EMPLOYEE TURNOVER REDUCTION STRATEGIES AND PERFORMANCE OF INSURANCE FIRMS IN KENYA

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DECLARATION

I declare that this is my original work, and it has not been presented to any other university or any other institution.

Signature: _____ __ **Date:** 15th November 2021

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Thank you.

DEDICATION

I dedicate this project to God Almighty, my maker, my pillar of strength and source of wisdom on Your wings only have I soared.

I also dedicate this work to my wife, the love of my life Wamuyu Ngugi, my dear parents Mr. Patrick Muturi and Mrs. Lucy Muturi. You have always encouraged me in this journey and ensured that I give it all it takes to finish what I have started.

To my lovely twins' Joy and Janice I recount the many days sleeping on my bed as you waited for me to accomplish this quest. May the Good Lord bless these little angels. To my unborn child Muturi Gicheri, this too I dedicate to you. Life awaits you.

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TABLE OF CONTENTS

LIST OF TABLES

ABSTRACT

The objective of the study was to determine the employee turnover reduction strategies and performance of the insurance firms in Kenya. The study was necessary due to the fact that human capital is one of the basic factors of production. Therefore, any effect on human capital will affect its production causing a change on the firm performance. When employee turnover increases the performance is adversely affected as the business will have to incur extra cost in the process of employing new staffs and training them to a level where they can work enfficiently. If this process keeps recurring then the business may not meet optimum level of production and therefore its financial performance will decrease. This study endevours to enlighten the insurance companies in Kenya on the reduction strategies of employee turnover in order to enhance firm performance. The study collected descriptive data through questionnaring method for the study variables which include; employee recruitment strategies, skills allocation strategies, training and development strategies and team building strategies. The study then calculated the central tendency of the frequency of the data to get the mean, mode and medium. Multiple linear ligression analysis and correlation analysis were applied to the data using SPSS software packages. Regression analysis model was adopted and tested to determine the effect of the independent variable on the dependent variable. The model proved to be strong model as it explained 77% of the changes in firm performance and only 23% of the change was found to be caused by other factors outside the model. The correlation analysis finding indicated that there was a strong positive significant correlation between all the independent variables and the firm performance. The regression analysis results indicated that there was positive statistical significant effect of employee recruitment strategies, skills allocation strategies, training and development strategies and team building strategies on firm performance. The p- value of the F distribution was below 0.05 which led to the rejection of the null hypothesis. The study recommends that the insurance companies in Kenya should develop strategies that that would reduce employee turnover in order to enhance firm performance. they should formulate employee recruitment strategies that are effective and efficient, enhace strategies of skill allocation. Invest more in training and development of employees and team building.

LIST OF ABBREVIATIONS AND ACCRONYMS

AKI	Association of Kenya Insurers
BSC	Balanced Scorecard
HR	Human Resources
HRM	Human Resources Management
ILRI	International Livestock Research Institute
IRA	Insurance Regulatory Authority
PLS	Partial least Squares
SEM	Structural Equation Modeling
SPSS	Scientific Package for Social Sciences

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

The vital role of employees in any organizations may not be wished away as they are key in accomplishing the mission, vision and objectives of the organization. Ongori (2007) cites the important role played by employees that organizations are willing to incur costs in their training and development with the goal of making them better assets for the organization as well as able to keep them for adequate period of time. Employee turnover relates to the frequency with which employees terminate their employment with one organization in favor of other employers. It therefore implies that employee turnover reduction strategies would refer to the strategies deployed by organizations in order to ensure that they deal with employee turnover challenges. There are many different factors that influence employee turnover that would range from motivation, morale, lack of recognition/ appreciation, employee personality among many others. Organizations therefore incur cost in undertaking employee turnover reduction strategies, as they consider perhaps the extra cost that would be incurred by the organization would be less than the cost incurred in hiring new employees, training them as well as inculcating a culture of productivity to the level of the old employee. It is however, argued that organizations that would wish to implement drastic changes in their operations, would obtain value by building the new strategies on new employees than the old employees who would be opposed to the new changes in the organizations (Fursso, 2015).

The study around employee turnover reduction strategies and performance will be undertaken in light as well as under a background of different theories that have been proposed and are relevant to the relationship between the study variables. The anchor theory of the study is the Survival-based theory that was first proposed by Herbert Spencer. The theory was also referred as the survival for the fittest theory as it used the Darwin and natural selection theory to suggest that the only organizations that would survive are those that are fittest and aligned to environmental changes. Organizations are therefore required to develop strategies that meet different stakeholders' needs and therefore enhance a competitive edge across its rivals. Organizations that do not make strategies to address environmental changing needs are in most cases driven out of the market (Miesing & Preble, 1985). The other theory that will also be vital in the study is the Maslow's Hierarchy of Needs theory as well as Job Satisfaction Theory. The theories try to provide a manner in which organizations would be able to predict the needs of the employees and therefore able to implement strategies that addresses those needs, thereby reducing the employee turnover (Tanner, 2020).

The insurance industry in Kenya is regulated by the Insurance Regulatory Authority among other Kenyan laws. It is in the Financial Services Sector of the economy, with players made up of the insurance companies, insurance agents, insurance brokers, re-insurance companies, underwriting companies among others. The industry has attracted both local and foreign investors, who seek to provide insurance services to the customers. However, there is poor insurance penetration in Kenya, with majority of people preferring to absorb various risks, perhaps out of ignorance rather than by design (AKI, 2019). The industry players are therefore required to compete against each other to provide services to the small percentage of the insured population. Each firm should therefore be well endowed to ensure that it provides a competitive edge over its rivals, in order to conquer new markets and work towards retaining its customers. The employees working in insurance companies require sufficient motivation to ensure that they offer the best services to the clients. Insurance firms may therefore not afford to sustain frequent and high employee turnover while at the same time incurring extra training costs for employees and consequently affecting the performance of the firm (AKI, 2019).

1.1.1 Employee Turnover Reduction strategies

Nyaga (2015) explains employee turnover reduction strategies as the strategies that are undertaken by an organization in order to ensure that the rate at which employees leave the organization to work for competitors is decreased significantly. There are various reasons that may lure employees to move to other companies that may be brought out by employee management issues, frustrations in the work places, lack of proper motivation, lack of recognition, deprivation of growth opportunities, family migration among others. Wilson (2018) observes that the strategies that is applicable to one organization may not necessarily work in another organization. It is therefore the responsibility of each management to ensure that they study their environment and understand the key issues that would enhance increased employee turnover. It is from such an understanding of the existing circumstances, that it becomes plausible for management to develop strategies that would enhance reduction in employee turnover (Abassism & Hollmank, 2000).

Tarallo (2018) provides three reasons why employees leave employment namely; career development, work-life balance as well as manager behavior. The three reasons may be summarized into employer being unable to meet their expectations and needs as the major reason for employees leaving job. An employee retention report in 2018 suggested that three in four employees who quit their jobs would have been retained by their employers. It is such statistics that compel managers to improve their employee retention strategies. Retaining good employees is however, a daunting task for each company. Retention strategies may therefore be boosted by starting retention early enough or in the first day of employment, smooth integration and adoption strategy of employees into the company, clear communication to employees on company's history and accomplishments, the goals of the employees integrated with the goals of the company. After a successful onboarding process of new employees then the company culture should be inculcated into the employee, the connection as well as the contribution of the employee in the company should be recognized and appreciated. Although these factors may vary from one employee to the other as well as from one company to the other, they are significant pointers towards enhancing employee turnover reduction strategies that should be adopted by companies (Locke & Latham, 2004).

1.1.2 Firm Performance

Performance is referred as the ability of a firm to put its available resources into productive ventures that would help it achieve its goals and objectives. It is therefore a way in which a firm is able to apply its available resources in order to attain a competitive edge (Kaplan & Norton, 2008). Similarly, performance has been expressed as the comparison between the returns of one firm to other firms that are in similar field or in the same category. It is therefore related to the aspect of efficiency and effectiveness. This would mean that the performance of a firm is described as those activities that are undertaken by a firm in order to meet the set goals and objectives in an efficient as well as an effective manner (Kopecka, 2015). Performance would also mean the ability of an organization to gain competitive advantage as a result of enhancing and maintaining efficiency and effectiveness in its operations (Odemba, 2013).

