

**RELATIONSHIP BETWEEN EMPLOYEE RETENTION
STRATEGIES AND COMMITMENT IN INSURANCE COMPANIES
IN KENYA**

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DECLARATION

This research project is my original work and has not been presented for the award of degree or any other qualification in any other university or institution.

Signature Date

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D61/60617/2011

This research project has been submitted for examination with my approval as University supervisor.

Signature Date

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DEDICATION

To my daughter Amara for being the source of inspiration and encouragement.

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My foremost gratitude goes to God Almighty who renewed my strength at every single stage of doing this proposal.

A lot of thanks go to my supervisor Professor K'Obonyo for his indispensable assistance given without complaint, many hours of positive criticism, comments and suggestions that have enabled me to come up with a refined project.

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ABSTRACT

Employee commitment to an organization is a demonstration of employee satisfaction with the employer in terms of their expectations. When an employer meets the expectations of the employee the employee in turn provides commitment. This is what makes work get done. Commitment comes if an employee has been provided with an enabling environment to be able to maximize of their full potential. This is where the employer gets value for their investment on the employee. It is the desire of all employers to retain their staff for a long time because it reduces the costs of recruiting new staff, training them and it takes a considerable amount of time for the new staff to understand and get into the system. Employee retention is important in almost all organizations. The study sought to establish the relationship between employee retention strategies and commitment in insurance companies in Kenya. The study adopted descriptive research design. The population of the study comprised of all the 46 insurance companies in Kenya. The study used primary data which was collected using self-administered questionnaires. The collected data was analyzed using the statistical package for social sciences and presented in tables and charts. The study found out that the insurance companies have adopted several strategies to retain its employees. These strategies include annual review of salary, training, offering performance related incentives, open forums, open and fair resource policy, clear career plan and policies on employee promotion, information sharing between supervisors, flexible work schedules for employees and coaching and mentoring program. The adoption of the strategies by the companies resulted in employee commitment. It was concluded that highly committed employees are the destiny of an organization and there is need for insurance companies to review retention strategies as the employee needs keep on changing depending on the career levels in relation to the hierarchy of needs. Insurance companies need to be watchful of their employees' perceptions regarding their satisfaction, organizational citizenship behavior and physical working environment as they trigger the need to exit for most employees. The study found out that the employees are committed to the insurance companies as a result of satisfaction they receive from their needs being fulfilled through different strategies. Organizational policies and procedures provide overall guidelines on how things are done in a company. There is need to have employee friendly policies and procedures that provide an enabling environment that allows creativity and innovation. It is recommended that these policies need to be continuously reviewed and updated. Policies that are transparent and clear help remove bias in decision making and employees feel that the employer has a fair work environment where decision making is structured and the leadership style is more supportive to the employee needs. This kind of environment fosters commitment and retention as employees will not feel insecure and with clear procedures on career growth and development the employees' needs are well addressed.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Employee commitment to an organization is a demonstration of employee satisfaction with the employer in terms of their expectations. When an employer meets the expectation of the employee the employee in turn provides commitment. This is what makes work get done. Commitment comes if an employee has been provided with an enabling environment to be able to maximize of their full potential. This is where the employee gets value for their investment on the employee. The investment can be in terms of training to enhance the skills of the employee professionally and technically. This also provides an intrinsic kind of motivation that enhances the feeling of self-worth and the employees feel valued and psychologically become attached to the organization (Chambers, 1998). Employees who are engaged in their work and committed to their organizations give companies crucial competitive advantages including higher productivity and lower employee turnover. Thus, it is not surprising that organizations of all sizes and types have invested substantially in policies and practices that foster engagement and commitment in their workforces (Abraham, 1984).

An employee retention strategy is a deliberate effort to address the employee's needs so that the employee is contented with the terms and conditions of employment. Employee commitment, productivity and retention issues are emerging as the most critical workforce⁹⁸ management challenges of the immediate future, driven by employee loyalty concerns, corporate restructuring efforts and tight competition for key talent. For many firms, employee departures can have a significant effect on the execution of business plans and may eventually cause a parallel decline in productivity. This phenomenon is especially true in light of the current economic uncertainty and following corporate downsizings when the impact of losing critical employees increases exponentially (Caplan and Teese, 1997)

Kenya has 46 insurance companies. The insurance companies in Kenya are regulated by the Insurance Regulatory Authority (IRA), a semi-autonomous regulator, set up in 2008. IRA is mandated to improve regulation and stability of the industry. The insurance companies operate under an umbrella body, the Association of Kenya Insurers (AKI), which was established in 1987. Membership is open to any registered insurance company. Its main objective is to promote prudent business practices, create awareness among the public and accelerate the growth of insurance business in Kenya (IRA Report, 2013).

The psychologist Abraham Maslow developed a theory that suggests we, humans, are motivated to satisfy five basic needs. These needs are arranged in a hierarchy. Maslow suggests that we seek first to satisfy the lowest level of needs. Once this is done, we seek to satisfy each higher level of need until we have satisfied all five needs. Generally, a person beginning their career will be very concerned with physiological needs such as adequate wages and stable income and security needs such as benefits and a safe work environment. We all want a good salary to meet the needs of our family and we want to work in a stable environment. Employees whose lowest level needs have not been met will make job decisions based on compensation, safety, or stability concerns. This research will be grounded on this theory and how the needs are integrated with the employee retention strategies and commitment (Abraham, 1984).

1.1.1 Employee Retention Strategies

A retention strategy is a form of positioning for an organization to gain a competitive edge in terms of keeping valuable employees (Jyoti & Venketesh, 2006). Strategies should be targeted at valuable, contributing employees. Employee turnover is a symptom of a deeper issue that has not been resolved. These deeper issues may include low employee morale, absence of a clear career path, lack of recognition, poor employee-manager relationships or many other issues. Lack of satisfaction and commitment to the organization can also cause an employee to withdraw and begin looking for other opportunities. The retention strategies are therefore formed to address these underlying issues so that the employees are happy with the employer (Jyoti & Venketesh, 2006).

