	7	7
Job stress	Pearson Correlation	.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

The relationship between job stress and resignation levels as shown in Table 39 where $r = 0.320$ $p = 0.484$ is shown to be positive but very weak and insignificant. According to this analysis, Job stress in a very weak way may lead to increased voluntary labour turnover but again this may not be so.

Table 40: Family considerations and resignation levels/voluntary labour turnover

		Resignat ion level	Family consider ations.
Resignation level	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Family	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 40 shows that $r = 0.471$ and $p = 0.286$. This analysis means that the relationship between resignation level and family considerations is positive, moderate and

insignificant. Although family concerns may lead to increased voluntarily turnover, the effect is insignificant.

Table 41: Education level and resignation levels/voluntary labour turnover

		Resignat ion level	Education Level determines alternatives
Resignation level	Pearson Correlation	1	-.471
	Sig. (2-tailed)	.	.286
	N	7	7
Education level determines alternatives	Pearson Correlation	-.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 41 shows the findings of the correlation between levels of education and voluntary labour turnover. The findings $r = -0.471$ and $p = 0.286$ suggest a negative insignificant relationship between the two variables. This finding implies that although higher levels of education may expose an employee to other job alternatives, the rate of resignation however remains low.

Table 42: Pay and resignation levels/voluntary labour turnover

		Pay	Resignat ion level
Pay	Pearson Correlation	1	.132
	Sig. (2-tailed)	.	.777
	N	7	7
Resignation level	Pearson Correlation	.132	1
	Sig. (2-tailed)	.777	.
	N	7	7

As shown in Table 43, $r = 0.132$ and $p = 0.7$, the relationship between pay and voluntary labour turnover is almost nil and is not significant. Pay here is not a determinant of

voluntary labour turnover, reduced or increased pay will not affect the levels of voluntary labour turnover.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The objective of this study was to establish the relationship between employee retention management practices and voluntary labour turnover in five star hotels in Nairobi; it also sought to identify employee retention management practices employed by these hotels. The census survey targeted a total of 11 five star hotels, however only 7 hotels responded and the data captured using questionnaires were analyzed. The data collected mainly covered the various employee retention practices used to retain critical employees and the reasons commonly given for voluntary labour turnover.

5.2 Discussions

The background information gathered revealed that all the human resource managers had post graduate qualifications and that they had worked in their organizations long enough. This proves that the respondents were competent and knowledgeable in human resource management functions and therefore able to offer credible information necessary for this study.

Previous studies carried out on employee retention management practices and voluntary labour turnover suggest that the two go hand in hand and are sides of the same coin. This means that as organizations put in place proper employee retention management practices, voluntary labour turnover is expected to reduce and vice versa. However, this study has revealed that the five star hotels that made deliberate efforts to retain critical employees and those that did not both registered low levels of voluntary labour turnover. Either the five star hotels that made no efforts to retain critical employees had incidental retention practices they were not aware of or the retention practices employed by the hotels that made efforts to retain critical employees had no bearing on the levels of voluntary labour turnover.

Employee retention management practices that received utmost support included ensuring that the organization culture was appropriate and that managers and supervisors received proper training in order to handle employees appropriately. This emerged from the fact that the organization culture and management style of managers were found to greatly influence the employees' decision to stay in the organization or resign. It is worth noting that all the five star hotels had elaborate training and development programs for their employees, this works to ensure that employees have the needed skill and knowledge to discharge their duties; well trained employees are less stressed and therefore stayed longer in employment. Employee empowerment, a practice that allows employees to make and participate in decision making was found to reduce voluntary labour turnover as it gives employees greater responsibilities, increased flexibility, autonomy and a sense of belonging.

As a retention measure, the recruiting and selection practices used by the five star hotels sought to hire employees that perfectly matched the job requirements. Hiring of under qualified and or overqualified employees was shunned as this would eventually lead to voluntary labour turnover. In addition, a common practice found among the five star hotels was the extension of employment contracts for critical employees who had reached the retirement age. Although the five star hotels surveyed were close to each other in proximity, very few benchmarked the compensation package offered; the compensation package offered by individual hotels did not depend on what other competing hotels were offering. It follows therefore that the five star hotels hardly revised or renegotiated compensation packages of critical employees who wished to move to other more competitive organizations. The majority of the five star hotels were found to accord flexible working time to their employees, this practice was used in order to enhance productivity, reduce employee absenteeism, improve morale and reduce turnover.

The human resource managers indicated their organizations have employees they consider critical and who they wish to retain, it is therefore imperative that these organizations investigated why voluntary labour turnover would come about. It should be noted however that voluntary labour turnover was rated low by an overwhelming majority of the

respondents most of who carried out investigations as to why employees resigned through exit interviews. Interestingly, the hotels that failed to investigate reason for voluntary labour turnover registered high levels of voluntary labour turnover.

The reasons for voluntary labour turnover that received a lot of support from the respondents were; poor compensation and competitive job offers. The five star hotels that had poor compensation packages risked losing their employees to better paying competitors. Poor relationship with supervisors was found to also encourage voluntary labour turnover, the role of supervisors and line manager in determining an employee's decision to terminate their services or not should not therefore be underestimated. Other reasons such as relocation, job stress, lack of growth and boredom were also found to influence voluntary labour turnover but in a moderate manner.

Poor working condition was not considered a reason for voluntary labour turnover by all respondents, either the organizations ensured the conditions of work were favorable or the employees do not find this a problem to warrant terminating their services. Lack of training and development opportunities, illness, role overload and ambiguous roles did not feature as good reason for voluntary labour turnover. It is evident that the five star hotels ensured all their employees received the necessary training needed to perform their duties effectively. It also means that the five star hotels have properly defined job descriptions and that the employees are not overwhelmed by their responsibilities. On the other hand poor relationship with co-workers and poorly managed redundancy exercises were not considered strong reasons to warrant voluntary labour turnover. Although poor relationship with supervisors was found to contribute to voluntary labour turnover, poor supervision did not receive much support.

On which category of employees is likely to have a higher rate of voluntary labour turnover, the study revealed that the new and the young employees tend to resign more than the rest; this finding could be attributed to the fact that this category of employees are still experimenting and are not fully settled and established in their careers. It therefore becomes necessary for organizations with this category of employees to mentor and coach

them concerning their career paths in order to retain them. On the contrary, married employees were found to stay longer; this could be because of family responsibilities, commitments and the need for stability. The assumption that women employees have higher rates of voluntary labour turnover compared to their male counterparts has been refuted, meaning the five star hotels offered equal employment opportunities to both male and female employees. Contrary to common believe that employees would easily move to organization that paid better salaries, it has emerged that pay per se is not an important determinant of voluntary labour turnover; this is because employees are more interested in the whole compensation package that also includes non financial benefits such as job security and work life balance. Finally, this study established that the level of education attained by employees determined availability of job alternatives; employees with higher qualifications will find themselves with more alternatives in other organizations compared to those with fewer qualifications, their employers therefore have to remain competitive if they are to retain their highly educated and qualified employees.

In order to establish whether there exists a relationship between employee retention management practices and voluntary labour turnover in the five star hotels in Nairobi, the Pearson's product moment correlation was used to correlate the levels of voluntary labour turnover and selected employee retention management practices. Retention efforts made by the five star hotels were found to have a positive moderate but insignificant relationship with voluntary labour turnover, such that the five star hotels that made efforts to retain critical employees and those that did not both registered low levels of resignations. Employee empowerment on the other had a very small and insignificant negative relationship with levels of resignation, the implication is that increased employee empowerment which allows employees to make and participate in decision making may reduce voluntary labour turnover but to a very small degree. Job redesign, realistic job preview, poor supervision and level of education indicated a negative and very weak insignificant relationship with levels of turnover. Job alternatives, job stress, family considerations and pay showed a very weak positive but insignificant relationship with voluntary labour turnover.

5.3 Conclusions

In conclusion, employee retention management practices and voluntary labour turnover have a fairly weak and insignificant relationship, whether negative or positive. All the five star hotels investigated had some employee retention practices in place although their extent of application varied from one organization to another, certain retention practices were found to be more popular than others. The employee retention practices employed by the five star hotels could as well be regarded as good human resource practices which do not necessarily determine an employee's decision to resign or stay. Of the employee retention practices, the popular ones adopted by the majority of the five star hotels include: appropriate and conducive organization climate or culture, proper and elaborate training and development programs for employees, appropriate management style of line managers, employee empowerment, objective recruitment and selective procedures which ensures the organizations recruits employees that match the job requirements; extension of employment contracts for employees who have reached the retirement age and allowing flexible working time to employees.

The findings have revealed that voluntary labour turnover is not a major problem in the hotel industry since all the respondents rated it as low save for one, this does not however imply these hotels are not addressing voluntary labour turnover since all the human resource managers agreed to having critical employees whom they wish to retain. The five star hotels that carried out investigations to determine the reasons for the few resignations, recorded low levels of resignations as opposed to those who did not. The sole instrument used to investigate the reasons for voluntary labour turnover was exit interviews.

The main reasons given for voluntary labour turnover are; poor compensation, competitive job offers elsewhere, poor relationship with supervisors; family considerations, boredom and job stress in that order. New and younger employees were found to have higher rates of voluntary labour turnover while married employees stayed longer in their jobs. It has further emerged that there may be other reasons besides employee retention management practices which has led to low voluntary labour turnover in the five star hotels. Byrnes (2002) suggest these other reasons could be non-work factors such as the links employees

have establish with co-workers, their fit or perceived compatibility with their jobs, the sacrifices they have to forego should they resign and economic recession where high levels of unemployment would dissuade employees from leaving.

Voluntary labour turnover posed certain challenges to human resource management and the organization at large, some of these include; the costs involved in recruiting and training new staff which is also time consuming; loss of tacit knowledge and skills and poor company image. Voluntary labour turnover also negatively affects performance, workflow and human resource planning.

5.4 Recommendations

The five star hotels that made efforts to investigate the voluntary turnover of critical employees used exit interviews as the sole information instrument. To gather more information, it is recommended that other instruments be employed; these organizations should also get the opinion of staying employees in order to assess their attitudes and morale, this will help avert future cases of voluntary labour turnover.

The findings of the study have shown that employee retention practices employed to retain critical employees are not the sole determinants of low levels of voluntary labour turnover, this is due to the fact that hotels that made no efforts to retain critical employees who wished to leave also recorded low voluntary labour turnover. Further studies should therefore be carried out to determine other factors that could be contributing to low levels of voluntary labour turnover.

The study focused on data collected from human resource managers of the five star hotels, it is recommended that further studies be carried out and data collected from employees in general. Their different opinions may provide more insight into the relationship between employee retention management practices and voluntary labour turnover.

The study did not manage to cover the whole target population due to time constrains and lack of cooperation from the respondents. It is therefore recommended that further studies

be undertaken to accommodate the hotel industry as a whole, this will widen the scope of the study.

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[http://tourism/Nairobi.hotels rating..mht](http://tourism/Nairobi.hotels_rating..mht)

APPENDICES

APPENDIX 1

LETTER OF INTRODUCTION

Jeddy C. Lepilale
School of Business
University of Nairobi
P.O Box 30197
Nairobi.