The measurement of performance has been widely expressed through the works of Kaplan and Norton (1992) by the introduction of Balanced Scorecard (BSC). It is mostly used by the management as it comprises of both the financial as well as the non-financial aspect of performance. It is therefore able to express performance in form of profitability of the firm, the extent to which the firm has penetrated into new markets, the ability of the firm to attract and retain customers through offering high quality products and services, as well as the comparison of actual output as considered against the planned output (Kaplan & Norton, 1992).

The use of BSC will therefore be used in the determination of performance in this study. The BSC determines performance by the use of both financial and non-financial factors. There are four factors that are proposed in the use of BSC as a tool to measure performance. These factors include learning and growth factors, determination of employees' capabilities, the investment and application of information system as well as specific organization capabilities (Kopecka, 2015). These are the perspectives that will be deployed in this study as they are all rounded as well as representative. An insurance firm would therefore be considered to have high or low performance depending on the profitability of the firm, as well as the nature to which the firm has adopted the aspect of learning and growth of the firm, employees' capabilities, use of information system as well as the firm's capabilities (Kollie, 2017).

1.1.3 Insurance Companies in Kenya

The insurance industry in Kenya is regulated by the Insurance Regulatory Authority (IRA) among other Kenyan laws. The industry is in the Financial Services Sector of the economy, with players made up of the insurance companies, insurance agents, insurance brokers, re-insurance companies, underwriting firms, insurance surveyors, motor assessors, risk managers and insurance investigators. The industry has attracted both local and foreign investors, who seek to provide insurance services to the customers. The products offered by insurance firms are divided into two major categories namely; short term or general insurance products and long term or life insurance products. Short term or general insurance products provide protection to the insured for a period of one year or less while life insurance or long-term products offer protection for more than one year. The buyers of insurance products can also be placed in categories namely; individual clients, corporate clients as well as the government (AKI, 2019).

Insurance companies in Kenya operated as insurance agents or insurance brokers to main insurance firms in the United Kingdom up until the middle of the 1970s (Hodgin, 1988). The operations were stable and standardized as the demand of insurance services was low, the government involvement was low with competition among firms also on the lower side. However, the government directive in 1978 that required all foreign insurance companies to be incorporated in Kenya as well as the introduction of the Insurance Act CAP 487 of the laws of Kenya, increased wanton challenges, increased competition and an influx in the number of insurance companies (Miano, 2011). The set in of competition among insurance firms has brought development in product ranges as well as development in the technological advancement in the industry. However, maintaining competitive edge for each company is a big challenge that has forced companies not only invest in undertaking a throughput process that ensures that their products are above board, their services are well endeared in the market and therefore they maintain a competitive edge against the other firms. One of the key areas that insurance companies have focused is the retention and attraction of high skilled personnel, who would be vital in their processes. The fact that insurance firms have similar products, and the fact that the government is more involved in the industry in the name of undertaking regulation, implies that one of the major ways of differentiating products and services would be through developing unique human resources that would provide exemplary services to customers and therefore maintain competitiveness (Kollie, 2017).

1.2 Research Problem

The use of fervent employee turnover reduction strategies, implies that the company would be in position to retain skilled and experienced employees. The key question that each company need to address is therefore on whether the efforts of implementing these strategies are worth the benefits accrued in reducing employee turnover (Odemba, 2013). Armstrong (2009) suggests that increased employee turnover leads to loss of skilled and vital talents that would have otherwise been put into use to increase productivity and enhance efficiency in the firm's output. Highly skilled and top performing employees are highly encouraged to stay in an organization. In the same note however, poor performing employees are encouraged to leave the company and as such if it were for companies to choose, they would ensure that employees who contribute positively to the well-being of the company are retained while those employees whose net contribution to the company is to increase liability in the company are motivated to leave (Wilson, 2018). Employee turnover reduction strategies are however quite expensive to the company as they involve the establishment of the right culture, enhancing clear communication at all levels, undertaking good and appropriate compensation packages, providing growth and development opportunities to employees, as well as effecting training and development for employees. It becomes worse, if the employee decides to leave the company after all the investments that the company has undertaken on the employee. Tarallo (2018) on the other hand cites that the firm should be able to balance between the cost it incurs on employee turnover reduction strategies and enhancing performance of the company. This is informed on the fact that increased investment on employee retention strategies would add up on total expenses and eat up on the profitability of the firm. Underinvestment on the other hand would increase employee turnover and therefore increase the total expenses incurred by the company on training their skilled personnel. There are varied findings on in the relationship between the variables that suggests that there lacks consensus in regard to the extent to which employee turnover reduction strategies would be employed to enhance performance.

There exists a cut-throat competition among insurance firms in Kenya, where each company want to out-perform the other and secure a higher customer base. The entry of commercial banks in offering insurance products, through bancassurance has only fueled competition where only the fittest would survive. This has brought development of product ranges as well as development in the technological advancement in the industry. However, maintaining competitive edge for each company is a big challenge that has forced companies not only invest in undertaking a throughput process that ensures that their products are above board, their services are well endeared in the market and therefore they maintain a competitive edge against the other firms. One of the key areas that insurance companies have focused is to ensure that their key employees, who are both experienced and adequately skilled are retained in the company. This is based from the argument that the insurance industry may not boast of variety of products. The companies in the industry therefore, offer similar products and services. The regulatory requirements by the government ensures that there is unification of products and services offered by these insurance companies. One of the main ways in which an insurance firm would undertake differentiation from the rest is the manner in which they present and offer their products and services. This would be efficiently executed by the use of well-trained and motivated employees, whose personal and direct touch with the customers increases value and enhance the competitiveness of the company (Kollie, 2017).

Wilson (2018) in his study that was undertaken in Southeastern United States explored effective strategies used by retail store owners in the as a tool to reduce employee turnover. The study underpinned that the implications for positive social change included a potential that would provide leaders with the desired strategies to reduce employee turnover. Nyaga (2015) on the quest to understand employee turnover on organizational efficiency in ILRI indicated that lack of appropriate strategy was a major concern in organization productivity and was barely related to employee turnover. Miano (2011) undertook a study on strategic responses that were undertaken to competition in the insurance brokerage sector by AON Kenya Insurance Brokers Limited. The findings of the study indicated that in order to deal with competition the company had undertaken competitive strategies in product innovation as well as quality service standards, though the superiority to other strategies in other companies was insignificant. Al Kurdi et al. (2020) recently undertook a study that sought to discover the main factors that affect employee retention and their impact on organizational performance, the study found that economic factors, psychological factors, affiliation as well as self-actualization factors affected employee retention and thereby affected performance of commercial banks in Jordan. These studies do not agree on the relationship that exist between employee turnover reduction strategies and performance. The findings are varied and specific in form of the companies and organizations that are under review. There still remains scanty empirical research studies undertaken on employee turnover reduction strategies and influence on performance of insurance firms. The specific and particular nature of insurance firms in Kenya where competitive advantage is sought in product differentiation, innovations, pricing strategies, compliance to varied regulatory framework elicits and widens the study gap. This study therefore seeks to answer the question, how do employee turnover reduction strategies affect performance of insurance companies in Kenya?

1.3 Research Objective

The objective of this study is to determine the effect of employee turnover reduction strategies on performance of insurance firms in Kenya.

1.4 Value of the Study

The study will be of use in identifying employee turnover reduction strategies that are adopted by insurance firms in Kenya. The concern of the study is whether such undertakings influence performance of these firms. Investors and potential investors would find such information useful as it would provide guidance on returns expected from firms that exhibit certain employee turnover reduction strategies. Enhanced performance in organizations directly impacts the share capital and therefore becomes a factor of great interests to current as well as future investors in these firms.

The management of these firms will also obtain insight and therefore understand the impact of decisions they undertake in employee turnover reduction strategies. The integration of the findings of this study to strategic plans of different insurance firms or other firms that may mirror these firms may not be far-fetched.