Organizations are continuously changing and this changing environment is not only affecting the organizations but also the employees working in it. In order to maximize organizational efficiency and for optimal utilization of the resources, human resources must be managed properly. Human resource management plays a vital role in this regard. They are responsible for how employees are treated in the organization. Employee retention is a vital issue and challenge to all the organizations. There are numbers of factors which promote the employees to stay or leave the organization. It may be external factors, internal factors and the combined effect of both. Human resource practices counts a lot in this regard. When an organization loses its talented employee it leaves a negative impact on innovation, customer satisfaction, knowledge gain during the past years and on the profitability of the organization .more over replacing cost of another employee contribute a lot to the organization. Employers implement retention strategies to manage employee turnover and attract quality employees into the organization. Retention programs focus on the relationship between management and their workers, competitive pay, benefits, employee recognition and employee assistance programs are all a part of a company's attempt to maintain employee satisfaction. Human resources specialists utilize feedback they receive from exit interviews and focus groups to improve employee relations and reduce turnover (Becker, 1960).

1.1.2 Employee Commitment

Employee commitment to an organization is a demonstration of employee satisfaction with the employers in terms of their expectations. When an employer meets the expectation of the employee the employee in turn provides commitment. This is what makes work get done. Commitment comes if an employee has been provided with an enabling environment to be able to maximize of their full potential. This is where the employee gets value for their investment on the employee. The investment can be in terms of training to enhance the skills of the employee professionally and technically. This also provides an intrinsic kind of motivation that enhances the feeling of self-worth and the employees feel valued and psychologically become attached to the organization (Rodgers & Peccoud, 2005).

Most people consciously decide to make commitments, then they thoughtfully plan and carry out the actions required to fulfill them. Because commitments require an investment of time as well as mental and emotional energy, most people make them with the expectation of reciprocation. That is, people assume that in exchange for their commitment, they will get something of value in return such as favors, affection, gifts, attention, goods, money and property. In the world of work, employees and employers have traditionally made a tacit agreement. In exchange for workers' commitment, organizations would provide forms of value for employees, such as secure jobs and fair compensation. Reciprocity affects the intensity of a commitment. When an entity or individual to whom someone has made a commitment fails to come through with the expected exchange, the commitment erodes (Abraham, 1984).

1.1.3 Insurance Companies in Kenya

Currently there are 46 registered insurance companies in Kenya (IRA Report, 2013). A recent survey shows that skills and competencies is one of the key challenge facing the industry. The insurance market perception was also highlighted to face professional challenges where by the staff complement needs to embrace professionalism by doing the right thing in addressing customer demands to minimize on fraud which was indicated to be a major risk area. Risk and compliance was a new added function to be embraced by all insurance company by the Insurance Regulatory Authority as a mitigation strategy to ensure high compliance levels to the regulation standards (IRA Report, 2013).

Insurance companies in Kenya have traditionally differentiated themselves on the basis of product and market segmentation. The key focus being new products development to meet the ever changing consumer demands. Insurance companies are expected to constantly seek ways of ensuring they are more efficient, productive, flexible and innovative, maintaining a competitive advantage now and in the future and how they will in addition to finance and technology, inordinately depend on how they will manage and factor a differentiator, the human resource compliment. With the industry undergoing significant change over the last few years and the regulator moving away from rule based to risk based supervision, the importance of a strong human resource compliment among insurance companies cannot be gainsaid (IRA Report, 2012).

The insurance Act provides general guidelines on the technical qualifications and competency of staff at different levels of management in the industry. This is because skills and competences are an integral part of an efficient functioning of the insurance industry in Kenya. It is the desire of every employer to have skilled and competent management staff if they hope to compete effectively in their areas of operation. Staff should therefore undergo new training and competency requirements so as to comply with the provisions of the Insurance Act and generally good practices in management of insurance companies (IRA Report, 2012).

In order for an insurer to be registered to transact insurance business in Kenya, the Insurance Act 2007 Section 31(h) requires an insurer to have an adequate number of technically qualified and competent staff (technical or professional qualification in insurance, accounting or banking) approved by the Commissioner of Insurance to manage an insurer. For example the principal officer of an insurance company must have more than ten years' experience in senior level management and be a member of a professional body. This therefore calls for these cadre of staff to be committed to the organization for such retention level to be achieved. This study sought to establish the relationship between employee retention strategies and commitment among insurance companies in Kenya.

1.2 Research Problem

It is the desire of all employers to retain their staff for a long time because it reduces the costs of recruiting new staff, training them and it takes a considerable amount of time for the new staff to understand and get into the system. Employee retention is important in almost all organizations (Cappelli, 2000). It is senseless to allow good people to leave your organization because when they leave, they take away with them the intellectual property, relationships, investments (in both time and money). Effective communication helps organizations provide effective employee retention strategies to improve commitment and enhance workforce support for key corporate initiatives. Employee commitment provides assurance that the employee shares the same vision as the employer. Employee commitment is associated with employee satisfaction and high

productivity (Döckel, 2003). Commitment is associated with a decreased intention to leave the employer. This means therefore that there is a high chance of retaining a committed employee. Commitment is achieved through a number of strategies such as an enhanced relationship between the employee and the employer. Employee commitment should be viewed as a business necessity. Organizations who have difficulty in retaining and replacing competent employees will find it hard to optimize performance (Baugh & Roberts, 1994).

