

**A SURVEY OF FACTORS THAT INFLUENCE EMPLOYEE RETENTION IN
MANUFACTURING FIRMS IN NAIROBI**

NJOROGE SOPHIA WANJIRU

**UNIVERSITY OF NAIROBI
JOYEE KABETE LIBRARY**

**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE
OF MASTER OF BUSINESS ADMINISTRATION (MBA)**

SCHOOL OF BUSINESS

UNIVERSITY OF NAIROBI

OCTOBER 2007


University of NAIROBI Library



0306713 9

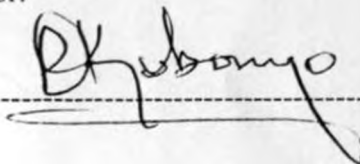
Declaration

This project is my own work and has never been submitted for a degree in any other university

Signed  Date 09/11/2007

Njoroge Sophia W

This project has been submitted for examination with my approval as the university supervisor.

Signed  Date 09/11/2007

Prof. Peter O K'obonyo
School of Business
University of Nairobi

Dedication

To my daughter Shanice for her patience and unwavering support.

To my family and friends for always being there.

To the memory of my mother Eunice & Grandma Edith

ACKNOWLEDGEMENT

I would like to express my gratitude to the people who contributed to the development of this project. I am grateful to the almighty God for blessing me with the opportunity to undertake this course and for giving me the strength to push on. Special thanks goes to my lecturers at the University of Nairobi for the inspiration and shaping my understanding on the subject matter. Special thanks to the project supervisor professor P.O K'obonyo for the expert support, knowledge, motivation, patience and encouragement. God bless you.

I would like to thank my family for standing by me throughout the challenge. Special thanks to my Daughter Shanice for putting up with my absence. My sister Njeri and Brother Jorum Njoroge for your support through the years; God bless you. To my best friend Rosemary for your faithful support. God bless you too.

My gratitude goes to the Human Resources Managers and Staff of the manufacturing firms for the support they rendered during my research.

I am grateful to my colleagues for the various information and contribution in whichever way.

My sincere appreciation to my mother. I will always be grateful for your noble support in bringing me up to the person I am; God bless you.

Abstract

The study sought to establish factors related to employee retention in manufacturing firms in Nairobi. 96 manufacturing firms from different sectors were used in the study.

A cross sectional survey method was used to collect data because the sector is quite large with more than 500 firms.

The study primarily used data collected through a structured questionnaire with the sole aim of establishing factors related to employee retention in the manufacturing sector in Nairobi.

The results of the study revealed that most of the employees consider organizational culture and job satisfaction as the key factors that influence employee retention in the sector.

TABLE OF CONTENTS

DECLARATION.....	i
DEDICATION.....	ii
ACKNOWLEDGEMENT.....	iii
ABSTRACT.....	iv
LIST OF TABLES	Viii

CHAPTER ONE

INTRODUCTION

1.1 Background.....	1
1.1.1 Employee Retention.....	1
1.1.2 Manufacturing industry in Kenya.....	3
1.2 Statement of the problem.....	4
1.3 Objective of study.....	6
1.4 Importance of the study.....	6

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction.....	7
2.2 Factors that are associated with Employee retention.....	7
2.2.1 Human Resource Planning.....	7
2.2.2 Recruitment and Selection.....	8
2.2.3 Organization Culture.....	8
2.2.4 Psychological Contract.....	9
2.2.5 Employee Commitment.....	10
2.2.6 Job Autonomy, content and satisfaction.....	10
2.2.7 Career Development and Succession Planning.....	11
2.2.8 Performance Management.....	12
2.2.9 Leadership.....	13
2.2.10 Compensation.....	13

2.2.11 Training and development.....	15
2.3 Summary.....	16

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research design.....	17
3.2 Target Population.....	17
3.3 Sample and sampling technique.....	17
3.4 Data Collection.....	17
3.5 Data analysis.....	18

CHAPTER FOUR

ANALYSIS AND FINDINGS

4.1 Introduction.....	19
4.2 Demographic Profile of the respondents.....	19
4.3 Factors influencing employee retention	20
4.3.1 Employee Induction.....	20
4.3.2 Training and Development.....	21
4.3.3 Performance Management.....	22
4.3.4 Compensation.....	25
4.3.5 Job Satisfaction.....	26
4.3.6 Leadership and leadership skills.....	27
4.3.7 Influences on Retention.	29
4.4 Factors influencing employee turnover	30