Dear Sir / Madam,

RE: Research on the relationship between employee retention management practices and labour turnover.

I am a student pursuing a Masters of Business Administration (MBA) at the University of Nairobi. This research is carried out for a management project paper as a requirement in partial fulfillment of the stated degree.

You have been selected to participate in this study by providing the required information necessary for this study, kindly fill the attached questionnaire as accurately as possible, your participation is essential to this study and will enhance our knowledge of these important human resource issues. The information you provide will be will be treated with utmost confidentiality and will only be used for academic purposes. Thank you.

Yours Faithfully,

Jeddy Lepilale,
MBA student
University Of Nairobi.

APPENDIX 2

QUESTIONNAIRE

This questionnaire has been designed to collect information from the human resource managers of five star hotels in Nairobi. Each questionnaire has 3 sections, please complete each section as instructed. You are not required to write your name or the name of your hotel.

Section A

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

1. What is your gender? 1. Male () 2. Female ()

2. What is your highest academic qualification?
 1. "O" level ().
 2. "A" Level ().
 3. Certificate ()
 4. Diploma ()
 4. Degree ().
 5. Post graduate degree ().
 6. Other_____

3. How long have you worked in the organization
 1. Less than one year ().
 2. 1-5 years ().
 3. 6-10 years ().
 4. Over 10 years ()

Section B

Employee Retention Management Practices.

4. Does your organization try to stop the needed employees from resigning?
 1. Yes ()
 - 2.No ()

5. What human resource retention management practices do you use to retain employees?
 - 1) _____
 - 2) _____
 - 3) _____
 - 4) _____
 - 5) _____
 - 6) _____
 - 7) _____
 - 8) _____

9) _____

10) _____

In the table below please tick your response to the statement in the space provided where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

<i>Q. No.</i>	<i>Statement</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
6	Organization culture/ climate can influence an employee's decision to stay or resign					
7	Employees in my organization are allowed to make and participate in decision making					
8	Repetitive/routine jobs in my organization are often redesigned to reduce boredom					
9	In the hiring process, potential employees are often provided with a realistic picture of the job and the organization					
10	My organization often recruits overqualified employees for any given job					
11	My organization often recruits under qualified employees fro any given job.					
12	My organization recruits employees that perfectly match the requirements of the job.					
13	Employees in my organization go through training programs					
14	The management style of line managers influences an employee's decision to stay or resign					
15	My organization benchmarks/compares the pay and benefit packages offered to employees in other five star hotels.					

16	Our employees are allowed flexible working time					
17	My organization often extends the contracts of needed employees who have reached the retirement age.					
18	My organization attempts to revise the pay and benefit packages of needed employees who intend to resign					

Section C

Voluntary labour Turnover/ Resignation

19. Are there employees you consider critical/ valuable to the organization who you wish to retain? 1. Yes () 2. No ()

20. What is the level of voluntary resignations in your organization?

1. Very low () 2. Low () 3. Moderate () 4. High () 5. Very high ()

21. Which department has the highest rate of voluntary resignation?

22. Does your organization investigate reasons why employees choose to resign from the organization? 1. Yes () 2. No ()

23. If yes above please tick the sources of information your organizations uses to investigate these reasons.

1. Exit Interviews() 2. Separation questionnaires (). 3. Attitude surveys ()
4. Routine performance appraisal interviews (). 5.Others_____

24. Below are some common reasons cited by resigning employees, use the scale below to tick the extent to which the same reason apply to your organization. **1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure**

Reason for voluntary labour turnover	1	2	3	4	5
Poor compensation package					
Lack of training and development opportunities					
Competitive job offers elsewhere					
Illness					
Relocation					
Poor working conditions					
Poor relationship with supervisors					
Poor relationships with co-workers					
Poor supervision					
Poorly managed redundancies					
Job stress					
Lack of growth and promotion opportunities					
Family considerations					
Role overload					
Ambiguous job roles					
Others					

In the table below please tick your response to the statement given in the statement column where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

No.	Question	1	2	3	4	5
25.	New recruits and younger staff have higher rates of voluntary resignations.					
26.	Female employees tend to have higher rates of resignations compared to the male employees.					

27.	Married employees stay longer in their jobs compared to unmarried employees.					
28.	Level of education determines the number of job alternatives.					
29.	Pay is the most important consideration when deciding to move to another organization.					

30. What challenges does voluntary labour turnover pose to Human Resource Management?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____
- 7) _____
- 8) _____
- 9) _____
- 10) _____

31. How does voluntary labour turnover affect the organization?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____

APPENDIX 3

LIST OF FIVE STAR HOTELS IN NAIROBI

Nairobi Serena hotel

Sarova Stanley Hotel

Safari Park Hotel and Casino

Wildsor Golf Hotel and Country Club

The Giraffe Manor

Panari Hotel

The Holiday Inn

Laico Regency Hotel

The Norfolk Hotel

Intercontinental Hotel

The Hilton Hotel

CHAPTER ONE

INTRODUCTION

1.1 Background

Organizations in the 21st century, the hotel industry notwithstanding are recognizing that human resources are very important assets, and that the success of the organization depends fully on how effectively its employees are managed (Okumbe, 2001). Regardless of size, technological advances, market focus and other factors, all organizations are facing voluntary labour turnover and retention challenges. In the current dynamic labour market and competitive business environment particularly in the hotel industry, there is need for organizations to come up with employee retention practices that will ensure their critical staff is not lured to other organizations.

Pfeffer & Baron (1988) noted that downsizing and hiring contingent workers has caused long term organizational commitment to start disappearing, this therefore means that high worker turnover has become common and workers mobility decision is a critical issue. Dessler (1993) writes that to manage change, organizations must have employees who are committed to the demands of rapid change because committed employees are a source of competitive advantage. This thus forces both employees and employers to remain aware of the larger market place and to continuously examine each other's needs.

1.1.1 Employee retention concept

Employee retention or personnel continuity is the ability of an organization to keep their employees from leaving the organization to go to other organizations (Okumbe, 2001). Employees may choose to leave or stay for various reasons; the underlying factor however is job satisfaction. According to Hills (1987), the first goal of any compensation package is to elicit desired behavior from employees, this involves among others attracting the required candidates and motivating them to stay with the organization. When an organization lacks proper retention management practices and thus the ability to retain its

needed workforce, the result is high voluntary turn over which is quite costly in terms of recruitment and selection and also the time spent to discharge those leaving.

Employee retention management practices are the activities undertaken by organizations to encourage their employees to stay with the organization. Okumbe (2001) cites activities such as employee promotions, transfers, management of tardiness and absenteeism, grievances and discipline, procedural justice and ethics in employee relations. Graham (2003) includes other retention management practices such as; employee empowerment, job redesign, objective recruitment and selection practices, induction and training, competitive compensation package, flexible working hours and proper redundancy practices among others.

1.1.2 Voluntary labour turnover

In a broad sense “turnover” according to Flippo (1984) is the movement into and out of an organization by the workforce. Employees may get separated from the organization through various methods such as dismissals, retirement due to old age, redundancies among others. The management is normally in control of these means of separation. Voluntary labour turnover on the other hand is where employees choose to resign or terminate their services from their employing organization for a variety of reasons such as; better job offers elsewhere; poor working conditions and management, relocation, lack of career growth, poor pay among others.

Retention management practices and voluntary labour turnover are aspects of employee mobility; both may be considered as different sides of a coin. Voluntary worker turnover becomes a bigger problem if it involves the separation of critical and needed employees. On the other side of the coin is employee retention and the practices employed to achieve an ongoing employment relationship for the employees an organization does not wish to lose. (Huang, Lin & Chuang, 2006). Putting in place effective retention management practices may eliminate or reduce voluntary labour turnover of critical employees, whereas poor or lack of retention practices may increase voluntary labour turnover.

According to Okumbe, (2001) voluntary labour turnover may be healthy for an organization because it provides voluntary avenues for good-riddance since it helps cushion the organization against impending redundancies. Those leaving should exit peacefully and appreciate the useful experience gained in the organization. Steel, Griffeth, Hom & Lyons (1993) note that high levels of unemployment may dissuade some employees from leaving their jobs; this may however not apply to those individuals with specialized skills and training.

1.2 The hotel industry in Kenya

The Webster's New World Dictionary defines a hotel as an establishment that provides paid lodging and often food for travelers on a short term basis. The word hotel is derived from the French word *hôtel* coined from *hôte* meaning host, according to the French version, it refers to a townhouse or any other building receiving frequent visitors.

There are different kinds of hotels all over the world: Tree house hotels, Cave hotels, Capsule hotels, ice and snow hotels, garden hotels, underwater hotels, resort hotels, railway hotels, airport transit hotels and motels, among others. The hotel industry in Kenya is made up of different classes of hotels that offer accommodation, food and recreational activities to both foreign and local tourists. The pioneer hotel in Kenya which no longer exists was the Grand Hotel in Mombasa; it was the meeting point for the planners and supervisors of the Uganda Railway in the 1890s. Other current pioneer hotels such as The Stanley and The Norfolk were established in 1902 and 1904 respectively, many other hotels have come up since then, managed singly or under a group of hotels by either local or foreign investors. (Kenya Book of Records, 2008).

The success of the hotels industry in Kenya is determined by bed occupancies and number of nights spent. There are many hotels in Nairobi located close to each other. The industry provides the largest number of jobs in Kenya, this also means that dissatisfied employees are surrounded by many alternatives making competition in the hotel industry very stiff. Individual hotels therefore need to put in place retention practices to ensure their critical staff is retained. (Joliffe, 2000).

Hotels in Kenya are classified into classes, where stars have been used as symbols for classification purposes. According to Wikipedia website, a set of one to five stars is commonly employed to categorize hotels. Classification of hotels is based on many values some of which may not be necessarily significant to each guest. The classifications are determined through the opinion of a classifier which may be the tourist office of a nation or a hotel association. Hotels are classified according to their amenities and recreational facilities and the quality of room. Some of the criteria used in making such assessments are size of rooms, décor/furnishings, public areas, hospitality services, staff attitudes, maintenance/housekeeping and sanitary standards among others.

In a five star hotel, a guest expects to find spacious and luxurious accommodation matching or close to international standards, impressive interior design, formal well supervised and flawless services that are tailored to the needs of the guest. A five star hotel should also demonstrate a high level of technical skill, producing dishes to the highest international standards. Staff should be knowledgeable, helpful, well versed in all aspects of customer care, combining efficiency with courtesy. According to Africapoint.com Online travel Agent website there are a total of 11 five star hotels distributed within Nairobi's central business district and its environs.