Since the introduction of the Insurance Act, CAP 487 of the Laws of Kenya, supervision and regulation of insurance business has greatly improved industry performance. For instance, the insurance industry has over the last decade continued to register double digit growth in gross written premium income with insurance penetration dovetailing around 3% which is comparable to countries in the developing world. These developments have bestowed on the industry a number of challenges and opportunities the key of which are the required human resource capacities and compliment to drive the growth agenda as set out in the Vision 2030 (IRA Report, 2012). Insurance companies are basically human intensive, and human resources act as an undoubted differentiator. Quality manpower and its retention would act as a Litmus test. Turnover of the workforce has been high because of low entry and exit barriers in the industry (IRA Report, 2013).

Taylor et. al. (2008) in a study conducted on the relationship between employee commitment and their performance, found that organizational culture characterized by high adaptability and a HRM system emphasizing high performance work practices had, a direct and profound impact on employee commitment. Martin and Beaumont (2003) studied on employee commitment points out that there is need for employees to conduct themselves according to the standards of the firm's desired brand. The success of this hinges on the ability of organizations to win employee loyalty to the brand and developing commitment to the organization. They also observe that developing an 'employer of choice' strategy can have far reaching benefits in terms of employee commitment and support for the brand. Cappelli (2000) in his study of human resource development strategies argues that labour market forces are so powerful to the extent that no amount of intervention is possible to shield one's employees from aggressive

employee hunters. In the face of all these developments, it is inevitable for organizations to comprehend the reasons behind peoples' resolve to stay in an organization or otherwise. Among the challenges are the demographics which impact directly on the nature, style, magnitude and frequency of turn-over. Early career employees, majority who are under 30 years will crave for opportunities to advance their careers, a scenario that exposes them to the vulnerability of changing jobs and employers frequently. Mid-career employees on the other hand mostly between 31 years to 50 years of age will prefer some empowerment to manage their career and derive satisfaction from their work while later career employees in their post-50 year's age group value security (Cappelli 2000).

Yego (2012) argues that most commercial banks in Kenya use promotions as a retention strategy and that promotions positively influence employee productivity. Availability of training opportunities largely determines the extent to which employees stay in an organization. However, Nyabwondo (2012) suggests that some of the training policies in organizations do hinder the enrollment of employees on these programs because of the bonding clause that makes employees feel trapped in an organization. The study focused on linking training opportunities in an organization with employee retention. Employee motivation, favourable working conditions and individual security are some of the factors that influence staff retention in private security firms in Nairobi (Kabera, 2013). The findings of this study showed that addressing employee welfare related issues such as medical care provision tended to make employees loyal to an employer.

The researcher did not find studies that focused entirely on the relationship between employee retention strategies and their commitment. This study will focus on the link between the employee retention strategies and employee commitment. The study was guided by the following research question: what is the relationship between employee retention strategies and employee commitment in the insurance companies in Nairobi?

1.3 Research Objectives

The objective of this study was to establish the relationship between employee retention strategies and commitment in the insurance industry in Nairobi.

1.4 Value of the Study

Retaining a positive and motivated staff is vital to an organization's success. High employee turnover increases expenses and also has a negative effect on company morale. Implementing an employee retention program is an effective way of making sure key workers remain employed while maintaining job performance and productivity (Meyer & Allen, 1997).

A company can significantly benefit from employee retention programs because of a direct effect on an employer's bottom line. High turnover can be very expensive. Employee replacement costs can reach as high as 50 to 60 percent of an employee's annual salary. Strategies geared towards retaining good workers helps offset employee replacement costs and reduces the indirect costs. Research shows that the working population can be divided into several categories: people who are engaged -loyal and productive, those who are not engaged -just putting in time, and those who are actively disengaged, unhappy and spreading their discontent. This research therefore seeks to identify the gap and reasons that make the staff leave a company as well as come up with recommendations on how to sort out the problem.

Successful organizations will be those that adapt their organizational behavior to the realities of the work environment where longevity and success depend upon innovation, creativity and flexibility. The dynamics of the work environment will have to reflect a diverse population comprised of individuals whose motivations, beliefs and value structures vary. The intent of this research paper is to illuminate numerous employee-retention related issues that are of particular significance to organizations today. It further seeks to demonstrate how the insights can be utilized as a powerful force to engage, or re-engage employees in a manner that fosters greater job satisfaction and commitment thus improving business results (Schaubroeck, May & Brown, 1994).

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter presents a review of related literature on the subject. It contains theoretical foundation, employee retention strategies and employee commitment. The materials are drawn from several sources which are related to the study objectives.

2.2 Theoretical Foundation

This study is grounded on Maslow's hierarchy of needs theory. Maslow (1943) stated that people are motivated to achieve certain needs. When one's need is fulfilled a person seeks to fulfill the next one, and so on. This can be directly related to an employee's need in terms of career growth curve and what kind of retention strategies will be appropriate at a level of need in relation to the hierarchy of needs. It includes five motivational needs, often depicted in terms of hierarchical levels resembling a pyramid.

This five stage model can be divided into basic (or deficiency) needs (e.g. physiological, safety, love) and growth and esteem needs (self-actualization). The study will focus on linking the five levels to employee retention strategies and their commitment. When the needs hierarchy concept is applied to work organizations, the implication for managerial action becomes more important. They have the responsibility of creating a proper climate in which employees can develop to their fullest potential. If this is not done, employees end up being frustrated and dissatisfied with their jobs leading to an increased withdrawal from the organization (Steers & Porter, 1987).

2.3 Employee Retention Strategies

Employee retention strategies are initiatives taken by management to keep employees from leaving the organization, such as rewarding employees for performing their jobs effectively; ensuring harmonious working relations between employees and managers; and maintaining a safe, healthy work environment (Cascio (2003). There are six critical factors that need to be considered in the retention of high potential employees: compensation (base salary); job characteristics (skill variety and job autonomy); training and development opportunities; supervisor support; career opportunities and work/life policies (Döckel, 2003).