CHAPTER FIVE

DISCUSSION, SUMMARY AND CONCLUSIONS

5.1 Discussion.....	31
5.2 Summary and Conclusion.....	33
5.3 Recommendation.....	33
5.4 Suggestions for further studies.....	33
5.5 Limitations of the study.....	33

REFERENCES.....	34
-----------------	----

ANNEX 1 SAMPLING FRAME.....39
ANNEX 2 QUESTIONNAIRE.....40

LIST OF TABLES

Table 1	Indicators of Induction.....	20
Table 2	Indicators of Training.....	21
Table 3	Indicators of Performance.....	23
Table 4	Indicators of Compensation.....	25
Table 5	Job Satisfaction Indicators.....	26
Table 6	Indicators of good leadership.....	27
Table 7	Factors related to employee retention.....	29
Table 8	Factors related to employee turnover.....	30
Table 9	Retention related factors in firms.....	31

CHAPTER ONE

INTRODUCTION

1.1 Background

The recruitment and retention elements of the human resources management function are the fastest changing and the most visible in business today (Cook 1992). The economy of today is also changing and organizations must therefore deal with new forms of employment and new perspectives in the way they do business (Andreas, Daniel 2002). In this kind of volatile economy, corporations are continually looking for innovative ways to enhance shareholders value and improve profits. Successful organizations increasingly recognize that survival and growth in the current market place cannot occur without an effective talent retention strategy. The ability to retain high caliber employee is a key differentiator between those organizations that make profit and those that do not. "Good to Great" author Jim Collins (2001) argues that the most critical driver of growth for a great company is the ability to hire and retain the right people. Skinner (1981) contends that, since superior human resources create the most central, basic and powerful strategic advantage possible, human resources management should receive top priority.

A stable workforce creates a significant competitive advantage and if an organization has unstable work conditions, it may be forced to invest heavily in recruiting, orientating, training, overtime and supervision. Skinner (1981) observes that a large number of companies appear to have made their workforce into competitive assets and moderate progress has occurred everywhere.

1.1.1 Employee Retention

Employee retention is defined as the ability to hold on to those employees you want to keep longer than your competitors (Johnson 2000). Leign (2002) defines retention as keeping those employees that keep you in business. Those are the performers not the incompetent, mismatched ,disillusioned, plateaued or burnout employees. They must be the employees an organization cannot afford to lose, the indispensable ones, the hardest to replace and the most critical to the success of an organization's business strategy. A growing number of organizations are figuring out on how to win the war for talent. They are committed to keeping their valuable employees because they know that those are the people who keep

them in business. They realize that if people stay longer, they get better at what they do, build stronger relationships with their most valued customers leading to long-term success in the market place. In service economy where premium is placed on knowledge and direct service, Leighn (2002) sees the winners of war for talent as the winners of war for customers, market share, profits and long-term value.

Previous research shows that a good recruitment strategy is the key to employee retention (Hascall, Hopkins and Hollman 1995). The recruit must be given realistic job preview as unclear and unrealistic expectations lead to employee turnover. Organizational culture is quite crucial to employee retention. Joan and Harris (1999) see the organizational culture as more important than the job itself. While recruiting, the culture must be a perfect fit for the employees as many will leave the organization for misfit with culture. Maintaining a healthy psychological contract is seen as an important strategy in employee retention. Rousseau (1995) argues that, for retention strategies to be effective, it is important to manage employee's expectations. The psychological contract focuses on employee subjective interpretations and evaluation of inducements and how they affect their intentions to stay. Fostering and nurturing employee commitment is a strategy employed by organizations in retaining their valued human capital.