The findings of the study may also be useful in shaping policy issues that are related to employee turnover in the industry, together with performance issues. Therefore, Insurance Regulatory Authority (IRA) and other regulatory agencies may find the recommendations of this study useful in their undertaking of developing and implementing a policy framework in the industry.

Future researchers and academicians would also use the findings of this study in developing their literature review and form a research gap that would enhance development of knowledge or in development of theory. The study would also be used in empirical review in generation of new theories, critique of existing theories or in support of existing theories.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The literature review section reviews the existing theories that have been proposed as far as employee turnover reduction strategies on performance of insurance firms is concerned. It brings out the different theories related to the subject, the provisions of these theories and the manner in which the study is related to these theories. The chapter also highlights other factors that would have an impact on performance of the insurance firms other than employee turnover reduction strategies. The empirical literature is then covered that captures the different studies that have been undertaken and the research gaps that would be ultimately addressed by this study.

2.2 Theoretical Foundation

Theoretical framework relates to the theories that have been previously been suggested in regard to our study area. The theories bring to light the already existing positions on the study area, the theories also highlight major debates around the study concepts as well as insinuate on empirically testable relationships between the study variables. The theories include the survival-based theory, the Maslow's Hierarchy of Needs Theory, and Two Factor Theory of Job Satisfaction.

2.2.1 Survival Based Theory

This theory was first proposed in the works of Herbert Spencer (Miesing & Preble, 1985) after the synthesis of Darwin's theory of evolution and natural selection and the coinage of Social Darwinism by Adam Smith. The theory was based on the platform that given the operation of the principle of nature, it is only the best and the fittest of competitors that would win. Survival based theory therefore centers on an important premise that firms are required to always adapt to its competitive environment for it to have a chance of surviving. The theory therefore pronounces on the aspect that the most basic intention for undertaking strategies in the organization is to be in position of developing a manner for managing the link between competing demands from different stakeholders in a better and efficient way. According to Abdulla and Tengku (2010) this theory in strategic management has been elevated to mean that organizations are required to deploy all available strategies that would help the organization run on the most efficient operations and would enable the organization to respond swiftly to changes in the environment, since survival is only for the fittest and organizations that are able to adapt to the environment.

The theory draws relevance in this study from the fact that insurance companies in Kenya are faced with a looming challenge of stiff competition, where industry players are so keen to outdo each other. They therefore implement decisions that would wade off competition and maintain competitiveness. According to Kurdi et al (2020) highly competitive firms engage in lucrative advertising, price undercutting, among other strategies that are designed to provide a competitive edge over the rivals. Therefore, insurance firms in Kenya, apply similar tenets just as those provided by survival-based theory, where it is only the fittest firm that would survive. Firms that are not able to cope up with price undercuts, enhance high differentiation of their products and services, would not survive. It therefore follows that the firms that would survive such daunting competition are only those that would ensure they implement strategies to maintain their competitiveness. One of the key strategies is to implement effective employee turnover reduction strategies, which preserves competent and highly skilled personnel in the firm.

The major criticism of the theory suggests that organizations do not continually need to adapt to their competitive environments, as undertaking new strategies may be better for a firm than always playing catch up in adapting to what has been established by other firms. The aping strategy, may not be an effective strategy as it becomes more expensive for the firm to ape on what other firms have established through their natural endowments (Abdullah & Tengku, 2010).

2.2.1 Maslow's Hierarchy of Needs Theory

Maslow's Hierarchy of Needs Theory is a theory that was developed by Abraham Maslow. It is a motivational theory that suggests that there exist five category of needs that dictate an individual's behaviour and therefore in order to motivate an individual the specific needs depending on his current level in the hierarchy of needs will vary from one person to the other. These needs are physiological needs, safety needs, love and belonging needs, esteem needs and self-actualization (Kaur, *et al.*, 2014). An individual would only be motivated by a higher-level set of needs, if the level of current needs has been met. However, the theory does not insinuate that the satisfaction of these needs is mutually exclusive, yet it tends to be.

The implication of the theory is paramount to managers as the theory suggests that managers must seek to identify the current need level for each particular employee before an attempt to motivate them. This would mean that individual in the safety need level would need set of activities that improves safety in their work place as well as their general safety. These set of motivators would be totally different to employees who might be on a higher set of needs of love and belonging, or in esteem needs. The set of activities that would motivate these employees would vary significantly depending on their specific set of needs (Tanner, 2020).

The theory is significant to the study as it stipulates on the manner in which managers may be able to address motivation issues in the work place as one of the employee turnover reduction strategies (Beardwell & Claydon, 2007). The managers must understand each employee and their position as far as the hierarchy of needs is concerned. This ensures that each employee is treated differently according to their level of needs and specifically the needs that would motivate them to enhance their productivity in the firm. When direct employee needs are addressed by the organization, the employee is confident enough to relate with the firm and therefore seeks to provide the best of services that would eventually propel the organization to the next level.

2.2.2 Two Factor Theory of Job Satisfaction

The two-factor theory is also called Herzberg's motivation theory as it was proposed by Fredrick Herzberg in 1959. The theory seeks to get into the root of employees' motivation in the work place. The theory therefore proposes that there exist two factors that an organization can adjust in order to influence motivation in the workplace. These two factors are motivators and hygiene factors. Motivators can indeed encourage employees to work harder and are found in the job, whereas hygiene factors do not encourage employees to work harder and they are not found in the job but surround the job, their absence would cause employees to be unmotivated. Armstrong (2009) suggested that the hygiene factors are also called dissatisfiers but it does not mean that they are opposite of motivator factors that were also referred as dissatisfiers. The opposite of satisfaction is not dissatisfaction but lack of satisfaction while the opposite of dissatisfaction is no dissatisfaction.

The theory is related to this study as it highlights two important job factors, that may lead to motivation or lead to lack of motivation. The two-factor theory provides a four possible scenario in a firm. The first scenario is where there is high motivators and high hygiene factors. This is the best position in any organization and a position that every manager in any organization should aspire to achieve. This position may be characterized by a scenario where the job is very interesting and at the same time it has adequate and up to date salaries and remuneration. The second scenario is high motivators and low hygiene factors that would be characterized by good remuneration and salaries but the job is not interesting. The third position is Low motivators and high hygiene factors that would be characterized by an interesting job but salaries and remuneration of the job is below the standard pay for the same position in the industry. The last position is known as low motivators and low hygiene factors that would be characterized by a job that is neither interesting nor does the job has good salaries and remuneration.

2.3 Employee Turnover Reduction Strategies

It is the desire of each organization to build and retain an efficient t resource pool. The skills set as well as the motivation of employees has a direct impact on the success of organizational projects. However, the desire does not enhance retention strategy and the onus is on the management to ensure that they adopt employee turnover reduction strategies that would facilitate the organization achieve its long-term goals. These strategies include hiring the right employees, efficient allocation of skills to the right job, effective team building strategies and training and development strategies.

2.3.1 Employee Recruitment Strategies

The decision to hire an employee should not be a spur of the moment decision. It is a tasking activity that requires meticulous planning, as well as the right preparation to help the organization secure the right skills that would be suitable for the particular purpose and project (Johnson et al., 2000). Hiring the right employees entails having a robust employee recruitment strategy. The recruitment strategy should not only focus on the strength of the skills for an employee, but the manner in which the employees fit in the business culture of the organization is also critical. The behavior of the employees is therefore a critical component that should not be sidelined in implementing a recruitment strategy. Employees that do not fit in a certain work environment will not be happy working in such as set up and despite the strength of their skills set, they would still find the job frustrating (Locke & Latham, 2004).

2.3.2 Efficient Skills Allocation Strategies

Employees should be allocated in jobs that are in line with their skills set. A successful resource allocation strategy requires the implementation of an intuitive resource scheduling tool (Firth et al., 2004). This tool enhances a unified view of the skills as well as schedules for the workforce in the organization. Employees are therefore able to be scheduled in tasks and activities that they would provide maximum contribution. Furthermore, in the instance that employees feel that their competencies are deployed in the right place, and they feel that the organization values and recognizes their contribution, then they become more motivated to perform and stay in the organization (Firth et al., 2004).