2.3.1 Compensation

Money is still the primary incentive used to lure professionals. According to Higginbotham (1997), high salaries are not essential, but “good” and “fair” salaries showed a strong correlation with intention to stay, indicating that as long as the compensation is competitive, financial rewards are not the primary factor in retention. Kochanski and Ledford (2001) support this statement, which indicates that the actual level of pay is less important than feelings about pay raises and the process used to administer them. Employees want to understand how the pay system works, and want to know how they can earn pay increases. Once the pay level has been reached the intangibles such as career, supervisor support, work and family balance becomes important (Becker, 1998).

Compensation offers an opportunity for security, autonomy, recognition and an improved self-worth (Hoyt & Gerdloff, 1999). These increased feelings of self-worth and importance should lead to affective commitment. Mathieu and Zajac (1990) indicate a positive correlation between salary and commitment. Igarria and Greenhaus (1992) found salary to be positively related to organizational commitment and negatively related to turnover. Perceptions of fairness in compensation have also been shown to be positively linked to affective organizational commitment (Schaubroeck, May & Brown, 1994)

2.3.2 Training and Development Opportunities

Becker (1960) suggests it is critical that organizations keep the leading edge by having their employees well trained in their profession to meet the needs of the current dynamic business environment. Employees stay at companies that promote career opportunities through learning, and the ability to apply their newly learned skills (Jiang & Klein, 2000). The primary mechanism by which training is predicted to increase organizational commitment is through increased self-worth and importance. According to Chang (1999), company-provided training might affect the psychological states of employees. When employees believe that the company is doing a good job of providing proper training, they feel that the company is concerned with improving their skill and ability, making them attached to their company.

2.3.3 Supervisor Support

Employees value the feedback from their co-workers and supervisors. Providing sufficient performance feedback to employees helps bring out positive attitudes toward the organization and helps prevent early intentions to leave the organization. Affective commitment may be enhanced under conditions of high feedback. As individuals are provided with praise and feedback, stronger feelings of loyalty to the organization may develop (Mastro, 1990). Recognition from the supervisor has been found to be related to affective commitment i.e feedback and recognition from supervisors, which increase their feelings of self-worth, and not their obligation to stay at the company.

Factors that drive employee satisfaction and commitment are largely within the direct manager's control (Buckingham and Coffman, 1999; Kaye and Jordan-Evans, 1999). These include providing recognition and feedback, the opportunity to learn and grow, fair compensation reflecting an employee's contributions and value to the organization, a good work environment, and above all, recognition and respect for the uniqueness of each person's competencies, needs, desires and style.

2.3.4 Career Opportunities

Employee's perceptions of the organization's adherence to career-orientated practices, including internal promotions, training and development and employment security are

positively related to commitment. Psychological commitment is higher among employees who believe they are being treated as resources to be developed rather than commodities to buy and sell. Investing in employees sends the message that companies value them (Baruch (2004). Employees feel a sense of self-worth and belonging and this minimizes the chances of an employee seeking for another opportunity. Employees aspire to achieve some form of growth in terms of their career progression. Availability of career growth opportunities seeks to address this particular employee need.

2.3.5 Work-Life Policies

Work/life policies include flexible work scheduling (e.g. part-time work, job-sharing, family leave policies allowing periods away from work for employees to take care of family matters, and childcare assistance (e.g. Post post-natal care, School fees) (Burke & Cooper, 2002). McCrory (1999) indicates that the majority of workers value work/life initiatives as very meaningful. Loyal, employees (those who cannot envision changing jobs in the foreseeable future) are more concerned with leave (vacation, holidays etc), flexible work schedules, family friendliness and a proximity to their home (provision of accommodation facilities as an employee benefit), than job seeking employees who are actively looking for a new position (Dubie, 2000). Grover and Crooker (1995) empirically tested the effects of work and family benefits on organizational commitment. These benefits include parental leave, flexible schedules, childcare assistance and childcare information.

Employees who have access to work/life policies show significantly greater organizational commitment and expressed significantly lower intention to quit their jobs. Work/life policies were reported to be minimally related to affective commitment, and negatively to continuance commitment. This might be the result of the individual being forced to stay at the organization to increase investments rather than to have less work/life conflict. Owing to the lock-in effect, employees are forced to focus more on work than their families. This may not make for a committed employee because their social needs are not taken care of (Grover and Crooker 1995).

2.4 Employee Commitment

The concept of organizational commitment has attracted considerable interest in an attempt to understand and clarify the intensity and stability of an employee's dedication to the organization (Mester, Visser, Roodt & Kellerman, 2003). Researchers have distinguished between three approaches to study commitment, namely from an attitudinal, behavioural and a motivational perspective. In the context of this study, organizational commitment is regarded as an attitude as it relates to individuals' mindsets about the organization (Allen & Meyer, 1990). Meyer and Allen's (1991) three component model of organizational commitment is therefore of relevance to this research.

The concept of organizational commitment is a construct distinguishable from other familiar concept such as job satisfaction, job involvement, career salience, occupational commitment, turnover intentions, work group attachment and Protestant work ethic. Allen and Meyer (1990) describe commitment as a psychological state that binds the individual to the organization. The binding force of commitment is experienced as a mind set for example, a frame of mind or psychological state that compels an individual toward a course of action (Allen and Meyer, 1990).

Workplaces that demonstrate the value they place in their employees and that put into place policies and practices that reflect effective retention practices will benefit, in turn, from worker commitment and productivity. Organizational commitment as a variable with three distinct constructs. These constructs are referred to as affective, continuance, and normative levels of commitment. The term affective organizational commitment is used to describe an individual's emotional attachment to an organization. Continuance organizational commitment describes the individual's commitment that is derived from the perceived cost associated with leaving the organization. Normative organizational commitment is the term used to describe an individual's feeling of obligation to remain with the organization. Strong relationships have been found between the constructs and employee retention (Meyer & Allen, 1997).