1.3 Statement of the problem

Voluntary labour turnover and employee retention practices pose huge challenges for many organizations especially in high-technology and the hotel industry (Mitchel, Holtom & Lee 1992). Voluntary labour turnover in the hotel industry is attributed to high competition, availability of alternatives and poor compensation packages (Graham, 2003). This problem is made worse by the fact that the voluntary labour turnover is random in nature, therefore difficult to predict and plan because the management lacks control. It is also very costly. Hills (1987) adds that high rate of voluntary labour turnover eventually affects an organizations ability to attract qualified applicant, this in essence will affect the overall performance of a firm. It is therefore important for organizations to investigate why employees choose to leave and put in place proper retention practices. Studies done in the past concentrated on labour turnover in general. Oroni (2006) wrote on 'Labour

turnover in state corporations in Kenya', Machayo (2006): 'Factors that are associated with labour turnover among health professionals in Kenya', Abuti (2005): 'A survey of the factors that are associated with staff turnover in broadcast media home', and Mugumu (2002): 'Employees perception of factors that influence Labour turnover in ethnics finance institutions in Kenya'. This then means most of the literature review on voluntary turnover is derived from labour turnover literature. Very little study has also been done on employee retention management practices. Graham, (2003) and Armstrong, (2006) note that organizations are either doing very little to retain critical employees, or their focus on retention practices is very narrow with different organizations embracing contrasting retention practices.

The emerging concern therefore is organizations are taking little or no action at all to control their loss of valuable staff through resignations, which therefore means that very few retention management practices if any have been put in place to manage voluntary labour turnover. This study seeks to focus on the employees that are valuable to organization and who may wish to terminate their services and what the management can do or has done to retain them. This will be done by answering the questions; what employee retention management practices has the five star hotels in Nairobi put in place to retain valuable employees? What is the relationship between these retention practices and voluntary labour turnover?

1.4 Research objectives

- i. To establish the employee retention practices used by the five star hotels to retain employees.
- ii. To establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels.

1.5 Importance of the study

The study will be beneficial to organizations in the hotel industry. Human resource managers need to know the extent of voluntary labour turnover in their organization. This

information may lead them to either take corrective actions to retain employees or to reinforce practices that have led to low turnover.

The study will also be beneficial to other organizations in general who may find the results helpful in managing their own voluntary labour turnover and retention problems.

This study will add to the body of existing knowledge. Scholars of human resource management and other related fields will find this study a valuable addition for literature review. This may also help to provoke further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Human Resource Management according to Dessler, (2005) is the process of acquiring, training, appraising, compensating employees and attending to their labor relations, health and safety and fairness concerns. Okumbe, (2001) defines human resource management as a strategic approach to acquiring, developing, managing and gaining the commitment of organization's key resource- the people who work in and for it. One of the principles of human resource management is that the employees or human resources are the most important resources in any organization. He adds that human resource management also includes employee continuity and separation under which voluntary labour turnover and employee retention management practices falls. (Okumbe, 2001).

Employee retention management practices and voluntary labour turnover if not properly managed have far reaching implications to the overall human resource management. According to Okumbe (2001) voluntary labour turnover has a negative effect on human resource planning which he defines as a continuing systematic process of analyzing an organization's human resource requirements, which is achieved through acquiring the right number and quality of the employees an organization needs and retaining the kinds of staff it requires. Hills (1987) emphasizes that high voluntary labour turnover is a manifestation of poor human resource management. This eventually affects an organizations ability to attract qualified applicant and compromise its overall performance.

Graham (2003), Okumbe (2001) and Cascio (1982) acknowledge that high rates of labour turnover are bad for any business; on the other hand, a stagnant workforce with little or no movement to and from the outside world does not provide the best conditions for dynamism and innovation. Somewhere between these extremes lies the optimum level of voluntary turnover.

2.2 Employee retention management strategies and practices

Employee retention is defined by Okumbe, (2001) as the continuity of human resource service through the formulation and implementation of integrative and mutually supportive personnel programmes that will motivate and satisfy the employees. Graham (2003) writings on how to retain the best staff, analyzed a survey carried among 430 Personnel and HR specialist to determine how important retention issues were in their organizations and whether any initiatives were being taken to address them. The findings revealed that employee retention had become a key priority for UK employers and it is among the 10 most important challenges facing Personnel and HR specialists. According to Graham (2003), the issue of retention faces two major difficulties. Firstly, it is not easy to identify who is likely to leave, how large the staff turnover rate is, and what is driving these resignations. Secondly, it is not simple to develop initiatives and practices that can control staff turnover in a cost effective way. Strategies necessary for developing appropriate employee retention management practices include; firstly performing a risk analysis which will determine whether voluntary labour turnover is a problem to the organization or not, issues to be considered include; the number of employees resigning, their positions and whether the organization wants them to leave or not. Secondly, there is need to analyze the reason for leaving, this information can be collected from exit interviews; outside consultants may be used to perform these interviews in order to ensure the reasons given for leaving are not defensive or protecting the remaining employees. Thirdly, organizations need to analyze the reasons for staying by conducting focus groups with existing employees to determine factors that keep them in their jobs. Finally organizations need to develop a top-level support, the management should be willing to devote financial and human resources to the planning, development, execution and maintenance of employee retention management practices. (Armstrong, 2006), (Graham, 2003) and (Steel, Griffeth, Hom & Lyons, 1993).

Graham (2003) lists the following employee retention management practices as effective in retaining employees; Organizational Culture, employee empowerment and job redesign, objective recruitment and selection practices, induction, training and development, identification of manager's role in employee retention, promotions and sideways moves,

competitive pay and benefits, childcare facilities, flexible working hours, proper redundancy practices, reconsidering retirement age, and integrating employees with disabilities.

Corporate culture is each organization's distinct approach to the way things are done. Some organizations may discover that their culture is causing problems on a broader scale, the culture may provoke a reaction that encourages employees to leave the organization, however where the climate is more to their liking they stay. Many organizations usually embark on cultural change initiative for business-related reasons but in the process some discover that the changes they introduced have broader benefits in terms of improving retention rates.

Job redesign and employee empowerment helps to reduce boredom in routine and repetitive jobs which would otherwise force employees to move elsewhere to find a job that is more challenging. Empowerment is an approach that aims at encouraging employees to accept a certain amount of personal responsibility for making decisions and resolving problems. It gives employees greater responsibility, increased flexibility and autonomy. This can improve job satisfaction and help in the management of retention. Empowerment and job redesign are usually interlinked. To introduce empowerment means changing job tasks and responsibilities. (Steers & Porter, 1983) and (Dessler, 2005).

Recruitment and selection practices can have major impacts on staff resignation rates. When recruiting criteria are pitched too high, the recruit ends up being overqualified for the job, they later become bored and leave. Unrealistically high recruitment criteria also expose employers to potential liability for unlawful discrimination. On the other hand, an under skilled recruit may get overwhelmed by the job's demands and fail to do well, he or she is either disciplined for poor performance or become disillusioned and burnt out. In both cases an early departure is likely. The recruiting committee should ensure that recruitment criteria are identified in a careful and objective manner. Candidates should be made fully aware of the demands of the job and what working for the organization would be like through realistic job previews (Flippo, 1984). Induction, training and development

of employees determines how well new recruits settle in the organizations. Effective induction should not be a one-off event; it should involve an ongoing process and is therefore used to aid staff retention. Training and development is heavily used by employers as a means of improving retention of staff by equipping them with the required knowledge, skills and competencies needed to perform their duties and responsibilities (Okumbe, 2001)

The role of line managers as noted by Graham (2003) rank among the most important of all the various influences on employee decision to leave. Taylor (2002) states that the most common reasons for resignation lies in poor or ineffective supervision from their immediate line managers. Employers are not often aware of the extent to which their line managers are contributing directly to their organization's rates of turnover because the line managers are responsible for recording and reporting the reasons people leave. Organizations need to pay attention to the skills and behaviors of line managers by introducing or improving training programs to raise their competence. In positive ways, their power to motivate, enthuse and support their subordinates contributes greatly to the quality of employees working lives. Managers take a center stage in helping employees gain access to training opportunities, promotions and through their regular performance reviews, to favorable performance ratings.

Promotion and sideways moves increases employee development opportunities on available offers and opens up career paths for employees. This is commonly used by employers to retain employees (Flippo, 1984). Pay and benefits offered by employers play a big role in an employee's decision to stay or leave. Employers that pay significantly below market rate with no other compensatory factors working in their favor may find that their retention difficulties may be due to lower salaries. Employers have other options besides increasing basic salary. E.g. market premia can be introduced where groups of staff are given unconsolidated payments, these payments target staff that would be difficult to replace because of skill shortage in the labour market or whose loss would cause serious difficulties for the organization. Location allowances can be used in areas where staff is difficult to recruit and retain; benchmarking pay ensures pay levels are

competitive. Pay progression, a pay scale that is partly linked to performance, experience and competency levels may also be employed (Graham, 2003) and (Armstrong, 2006). Employers may have to highlight the cash value of the existing benefit package and communicating the information to the workforce. Organizations may also create flexible benefit policies thus giving employees some measure of control over their benefits package.

Flexible working arrangement or flextime as put forward by Dessler (2005) is a plan where employees are allowed the freedom regarding the hours they work. Some jobs are unpopular because of their unsocial hours e.g. shift working, night working and weekend working; these are usually required by labour intensive industries. Even where shift working is the norm, some employers have found it possible to make modifications that improve their ability to recruit and retain staff, for example changing the working day, week or offering special types of leave. Changing working time can be effective because the majority of employees now expect to achieve more flexibility in their working lives in order to cater for their personal commitments through for example job sharing and part-time hours. Dessler (2005) mentions work sharing and telecommuting as other flexible work arrangements employers can adopt. Flippo (1984) adds that flextime fits quite well with the new values of the modern workforce and that such plans have also been found to have a number of advantages to the employer such as; enhanced productivity, reduced employee tardiness and absenteeism, improved morale and reduced turnover. Childcare facilities could be made available to especially single working parents who face the challenge of balancing work and family life. This may be in terms of free or subsidized vouchers that can be used to purchase childcare or provision of advice on childcare facilities in the local area. Organization could also have daycare facilities within the organization. (Dessler, 2005).

Employees may become disabled while working for their employers through accidents and age related conditions (Aluchio 1998). Research has shown that early intervention is key in ensuring that individuals on long term sick leave are retained by their firms even if they develop disabilities. Employers should evaluate the job, working conditions, access and

other factors to see if reasonable adjustments can be made in order to retain such individuals. Redeployment to another job is a further possibility to be considered. Retention initiatives usually focus on individuals who leave voluntarily, however the retention of employees who have attained the retirement age and are therefore obliged to resign is more directly under the control of the employer. Employees who reach normal retirement age take with them valuable skills and experience gained over their working life. Employers are realizing that it takes little business sense to compel all such staff to leave the organization. Some employees may wish to continue working as a way of maintaining a familiar sense of routine and social interaction and for income to supplement their income. (Dessler, 2005) and (Graham, 2003). Redundancy defined by Aluchio (1998) and Okumbe (2001) as the loss of employment through no fault of the employee concerned is a method of separation under the control of management, it is normally occasioned by re-organization, mechanization or lack of orders. Unforeseen and unwanted loss of key members of staff represents one of the most commonly found problem of redundancy programs. Many firms fail to manage the process of applying for voluntary redundancy, thus the heavy redundancy payments encourage long serving staff to leave, these are the most experienced and skilled staff. Poorly handled redundancy exercises also have a detrimental impact on survivors who may feel resentful, demotivated and are therefore likely to leave at the earliest opportunity

Sources of information for developing retention practices

Graham (2003) and Armstrong (2006) identified the following sources of information that could be used to construct employee retention management practices and strategies; labour turnover data, exit interviews and separation questionnaires survey forms, feedback, attitude surveys and routine performance appraisal interviews.