The degree of freedom and independence enjoyed by employee and their participation in planning and organizing their work has an influence on organizational commitment (Bailyn and Lynch 1983). A survey of factors affecting nurse retention indicates that, motivation at work is a key factor for performance of nurses and also a significant predictor of intention to quit (Hasselhorn, Tackenberg and Miller 2003). According to Marsh and Manari (1997), the higher the level of autonomy that an individual possess the higher the negative correlation with turnover. Internal career development and succession planning programs are also proving to be very critical in keeping valued employees when linked to the organization's vision this was especially true in the USA armed forces where deployment and retention had positive correlation (Kerr 1997). Performance management systems allows for evaluation of individual employee performance providing a two-way communication. Cook (1992) observes that, without a performance management dialogue, an organization cannot retain its best employee.

Organizations have realized that leaders and leadership skills in creating a culture of employee retention are emerging as the key to why people in the organization stay and what usually drives them away. Diane (2001) underscores the importance of leaders in employee retention. She observes that, hiring practices, rewards and performance management play an important role in retention but it is the leader who makes the difference. Reward systems are frequently used by companies to retain valued employees. Farris (2000), Hagginbotham (1997) observe that high salaries are not essential, but good and fair salary showed a strong correlation with intentions to stay. Amamo (2005) in her survey of factors associated with employee retention in FM radio presenters in Kenya site compensation as the factor most associated with employee retention. Job content is also a strategy used by organization to foster employee retention. This is built on the premise that people do not work for money but create purpose and satisfaction in their job. Research indicates that there is a strong positive relationship between nurse retention and job satisfaction (Hasselhorn, Tackenberg and Miller 2003; Mitchel, Holtom and Lee 2001). Training and management development programs are part of strategies employed in employee retention by many organizations.

Training helps employees to perform better in the job by creating a better fit with overall organization's strategies, philosophies and culture (Morgan 1992). Abuti (2006) in her survey of factors causing employee turnover among Kenyan broadcasters sited lack of training strategies as a major cause associated with staff turnover.

1.1.2 Manufacturing industry in Kenya

According to the Kenya Association of Manufacturers directory, the industry in Kenya comprises of more than 600 formal sector industries of small medium and large enterprises. The industry is organized under the Kenya Association of Manufacturers (KAM) which is the premier representative organization for manufacturing value add industries in the country. KAM was established as a private body in 1959 to promote trade and investment. The industry has 13 sectors categorized by the raw materials.

The directory further shows that, the largest sector in the industry is the food and beverage sector with more than 122 industries. The industry is generally very old compared to other

East African countries with 10% of the firms having been established in 1960 and about 47% of the firms established between 1980 and 2000. In terms of ownership, 48% of the registered firms are privately owned by Kenyan citizens, and 46% privately owned through partnership between Kenyans and non Kenyans. Most of the firms are small with less than 50 employees and also in terms of invested capital and turnover. Further, according to the directory, the Kenya economy in the 90s experienced subdued performance but during the last two years, there has been a remarkable improvement registering an impressive growth of 4.9% in 2004 and 5.8% in 2005 compared to negative growth experienced in 1997. The economy's gross domestic (GDP) grew from Ksh 1 billion in year 2001 to Ksh 1.4 billion in 2005. The manufacturing sector has contributed significantly to economic recovery in the country from a low annual growth of 1.6% in 2001 to an impressive 5% in 2005, a revision of the 4.5% growth recorded in 2004.

The value of output in the sector rose by 12.8% from a revised value of Ksh 445.5 billion in 2004 to Ksh 502.1 billion in 2005. The sector that performed well included: tobacco, beverages, grain milling, paper and paper products and plastic products.

However, the number of enterprises under the export processing zone (EPZ) dropped from 74 in 2004 to 68 in 2005 following the end of WTO Multi Fibre Agreement in December 2004 but aggregate cumulative private investment in EPZ rose from Ksh 17.01 billion in 2004 to Ksh 17.63 billion in 2005. A close examination reveals that this growth in the industry has been driven primarily by an increase in volume of output than by improvement in efficiency and productivity. The increased volume is due to increased exports to the East Africa Community (EAC) and the rest to Common Markets Of Eastern and Southern Africa (COMESA) and USA under the African Growth And Opportunity Act (AGOA). The biggest boost was realized by opening of export markets in Southern Sudan, Rwanda, and Democratic Republic of Congo. The sector has played a crucial role in the development of Kenya's external trade with 34% of value of exports.