Normative commitment to the organization develops on the basis of a collection of pressures that individuals feel during their early socialization (from family and culture) and during their socialization as newcomers to the organization (Chambers, 1998). Normative commitment develops on the basis of a particular kind of investment that the organization makes in the employee, specifically investments that seem difficult for employees to reciprocate (Meyer & Allen, 1997).

2.5 Employee Retention Strategies and Commitment

Employee retention and commitment is one of the primary measures of the health of your organization. If you are losing critical staff members, you can safely bet that other people in their departments are looking as well. Exit interviews with departing employees provide valuable information for employers that can help in developing strategies to retain remaining staff. Regular attitude surveys to measure the employee commitment levels will be helpful in evaluating the potential risk of losing good employees (Susan, 1999).

Commitment evokes a strong sense of intention and focus. If an employee shows commitment to an employer, it implies that the employee is not seeking any relationship with another employer. That brings in the retention concept. Not seeking any other relationship implies the employee is in the organization to stay. In an employee-employer relationship, employee commitment is as a result of some relationship based on meeting certain needs and expectations (Chambers, 1998).

The quality of the supervision (leadership) an employee receives is critical to employee retention and commitment to the job and the organization at large. People leave managers and supervisors more often than they leave companies or jobs (Baugh & Roberts, 1994). Some employees can be committed to their supervisor even more than the organization as a result of good working relationship and good supervision. It is not enough that the supervisor is well-liked or a nice person, starting with clear expectations of the employee, the supervisor has a critical role to play in retention. Anything the supervisor does to make an employee feel unvalued will contribute to turnover. Among the questions posed

to the respondents was if they felt the managers were fair and supportive, the findings indicate that 80% registered a response whereby they said that they are likely to leave due to the poor relationship between the supervisor and themselves and lack of support (Chambers,1998)

The utilization of talent and skill is another environmental factor employees seek in workplaces. This is the need to feel valued by the employer (Becker, 1960). A committed employee wants to contribute to work areas outside of his specific job description. You just need to know their skills, talent and experience, and take the time to tap into it. In this paper the study tries to elucidate the importance of employee commitment and how the success of any organization depends not only on the correct strategies put in place but also on the workforce it has. Each and every individual has an impact on the corporate success but at the same time each one of their thinking, needs and capability is different and need a drive to work both effectively and efficiently. Some employees need an assignment that challenges them and this is driven by the need for self-actualization and achievement (Becker, 1960).

Today's labor force is different. Supervisors must take responsibility for their own employee retention. The employee needs have evolved and supervisors need to be keen on each employee's needs. The needs of entry level employees will be different from the needs of middle level manager. The focus for an entry level may be on a salary while the middle level manager may be benefits i.e pension and stability. A wise employer will learn how to attract and keep good employees, because in the long run, this workforce will make or break a company's reputation. New supervisors must be prepared to be collaborative, supportive, and nurturing of their people. The old style of "my-way-or-the-highway" style of management is a thing of the past. Most new supervisors need training to understand what it really takes to retain employees. Employee retention takes effort, energy, and resources and the results are worth (Baugh & Roberts, 1994).

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter was to articulate the methodology used in the study to find answers to the research question. In this chapter, the research methodology was presented in the following order, research design, target population, sampling procedure, data collection methods, instruments of data collection and the data analysis techniques.

3.2 Research Design

A descriptive research design was used for this study. This design was chosen because the data was cross sectional involving several organizations and data was collected at one point in time.

3.3 Population

The target population comprised all the 46 insurance companies in Kenya (IRA Report, 2013). Since the minimum recommended sample is 30 units and the number of firms in the insurance industry is fairly small, a census approach was used in which data was collected from all the 46 insurance companies in Kenya.

3.4 Data Collection

The study used primary data which was collected using a questionnaire. The respondents were the heads of human resource function in the insurance companies. The questionnaire had three main parts. The first part was used to gather general information for each respondent. The second part focused on determining the employee retention strategies and the third part focused on employee commitment. The study used closed ended questions and was in Likert type scale. The questionnaires were administered through the drop and pick later method.

3.5 Data Analysis

The filled questionnaires were checked for completeness and then coded and the data analyzed. Data was analyzed using descriptive statistics such as mean, standard deviation, frequency distribution and percentages. Data was analyzed using statistical package for social sciences based on the questionnaires. The analysis was then presented in form of tables and pie charts. The analysis sought to meet the research objectives. Relationship between employee retention strategies and their commitment was established using Pearson's product moment correlation analysis.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

The research objective was to the relationship between employee retention strategies and commitment in insurance companies in Nairobi. This chapter presents the analysis, findings and discussion. The findings are presented in percentages and frequency distributions, mean and standard deviations. A total of 46 questionnaires were issued out and only 37 were returned. This represented a response rate of 81%.

4.2 Demographic Profile

The demographic information considered in the study was the insurance company grouping, number of employees and the number of years the insurance company has been in operation.

4.3.1 Insurance Company Grouping

The respondents were requested to indicate the insurance company grouping. This was important for the study in order to ensure that all the insurance categories are represented thus giving the status as it is in the insurance industry.

Table 4. 1: Insurance Company Grouping

Insurance company grouping	Frequency	Percent	Cumulative percent
Class A	9	24.3	24.3
Class B	15	40.5	64.9
Class C	13	35.1	100.0
Total	37	100.0	

The results on the grouping indicate that 40.5% of the respondents said that the insurance companies are in class B, 35.1% of the respondents said that the insurance companies are in class C while 24.3% of the respondents indicated that the insurance companies they work for are in class A. The results indicate that all the insurance companies' classes are represented in the study.