Labour turnover data may be used as one of the sources that organizations use when developing a retention management strategy; this data may be useful in identifying the root causes of staff retention problems. Rate of labour turnover represents the end point since they measure what has already occurred which is loss of staff members. They do not show the reasons for staff losses although patterns and changes over time can hint at them.

Exit interviews and separation questionnaires survey forms are completed by departing employees, these provide valuable insights as to reasons why employees leave. These techniques are however backward looking because the subjects have already decided to leave. Gooch (1999) notes that employees may not always disclose the real reasons for leaving or their true views about the organization. This may be overcome by enlisting the help of consultants to carry out the interviews away from normal place of work. Departing employees should understand why exit interviews have to be conducted and that the information they provide is confidential. Feedback may be used to infer the reasons that may prompt other members of the staff to resign. Attitude surveys and questionnaires are other methods that may be used to canvass individuals who have not resigned or may not have even considered leaving. These methods are useful in determining levels of employee morale, motivation and degree to which employee identify with the organization. (Taylor, 1988). Routine performance appraisal interviews also provide information to the management. Action can then be taken by the organization before employees decide to look elsewhere. These provide the earliest opportunity to address them before the psychological break with the employer is reached.

2.3 Voluntary labour turnover

Voluntary turnover refers to cases where employees resign or terminate their services from organizations that had employed them, (Okumbe, 2001). Job terminations occur for various reasons, however there has evolved a consistent line of research evidence showing that voluntary job terminations can be explained from the employee's intentions to leave an organization (Bluedorn, 1982). According to March & Simon (1958) this intentional decision involves a subjective evaluation of the employee's job aspirations in comparison with the expected value of job opportunities in the present organization and the availability of attractive opportunities in other organizations or alternative careers. The employee's decision to quit is not considered an impulsive action but one that is rationalized over time (Simon, 1957).

Mobley (1977), Mobley, Horner & Hollingsworth (1978) suggest that the termination decision process can be described as a sequence of cognitive stages that starts with; initial

dissatisfaction with the present job, intention to search for a different job, an active search and evaluation of alternatives, an expressed intention to quit and finally job termination. According to the writers, each successive step represents increasing withdrawal from the organization. Mobley, Griffeth, Hand & Meglino (1979) concludes that there is still a lot more to be learned about the decision process leading to job termination. They suggest two factors that are related to employee's progression through successive stages of withdrawal. One factor reflects the employee's evaluation of the organization's future expected value with respect to their work aspirations. Termination here may represent the employee's decision to accept a more attractive job opportunity. The second factor focuses on the tension associated with the organization's present working conditions. Termination in this case may represent the employee's decision to leave a stressful work environment. Lee & Mitchell (1994) describe four paths employees could take when deciding to terminate their employment; they may follow a plan, this is where a plan and script for leaving is already in place, others may leave without a plan or even alternatives, some employees may leave for a better alternative elsewhere, while others will leave because their current job is unsatisfying.

Employees decide to resign for various reasons. Graham (2003) identifies push and pull factors as the main reasons employees voluntarily terminate their employment. Push factors contribute to the weakening of the psychological contract between employees and their employers, these factors affect employees' identification and attachment to their employers, they contribute to a large extent to an employee's decision making process about moving on. The push factors include; poor supervision that may be arbitrary and or unfair, lack of training and development and poor pay. Pull factors on the other hand come to play when the psychological contract is already weakened; employees begin to compare what other employers are offering.

Mitchell, Holton & Lee (1992) and Armstrong (2006) give other reasons which they describe as; personal, organizational, job dissatisfaction and availability of alternatives. Examples cited under personal reasons include; changes in family situations, desire to learn a new skill or trade, unsolicited job offers, pregnancy, illness and relocation.

Organizational reasons include examples such as; observing mistreatment of a co-worker, over passed for promotion, poor relationships with managers and or team leaders, poor relationship with co-workers, bullying and harassment. Also included under organizational reasons are changes such as mergers, unsolicited job offers, friends leaving, poorly managed redundancies and retrenchment exercises. Under Job dissatisfaction, Mitchell, Holton & Lee (1993) note that employees who are dissatisfied with their jobs are likely to leave after evaluating their pay, supervision, chances of promotion, work environment, and the task they do. Causes of job dissatisfaction include; job stress, repetitive work, role ambiguity and role overload. Dissatisfied employees start looking around for other alternatives; they may conduct a perceived and or actual job search. Alternatives can influence this process such that if alternatives are considered favorable in comparison to the present job, the person is predicted to leave, if not he or she stays. In addition, employees with more alternatives are more likely to leave than those with fewer alternatives.

Various assumptions have been made about voluntary labour turnover. According to Sicherman, (1996) and Glass & Riley (1998), women are more likely to turnover due to family considerations which interrupt their careers. Keith & McWilliams (1995) suggests that married employees often make decision based on relatively complicated concerns, including kinship responsibility and children issues, such concerns may causes them to hold onto their jobs longer than unmarried people. According to Williamson (1981) highly educated employees are more likely to resign since education determines the number of job openings available. Human capital theory proposes that, other things being constant, a given worker will have a greater probability of leaving a low-paying job than a higher-paying one. Akerlof, (1984) and Yellen, (1984) posit that offering a wage that is higher than the average market level will help to retain competent workers. They however add that pay is not the only or main reason why employees begin to look for another job, they may get discontented and leave when their skills or talents are not properly developed. According to Steel, Griffeth & Hom (2002), the impact of different workers' turnover on a firm is not equal; it is the performance level of the employee, not the act of quitting or staying per se that determines the positive or negative nature of the retention and or

separation event. Lazear (1999) found that better performers were less likely to turnover; better performance reflects more beneficial firm-specific skills which may motivate retention. On the other hand, poor performers may be less likely to stay longer with a firm because of the poor performance evaluations and the lower pay level they receive. Lazear (1998) found that recent promotion is negatively related to turnover, it makes one more suitable to the current employer than to other, in which case promotion would reduce turnover. March and Simon (1958) declared that under nearly all conditions, the most accurate single predictor of labor turnover is the state of the economy, during periods of prosperity, the turnover rate in the overall market tends to be higher than in times of economic recession.

Methods used to calculate labour turnover

Graham (2003) and Armstrong (2006) identified the following methods of calculating turnover; crude wastage, rates of voluntary turnover, stability index, survival rates and destination of leavers. Since voluntary resignation represents the main focus of interest, it should be ensured that the data on labour turnover rates measures only this form of turnover. Unfortunately most external sources of benchmarking data measure it with far less precision through crude wastage. The method lumps together all and every reason for turnover:

$$\frac{\text{Number of all types of leavers in a specified period (usually 12 Months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

The crude wastage method has the effect of inflating the findings. Although many published surveys rely on it, the crude-wastage rate is of virtually no use as the basis for managing retention- it represents a tool that is too blunt for effective use unless the employers included in the survey are behaving in the same way as the organizations making the comparison. Most organizations use this method because they lack more precise statistics available.

Rates of voluntary turnover follow much the same process as for crude wastage:

$$\frac{\text{Number of leavers for voluntary reasons in a specified time(usually 12 months)}}{\text{Number employed during that period (often averaged)}} \times 100$$

Stability index shows the extent to which the turbulence caused by labour turnover permeates the workforce. In the hospitality industry where high turnover rates are prevalent, some employers have found that the same posts have a succession of recruits and leavers during the course of a year while much of the workforce is unaffected.

$$\text{Stability index} = \frac{\text{Number of employees having a specified length of service}}{\text{Total workforce}} \times 100$$

Survival Rates focuses on the effectiveness of the recruitment, training and management of identifiable groups of staff. It is mainly used for new graduates. Alternatively, it can be one way of gauging the impact of a change in recruitment and selection practice on retention rates, comparing survival rates before and after the modification

$$\text{Survival Rate} = \frac{\text{Number of people recruited in a specific year}}{\text{Number in that Group still in employment at a certain date}} \times 100$$

This calculation is often based on a time series of individual years e.g. the intake of 1995 is compared with the number surviving in 1996, 1997 etc.

Resignation rate can also be calculated according to the destination of leavers. This method is favored more in the public sector where turnover rate are often broken down into those moving within the same area or going elsewhere.

2.4 Economic impact of voluntary labor turnover

Under the present economic pressures, organizations should ensure that valuable staff is retained and that recruitment should take place only when it is fully justified. It is very costly to do nothing about high rates of turnover. One key individual can hold the fortunes of a department or business in their hands. Loss of several members of staff in the same

unit or team can lead to instability (Okumbe, 2001). Voluntary turnover is costly for both employers and workers, employers find replacement cost and hidden organizational cost high (Mitchell, Holton, & Lee 1993). Workers also find monetary and psychological costs taxing (Ehrenberg & Smith, 1994). Human capital theory according to Mincer (1962) and Becker (1962) considers voluntary turnover an investment in which costs are borne in an earlier period in order to obtain returns over a long period of time. Therefore, the decision to stay or go involves evaluating cost and benefits. If the present value of the returns associated with turnover exceeds both monetary and psychological costs of leaving, workers will be motivated to change jobs. If the discounted stream of benefits is not as large as costs, workers will resist changing jobs (Ehrenberg & Smith, 1994).

Fitz-enz (1997) stated that the average company loses about \$1 million with every 10 managerial and professional employees who leave the organization plus other indirect costs. Some of obvious labour turnover costs include; the expense of recruiting advertisement; commission paid to employment agencies; staff time required to consider the applications; time required in interviewing short listed candidates and selection methods; successful applicants have to be inducted and probably trained and given a period of grace while their effectiveness gradually improves to that of an experienced staff; departing employees will require administrative time to handle their separation and there may be cost implications of the turbulence caused by the resignation and new appointments such as reduced customer service.

Other voluntary labour costs include; Loss of organization knowledge and experience, loss of clients and stress. There is significant economic impact with organizations losing any of its critical employees especially because of the knowledge that is lost with the employees' departure. This knowledge is actually the organizations' most valuable assets. Snell & Dean (1992) emphasize that these skills, knowledge and experience represents capital because they enhance productivity. According to the human capital theory, some labour is more productive than others because more resources have been invested into the training of that labour, on the other hand departing employees that had established close relationship with clients may move with them to their new jobs, spelling loss of business

and customer loyalty to the organization. Ehrenberg & Smith (1994) notes that moving to a new job is stressful for departing employees, there is a lot of uncertainty and ambiguity, family adjustment, new school for children, new living accommodation and leaving behind friends. Adjustments for these employees may take up to a year.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design

The study was carried out through a census survey, this is due to the cross sectional nature of the data that was collected. The survey involved collection of data from all members of the population. The design chosen is most appropriate for this study because all the five star hotels in Nairobi were targeted.

3.2 Population

The population of this study consisted of all the five star hotels in Nairobi. According to the Kenyan ministry of tourism and the Africanpoint.com online travel agent website, there are 11 five star hotels in Nairobi as attached in appendix 3.

3.3 Data collection

The study was based on primary data through self- administered questionnaires. The questionnaires were filled by the Human resource managers and consisted of three parts. Part A gathered background information, Part B focused on employee retention practices and part C tackled voluntary labor turnover. The questionnaires were administered through the “drop and pick later” method. Human resource managers were targeted because they were considered custodians of vital information for this study.