1.2 Statement of the Problem

In the global business environment, Employee commitment, productivity and retention issues are emerging as the most critical workforce management challenges of the immediate future, driven by employee loyalty concerns, corporate restructuring efforts and

tight competition for key talent. For many firms, surprise employee departures can have a significant effect on the execution of business plans and may eventually cause parallel decline in productivity. This phenomenon is especially true in the light of current economic uncertainty and following corporate downsizing when the impact of losing critical employees increases exponentially (Caplan, Gayle and Teese 1997).

Employee turnover can result in interruptions, increased replacement and recruitment costs, loss of efficiency, incomplete projects, customer dissatisfaction, scheduling difficulties and the depletion of the company's intellectual capital. Research indicates that employees will leave companies in search of better payments package, better career and development opportunities and job satisfaction among other factors.

A survey by the United States Federation of Nurses and Health Care Professionals indicates that, half of the registered nurses surveyed had considered leaving employment due to job dissatisfaction arising from increased workload and poor working conditions (Pearson 2001). In UK, a survey of London health service staff showed that poor working conditions and lack of better facilities were top on the list of factors affecting retention while compensation ranked fourth (Pearson, Reilly and Robinson 2004). A research carried out by Kerr (1997) on retention of first and second term Marine Corps enlisted personnel in USA showed that, deployments had a strong positive relationship with retention. Cymrot (1987) researched on effects of selective reenlistment bonuses on retention and observed that basic pay; job security and family medical care ranked highest. Andreas (2003) carried out a similar research focusing on retention factors among high technology employees in South Africa and observed that compensation has a strong positive relationship with organizational commitment and hence employee retention.

In Kenya, Amamo (2005) carried out a survey of factors that attract and retain FM radio presenters in Kenya and observed that basic pay ranked highest on factors that employees would consider while moving to another organization. Abuti (2006) in her survey of factors influencing employee turnover among Kenyan broadcasters cited lack of training strategies as a major cause associated with staff turnover. The studies tend to indicate that retention factors vary from one industry to the other and a factor could rank high in one industry,

lower or is totally irreverent. For instance, job satisfaction seems to be the retention factor ranking highest in the nursing field, compensation highest in media industry while career growth and development in military field.

Arising out this, there is a need to carry out a survey of the factors that influence employee retention in manufacturing industry. This is motivated by the fact that the industry is quite different from others in terms of business operations, ownership structure and job requirements. The study therefore seeks to identify factors that influence employee retention in manufacturing industry in Kenya.

1.3 Objective of study

To determine factors that are related to employee retention in the manufacturing industry in Nairobi.

1.4 Importance of the study

The finding of this study will be useful to:

- i) Organizations in crafting strategies of retaining employees
- ii) Future scholars and researchers who may use it for reference and as a basis for further research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

Retention management is defined as the ability to hold onto those employees you want to keep longer than your competitors (Johnson 2000). Leighn (2002) further defines retention as keeping those employees who keep you in business. The idea that employers should retain and develop their human resources in order to obtain competitive advantage is one of the core beliefs of human resources literature today (De young, 2000). Key aspects of retention are captured in subsequent sections of this chapter.

2.2 Factors that are associated with Employee Retention

Factors associated with employee retention include human resources planning, recruitment and selection, organizational culture, psychological contract, employee commitment job satisfaction, career development, performance management, leadership, compensation and training and development.

2.2.1 Human Resources Planning

Human resources planning is the process through which an organization strives to have the right people available for the right jobs and at the right time through the strategic use of all basic human resources functions such as selection, career developments, and training (Douglas and Goodale 1986). Skinner (1981) underscores the importance of human resources planning in employee retention. He contends that, changing habits, skills, values, beliefs and attitude in a work force takes years and therefore long range planning in human resources is essential. While planning it is crucial to identify, and develop high potential employees who are the lifeblood of an organization and ensure they get the development and mentoring they need. (Cook 1992).

2.2.2 Recruitment and Selection

Recruitment is a crucial process through which organization's job openings are clearly defined and prospective employees found to fill in those openings it is therefore important to select people with the greatest potential to perform those jobs successfully. (Douglous and Goodale 1986). Research carried out point that, a good recruitment strategy is the key to employee retention (Hascall, Hopkins and Hollman 1995). Joan and Harris (1999) in their book finding and keeping talent observes that, retention starts with the first interview with the expectations an employee forms during the interview process.