2.3.3 Effective Team Building Strategies

The facilitation of strong bonds in work colleagues and the encouragement of informal groups has been proven as a factor that enhances efficacy of employees as well as enhancing employee engagement. The value with which an organization considers interpersonal relationships in the organizations determines the level of communication and the level of coherence among employees. Coherent employees are able to improve their output as they are able to understand the inputs required by the next employee who uses their output as their inputs. Despite the skills of the employee, poor inputs would result to poor output, while there is a higher chance of obtaining quality outputs given high quality inputs. The level of interpersonal relationships would therefore dictate how employees are able to assist one another in improving their outputs as there already exists an open communication channel (Ongori, 2007).

2.3.4 Training and Development Strategies

A company that undertakes effective training and development of its worker, displays the commitment that it has undertaken on the progress and development of its employees. Training and developments not only improve on the skills set of an employee, it also helps to boost confidence, morale as well as providing an avenue for employee feedback to management. The feedback would be used in enhancing training and development programs, as well as help management in decision making regarding employee turnover reduction strategies. Training and development help employees to reach their individual development goals as they also enhance current job performance. It boosts motivation and removes bottlenecks created by ignorance. Employees are able to learn alternative means and ways of completing their tasks efficiently and effectively thereby improving the performance of the firm (Saks, 2006).

2.4 Empirical Studies and Knowledge Gaps

Fanou (2018) undertook a study on the effects of employee turnover as well as competitive advantage among insurance firms in Kenya. The study was guided by various study factors that included voluntary turnover and mitigating strategies that are required to enhance competitive advantage. A case study was undertaken on AAR company where from a target population of 218 employees, a sample size of 65 employees was adopted by the use of stratified random sampling.

Data was collected through the use of structured questionnaire and SPSS was used in the analysis of the study. The findings of the study indicated that voluntary employee turnover resulted from poor remuneration, lack of motivation and life time decisions such as family migration among others. Although the study was undertaken in an insurance firm, the study focused on employee turnover and competitive advantage on AAR insurance firm. The study gap is brought out as the focus of this study is on employee turnover reduction strategies and performance for all insurance firms in Kenya.

Wilson (2018) on the other hand undertook a multiple case study that explored the various strategies deployed by retail businesses in Southeastern United States in order to decrease employee turnover. The study employed Herzberg two-factor theory in comparing employee turnover reduction strategies to job satisfaction. Primary data was collected by use of face-to-face interviews coupled with review of archival documents for the company that were in relation to employee turnover. The coding as well as the triangulation was undertaken by the use of Yin's 5-step method. The findings of the study indicated that use of employee turnover reduction strategies brought significant social change as well as stabilizations of communities coupled with improvements to the human and social conditions outside the workplace. The study was therefore focused on employee turnover reduction strategies on job satisfaction and not on performance of the organizations as focused in this study.

Domfeh (2012) examined the effects of employee retention strategies on the performance of selected rural banks in Ashanti region. The focus of the study was on identifying factors that led to employee turnover, and also examine strategies adopted by selected rural banks to enhance employee retention and their general effect on performance of these banks. Questionnaires were used in the study to collect primary data where random sampling was employed on determining the banks to be interviewed, while purposive sampling approach was preferred to select employees and the HR managers as the study respondents. The study used the case study research design where SPSS was used to undertake descriptive analysis. The study found that rural banks used competitive remuneration, enhanced job security as well as training and development of their employees to enhance employee retention. However, these factors were not adequately implemented in the various banks which meant that these banks had poor employee retention strategies. However, banks that enhanced their retention strategies had positive impact on performance. The study was undertaken in rural commercial banks in Ghana, this makes for the study gap as this study would consider employee turnover reduction strategies on performance of insurance firms in Kenya. The context of the study differs and therefore new knowledge is expected.

Gicho (2015) on the other hand determined the effect of employee retention strategies on employee performance at Eagle Insurance Brokers Limited. A descriptive research design was adopted by the study as it sought to explain the relationship between the study variables. The population of the study was composed of 85 employees at Eagle Africa Insurance Brokers Limited, and therefore a census method was preferred to any other sampling technique. Primary data was collected by the use of structured questionnaires where frequencies, means as well as standard deviations were used as measures of central tendencies for the various study variables. Correlational analysis was then adopted in the analysis of the relationship between the variables. The findings of the study indicated that flexibility in work environment improved performance of the organization, while compensation strategies did not have significant effect on performance, training and development on the other hand had positive and significant impact on performance of the organization. This study although undertaken in an insurance brokerage firm in Kenya, it did not consider all the insurance firms in Kenya. Similarly, the three independent variables are distinct from the variables that are adopted in this study which include, employee recruitment strategies, resource allocation strategies, as well as effective team building strategies.

Al Kurdi et al. (2020) undertook a study that investigated the employee retention and organizational performance in the baking industry of Jordan. They were motivated to undertake the study by the circumstances under which highly-qualified as well as skilled employees were allowed to leave organizations. The employee retention factors that were specifically investigated in the study included economic security, psychological security, affiliation to the organization as well as self-actualization factors. Primary data was collected by the use of a structured questionnaire as the main tool for data collection. Simple random sampling technique was then deployed to determine the study respondents among the employees of commercial banks in Jordan. The study used SEM-PLS in the analysis of the collected data, as well as in model testing together with the proposed study hypothesis. The findings of the study indicated that economic, psychological, affiliation as well as self-actualization factors affected employee retention that had an impact on performance of these commercial banks. The factors that were assessed in the study are different from the factors that have been proposed to be studied in this study. It would therefore be interesting to discover whether other strategies of employee turnover reduction would have similar effect on performance.

Nyaga (2015) assessed employee turnover on organizational efficiency at the International Livestock Research Institute (ILRI). A descriptive research design as well as case study design was adopted by the study, where the factors that were assessed were factors that affected employee turnover in the institute, possible impact of employee turnover on organizational efficiency, as well as assessment of mitigation strategies adopted for reducing employee turnover. The 420 employees were the target population of the study, where stratified sampling was used and data collected from the sample by the use of structured questionnaires. SPSS was used to undertake regression as well as correlational analysis, where the study found that there was a high case of employee turnover in the organization which adversely affected organizational efficiency. The causes of employee turnover were inadequate employees' retention strategies, lack of motivation as well as lack of career development opportunities as well as poor work environment. The study was focused on a parastatal in Kenya, which may not be sensitive to competition. The context of the study is therefore very distinct from the context of insurance firms in Kenya which entails a highly competitive environment.

Shubaka (2014) studied the relationship between employee retention strategies and commitment in insurance companies in Kenya. The study adopted a descriptive research design where the study conducted a census for all the 46 insurance companies in Kenya. Primary data was collected by the use of structured questionnaire that were self-administered. The analysis was undertaken by use of descriptive statistics as well as measures of central tendencies. The study findings indicated that insurance companies had adopted a number of strategies that were directed on enhancing employee retention. The strategies included, annual review of salary, training, offering performance related incentives, open as well as fair resource policy, clear career plan as well as policies on employee promotion. The study therefore found a significant effect of employee retention strategies on performance. The study although undertaken in insurance firms in Kenya, did not test the factors that are proposed in this study, similarly the study was conducted in 2014 and seven years down, the employee reduction strategies adopted by the insurance firms are bound to change as these firms seek to adopt environmental changes. This study therefore intends to fill this study gap and bring up new knowledge.

2.5 Summary of Literature Review

The contribution that has been undertaken by the previous researchers is brought out in this chapter where existing literature is reviewed. It helps us to understand the existing theories in the study area, as well as empirical research that have been undertaken previously. The theoretical literature that was focused in the study include: survival-based theory, Maslow's hierarchy of needs theory, as well as two factor theory of job satisfaction that sought to explain how employees' turnover reduction strategies affect performance of organization. It is from the empirical studies where the study identifies the study gap that will be filled by this study. Most studies conducted to show the relation between employee turnover reduction strategies and performance of organization have focused on how voluntary and involuntary turnover affect organizational performance with limited study focusing on how employee turnover reduction strategies affect performance of organization, yet organizations experience low performance due to high turnover rate caused by poor turnover reduction strategies. There is therefore a gap in literature regarding the effect of employees' turnover reduction strategies on organizational performance. This study therefore seeks to bridge this gap.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The research methodology section is crucial in emphasizing on the methodology that would be undertaken by the study in order to achieve the research objective. The section therefore highlights the research design employed by the study, the population of the study, sampling, data collection as well as data analysis.