3.4 Data analysis

The collected data was analyzed using descriptive statistics, particularly frequencies and percentages. The Pearson’s product-moment correlation was used to analyze the relationship between employee retention management practices and voluntary labour turnover. SPSS, a statistical analysis program was used as a tool of analysis.

CHAPTER FOUR

DATA ANALYSIS AND FINDINGS

4.1 Introduction

The objective of this study was to first establish the employee retention practices used by the five star hotels to retain employees and secondly, to establish the relationship between employee retention practices and voluntary labour turnover in the five star hotels. The research was a census survey that constituted of 11 five star hotels located in Nairobi. 11 questionnaires were dropped at the hotels, 7 which represented a response rate of 64% were received back. The respondents were Human Resource Managers.

In the analysis of data for this study, respondents who strongly disagreed and disagreed on various items of the questionnaire were grouped together and those that strongly agreed and agreed were also grouped together. SPSS package was used to analyze the data.

4.2 Background information

Table 1: Distribution of respondents by gender

Gender	Frequency	Percent
Male	2	28.6
Female	5	71.4
Total	7	100

As shown in Table 1, 71.4% of the respondents were females while 28.6% were males. From this finding, it appears that the human resource profession appeals more to the females than to the males. This analysis may be of no consequence to the findings of the study; however ones gender may influence the respondent's response especially in gender related contentious issues.

Table 2: Academic qualifications of respondents

	Frequency	Percent
Post graduate qualification	7	100

Table 2 above indicates that 100% of the respondents had attained post graduate qualifications. The implication of this fact is that the human resource managers were well qualified and knowledgeable in human resource management functions and were therefore in a position to offer credible information necessary for this study.

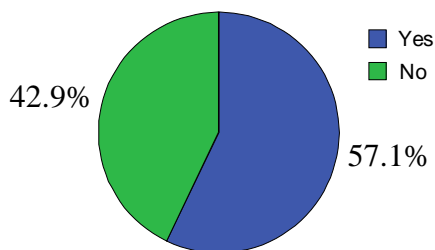
Table 3: Number of years worked by respondents.

	Frequency	Percent
1-5 years	5	71.4
Over 10 years	2	28.6
Total	7	100.0

Table 3 shows the number of years the respondents have worked in their various organizations. 71.4% of the respondents had worked for their organizations between 1-5 years and 28.6% had worked for 10 years and above. For the respondents to be in a position to provide actual information about their employees and their organization at large, they should have been in the organization long enough

4.3 Employee retention management practices

Figure 1: Employee retention efforts



Critical employees are employees that are considered valuable to the organization; these are employees any organization would try retain in the organization. Figure 1 shows that of the organizations surveyed, 57.1% made efforts to stop critical employees from resigning, while 42.9% did not. Making efforts to stop voluntary labour turnover means certain measures have been put in place to entice these employees to stay on. These measures are basically what this study seeks to identify and which are referred to as

employee retention management practices. The organizations that made no effort to retain critical employees may also have in place retention practices that they are not aware of.

Table 4: Organizational culture

	Frequency	Percent
Strongly agree	7	100.0

Organization culture or climate is each organization’s distinct approach to the way things are done. Some cultures may provoke a reaction that encourages employees to stay or leave the organization. Table 4 shows that 100% of the respondents agreed that organization culture strongly influences employees’ decision to either stay or leave. This implies that the management of the five star hotels recognizes the importance of having a conducive working atmosphere where employees are at ease.

Table 5: Management style

	Frequency	Percent
Agree	2	28.6
Strongly agree	5	71.4
Total	7	100.0

Line managers and supervisors play a vital role in determining voluntary labour turnover and employee retention. The most common reasons for resignation lie in poor or ineffective supervision from their immediate line managers. Table 5 shows that 28.6% of respondents agreed and 71.4% strongly agreed that management style plays a major role in influencing employees’ decision to stay or leave the organization. These organizations are therefore aware their managers have the power to motivate and support their employees or to drive them away.

Table 6: Training and development programs

	Frequency	Percent
Agree	1	14.3
Strongly agree	6	85.7
Total	7	100.0

Training and development programs equip employees with the required knowledge, skills and competencies needed to perform their duties and responsibilities effectively and efficiently. As shown in Table 6, 14.3% agreed and an overwhelming 85.7% strongly

agreed to having training and development programs in place as a retention measure for their employees. The implication is that employees that are well trained are more confident and are more likely to stay longer in the organization.

Table 7: Employee empowerment

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	3	42.9
Strongly agree	2	28.6
Total	7	100.0

Employee Empowerment is an approach that encourages employees to make decisions and resolve problems while at the same time taking responsibilities of the outcome; this gives employees flexibility and autonomy. Table 7 indicates that 14.3% of respondents strongly disagreed and another 14.3% disagreed that their employees were empowered. 42.9% agreed and 28.6% strongly agreed that their employees were empowered. The majority of the five star hotels have empowered employees, a practice that is also known to improve job satisfaction while at the same time managing retention.

Table 8: Perfect match in the hiring process

	Frequency	Percent
Disagree	2	28.6
Agree	5	71.4
Total	7	100.0

Recruitment and selection practices can have major impacts on employee rates of resignation. Under qualified or overqualified employees have higher rates of turnover due to inefficiency or boredom; most employers therefore seek to hire applicants that match the job requirements. Table 8 shows that 28.6% of the respondents did not hire applicants that perfectly matched the job requirement while 71.4% agree they hired employees that perfectly matched the job requirement. The majority of the five star hotels hired employees that are qualified as a way of retaining them.

Table 9: Extension of retirement age

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	1	14.3
Agree	2	28.6
Strongly agree	3	42.9
Total	7	100.0

Every organization has policies concerning retirement age, however, employees who have attained this age take with them valuable skill and experience gained over the years. Employers are realizing their organization can still benefit from this category of people and many are extending the contracts of retirees who are still needed in the organization as a way of retaining them. According to Table 9, 14.3% strongly disagreed and another 14.3% disagreed to extending the retirement age. 28.6% agreed and 42.9% strongly agreed that they extended the retirement age of those retiring in a bid to retain valuable employees. Most of the five star hotels can be said to use this practice as a way of retaining critical employees.

Table 10: Redesigning jobs

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	2	28.6
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

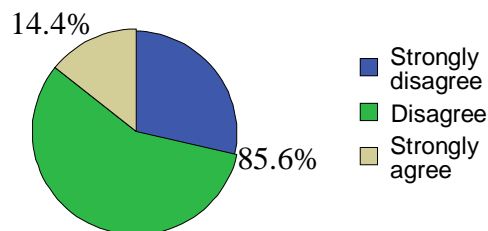
Job redesign means changing job tasks and responsibilities of routine and repetitive jobs which would otherwise create boredom, forcing employees to look for more challenging jobs elsewhere. According to Table 10, 28.6% of respondents strongly disagreed on redesigning jobs. 28.6% disagreed, 28.6% agreed and 14.3% strongly agreed. Since the majority of the respondents disagreed, redesigning jobs is therefore not widely used as a retention measure in the five star hotels. Employees who feel bored and unchallenged in their jobs are therefore likely to resign in search of more challenging jobs.

Table 11: Realistic job preview

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

New applicants should be made fully aware of the job demands and what working for the organization would be like through realistic job preview. Realistic job previews helps to deflate any unrealistic expectations a new recruit may have which may otherwise lead to voluntary labour turnover. Figure 11 shows that 42.9% of the human resource managers strongly disagreed to providing realistic job previews to potential applicants, 14.3% disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis implies that most five star hotels in Nairobi did not provide their potential applicants and new employees with a realistic job preview before engaging them, therefore, new employee with very high expectations may be disappointed and choose to resign.

Figure 2: Hiring Overqualified Employees



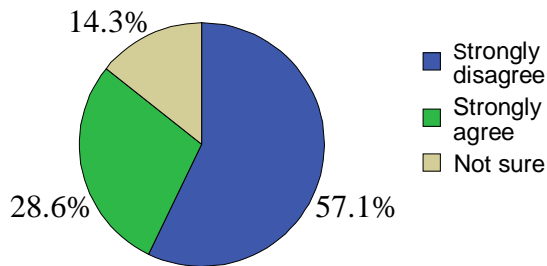
When recruiting criteria is pitched too high, the recruits end up being overqualified for the job. Most feeling their potentials are not fully exploited and challenged become bored and resign. As shown in Figure 2, the majority of the respondents; 85.6% did not hire overqualified employees for any given job in their organizations, 14.4% did. This analysis shows the five star hotels did not hire overqualified employees as retention measure therefore minimizing voluntary labour turnover.

Table 12: Hiring under qualified employees

	Frequency	Percent
Strongly disagree	4	57.1
Disagree	3	42.9
Total	7	100.0

Under qualified employees, being unskilled may get overwhelmed by their responsibilities and fail to perform well, these employees may end up being disciplined for poor performance, disillusioned and burnt out. The inevitable would be early exit from the organization. According to Table 12 above, 57.1% of the respondents strongly disagreed that they hired under qualified employees for the various job positions while 42.9% disagreed. It is therefore evident that five star hotels recruit applicants that are already qualified in order to curb voluntary labour turnover.

Figure 3: Benchmarking Compensation package



Benchmarking of compensation package is a practice often used by organizations to ensure pay levels are competitive and at par with what other competing organizations offer if not better. The aim is to ensure critical employees are not enticed by other well paying organizations. Figure 3 shows that 28.6% of the respondents strongly agreed that their organizations benchmarked the compensation package, 57.1% disagreed and 14.3% were not sure whether any benchmarking was done by their organizations. It is evident that the majority of the five star hotels did not compare their compensation package with their competitors. This implies that benchmarking of compensation package is not well employed as a means of retaining critical employees.

Table 13: Flexible working time

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	1	14.3
Agree	2	28.6
Strongly agree	2	28.6
Total	7	100.0

Flexible working time or flextime is an arrangement where employees are allowed the freedom regarding the hours they work; this enables employees to achieve more flexibility in their working lives through for example job sharing and part time hours. In Table 13 above, 28.6% of the respondents strongly disagreed concerning flextime in their hotel, 14.3% disagreed, 28.6% agreed and 28.6 strongly agreed. Flexible working time as a means of retaining employees is therefore used by the majority of the five star hotels to prevent loss of valuable employees.

Table 14: Revision and renegotiation of compensation package

	Frequency	Percent
Strongly disagree	3	42.9
Disagree	1	14.3
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Whenever critical employees get other job offers with better terms of compensation, the current employer may decide to match that offer in order to retain them. According to Table 14, 42.9% of the respondents strongly disagreed their organizations revised and renegotiated the compensation packages of employees wishing to leave, 14.3% disagreed, whereas 28.6% agreed and 14.3% strongly agreed. This finding implies that five star hotels in Nairobi are not in the habit of revising the compensation packages of critical employees who wish to leave for better compensation elsewhere. Revision and renegotiation of compensation package cannot be considered common retention management practice in the five star hotels in Nairobi.