4.3.2 Number of Employees

The respondents were asked to indicate the number of employees in the insurance companies. This was important for the study as the number of employees indicate the size of the insurance company. The results are presented in table 4.2.

Table 4. 2: Number of Employees

Years	Frequency	Percent	Cumulative percent
Less than 100	7	18.9	18.9
100-300	17	45.9	64.9
301-500	8	21.6	86.5
More than 500	5	13.5	100.0
Total	37	100.0	

The results on the number of employees indicate that 45.9% of the respondents said that the insurance companies have between 100 and 300 employees, 21.6% of the respondents noted that the insurance companies have employed between 301 and 500 employees, 18.9% of the respondents said that the companies have less than 100 employees while 13.5% of the respondents indicated that the insurance companies have more than 500 employees. The results indicate that the number of employees in the insurance companies varied and therefore in order to be competitive they have to ensure that they put in place strategies that will retain its employees.

4.3.3 Years of company operation

The respondents were requested to indicate the duration in which the insurance companies have been in operation in Kenya.

Table 4. 3: Years of company operation

Years	Frequency	Percent	Cumulative percent
3-5	1	2.7	2.7
6-10	5	13.5	16.2
over 10	31	83.8	100.0
Total	37	100.0	

The results on the duration of company operation show that 83.8% of the respondents said that the companies have been in operation for over 10 years, 13.5% of the respondents indicated that the companies have been in operation for a period of 6 to 10 years while 2.7% of the respondents indicated that the company has been in operation for a period of between 3 and 5 years. The results shows that majority of the insurance companies have been in operation for more than 10 years and therefore they understand the strategies that need to be put in place in order to ensure that the employees are committed thus retaining them.

4.4 Employee Retention Strategies

The retention strategies are formed to address these underlying issues so that the employees are happy with the employer. In order to maximize organizational efficiency and for optimal utilization of the resources, human resources must be managed properly. The respondents were requested to indicate the extent to which they agreed with the listed employee retention strategies in the companies in a five point Likert scale. The range was 'strongly disagree (1)' to 'strongly agree' (5). The scores of strongly disagree and disagree have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous Likert scale; ($0 \leq S.E. < 2.4$). The scores of 'neither agree nor disagree' have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale: ($2.5 \leq M.E. < 3.4$) and the score of both agree and strongly agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale; ($3.5 \leq L.E. < 5.0$). A standard deviation of > 0.9 implies a significant difference on the impact of the variable among respondents

4.4.1 Employee Retention Strategies

The respondents were requested to indicate the retention strategies that are being used by the companies and this was important for the study as it will indicate the extent to which the companies apply the different strategies to retain its employees.

Table 4. 4: Employee Retention Strategies

Employee Retention Strategies	Mean	Std. Deviation
The company reviews employee's salaries annually	4.1892	.9380
The company offer professional training to their staff	3.9459	.9702
The company has clear career plan and policies on employee promotion	3.6243	.9733
The company has coaching and mentoring program for its employees	3.5162	1.0835
The company resourcing policy is perceived to be open and fair	3.6452	.9833
The company have open forums with all employees to support employee engagement annually	3.7049	.8707
The company have flexible work schedules for its employees	3.5270	.9856
The company supervisors and their direct reports share information always	3.5843	.7960
The company conducts exit interviews for exiting employees	3.0811	.9825
The company conduct employee attitude and surveys each year	2.7297	1.0178
The company have an employee feedback mechanism	2.6757	.9444
The company have performance related incentives that rewards high performing employees	3.8595	.7672

The results on the employee retention strategies were that the respondents agreed that the insurance companies have reviews employee's salaries annually with a mean score of 4.1892. The respondents further said that the companies offer professional training to their staff and that the companies have performance related incentives that rewards high performing employees with a mean score of 3.9459 and 3.8595 respectively. Other strategies which were used by the companies to retain its employees were indicated as open forums with all employees to support employee engagement annually (mean 3.7049), resourcing policy that is perceived to be open and fair (mean 3.6452), clear career plan and policies on employee promotion (mean 3.6243), information sharing between supervisors (mean 3.5843), flexible work schedules for employees (mean 3.5270) and coaching and mentoring program for employees (mean 3.5162).

The results further established that the respondents were not sure on whether the companies' conducts exit interviews for exiting employees (mean 3.0811), conduct employee attitude and surveys each year (mean 2.7297) and the existence of employee feedback mechanism (mean 2.6757). From the results it can be concluded that the insurance companies have put in place several strategies that are aimed at retaining employees and the effectiveness of these strategies will enable the companies to reduce turnover and be competitive in the market for they will not spend time replacing the employees.

4.5 Employee Commitment

Commitment comes if an employee has been provided with an enabling environment to be able to maximize of their full potential. This is where the employee gets value for their investment on the employee. The respondents were asked to indicate the measures that have been taken by the companies to ensure that the employees are committed. The results are presented in table 4.5.

Table 4. 5: Employee Commitment

Employee Commitment	Mean	Std. Deviation
Employees feel the company culture supports continuous employee learning	3.9135	.69208
Employees volunteer to share new ideas	3.8054	.7970
Employees are always willing to do more without necessary demanding a reward	3.7784	.9530
All the company employees achieve their targets	3.6243	.783
Employees openly contribute to the development of business goals	3.7514	.9194
Employees consider the organization as the best	2.9459	.9112
Employees display a sense of pride in their work	3.1892	.9079
Most of the employees are involved in the activities of the organization	3.8324	.8007
Employees would accept almost any type of job assignment in order to keep working for the organization	3.2973	.9962
Employees understand how their job contributes to the organization's goals and objectives	4.1058	.7681
Employees find it difficult to agree with the organization's policies on important matters relating to them	3.2162	.9169
Employees provide referrals for employment consideration	4.0317	.8346
Rules and procedures enable employees to meet the employee's requirements	4.1164	.7311
The company responds well to employees when their needs Change	3.7054	.7622

From the findings, the respondents were in agreement that the company rules and procedures enable employees to meet the employee's requirements with a mean score of 4.1164. The respondents further noted that employees understand how their job contributes to the organization's goals and objectives (mean 4.1058), provide referrals for employment consideration (mean 4.0317), feel the company culture supports continuous employee learning (mean 3.9135) and employees being involved in the activities of the company (mean 3.8324). the respondents further noted that employees volunteer to share new ideas (mean 3.8054), are always willing to do more without necessary demanding a

reward (mean 3.7784), openly contribute to the development of business goals (mean 3.7514) and that company responds well to employees when their needs change with a mean score of 3.6243.