3.2 Research Design

Research design refers to the procedure or the method that would be undertaken by the research in order to ensure that the research questions are well answered as well as ensure that the research objectives are met. This study will adopt a correlational research design where a relationship between employee turnover reduction strategies will be correlated with organizational performance. The study therefore seeks to establish the relationship that exists between the study variables (Creswell, 2013).

3.3 Population of the Study

The population of the study refers to all the objects or individuals that are of interest to the study and which may be studied to provide relevant data for the study. The population of this study will comprise of all the 54 registered and licensed insurance firms in Kenya which are divided into Life insurance firms and general insurance firms as indicated in appendix II (AKI, 2019). Since the population is not large, then a census study will be adopted by the study where all the 54 firms will be studied.

3.4 Data collection

The study will use qualitative data, where primary data will be collected by the use of structured questionnaires as per appendix I. The study will use Google forms to collect data where the form will be sent to the HR or to an employee working in the HR department as they are deemed to understand employee reduction strategies adopted by the insurance firm. Pilot testing of the questionnaire will be undertaken from an employee at ICEA Lion Insurance Company and the response will help to determine whether the questionnaire is clear, understandable as well as effective in measuring the study variables. The contribution of the supervisor will also be effective in generating a properly designed questionnaire.

3.6 Data Analysis

Data analysis is the extraction of useful information from data collected. The objective of data analysis is to ensure that the collected data has been used adequately to provide useful information that may help in decision making as well as providing necessary insight as per the objectives of the study. Data analysis will therefore be conducted by the use of tables, figures and graphs where the frequencies of study responses will be analyzed by the use of statistical package for social sciences (SPSS). Measures of central tendencies of mean and mode will also be used to assess the study objectives.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

The chapter undertakes analysis of data collected, where the response rate is first highlighted, the descriptive statistics explains each study variable and the kind of responses received in regard to the specific variable, correlation analysis is then undertaken as well as a regression analysis. The findings are then discussed appropriately.

4.2 Response Rate

The study targeted to collect data from at least 3 employees in senior management or working in HR department from each insurance firm in Kenya. This means that the total number of employees targeted by the study was 162 respondents. However, the study was able to collect data from 110 respondents that comprised a response rate of 67.9%. According to Creswell (2013) a response rate of 60% and above is considered appropriate for undertaking statistical data analysis.

4.3 Descriptive Statistics

Descriptive statistics is used to explain the frequency of the responses for each study variable. It provides information in regard to the variable in form of the mean, standard deviation and the mode for each variable. The responses were ranked in a 5-point Likert scale where strongly disagreeing with a certain question was rated with a score of 1 while strongly agreeing with a question had a score of 5.

4.3.1 Employee Recruitment Strategies

The strategies adopted in the recruitment process is very vital and indicative on the nature of employee turnover reduction strategies. This is because if the recruitment does not lead to the identification of the most suited and appropriate candidate for any position, then the candidate chosen by such a process would more likely feel frustrated in the job and would increase employee turnover.

The study asked different questions pertaining employee recruitment strategies adopted by each insurance firm. Table 4.1 represents the descriptive response for each question as follows.

Table 4. 1: Employee Recruitment Strategies Statistics

	[The qualification and skills of candidates are considered before being employed]	[The company chooses candidates that are always highly skilled and highly qualified in certain job]	[The company undertakes a background check for each candidate before being employed]	[The personality of each candidate is scientifically determined before the candidate is employed]	[Each employee is assigned tasks that align to their skills, qualifications as well as their personality]	[The company asks and documents goals for each new employee]	[The company undertakes intense advertising for all open job positions]
N Valid	109	109	109	109	109	109	109
Mean	4.44	4.20	3.33	3.06	4.19	3.64	4.09
Median	5.00	4.00	4.00	3.00	4.00	4.00	4.00
Mode	5	5	2	4	4	4	5
Std. Deviation	.630	.890	1.361	1.409	.739	1.118	1.059

Source: Author, (2021)

The questions regarding employee recruitment strategies had a mode of 5 and 4 indicating that most respondents strongly agreed or agreed with the statements in regard to employee recruitment strategies as observed by insurance firms. However, the question “whether the company undertakes a background check for each candidate before being employed had a mode of 2 and a mean of 3.33 indicating that most respondents disagreed with it. It indicates that most insurance firms rarely undertook background checks for candidates before being employed. On the other hand, the statement “the personality of each candidate is scientifically determined before the candidate is employed” also had the least mean of 3.06 indicating that in average most respondents disagreed with the statement. The statement had a mode of 4 which perhaps is an indicator that undertaking personality checks among insurance firms varied distinctly from one firm to the other.

4.3.2 Skills Allocation Strategies

The statements in regard to skills allocation strategies sought whether the company was efficient in allocating employee skills to tasks and duties that are best suitable for the employee. Misfits between skills and tasks among firms is a critical issue that increases stress among employees as they struggle to adjust in roles that they are least suited to undertake and therefore increase employee turnover. The more a firm was able to efficiently allocate employee skills to prevailing tasks in the firm, the better the performance of the employee and the less the employee turnover. The ability of a firm to allocate skills to tasks in a firm, was tested by a number of statements, and the response from the respondents is summarized in table 4.2.

Table 4. 2: Skills Allocation Strategies Statistics

		[Promotion of employees is based on performance and experience of the employee.]	[The company prefers to promote its own qualified employees rather than outsourcing new employees from outside the organization]	[Poor performing employees are always re-assigned to new departments.]	[The preference of employees is first considered before transfer to new department or towards working on new roles in the firm]	[Remuneration of employees is based on the tasks performed by the employee as well as nature of skills and experience]	[Job appraisals are undertaken frequently to determine performance of each employee]	[The company uses reward system to motivate employees reach their targets.]
N	Valid	109	109	109	109	109	109	109
	Missing	0	0	0	0	0	0	0
Mean		4.14	3.76	2.87	3.47	4.04	4.01	4.29
Median		4.00	4.00	3.00	4.00	4.00	4.00	4.00
Mode		5	4	3	4	4	4	5
Std. Deviation		.918	.971	1.156	1.159	.757	.887	.785

Source: Author, (2021)

Most respondents for the first and last statement indicated that they strongly agreed with the statements that promotion was based on performance and experience as well as the fact that the company uses reward system to motivate employees reach their targets. Most of the statements that sought to determine skills allocation strategies had the respondents agree with these statements as the mode was 4 for most of these statements. However, the mode for the statement “Poor performing employees are always re-assigned to new departments” was 3 indicating that most respondents neither agreed nor disagreed with the statement. It is also this statement that had the lowest mean among all the statements in this variable, with a mean of 2.87 and a median of 3 as well.

4.3.3 Team Building Strategies

Team building strategies are key factors that ensure that employees have a sense of belonging in a firm. They feel part of the whole and therefore are likely to be more loyal to the firm and hence reduce employee turnover. Insurance firms that undertake effective team building deploy strategies that ensure that they inculcate the sense of belonging, and the employees feel part of a caring group where not only the organization goals but his/her goals are well considered as well. Table 4.3 indicates the statistics that express team building strategies adopted by insurance firms in Kenya.

Table 4. 3: Team Building Strategies

		[The company encourages existence and formation of informal groups]	[The company frequently organizes team building activities for all employees.]	[The company encourages top-bottom as well as bottom-top communication.]	[Junior employees are highly motivated to ask questions and seek clarifications on issues from the senior employees/ supervisors]	[There exists properly established communication channel for employees to air their grievances]
N	Valid	109	109	109	109	109
	Missing	0	0	0	0	0
Mean		3.70	4.06	4.08	3.90	3.95
Median		4.00	4.00	4.00	4.00	4.00
Mode		4	4	4	4	4
Std. Deviation		1.159	.961	.747	.942	1.013

Source: Author, (2021)

The statements that were used to determine team building strategies include the statement, “The company encourages existence and formation of informal groups” where the mean of the respondent was 3.7 that indicates that most respondents agreed with the statement as it applied to their insurance firms. The median and the mode for this statement was 4 and therefore respondents agreed with the statement. Similarly, all the other questions had medians and mode of 4 which indicates that the respondents agreed with the statements that indicate that the insurance firms undertook acceptable team building strategies.