4.4 Voluntary labour turnover/resignations

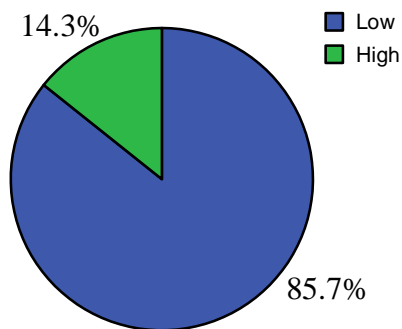
Voluntary labour turnover refers to when employees choose to resign or terminate their services from their employing organization due to various reasons, some of which have been analyzed below.

Table 15: Critical employees

	Frequency	Percent
Yes	7	100.0

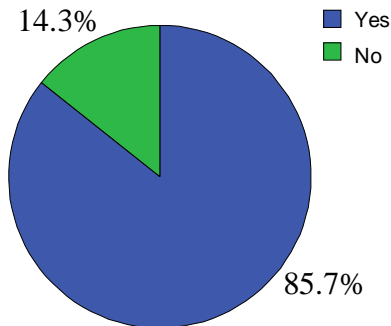
Critical employees as referred to in this study are those employees that an organization considers needed and valuable. These are the employees any organization would not like to lose. Table 15 shows that 100% of the respondents agreed they had employees they considered critical. This implies that effective employee retention practice have to be in place to entice these employees to stay with the organization.

Figure 4: level of resignation



Level of resignations basically refers to how often voluntary labour turnover takes place in the five star hotels. According to Figure 4, 85.7% of the respondents rated their levels of resignations or voluntary labour turnover as low and 14.3% rated it as high. Voluntary labour turnover in this case is not considered a big problem in the five star hotels.

Figure 5: Investigation of resignations



Organizations need to investigate why employees choose to turnover voluntarily in order to objectively deal with and curb the problem. According to figure 5 above, 85.7% of the respondents investigated why employees decide to leave and 14.3% did not do any investigations. The implication here is that the five star hotels that did not investigate reasons for voluntary labour turnover rated their resignation level as high while those who did rated voluntary labour turnover as low.

Table 16: Poor compensation

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Compensations are both monetary and non monetary rewards offered to employees for services rendered to the organization. Organizations that poorly compensates its employees risks losing them to better paying organization. As to whether poor compensation is considered a good reason for voluntary labour turnover in the five star hotels, 42.9% agreed while 57.1% strongly agreed. Five star hotels therefore needs to continually review how it compensates their employees in order to minimize or stop voluntary labour turnover.

Table 17 Competitive job offers

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

Competitive job offers elsewhere may entice employees to move from their current employer. According to table 17, 42.9% agreed and 57.1% strongly agreed that competitive job offers is a good reason for voluntary labour turnover. To stop voluntary labour turnover that may be as a result of competitive job offers elsewhere, the five star hotels need to remain competitive.

Table 18: Lack of training and development opportunities

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Training and development opportunities equip employees with the necessary knowledge, skills and competencies to effectively perform their duties. Training also enables employees to adapt to changing systems, structures and technologies. Employees that are not accorded proper training and development opportunities may chose to leave for better prospects elsewhere. According to Table 18, 14.3% of the respondents strongly disagreed that lack of training and development is a reason for voluntary labour turnover, 71.4% disagreed and 14.3% agreed. The implication of this analysis is that the five star hotels have elaborate training and development programs for their employees, this is therefore not a good reason for voluntary labour turnover.

Table 19: Illness

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4

agree	1	14.3
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Illness often incapacitates employees such that they are unable to perform their duties effectively. Although many organizations have policies concerning sick leave, there are limits to how long one should be away from work. Whether or not employees resign due to poor health, 14.3% of the respondents strongly disagreed, 71.5% disagree and 14.3% agreed as shown in Table 19 above. Evidently illness is not a reason for voluntary labour turnover in the five star hotels although the management may choose to terminate an employee's employment contract due to poor health.

Table 20: Role overload

	Frequency	Percent
Strongly disagree	1	14.3
disagree	5	71.4
agree	1	14.3

Overworked employees often get burnt out and are unable to cope with their responsibilities, poor health and lack of balance between their work and social life may force them to opt for an early exit from the organization. However, according to Table 20, 14.3% of respondents strongly disagreed that role overload would cause voluntary labour turnover, 71.4% disagreed and only 14.3% agreed. The implication of this analysis is that the respondents that disagreed ensured their employees were not overworked while those that did agree deliberately exploited their employees who in most cases would opt to resign, consequently role overload is not considered a good reason for voluntary labour turnover.

Table 21: Relocation

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Movements from one geographical region to another especially among married couples may force spouses to resign and join their families, especially where transfer options are

not available. Asked whether relocation was a reason for voluntary labour turnover 42.9% of the respondents disagreed, and 57.1% agreed as is shown in Table 21. Although the majority of the respondents disagreed, almost a half agreed, relocation can be therefore be considered a minor reason of voluntary labour turnover.

Table 22: Job stress

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

Stress at work can be caused by various reasons such as; being overworked, lack of proper job description, and harassment at work by both supervisors and fellow co-workers among other. When stress becomes unbearable, the health and performance of employees' gets jeopardized and the result may be voluntary labour turnover. According to Table 22, 42.9% of the respondents disagreed that job stress would cause employees to resign and 57.1 agreed. Job stress therefore can be said to cause employees to resign.

Table 23: lack of growth/promotion opportunities

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

When employees perceive that their organizations does not offer them opportunities for growth, or they are unfairly being over passed by promotions or they have reached the ceiling of their careers, they may opt to resign in a bid to grow their careers elsewhere. 42.9% of the respondents in Table 23 disagreed that lack of growth and promotion opportunities is a reason enough for voluntary labour turnover while 57.1% agreed that employees would resign due to lack of growth in their careers.

Table 24: Boredom

	Frequency	Percent
Disagree	3	42.9
Agree	4	57.1
Total	7	100.0

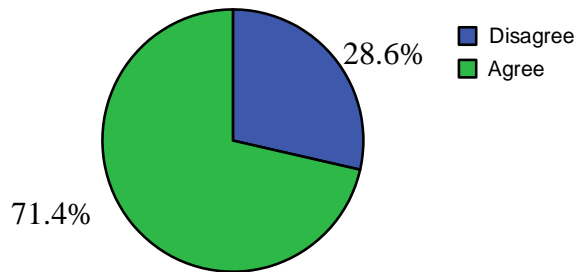
Boredom at work creeps in when employees engage in repetitive and routine jobs where they feel their potentials are not exploited to the full. They may feel unchallenged and unfulfilled in what they do. Such employees may be compelled to look for more challenging work elsewhere. 42.9% disagreed with this assertion while 57.1 agreed as shown in Table 24. Boredom should be addressed by the organization as a reason for voluntary labour turnover.

Table 25: Poor Working Conditions

	Frequency	Percent
Strongly disagree	1	14.3
Disagree	6	85.7
Total	7	100.0

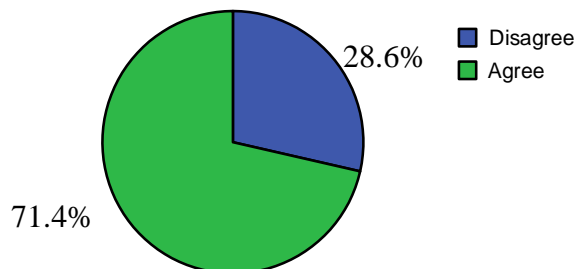
When the working environment is not conducive due to for example lack of proper working equipment and safety measures, employees may chose to resign. According to Table 25, 14.3% the human resource managers strongly disagreed that poor working conditions would cause employees to resign and a further 85.7% disagreed. This means that either the organizations ensured the conditions of work were favorable or the employees did not find this a problem to warrant terminating their services. In this case poor working condition is not a reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 6: Poor relationship with supervisors



When supervisors and line managers fail to relate well with employees due to poor interpersonal skills, the results could be voluntary labour turnover. According to figure 6, 71.4% of respondents agreed that poor relationship with supervisors would cause employees to resign but 28.6% disagreed. Poor relationship with supervisors can therefore be said to be a main reason for voluntary labour turnover in the five star hotels in Nairobi.

Figure 7: Family considerations



Family affairs have been known to force employees to terminate their services, these may include; marriage, pregnancies, relocation of spouses and the need to care for children with special needs among others. According to figure 7, 71.4% of the respondents agreed that employees would resign due to family considerations while 28.6% disagreed. Evidently, family considerations rank amongst the main reasons for voluntary labour turnover for employees in the five star hotels in Nairobi.

Table 26: Poor relationship with co-workers

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Organizations employ workers from different backgrounds and with different personalities. Disagreements among co-workers often occur and this affects one's ability to perform his or her duties effectively. Co-workers have also been known to be jealous and envious of each other especially when some are favored over others in the distribution of resources. According to Table 26, 28.6% of the respondents strongly disagreed that poor relationship among co-workers would cause voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that most employees in the five star hotels would not resign due to poor relationships with fellow co-workers.

Table 27: Poorly managed redundancy/retrenchment exercises

	Frequency	Percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

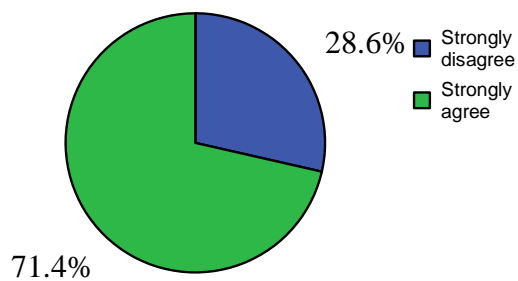
Poorly managed redundancies/retrenchment exercises often lead to survivor's syndrome; a situation where the employees that survived the exercise feel demotivated and are unsure of their job security which this may force them to start looking for alternatives. On the other hand, voluntary retrenchment package may be attractive to employees who are considered critical by the organization and are not themselves target of the exercise. According to Table 27, 28.6% of the respondents strongly disagreed that poorly managed redundancy/retrenchment exercises would lead to voluntary labour turnover, 42.9% of the respondents disagreed and only 28.6% agreed. This implies that poorly managed redundancy and retrenchment exercises seldom cause voluntary labour turnover in the five star hotels.

Table 28: Poor supervision

	Frequency	Percent
Disagree	4	57.1
Agree	2	28.6
Strongly agree	1	14.3
Total	7	100.0

Poor supervision may be as a result of incompetent supervisors and managers, whose style of management may force frustrated employees to resign. Whether poor supervision contributed to voluntary labour turnover, Table 28 shows that 57.1% of the respondents disagreed, 28.6% agreed and 14.3% strongly agreed. This analysis shows that poor supervision is not considered by the majority of the respondents as a good reason for voluntary labour turnover.

Figure 8: Resignation rate among the new and young employees



The new and young employees are assumed to have a higher rate of voluntary labour turnover, this is attributed to the fact that the young employees are not yet settled or established in their career while the new employee may leave due to unmet expectations. According to Figure 8, 71.4% of the respondents agreed to there being higher resignations among new and younger staff, while 28.6% disagreed. The new and young employees can therefore be said to resign more in the five star hotels compared to the rest of the employees.