The panel should ensure that the applicant expectations are realistic. Leigh (2002) stresses that when recruiting, employers must be honest about the work, benefits and opportunities for advancements giving the prospective employees a realistic job preview. Wanous (1980) suggests that, giving an applicant a balanced view of positive and negative features does not adversely affect the rate of acceptance. According to kickul (2001), Unclear and unrealistic expectations lead to employee turnover and when real employment conditions do not match those expected by the new employees they tend to under perform or leave.

Douglas and Goodale (1986) underscore the importance of orientation in employee retention. They argue that the initial assignment and the first year with the company will have a potent effect on the new employee's later performance and the decision to remain with the company. Hunsaker, Cameron and Schultz summarize the role played by recruitment in retention by saying that 'if you hire fast, you suffer slow'

2.2.3 Organizational Culture

Organizational Culture encompasses perceived images towards organizations, relationships among employees, attitudes towards customers and accepted ways of performing tasks (Donald and Catt 1989). They observe that, employees who do not commit themselves to the culture of an organization are not likely to continue with employment in the firm.

Joan and Harris (1999) stress the importance of organizational culture in employee retention and argues that, in order to recruit and retain new employees Organizational

culture is more important than the job itself. While recruiting, the culture must be a perfect fit for the employee and it must be presented to the employee as it is. Many employees tend to leave a company for misfit with the culture. She stresses that, the first step in employee retention is to make sure that the organization core values are clearly defined and integrated into the organization vision, goals and strategy and communicated over and over again. Sheridan (1992) in his research observes that organizational culture was significantly related to performance and voluntary turnover. Results from several studies Kreitner and Kinicki (1997) conclude that congruence between individual values and organizational values was significantly related with intention to quit. Strong culture creates goal alignment, employee motivation and controls to improve organizational performance.

2.2.4 Psychological Contract

For retention strategies to be effective the creation of human resources portfolio of practices is not sufficient and therefore it is important to manage employee's expectations relating to those practices. Psychological contract focuses on employee subjective interpretations and evaluations of inducements and how they affect their intentions to stay (Rousseau 1995, Turnley and Fieldman 1998).

This implies that, retention practices might only turn out successful if they are in line with what the employee value and what they take into account when deciding to stay or leave the organization. Kinicki (1997) argues that, new employment contract has eroded the psychological contract where the employer expected employees to be loyal, hard working and obedient and in return, the employee would expect steady salary increases, promotions and the proverbial gold watch after the retirement from the organization.

The new employment contract suggests that the employee is self-employed and own employability hence an employee is required to build a portable career. According to the new employment contract, the employer expects the employee to be creative, self-starter and team player. His pay will yield results and not the years on the job. The broken psychological contract has contributed to low retention rates where employees move to the highest bidder.

2.2.5 Employee Commitment

Organizations with high levels of employee commitment have significantly higher operating margins and net profits than organizations with low employee commitment. This was the conclusion of a three-year study conducted by International Survey Research that surveyed more than 360,000 employees in the world's 10 largest economies (Buckingham and Coffman 1999). "Commitment" was defined as employees' intention to stay with the organization and also recommend it to others as a good place to work. The top two determinants of commitment were found to be quality of leadership and the presence of developmental opportunities. Skinner (1981) asserts that, if managers continually fail to listen, communicate, nurture commitment and mutual understanding, employees will inevitably become alienated and leave.

2.2.6 Job Autonomy, Content and Satisfaction

Job autonomy is defined as the degree to which a job provides substantial freedom, independence and discretion to the individual to schedule work and determine the procedures used in carrying it out (Hackman and Oldham 1976). It is based on the assumption that people do not just work for money but create purpose and satisfaction in their job (Mitchel, Holtom and Lee 2001; Pfffer 1998). Employees in addition to strong need to deliver excellent results also want to take on difficult challenges that are relevant to the organization and when work mainly consists of routine based performance of tasks, the likelihood of demotivation and turnover is relatively high (Woodruffe 1999). Leigh (2002) contends that, many employees would leave the company when they do not see their work as important, or their contributions are not recognized and valued by others.