The respondents were in agreement to a moderate extent that the employees find it difficult to agree with the organization's policies on important matters relating to them (mean 3.2162), employees would accept almost any type of job assignment in order to keep working for the organization (mean 3.2973), display a sense of pride in their work (mean 3.1892), and that employees consider the organization as the best (mean 2.9459). From the results, it can be concluded that the commitment of the employees to the companies is dependent on the policies that have been put in place by the companies, involving employees in company activities, and the company responding to employee's needs.

4.6 Discussion

Employee retention and commitment is at the core of insurance companies attainment of the organizational goals. This is done through a variety of human resource strategies and approaches and the importance of ensuring employees' commitment and retention is crucial. From the findings training and development may lie in the strategic approach that is utilized. The study found out that the insurance companies have put in place several strategies in order to retain its employees. These strategies include annual review of salary, training, offering performance related incentives, open forums, open and fair resource policy, clear career plan and policies on employee promotion, information sharing between supervisors, flexible work schedules for employees and coaching and mentoring program. The findings of the study are consistent with Madigan, Norton and Testa (2009) findings that retention programs that include competitive pay, benefits, employee recognition and employee assistance programs are all a part of a company's attempt to maintain employee satisfaction and retention. Human resources specialists utilize feedback they receive from exit interviews and focus groups to improve employee relations and reduce turnover.

Employee's commitment increases the employee's performance and reduces turnover, and thus loyalty of employees depends on the satisfaction of their wants and desires. The findings show that in organizations, committed employees have been found to be willing to build and maintain long-lasting relationships with their employer. Employee commitment to the insurance companies were found to emanate from rules and procedures that enable employees meet their requirements, employee understanding of their job contribution towards organizational goals, company culture supporting continuous employee learning, involving employees in company activities, sharing of ideas and the company responding to employee needs. The results are in tandem with Al-Ahmadi (2002) established that employees demonstrate greater levels of satisfaction and commitment if they are given ample opportunity for personal as well as professional growth in their organization. At the same time Friday and Friday (2003) noted that satisfaction with promotion determines employees' attitudes toward the organization's promotion policies and practices.

Employee retention is vital in all organizations and therefore having in place employee retention strategies increases the chances of long term employees. The insurance firms were found to be using career development practices in order to retain its employees and it has resulted in happy workforce; improved skills and knowledge, successful preservation of organizational knowledge and learning, contribute their maximum towards the goals of the bank, and that it creates a world class working environment that motivates and propels people to work better and stay in the bank. This is consistent with O'Donnell (2007) findings that career development practices in insurance firms such as training, career planning, and succession plan have the potential to improve and sustain employee turnover. These practices include emphasis on employee career planning based on fit with the company's culture, emphasis on behavior, attitude, and necessary technical skills required by the job, compensation contingent on performance, and employee empowerment to foster team work, among others.

CHAPTER FIVE: SUMMARY, CONCLUSION, LIMITATIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter gives the summary, conclusion, limitations and recommendations of the study. The suggestion for further research was also highlighted.

5.2 Summary of Findings

The results indicate that all the insurance companies' classes are represented in the study. The results indicate that the number of employees in the insurance companies varied although majority of the companies had many employees an indication that they are serving several clients. The results shows that majority of the insurance companies have been in operation for a long time and therefore they understand the strategies that need to be put in place in order to ensure that the employees are committed thus retaining them. Retention strategies enable the companies to reduce turnover of employees thus being competitive in the market. The study found out that the companies have adopted strategies that include annual review of salary, training, offering performance related incentives, open forums, open and fair resource policy, clear career plan and policies on employee promotion, information sharing between supervisors, flexible work schedules for employees and coaching and mentoring program.

An organization that has a committed workforce has the highest possibility to prosper because committed employees are more productive and save costs through effective and efficient delivery of services with low turnover in terms of staff exits. The study found out that commitment to the companies by the employees were as a result of rules and procedures that enable employees meet their requirements, employee understanding of their job contribution towards organizational goals, company culture supporting continuous employee learning, employee involvement in company activities, sharing of ideas and the company responding to employee needs.

5.3 Conclusions

Today it becomes necessary for every organization to have full level of its employee commitment in order to have outstanding performance on long term basis. Currently employees act like entrepreneurs when they work in a team and every member of the team tries his level best to prove the best amongst all others. Those things increase their commitment level in the organization that ultimately increases the performance of the organization. Highly committed employees are the destiny of an organization. Therefore it is the need of the time to be watchful of their perceptions regarding their satisfaction, organizational citizenship behavior and physical environment of the organization. The study revealed that employee retention depended on several factors that the organization needs to consider in order to ensure higher company performance.