Table 29: Rates of resignation among female employees

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Female employees are often thought to have a higher resignation rate compared to their male counterparts; this may be due to family interruptions and inability to deal with stress, as a result, certain organizations may choose to employ more men than women employees. Table 29 above shows that 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. Based on this analysis it is not true that female employees have a higher rate of voluntary labour turnover compared to the employees.

Table 30: Pay/ monetary reward

	Frequency	percent
Strongly disagree	2	28.6
Disagree	3	42.9
Agree	2	28.6
Total	7	100.0

Pay is the monetary reward employees are given in exchange for their services to the organization. It is often assumed that pay is the most important consideration when deciding to move to another organization. In Table 30 above, 28.6% of the respondents strongly disagreed with this assumption, 42.9% disagreed, and 28.6% agreed. It is therefore evident that employees put into consideration the whole compensation package which includes both the pay and other benefits. In this case pay alone is not a good reason for voluntary labour turnover.

Table 31: Married employees stay longer

	Frequency	percent
Disagree	1	14.3
Agree	6	85.7
Total	7	100.0

Due to family commitments and responsibilities, married employees are assumed to stay longer in employment compared to unmarried employees. According to Table 31, 14.3 % of the respondents disagreed that married couples stayed longer in their jobs and 85.7% agreed. The implication of this analysis is that five star hotels may reduce voluntary labour turnover by recruiting more married employees since it has been proven that they stay longer in employment.

Table 32: Level of education determines job alternatives

	Frequency	Percent
Agree	3	42.9
Strongly agree	4	57.1
Total	7	100.0

The level of education determines the number of job alternatives available to employees. Employees with higher levels of education have more job opportunities available to them. Table 32 shows that 42.9% of the respondents agreed to this and a further 57.1% strongly agreed. This therefore implies that employees with higher levels of education are likely to resign more compared to those with lower levels of education as they have more job opportunities available.

4.5 Pearson's product moment correlation

To establish the relationship between employee retention management practices and voluntary labour turnover, the variables retention efforts, employee empowerment, realistic job preview, job redesign, job alternatives, poor supervision, job stress, family considerations, education level and pay were correlated with the levels of voluntary labour turnover. For the above variables, correlation "r" will be significant when the significant level "p" is less or equal to 0.05.

Table 33: Retention efforts and resignation levels/ voluntary labour turnover

		Retention efforts	Resignation levels
Retention efforts	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Resignation levels	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

(r)= Pearson's product moment coefficient

(p)= Significance Level ≤ 0.05

(N)= Number of cases.

As shown in Table 33, $r=0.471$ and $p=0.286$. These findings suggest that there is a moderate positive but insignificant relationship between employee retention management practices and voluntary labour turnover. The implication is that the five star hotels that made efforts to retain critical employees did not register lower resignation levels. On the contrary, the positive relationship shows as retention efforts increased, the levels of resignation also increased.

Table 34: Employee empowerment and resignation levels/ voluntary labour turnover

		Employee empowerment	Resignation level
Decision making	Pearson Correlation	1	-.354
	Sig. (2-tailed)	.	.437
	N	7	7
Resignation level	Pearson Correlation	-.354	1
	Sig. (2-tailed)	.437	.
	N	7	7

The correlation results in Table 35 above show that $r=-0.354$ $p=0.437$. This suggests a very small and insignificant negative relationship between voluntary labour turnover and employee empowerment. Although the relationship between employee empowerment and

voluntary labour turnover is insignificant, the implication is that as the employees in the five star hotels get empowerment, voluntary labour turnover decreases but in a very small degree, on the other hand the low levels of voluntary labour turnover may be due to other variables other than employee empowerment.

Table 35: Job redesign and Resignation levels/ voluntary labour turnover

		Resignation level	Job redesign
Resignation level	Pearson Correlation	1	-.510
	Sig. (2-tailed)	.	.243
	N	7	7
Job redesign	Pearson Correlation	-.510	1
	Sig. (2-tailed)	.243	.
	N	7	7

At a correlation of -0.510 and significance level of 0.243, Table 35 shows a moderate negative but insignificant relationship between job redesign as a means of retaining employees and the levels of voluntary labour turnover. As the five star hotels redesign jobs in order to reduce boredom due to routine and repetitive roles, voluntary labour turnover is expected to reduce though not significantly.

Table 36: Realistic job preview and resignation levels/ voluntary labour turnover

		Realistic job preview	Resignation level
Realistic job preview	Pearson Correlation	1	-.415
	Sig. (2-tailed)	.	.355
	N	7	7
Resignation level	Pearson Correlation	-.415	1
	Sig. (2-tailed)	.355	.
	N	7	7

The relationship between realistic job preview and levels of resignation is shown in Table 36 to be negative and insignificant at $r = -0.415$ and $p = 0.355$. Whether or not the organizations surveyed carried out realistic job previews, it did not affect the levels of resignations of critical employees.

Table 37: Job alternatives and resignation levels/ voluntary labour turnover

		Resignation level	Job alternatives
Resignation level	Pearson Correlation	1	.167
	Sig. (2-tailed)	.	.721
	N	7	7
Job alternatives	Pearson Correlation	.167	1
	Sig. (2-tailed)	.721	.
	N	7	7

At $r = 0.167$ and $p = 0.721$, Table 37 clearly shows the relationship between job alternatives and levels of voluntary labor turnover or resignations to be insignificant and very weak. This correlation negates the assumption that increased job alternatives in other organizations would lead to increased levels of voluntary labour turnover.

Table 38: Poor supervision and resignation levels/ voluntary labour turnover

		Resignation level	Poor supervision
Resignation level	Pearson Correlation	1	-.320
	Sig. (2-tailed)	.	.484
	N	7	7
Poor supervision	Pearson Correlation	-.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

In Table 38, poor supervision and levels of resignation when $r = -0.320$ and $p = 0.484$ have a very weak negative relationship that is not significant. This implies that poor supervision would not necessarily reduce or increase voluntary labour turnover.

Table 39: Job stress and resignation levels/voluntary labour turnover

		Resignat ion level	Job stress
Resignation level	Pearson Correlation	1	.320
	Sig. (2-tailed)	.	.484
	N	7	7
Job stress	Pearson Correlation	.320	1
	Sig. (2-tailed)	.484	.
	N	7	7

The relationship between job stress and resignation levels as shown in Table 39 where $r = 0.320$ $p = 0.484$ is shown to be positive but very weak and insignificant. According to this analysis, Job stress in a very weak way may lead to increased voluntary labour turnover but again this may not be so.

Table 40: Family considerations and resignation levels/voluntary labour turnover

		Resignat ion level	Family consider ations.
Resignation level	Pearson Correlation	1	.471
	Sig. (2-tailed)	.	.286
	N	7	7
Family	Pearson Correlation	.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 40 shows that $r = 0.471$ and $p = 0.286$. This analysis means that the relationship between resignation level and family considerations is positive, moderate and

insignificant. Although family concerns may lead to increased voluntarily turnover, the effect is insignificant.

Table 41: Education level and resignation levels/voluntary labour turnover

		Resignat ion level	Education Level determines alternatives
Resignation level	Pearson Correlation	1	-.471
	Sig. (2-tailed)	.	.286
	N	7	7
Education level determines alternatives	Pearson Correlation	-.471	1
	Sig. (2-tailed)	.286	.
	N	7	7

Table 41 shows the findings of the correlation between levels of education and voluntary labour turnover. The findings $r = -0.471$ and $p = 0.286$ suggest a negative insignificant relationship between the two variables. This finding implies that although higher levels of education may expose an employee to other job alternatives, the rate of resignation however remains low.

Table 42: Pay and resignation levels/voluntary labour turnover

		Pay	Resignat ion level
Pay	Pearson Correlation	1	.132
	Sig. (2-tailed)	.	.777
	N	7	7
Resignation level	Pearson Correlation	.132	1
	Sig. (2-tailed)	.777	.
	N	7	7

As shown in Table 43, $r = 0.132$ and $p = 0.7$, the relationship between pay and voluntary labour turnover is almost nil and is not significant. Pay here is not a determinant of

voluntary labour turnover, reduced or increased pay will not affect the levels of voluntary labour turnover.

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The objective of this study was to establish the relationship between employee retention management practices and voluntary labour turnover in five star hotels in Nairobi; it also sought to identify employee retention management practices employed by these hotels. The census survey targeted a total of 11 five star hotels, however only 7 hotels responded and the data captured using questionnaires were analyzed. The data collected mainly covered the various employee retention practices used to retain critical employees and the reasons commonly given for voluntary labour turnover.

5.2 Discussions

The background information gathered revealed that all the human resource managers had post graduate qualifications and that they had worked in their organizations long enough. This proves that the respondents were competent and knowledgeable in human resource management functions and therefore able to offer credible information necessary for this study.

Previous studies carried out on employee retention management practices and voluntary labour turnover suggest that the two go hand in hand and are sides of the same coin. This means that as organizations put in place proper employee retention management practices, voluntary labour turnover is expected to reduce and vice versa. However, this study has revealed that the five star hotels that made deliberate efforts to retain critical employees and those that did not both registered low levels of voluntary labour turnover. Either the five star hotels that made no efforts to retain critical employees had incidental retention practices they were not aware of or the retention practices employed by the hotels that made efforts to retain critical employees had no bearing on the levels of voluntary labour turnover.

Employee retention management practices that received utmost support included ensuring that the organization culture was appropriate and that managers and supervisors received proper training in order to handle employees appropriately. This emerged from the fact that the organization culture and management style of managers were found to greatly influence the employees' decision to stay in the organization or resign. It is worth noting that all the five star hotels had elaborate training and development programs for their employees, this works to ensure that employees have the needed skill and knowledge to discharge their duties; well trained employees are less stressed and therefore stayed longer in employment. Employee empowerment, a practice that allows employees to make and participate in decision making was found to reduce voluntary labour turnover as it gives employees greater responsibilities, increased flexibility, autonomy and a sense of belonging.

As a retention measure, the recruiting and selection practices used by the five star hotels sought to hire employees that perfectly matched the job requirements. Hiring of under qualified and or overqualified employees was shunned as this would eventually lead to voluntary labour turnover. In addition, a common practice found among the five star hotels was the extension of employment contracts for critical employees who had reached the retirement age. Although the five star hotels surveyed were close to each other in proximity, very few benchmarked the compensation package offered; the compensation package offered by individual hotels did not depend on what other competing hotels were offering. It follows therefore that the five star hotels hardly revised or renegotiated compensation packages of critical employees who wished to move to other more competitive organizations. The majority of the five star hotels were found to accord flexible working time to their employees, this practice was used in order to enhance productivity, reduce employee absenteeism, improve morale and reduce turnover.

The human resource managers indicated their organizations have employees they consider critical and who they wish to retain, it is therefore imperative that these organizations investigated why voluntary labour turnover would come about. It should be noted however that voluntary labour turnover was rated low by an overwhelming majority of the

respondents most of who carried out investigations as to why employees resigned through exit interviews. Interestingly, the hotels that failed to investigate reason for voluntary labour turnover registered high levels of voluntary labour turnover.