All workers need to believe that their work is centrally important to the success of the enterprise. When job autonomy is high, workers will view their work outcomes in terms of their own efforts, initiatives and decisions rather than instruction of the supervisor or procedure (Marx 1996). The degree of freedom and independence enjoyed by employees and their participation in planning and organizing their work has an influence on

organizational commitment (Byilyn and Lynch 1983). According to Marsh & Mannari (1977) the higher the level of autonomy that the individual possesses correlates negatively with turnover.

There is a moderate relationship between job satisfaction and employee turnover and although high job satisfaction on its own will not keep turnover low, it seems to have an impact. Lutherns(1995) On the other hand observes that ,if there is considerable job dissatisfaction, there is likely to be high labour turnover. Research carried out show that the Design of work influences the stability of workforce especially in technical area (Amabile et al1996) when high technology professionals view their tasks as challenging with opportunities for learning and information exchange they are less likely to leave.

2.2.7 Career Development and Succession Planning

Retaining high-caliber employees in today's competitive labor market challenges organizations to manage and develop talent effectively at all levels. An organization needs to be able to offer creative career development opportunities that are woven into the fabric of the organization and present mentoring programs (Morgan 1992). Woodruffe, (1999) suggest that, a company that wants to strengthen the bond with its employees must invest in the development of these employees which not only involve the creation of opportunities for promotions within the organization but also opportunities for training and skill development that allow employees to enhance their employability in the internal and external labour markets.

Parkingson (1990) observes that management development is effective if it is incorporated directly in the corporate plan and in appraisal process that serves to identify needs for development in individuals. Other factors sighted relating to career development are the provision of the mentoring or coaching opportunities. This is supported by a study Allen, Share & Griffeth (2003) who observe that, employees perception of growth opportunities offered by their employer reduced turnover intentions. Kochanski and Ledford (2001) survey showed that career opportunities yielded more significant predictors of retention

than any other type of reward followed by training opportunities and employee's relation with the supervisor.

Cook (1992) underscores the importance of employing dual career ladders in order to provide promotional opportunities for business and technical managers. The dual career ladders will be essential to retention of high performance technical and scientific employees who will otherwise exit the company for lack of growth opportunities. This emanates from the believe that technical and scientific people do not make good managers but in dual career ladders, a respected manager can rise to the position of vice president in the management career ladder, while an equally valued scientist with such a seniority and good performance can become a senior scientist in the technical or scientific ladder. The two jobs carry equal salaries and prestige.

According to cook (1992), the key success of a dual career ladder is the close attention paid to both management and technical performance in succession planning. The ultimate responsibility of career planning rests with the employee. The organization role is to provide the systems, information and rewards that can influence an employee's personal career decisions. The challenge is to stay attuned to the employee's aspirations and match them to the human resources needs of the organization (Cook 1992).

Miner and Crane (1994) conclude by observing that, although evidence on the effectiveness of career development activities is far from extensive, there is reason to believe that the retention is most influenced by career growth opportunities.

2.2.8 Performance management

An objective workable performance appraisal system allows evaluation of each individual performance. It provides the opportunity for two-way communication between the employees and the employee's supervisor, and allows employees to predict the future success on the job. Cook (1992) sees it as an opportunity to provide constructive, valuable feedback. He asserts that, without a performance dialogue, a company cannot retain its best people. The success of an organization performance appraisal system is essential in order

for an organization to make decisions about future leadership. However, Miner and Crane (1994) observes that, reporting of job performance can be more effective if used for purposes of determining promotability and merit compensation. They argue that performance appraisal provides valuable inputs for human resources planning in that it defines the development needs of those who may be placed in future jobs, re assigned or retrained to strengthen the organization.