The retention strategies adopted by the companies resulted in employee commitment. The results show a positive signal of the employees revealing the commitment and attachment when they are involved in company activities as they feel the sense of belonging and ownership of activities to be implemented. Perceived organizational support increases affective commitment by contributing to the satisfaction of the employees' socio-emotional needs such as esteem, approval and affiliation. This satisfaction will serve to enhance employees' social identity by being a member of that organization which creates greater commitment. Therefore it would be beneficial for insurance companies which want to attain high performance levels through committed employees to implement strategies that enhance perceived organizational support by creating a positive working environment. The study also found that the employees are enthusiastic in reflecting their commitment in their work environment to render maximum productivity to their organization. The commitment of the employees is also emphasized through their affective commitment to their organizational goals and the level of openness and support provided by their supervisors. It can also be inferred from the discussion that when employees feel supported their outcomes towards organization are always positive which helps organization to achieve its goals. In summing up it can be concluded that giving value to employees is actually giving value to an organization.

5.4 Limitations of the Study

The study considered retention strategies that have been put in place by the company while other potentially relevant variables were not taken into account and this is perception of the employees towards the strategies which might be affected by personality characteristics like employees who are characterized by an extreme sense of competitiveness, aggressiveness, ambition and tend to value monetary rewards more than the non-monetary rewards.

Time and budget limitations made it impractical to assess how narrative-based processing might have influenced participants' long-term thinking over multiple months or years. Thus, it is possible that participants may have experienced more meaningful effects of the narrative-based processing realizations six months after the procedure ended, than on the day the data was actually collected. Collecting such data was beyond the scope of the current study. Future studies might consider narrative-based experiential learning interventions which are followed up with longitudinal check-ups for months or longer to explore if and how long-term aftereffects actually occur.

5.5 Recommendations

This study has several implications in the areas of employee retention strategies and commitment adopted by different insurance companies. From the findings annual salary reviews ranked high as a way of retaining employees and was used across all the companies. For an insurance company to have a competitive advantage over the others, there is need to adopt other strategies for example employee feedback and employee attitude surveys ranked low to mean they are not commonly used to enhance staff commitment and retention. In this error, employees require constant feedback for self-improvement and it is recommended that human resource specialist use attitude surveys to gauge employee satisfaction and commitment.

The findings of the study provide convincing evidences that support the hierarchy of needs theory which stipulates relationship between retention strategies and employee commitment. It is therefore important for insurance companies to continuously review

performance of their employees and link performance to remuneration. This will ensure that there is equal pay for equal work done and the employees will feel recognized for their work, feel more motivated and thus enhance employee commitment and retention.

The study found out that the employees are committed to the insurance companies as a result of satisfaction they receive from their needs being fulfilled through different strategies. Organizational policies and procedures provide overall guidelines on how things are done in a company. There is need to have employee friendly policies and procedure that provide an enabling environment that allows creativity and innovation. It is recommended that these policies need to be continuously reviewed and updated. Policies that are transparent and clear help remove bias in decision making and employees feel that the employer has a fair work environment where decision making is structured and the leadership style is more supportive to the employee needs. This kind of environment fosters commitment and retention as employees will not feel insecure and with clear procedures on career growth and development the employees' needs are well addressed.

5.6 Suggestions for Further Research

Future researchers should also consider investigating impacts of labor turnover on the performance of the insurance companies. Although the study was primarily based on retention strategies, there are many other variables like leadership styles, appraisal mechanism and communication which affect the level of employee's commitment that need to be researched on by future researchers.

This study used a cross sectional research design approach, the behaviors of the variables over time could therefore not be analyzed and this restricts the applicability of the findings. It is therefore recommended that future research be based on longitudinal research design.

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APPENDIX 1: QUESTIONNAIRE

Part A: Demographic Data

1. Name of the insurance company (Optional) _____
2. State the class of your insurance as per IRA grouping
 - Class A
 - Class B
 - Class C
3. The number of employees in the company _____
Less than 100 100-300 301-500 More than 500
4. Number of years the insurance has been operating as an Insurance Underwriter.

Age	Tick (✓) applicable option
i. Less than 3 Years	<input type="checkbox"/>
ii. 3-5 Years	<input type="checkbox"/>
iii. 6-10 Years	<input type="checkbox"/>
iv. Over 10Years	<input type="checkbox"/>

Part B: Employee Retention Strategies

1. To what extent do you agree with the following statements? In each case, please tick your response using the scale 1 to 5 , Strongly Disagree = 1, 2 = Disagree, 3 = Neither agree nor Disagree, 4 = Agree, Strongly Agree = 5

Statement	1	2	3	4	5
We review employee’s salaries annually					
We offer professional training to our staff					
We have a clear career plan and clear policies on employee promotion					
We have a coaching and mentorship program for our employees					
Our resourcing policy is perceived to be open and fair.					
We do have open forums with all employees to support employee engagement annually					
We do have flexible work schedules for our employees					
Supervisors and their direct reports share information always					
We conduct exit interviews for exiting employees					
We conduct employee attitude and surveys each year					
We have an employee feedback mechanism					
We have performance related incentives that rewards high performing employees					

Part C: Employee Commitment

1. To what extent has your institution created a framework that facilitates the following?

In each case, please tick your response using the scale 1 to 5, Never = 1, Rarely = 2, Sometimes = 3, Often = 4, Always = 5

Statement	1	2	3	4	5
Employees feel the organization culture supports continuous employee learning					
Employees volunteer to share new ideas					
Employees are always willing to do more without necessary demanding a reward					
All our employees achieve their targets					
Employees openly contribute to the development of business goals					
Employees consider the organization as the best					
Employees display a sense of pride in their work					
Most of the employees are involved in the activities of the organization					
Employees would accept almost any type of job assignment in order to keep working for the organization					
Employees understand how their job contributes to the organization's goals and objectives					
Employees find it difficult to agree with the organization's policies on important matters relating to them.					
Employees provide referrals for employment consideration					
Employees find it difficult to agree with the organization's policies on important matters relating to them					
Rules and procedures enable me to meet the employee's requirements					
My organization responds well to employees when their needs change.					

*******END*******

Thank you for participating!