The reasons for voluntary labour turnover that received a lot of support from the respondents were; poor compensation and competitive job offers. The five star hotels that had poor compensation packages risked losing their employees to better paying competitors. Poor relationship with supervisors was found to also encourage voluntary labour turnover, the role of supervisors and line manager in determining an employee's decision to terminate their services or not should not therefore be underestimated. Other reasons such as relocation, job stress, lack of growth and boredom were also found to influence voluntary labour turnover but in a moderate manner.

Poor working condition was not considered a reason for voluntary labour turnover by all respondents, either the organizations ensured the conditions of work were favorable or the employees do not find this a problem to warrant terminating their services. Lack of training and development opportunities, illness, role overload and ambiguous roles did not feature as good reason for voluntary labour turnover. It is evident that the five star hotels ensured all their employees received the necessary training needed to perform their duties effectively. It also means that the five star hotels have properly defined job descriptions and that the employees are not overwhelmed by their responsibilities. On the other hand poor relationship with co-workers and poorly managed redundancy exercises were not considered strong reasons to warrant voluntary labour turnover. Although poor relationship with supervisors was found to contribute to voluntary labour turnover, poor supervision did not receive much support.

On which category of employees is likely to have a higher rate of voluntary labour turnover, the study revealed that the new and the young employees tend to resign more than the rest; this finding could be attributed to the fact that this category of employees are still experimenting and are not fully settled and established in their careers. It therefore becomes necessary for organizations with this category of employees to mentor and coach

them concerning their career paths in order to retain them. On the contrary, married employees were found to stay longer; this could be because of family responsibilities, commitments and the need for stability. The assumption that women employees have higher rates of voluntary labour turnover compared to their male counterparts has been refuted, meaning the five star hotels offered equal employment opportunities to both male and female employees. Contrary to common believe that employees would easily move to organization that paid better salaries, it has emerged that pay per se is not an important determinant of voluntary labour turnover; this is because employees are more interested in the whole compensation package that also includes non financial benefits such as job security and work life balance. Finally, this study established that the level of education attained by employees determined availability of job alternatives; employees with higher qualifications will find themselves with more alternatives in other organizations compared to those with fewer qualifications, their employers therefore have to remain competitive if they are to retain their highly educated and qualified employees.

In order to establish whether there exists a relationship between employee retention management practices and voluntary labour turnover in the five star hotels in Nairobi, the Pearson's product moment correlation was used to correlate the levels of voluntary labour turnover and selected employee retention management practices. Retention efforts made by the five star hotels were found to have a positive moderate but insignificant relationship with voluntary labour turnover, such that the five star hotels that made efforts to retain critical employees and those that did not both registered low levels of resignations. Employee empowerment on the other had a very small and insignificant negative relationship with levels of resignation, the implication is that increased employee empowerment which allows employees to make and participate in decision making may reduce voluntary labour turnover but to a very small degree. Job redesign, realistic job preview, poor supervision and level of education indicated a negative and very weak insignificant relationship with levels of turnover. Job alternatives, job stress, family considerations and pay showed a very weak positive but insignificant relationship with voluntary labour turnover.

5.3 Conclusions

In conclusion, employee retention management practices and voluntary labour turnover have a fairly weak and insignificant relationship, whether negative or positive. All the five star hotels investigated had some employee retention practices in place although their extent of application varied from one organization to another, certain retention practices were found to be more popular than others. The employee retention practices employed by the five star hotels could as well be regarded as good human resource practices which do not necessarily determine an employee's decision to resign or stay. Of the employee retention practices, the popular ones adopted by the majority of the five star hotels include: appropriate and conducive organization climate or culture, proper and elaborate training and development programs for employees, appropriate management style of line managers, employee empowerment, objective recruitment and selective procedures which ensures the organizations recruits employees that match the job requirements; extension of employment contracts for employees who have reached the retirement age and allowing flexible working time to employees.

The findings have revealed that voluntary labour turnover is not a major problem in the hotel industry since all the respondents rated it as low save for one, this does not however imply these hotels are not addressing voluntary labour turnover since all the human resource managers agreed to having critical employees whom they wish to retain. The five star hotels that carried out investigations to determine the reasons for the few resignations, recorded low levels of resignations as opposed to those who did not. The sole instrument used to investigate the reasons for voluntary labour turnover was exit interviews.

The main reasons given for voluntary labour turnover are; poor compensation, competitive job offers elsewhere, poor relationship with supervisors; family considerations, boredom and job stress in that order. New and younger employees were found to have higher rates of voluntary labour turnover while married employees stayed longer in their jobs. It has further emerged that there may be other reasons besides employee retention management practices which has led to low voluntary labour turnover in the five star hotels. Byrnes (2002) suggest these other reasons could be non-work factors such as the links employees

have establish with co-workers, their fit or perceived compatibility with their jobs, the sacrifices they have to forego should they resign and economic recession where high levels of unemployment would dissuade employees from leaving.

Voluntary labour turnover posed certain challenges to human resource management and the organization at large, some of these include; the costs involved in recruiting and training new staff which is also time consuming; loss of tacit knowledge and skills and poor company image. Voluntary labour turnover also negatively affects performance, workflow and human resource planning.

5.4 Recommendations

The five star hotels that made efforts to investigate the voluntary turnover of critical employees used exit interviews as the sole information instrument. To gather more information, it is recommended that other instruments be employed; these organizations should also get the opinion of staying employees in order to assess their attitudes and morale, this will help avert future cases of voluntary labour turnover.

The findings of the study have shown that employee retention practices employed to retain critical employees are not the sole determinants of low levels of voluntary labour turnover, this is due to the fact that hotels that made no efforts to retain critical employees who wished to leave also recorded low voluntary labour turnover. Further studies should therefore be carried out to determine other factors that could be contributing to low levels of voluntary labour turnover.

The study focused on data collected from human resource managers of the five star hotels, it is recommended that further studies be carried out and data collected from employees in general. Their different opinions may provide more insight into the relationship between employee retention management practices and voluntary labour turnover.

The study did not manage to cover the whole target population due to time constrains and lack of cooperation from the respondents. It is therefore recommended that further studies

be undertaken to accommodate the hotel industry as a whole, this will widen the scope of the study.

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APPENDICES

APPENDIX 1

LETTER OF INTRODUCTION

Jeddy C. Lepilale
School of Business
University of Nairobi
P.O Box 30197
Nairobi.

Dear Sir / Madam,

RE: Research on the relationship between employee retention management practices and labour turnover.

I am a student pursuing a Masters of Business Administration (MBA) at the University of Nairobi. This research is carried out for a management project paper as a requirement in partial fulfillment of the stated degree.

You have been selected to participate in this study by providing the required information necessary for this study, kindly fill the attached questionnaire as accurately as possible, your participation is essential to this study and will enhance our knowledge of these important human resource issues. The information you provide will be will be treated with utmost confidentiality and will only be used for academic purposes. Thank you.

Yours Faithfully,

Jeddy Lepilale,
MBA student
University Of Nairobi.

APPENDIX 2

QUESTIONNAIRE

This questionnaire has been designed to collect information from the human resource managers of five star hotels in Nairobi. Each questionnaire has 3 sections, please complete each section as instructed. You are not required to write your name or the name of your hotel.

Section A

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

1. What is your gender? 1. Male () 2. Female ()

2. What is your highest academic qualification?
 1. "O" level ().
 2. "A" Level ().
 3. Certificate ()
 4. Diploma ()
 4. Degree ().
 5. Post graduate degree ().
 6. Other_____

3. How long have you worked in the organization
 1. Less than one year ().
 2. 1-5 years ().
 3. 6-10 years ().
 4. Over 10 years ()

Section B

Employee Retention Management Practices.

4. Does your organization try to stop the needed employees from resigning?
 1. Yes ()
 - 2.No ()

5. What human resource retention management practices do you use to retain employees?
 - 1) _____
 - 2) _____
 - 3) _____
 - 4) _____
 - 5) _____
 - 6) _____
 - 7) _____
 - 8) _____

9) _____

10) _____

In the table below please tick your response to the statement in the space provided where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

<i>Q. No.</i>	<i>Statement</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
6	Organization culture/ climate can influence an employee's decision to stay or resign					
7	Employees in my organization are allowed to make and participate in decision making					
8	Repetitive/routine jobs in my organization are often redesigned to reduce boredom					
9	In the hiring process, potential employees are often provided with a realistic picture of the job and the organization					
10	My organization often recruits overqualified employees for any given job					
11	My organization often recruits under qualified employees fro any given job.					
12	My organization recruits employees that perfectly match the requirements of the job.					
13	Employees in my organization go through training programs					
14	The management style of line managers influences an employee's decision to stay or resign					
15	My organization benchmarks/compares the pay and benefit packages offered to employees in other five star hotels.					

16	Our employees are allowed flexible working time					
17	My organization often extends the contracts of needed employees who have reached the retirement age.					
18	My organization attempts to revise the pay and benefit packages of needed employees who intend to resign					

Section C

Voluntary labour Turnover/ Resignation

19. Are there employees you consider critical/ valuable to the organization who you wish to retain? 1. Yes () 2. No ()

20. What is the level of voluntary resignations in your organization?

1. Very low () 2. Low () 3. Moderate () 4. High () 5. Very high ()

21. Which department has the highest rate of voluntary resignation?

22. Does your organization investigate reasons why employees choose to resign from the organization? 1. Yes () 2. No ()

23. If yes above please tick the sources of information your organizations uses to investigate these reasons.

1. Exit Interviews() 2. Separation questionnaires (). 3. Attitude surveys ()
4. Routine performance appraisal interviews (). 5.Others_____

24. Below are some common reasons cited by resigning employees, use the scale below to tick the extent to which the same reason apply to your organization. **1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure**

Reason for voluntary labour turnover	1	2	3	4	5
Poor compensation package					
Lack of training and development opportunities					
Competitive job offers elsewhere					
Illness					
Relocation					
Poor working conditions					
Poor relationship with supervisors					
Poor relationships with co-workers					
Poor supervision					
Poorly managed redundancies					
Job stress					
Lack of growth and promotion opportunities					
Family considerations					
Role overload					
Ambiguous job roles					
Others					

In the table below please tick your response to the statement given in the statement column where 1= strongly disagree, 2= Disagree, 3= Agree, 4= Strongly agree and 5= Not sure

No.	Question	1	2	3	4	5
25.	New recruits and younger staff have higher rates of voluntary resignations.					
26.	Female employees tend to have higher rates of resignations compared to the male employees.					

27.	Married employees stay longer in their jobs compared to unmarried employees.					
28.	Level of education determines the number of job alternatives.					
29.	Pay is the most important consideration when deciding to move to another organization.					

30. What challenges does voluntary labour turnover pose to Human Resource Management?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____
- 7) _____
- 8) _____
- 9) _____
- 10) _____

31. How does voluntary labour turnover affect the organization?

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____
- 6) _____

APPENDIX 3

LIST OF FIVE STAR HOTELS IN NAIROBI

Nairobi Serena hotel

Sarova Stanley Hotel

Safari Park Hotel and Casino

Wildsor Golf Hotel and Country Club

The Giraffe Manor

Panari Hotel

The Holiday Inn

Laico Regency Hotel

The Norfolk Hotel

Intercontinental Hotel

The Hilton Hotel