4.3.4 Training and Development Strategies

A company that undertakes effective training and development of its worker, displays the commitment that it has undertaken on the progress and development of its employees. Training and developments not only improve on the skills set of an employee, it also helps to boost confidence, morale as well as providing an avenue for employee feedback to management. The feedback would be used in enhancing training and development programs, as well as help management in decision making regarding employee turnover reduction strategies. Training and development help employees to reach their individual development goals as they also enhance current job performance. It boosts motivation and removes bottlenecks created by ignorance. Employees are able to learn alternative means and ways of completing their tasks efficiently and effectively thereby improving the performance of the firm (Saks, 2006). The responses from the study respondents are summarized in table 4.4.

Table 4. 4: Training and Development Strategies

		[Training is highly targeted to enhance certain skills among specific employees]	[Trainings and workshops are organized on individual employees to focus on improving certain skills]	[The management takes time in training other employees on efficient tasks accomplishments.]	[The employees provide feedback after every training and workshop sessions.]	[Promotions are conducted based on the skills and trainings an employee has acquired.]	[The company encourages innovations among employees and creates good environment for sharing work and life skills among employees]
N	Valid	109	109	109	109	109	109
	Missing	0	0	0	0	0	0
Mean		3.72	3.61	3.60	3.49	3.86	4.09
Median		4.00	4.00	4.00	4.00	4.00	4.00
Mode		4	4	4	4	4	4

Source: Author, (2021)

All the statements in table 4.4 have a mean and a mode of 4 indicating that all the respondents agreed that their respective companies had adequate training and development strategies in place.

4.3.5 Firm Performance

The study sought to understand the performance of the insurance firms as rated by the respondents. The performance concentrated on the insurance premiums underwritten by the firm, the profitability as well as the ability of the insurance firms to pay claims as and when they fall due. The performance also assessed the future opportunities of the firm according to the respondent. Table 4.5 indicates the mean, mode and median of responses for each statement.

Table 4. 5: Firm Performance

		[The company is well known for faster and easier claim payments]	[The company receives the highest premium in all the insurance firms in Kenya]	[The company always meets its short-term and long-term targets.]	[The company adopts and implements the latest technology in the industry]	[The company offers the best remuneration packages to its employees]	[The company complies with all regulatory requirement such that it does not incur fines, penalties and extra taxes due to non-compliance]	[The company has the best human resources skills in the insurance industry in Kenya.]	[There exist no cases of fraud in the company as there are robust systems to deter and prevent fraud.]	[All processes in the company are fully automated, from underwriting process, claim payment process, financial reports preparations and talent acquisit.]
N	Valid	109	109	109	109	109	109	109	109	109
	Missing	0	0	0	0	0	0	0	0	0
Mean		3.82	3.17	3.55	3.36	3.14	4.02	3.51	3.75	2.64
Median		4.00	4.00	4.00	4.00	3.00	4.00	4.00	4.00	2.00
Mode		5	5	4	4	5	4[a]	5	5	2

a. Multiple modes exist. The smallest value is shown

Source: Author, (2021)

The performance of most insurance firms is impeccable as majority of respondents strongly agreed with most of the statements as indicated in table 4.5. However, the respondents disagreed that their insurance firms had automated all the processes in their firms including underwriting, payment of premiums, preparation of financial statements among others. The mode and median for this statement was only 2 with a mean of 2.64.

4.4 Correlation Analysis

Correlation analysis indicates the relationship of each independent variable with the dependent variable. A correlation of 1 indicates that there is a perfect correlation, while a correlation of 0 indicates no correlation. In the same sense, values close to 1 indicate a strong correlation while values close to zero indicate weak correlation. Negative correlation indicates that there is an inverse relationship between the variables. The study used Spearman's correlation and the results are indicated in table 4.6.

Table 4. 6: Correlation Table

Correlations

		Firm Performance	Employee Recruitment Strategies	Skills Allocation Strategies	Team Building Strategies	Training and Development Strategies
Firm Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
Employee Recruitment Strategies	Pearson Correlation	.840**	1			
	Sig. (2-tailed)	.000				
Skills Allocation Strategies	Pearson Correlation	.615**	.539**	1		
	Sig. (2-tailed)	.000	.000			

Team Building Strategies	Pearson Correlation	.767**	.796**	.586**	1	
	Sig. (2-tailed)	.000	.000	.000		
Training and Development Strategies	Pearson Correlation	.682**	.639**	.472**	.684**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	109	109	109	109	109

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Author, (2021)

The correlation between each independent variables and dependent variable is positive and significant that suggests that increasing each independent variable, there would be positive changes in firm performance.

Employee recruitment strategies has a correlation of 0.84 against firm performance that indicates that employee recruitment has a significant and strong and positive correlation against firm performance. Skills allocation strategies has also a positive significant correlation of 0.615, while team building strategies, as well as training and development have positive strong correlations against firm performance of 0.767 and 0.682 respectively.

4.5 Regression Analysis

Regression analysis on the other hand is used to determine whether there exists significant effect of employee turnover reduction strategies on firm performance. The regression equation would take the form Y = B0 +B1X1+B2X2 + B3X3 + B4X4 + E

Where Y represents Firm Performance

B0 represents the Y intercept

B1, B2, B3, and B4 are coefficients of X1, X2, X3 and X4 respectively

X1 represents employee recruitment strategies

X2 represents skills allocation strategies

X3 represent team building strategies

X4 represents training and development strategies

E represents the error term

4.5.1 Regression Summary

The regression summary indicates the extent to which the factors are able to explain or predict changes in the dependent variable. In this study it explains changes in firm performance. The coefficient of determination (R squared) explains the strength of the model and therefore shows the extent to which the study variables would be used to predict changes in firm performance.

Table 4. 7: Regression Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.878[a]	.770	.761	5.122	1.639

a. Predictors: (Constant), Training and Development Strategies, Skills Allocation Strategies, Employee Recruitment Strategies, Team Building Strategies

b. Dependent Variable: Firm Performance

Source: Author, (2021)

R squared is 0.77 that suggests that the independent variables are able to explain 77% of the changes in firm performance. It means that employee reduction strategies are responsible of up to 77% of performance of insurance firms in Kenya.

Durbin Watson of 1.639 indicates that there are no autocorrelations in the data. Values between 1.5 to 2 indicate lack of autocorrelations while values above or below indicate either positive or negative autocorrelations. Autocorrelations have a way of reducing the accuracy of regression analysis.

4.5.2 ANOVA

The ANOVA table is used to express the values obtained from undertaking an F test. The statistical test is appropriate in expressing the significance of the relationship between the study variables. A p-value of less than 0.05 would mean that the null hypothesis would be rejected while a p-value of greater than 0.05 would mean that the study fails to reject the null hypothesis.

Table 4. 8: ANOVA Table

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9151.884	4	2287.971	87.196	.000[b]
	Residual	2728.887	104	26.239		
	Total	11880.771	108			

a. Dependent Variable: Firm Performance

b. Predictors: (Constant), Training and Development Strategies, Skills Allocation Strategies, Employee Recruitment Strategies, Team Building Strategies

Source: Author (2021)

Table 4.8 indicates that the p-value is less than 0.05 and therefore we reject the null hypothesis and conclude that there is significant effect of employee turnover reduction strategies on performance of insurance firms in Kenya.

4.5.3 Regression Coefficient

The regression coefficient details the effect of increasing each independent variable on the dependent variable while holding other factors constant.

Table 4. 9: Coefficients Table

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-19.587	3.093		-6.332	.000
	Employee Recruitment Strategies	.989	.145	.548	6.838	.000
	Skills Allocation Strategies	.401	.136	.173	2.939	.004
	Team Building Strategies	.275	.221	.108	1.245	.216
	Training and Development Strategies	.349	.131	.177	2.666	.009

a. Dependent Variable: Firm Performance

The regression model becomes

$$Y = -19.587 + 0.989X1 + 0.401X2 + 0.275X3 + 0.349X4 + 3.1$$

The equation indicates that increasing employee recruitment strategies would have the greatest impact on firm performance as it had a coefficient of 0.989, followed by improving skills allocation strategies with a coefficient of 0.401 and then training and development strategies at 0.349 and lastly improving team building strategies with a coefficient of 0.275.

4.6 Discussion and Interpretation of Findings

The study set out to determine employee turnover reduction strategies and firm performance of insurance firms in Kenya. The study collected primary data pertaining to employee turnover reduction strategies that were expressed by employee recruitment strategies, skills allocation strategies, team building strategies, training and development strategies. The dependent variable comprised of firm performance. The study expected to collect data from at least three respondents from each insurance firm in Kenya and therefore a total of 162 respondents were expected. However only 110 respondents were able to duly fill and return the questionnaire that marked a response rate of 67.9%. A 5 point Likert scale had been used and the descriptive statistics carried out by the study indicated that most insurance firms performed well in employee turnover reduction strategies. The correlation analysis indicated that there was appositive and significant effect between the employee reduction strategies and firm performance. Employee recruitment strategies had the strongest correlation with firm performance though all the variables had positive and significant correlation with firm performance. Regression analysis found that employee reduction strategies were able to explain up to 77% of the changes in firm performance. The study findings indicated that there was significant positive effect of employee turnover reduction strategies on firm performance of insurance firms in Kenya as the p value was less than 0.05 and the null hypothesis of the study was rejected.

The study therefore indicates that employee reduction strategies are very crucial in determining and influencing firm performance of insurance firms in Kenya. 77% of firm performance can be achieved by implementing an effective employee turnover reduction strategy. This is a crucial indicator on the importance and the significance of insurance firms adopting policies that enhance employee turnover reduction strategies. The study also points to the fact that among the strategies, employee recruitment strategies are the most crucial and brings the most impact to the performance of insurance firms. The study is consistent with findings in the study by Wilson (2018) who found that use of employee turnover reduction strategies brought significant social change as well as stabilizations of communities coupled with improvements to the human and social conditions outside the workplace. Similarly, a study by Kurdi et al. (2020) found that economic, psychological, affiliation as well as self-actualization factors affected employee retention that had an impact on performance of these commercial banks. It indicated that employee retention had a positive impact on performance of commercial banks. Shubaka (2014) also found a significant effect of employee retention strategies on performance and therefore agreed with the findings of this study.

However, there are studies that had findings that were contrary to the findings in this study. Fanou (2018) indicated that voluntary employee turnover resulted from poor remuneration, lack of motivation and lifetime decisions such as family migration among others. Th study therefore did not identify the positive and significant effect of employee reduction strategies on firm performance applicable in these firms. Dmofeh (2012) on the other hand found that rural banks used competitive remuneration, enhanced job security as well as training and development of their employees to enhance employee retention. However, these factors were not adequately implemented in the various banks which meant that these banks had poor employee retention strategies. This contradicts the findings in this study.

The study therefore indicates that as much as employee turnover reduction strategies have positive and significant effect on firm performance, it may not always be the case and applicable in all circumstances. Some firms undertake employee reduction strategies but do not realize increased firm performance as it may not be accurately executed. The study therefore understands the benefit of undertaking strategies that would empower, motivate and improve employee skills, but the manner and nature of executing these strategies should also be observed and enhanced to realize positive results on firm performance.

CHAPTER FIVE

SUMMARY CONCLUSIONS AND RECOMMENDATIONS OF THE STUDY

5.1 Introduction

The chapter undertakes to summarize the findings of the study, to highlight the conclusion and the recommendations of the study. It also highlights the limitations encountered while undertaking the study, and points at areas where future research would be undertaken.

5.2 Summary of the Study

The study sought to identify employee turnover reduction strategies and firm performance of insurance firms in Kenya. This study as well investigated other the effect that other strategies such as employee recruitment strategies, skills allocation strategies, training and development strategies and team building strategies will have on firm performance of insurance firms in Kenya. Descriptive data was collected by the use of questionnaires and the central tendency of the frequencies of the responses was measured to determine the mean, mode and the medium which was per the objectives of the study.

Correlation analysis and multiple linear regression analysis were both applied comprehensively to the data obtained in order to meet the objectives of the study. Correlation analysis findings revealed that all the independent variables which were employee recruitment strategies, skills allocation strategies, training and development strategies and team building strategies had a strong positive significant correlation. Employee recruitment strategies had the strongest significant correlation of 0.84 while skills allocation had the least significant correlation of 0.615. The results revealed that all the independent variables had a direct relationship with the dependent in this study which was firm performance.

From the regression analysis, employee turnover reduction strategies were found to have 77% statistical significant effect on firm performance. This means that employee reduction strategies affect 77% of firm performance of the insurance companies in Kenya. The statistical test was undertaken to show the significant relationship between the variables and it revealed that the p-value was less than 5 therefore the null hypothesis was rejected. The study therefore concluded that there is significant effect between the employee turnover reduction strategies and firm performance of insurance companies in Kenya.

5.3 Conclusion

The findings of this study not only revealed that employee recruitment strategies have a positive correlation with the firm performance but also the F statistical test indicated that there is strong positive significant relationship between employee recruitment strategies and the firm performance of insurance companies in Kenya. This means that an employee recruitment strategies is directly proportional to firm performance. When the strategies of recruiting company employees increase it causes an increase to the performance of the firm and vice versa. Insurance companies should therefore consider increasing strategies of employee recruitment in order to increase the firm performance.

From the findings of this study skills allocation strategies had a positive correlation with the firm performance. It was also proven to have a statistical significant relationship with firm performance, therefore, indicating that a positive increase in skill allocation strategies will have a positive effect on the firm performance. A firm can therefore enhance its performance by positively increasing its strategies on skills allocation.

The findings of this study as well revealed that training and development strategies had a positive correlation with the firm performance which was the dependent variable of this study. The study's findings as well proved that training and development strategies had a positive statistical significant influence on firm performance. This means that if the insurance company improve and increase the training and development strategies, the firm performance will increase and vice versa because both variables have a direct relationship.

Team building strategies was also one of the independent variables that was also found to have a direct influence on firm performance. The findings revealed that there was a positive correlation between the team building strategies and firm performance. It also revealed that team building strategies statistically had a positive significant effect on firm performance of insurance companies in Kenya. This shows that by increasing team building strategies of employees of the company, it will cause a direct positive impact on firm performance.

5.4 Recommendation

The study therefore recommends that insurance companies should ensure that it develops policies that would ensure that firm performance improves significantly. This means that the study would recommend that factors that affect the firm performance directly such as employee recruitment strategies, skills allocation strategies, training and development strategies and team building strategies should be taken in to consideration. To improve the firm performance the insurance companies in Kenya should consider improving and increasing such strategies as the factors that affect firm performance. The deterioration of these strategies will have an adverse effect on firm performance of insurance companies.

The study also recommends that the insurance companies in Kenya should ray down appropriate strategies that would ensure that there is proper control of employee turnover. Employee departure will harm the performance of a firm as such employee leaving leads to shortage of skills, experience, competence, mastery of work and the ability to solve faster challenges that keep emerging from time to time. This will require the firm to employ new employee who will require time and training to get the experience in order for effective and efficient work output.at such a period the business will incur cost in training new employees while its resources will not be fully utilized for optimum output. The goal of every firm is to use minimum resources for maximum output only then can a firm claim to be performing well. This can only happen when the employees gain enough skill, experience and competent to efficiently and effectively use minimum resources for maximum output.

The study also recommends the insurance firms in Kenya to ensure that employees' needs are catered for to avoid high employee turnover. They should develop policies that would motivate employees to work in the firm and develop strategies that will help employee to feel associated with the success of the firm. This will help the employee work together toward achieving the goals of the firm and therefore the employee will identify themselves with every step of success they make toward achieving those goals. This will make the employees feel responsible and accountable and therefore will not consider to leave the company.

5.5 Limitations of the Study

There are limitations that limit the application and use of the recommendations presented in the study. This study uses primary data in the analysis of the study. Although primary data is mostly preferred as a fast hand information it is normally associated with many challenges such as exaggeration, inconsistency of the data collected standards, complexity of the data, lack of training in data collection and lack of quality assurance processes led to collection of some of the data which was of low quality and also manipulation of primary data due to self-interests.

The study was also undertaken in Kenya context and therefore the findings of the study are therefore limited to Kenya. Even though the study may be used to infer most of the factors for a country of the same economic income level as Kenya, the findings may not be accurate for such a country. Similar factors perhaps would provide different results if undertaken in a larger context such as East African region, Africa or different other parts of the world.

The model adopted by the study was also limiting as it explained variation in the dependent variable to the extent of 77%. The rest of the percentage of the variation in the dependent variable is from other factors that were not included in the model. This implies that the analytical model was limiting enough and would not provide an explanation on variation of the dependent variable to a tune of 100%.

The primary data was collected during the covid-19 epidemic and therefore this limits the conclusion made by the study. Perhaps if the study was carried out at a different time without any epidemic effect the results would not have been the same and therefore the study would have made different conclusion. However, the epidemic was not found to have major effects on employee turnover in insurance companies in Kenya.

5.6 Suggestion for Further Research

The study suggests that further research could be undertaken where more independent variables are undertaken. These variables would include employees' interest, firms' pressure and expectation on employees among others. The findings of such a study would be compared with the findings of the current study.

A similar study would also be undertaken, targeting different and wider regions such as East African countries, entire African region or different countries in the world, where the results and findings of such a study would be compared to findings in this study.

The study would also recommend undertaking a similar study where data is collected using a different primary data collection method and at the same time use of a different model in the study. The findings of such a study would then be correlated with the findings of this study.

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APPENDICES

Appendix 1: Questionnaire

Section A: Demographic Characteristics

1. Please indicate your position in the company ___________________________

2. How long have you worked for the company (Please tick appropriately)

   a) One year and below ( )
   b) 2 to 5 years ( )
   c) 6 to 10 years ( )
   d) Over 10 years ( )

3. Please indicate the number of employees in your company. (Please tick one)

   a) 1 to 50 ( )

   b) 51 to 100 ( )

   c) 101 to 150 ( )

   d) Over 150 ( )

4. On average

SECTION B: EMPLOYEE RECRUITMENT STRATEGIES

This section seeks to establish the employment recruitment strategies adopted by your insurance firm. Please rate each of the statement as it applies to your company by stating the extent to which you agree or disagree with each statement.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree

The qualification and skills of candidates are considered before being employed					
The company chooses candidates that are always highly skilled and highly qualified in certain job					
The company undertakes a background check for each candidate before being employed					
The personality of each candidate is scientifically determined before the candidate is employed					
Each employee is assigned tasks that align to their skills, qualifications as well as their personality					
The company asks and documents goals for each new employee					
The company undertakes intense advertising for all open job positions					

SECTION C: SKILLS ALLOCATION STRATEGIES

This section seeks to establish the skills allocation strategies undertaken in your firm. Please rate each of the statement by stating the extent to which you agree or disagree with each statement.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Promotion of employees is based on performance and experience of the employee.					

The company prefers to promote its own qualified employees rather than outsourcing new employees from outside the organization					
Poor performing employees are always re-assigned to new departments.					
The preference of employees is first considered before transfer to new department or towards working on new roles in the firm					
Remuneration of employees is based on the tasks performed by the employee as well as nature of skills and experience					
Job appraisals are undertaken frequently to determine performance of each employee					
The company uses reward system to motivate employees reach their targets.					

SECTION D: TEAM BUILDING STRATEGIES

This section seeks to establish team building strategies adopted in your firm. Please rate each of the statement by stating the extent to which you agree or disagree with each statement.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The company encourages existence and formation of informal groups					
The company frequently organizes team building activities for all employees.					

The company encourages top-bottom as well as bottom-top communication.					
Junior employees are highly motivated to ask questions and seek clarifications on issues from the senior employees/ supervisors					
There exists properly established communication channel for employees to air their grievances					

SECTION E: TRAINING AND DEVELOPMENT STRATEGIES

This section seeks to establish training and development strategies undertaken in your firm. Please rate each of the statement by stating the extent to which you agree or disagree with each statement.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Employing qualified employees has improved profitability of the company					
Employees with proper skills attract and help to retain customers					
The company increases underwriting business if employees are allocated tasks that are best suited for them					
Team building events help the company to achieve its objectives					

Improving communication improves profitability in the firm					
Increasing training and workshop for employees adds value to the firm					
Employees who undergo training and development perform their tasks better					
There are frequent trainings and workshops organized for all employees					
Training is highly targeted to enhance certain skills among specific employees					
Trainings and workshops are organized on individual employees to focus on improving certain skills					
The management takes time in training other employees on efficient tasks accomplishments.					
The employees provide feedback after every training and workshop sessions.					
Promotions are conducted based on the skills and trainings an employee has acquired.					
The company encourages innovations among employees and creates good environment for sharing work and life skills among employees					

SECTION F: FIRM PERFORMANCE

This section seeks to determine the performance of the insurance firm. Please rate each of the statement by stating the extent to which you agree or disagree with each statement.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The company is well known for faster and easier claim payments					
The company receives the highest premium in all the insurance firms in Kenya					
The company always meets its short-term and long-term targets.					
The company adopts and implements the latest technology in the industry					
The company offers the best remuneration packages to its employees					
The company complies with all regulatory requirement such that it doesn't incur fines, penalties and extra taxes due to non-compliance					
The company has the best human resources skills in the insurance industry in Kenya.					
There exist no cases of fraud in the company as there are robust systems to deter and prevent fraud.					
All processes in the company are fully automated, from underwriting process, claim payment process, financial reports preparations and talent acquisition process.					

Thank you for your time

Appendix II: List of licensed Insurance Companies in Kenya as at December 2020

1.AAR Insurance Company Limited
2.Africa Merchant Assurance Company Limited
3.AIG Kenya Insurance Company Limited
4.Allianz Insurance Company of Kenya Limited
5.APA Insurance Limited
6.APA Life Assurance Company Limited
7.Barclays Life Assurance Kenya Limited
8.Britam General Insurance Company (K) Limited
9. Britam Life Assurance Company (K) Limited
10.Metropolitan Cannon General Insurance Company Limited
11.Capex Life Assurance Company Limited
12.CIC General Insurance Company Limited
13.CIC Life Assurance Company Limited
14.Corporate Insurance Company Limited
15.Directline Assurance Company Limited
16.Fidelity Shield Insurance Company Limited
17.First Assurance Company Limited
18.GA Insurance Limited
19.GA Life Assurance Limited
20.Geminia Insurance Company Limited
21.ICEA LION General Insurance Company Limited
22.ICEA LION Life Assurance Company Limited
27.Kenya Orient Life Assurance Limited
28.KUSCCO Mutual Assurance Limited
29.Liberty Life Assurance Kenya Limited
30.Madison Insurance Company Kenya Limited
31.Madison General Insurance Kenya Limited
32.Mayfair Insurance Company Limited
33.Metropolitan Cannon Life Assurance Limited
34.Occidental Insurance Company Limited
35.Old Mutual Assurance Company Limited
36.Pacis Insurance Company Limited
37.MUA Insurance (Kenya) Limited
38.Pioneer General Insurance Company Limited
39.Pioneer Assurance Company Limited
40.Prudential Life Assurance Company Limited
41.Resolution Insurance Company Limited
42. Saham Assurance Company Kenya Limited
43.Sanlam General Insurance Company Limited
44.Sanlam Life Insurance Company Limited
45.Takaful Insurance of Africa Limited
46.Tausi Assurance Company Limited
47.The Heritage Insurance Company Limited
48.The Jubilee Insurance Company of Kenya Limited
49.The Kenyan Alliance Insurance Company Limited
50.The Monarch Insurance Company Limited