2.2.9 Leadership

Leaders and their skills in creating a culture of retention are emerging as the key in why people stay in organizations and what usually drives them away. A landmark study by Gullop organization that includes interviews with one million employees and 80,000 managers, authors Buckingham and Cuttman (2002) net it out this way, people leave managers not companies. The study concludes that if a company has turnover problems it should focus on the managers first. Diane (2001) acknowledges that, hiring practices, rewards, training and performance management all play an important role in retention but it is the leader who makes the difference. She further concludes that the most important element in retention is a leader and it takes good planning and sound implementation to help leaders embrace their role in retention. Leadership training must involve trust building, communication, climate building, talent developing monitoring and talent finding. The concept of leadership is further collaborated by Bernatovicz (1997), who see supervision as the aspect of organizational environment, which is mostly consistently linked to retention. Several studies suggest that employees view supportive supervision as the key in enabling them cope successfully with rigors of their work and remain on the job

2.2.10 Compensation

Rewards systems are frequently used by companies to try and retain staff (Farris, 2000). Financial rewards are extrinsic monetary rewards that organizations pay their staff for services delivered by them. These rewards include: base pay, cash recognition, incentives, flexible pay, stock options/initial price offering (IPO) and hot skills. Premium Money is still the primary incentive used to lure competent employees. However, experts agree that

money is not a long-term answer for hiring, especially for keeping skilled employees (Leinfuss 1998). According to Hagginbotham (1997) high salaries are not essential, but good and 'fair' salary 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.

Amamo (2005) in her survey of factors associated with employee retention in FM radio presenters in Kenya site compensation as the factor most associated with employee retention.

Kochaski and Ledford (2001) indicate that the actual level of pay is less important than feeling about pay rise and the process used to administer them. Financial rewards or the provision of an attractive remuneration packages are one of the most widely discussed retention factors since they not only fulfill financial and material needs but also have a social meaning, with the salary level providing an indication of the employee's relative position of power and status within the organization. However, research shows that there is much inter individual variability in the importance of financial rewards for employee retention (Pfeffer 1998, Woodruffe 1999).

Moreover, due to the trend towards Benchmarking, it is becoming increasingly difficult for companies to set themselves apart from their competitors by means of remuneration, which reduces the impact of financial rewards on the employee retention (Cappelli 2001). However, despite the fact that many studies show financial rewards to be a poor motivating factor, it remains a tactic used by many organizations by means of remuneration packages. (Cappelli, 2001, Mitchel Holtom and lee 2001; Woodruffe, 1999).

However, gaining an employee satisfaction with reward given is not a simple matter. The individual satisfaction is in part related to what is expected and how much is received. Feeling of satisfaction or dissatisfaction arises when individuals compare their input- job skills, education, effort and performance to output (Beer and Walton, 1989) that is a mix of extrinsic and intrinsic rewards they receive.

Overall satisfaction results from a mix of rewards rather than any single reward. Both rewards must be seen as timely and tied to effective performance. The employee must perceive the reward offered as attractive. Lawler (1971) further observes that, to maintain employee satisfaction with pay, corporations have developed systems that are intended to maintain pay equity with comparable internal persons or groups. The consequences of inequity in employee pay regarding the external labour markets are potentially very severe for a corporation, which would be unable to attract and keep the talent required. They conclude that, high total compensation does not however, ensure that the best employees are retained. To keep them, a company must also pay its better performers more than it pays poorer performers and the difference must be significant in the judgments of the employee.

2.2.11 Training and Development

A major factor in instilling a culture in employee is through training and development programs. For training to be effective, it must start with a procedure for establishing training needs. Miner and Crane (1994). These needs exist when there is a gap between the current job performances or potential for performance on one hand and desires performance or potential for performance on the other hand and there is reason to believe that the training can reduce the gap. Training that is specific to the needs of the organization helps people perform better in the job either through improving their fit with the job requirement or through creating a better fit with overall strategies, philosophies and the culture of the organization as a whole. Management development is also crucial in employee retention as it serves as a supplement to management selection especially where the firm is committed to internally generated growth rather than growth by acquisition (Morgan 1992).

Further management development is most effective when incorporated with the company strategic plan and the performance management process that serves to identify needs for development in individuals (Parkinson 1990). Companies pursuing defender strategy need management development programs that foster loyal members committed to maintaining the institution over a long period of time. The emphasis therefore is on developing

generalists who know the firm well and who stay with it most of their careers. Employee retention is emphasized and training and development tend to stress on general enrichment (Miner and Crane (1994). Abuti (2006) in her survey of factors causing employee turnover among Kenyan broadcasters sited lack of training strategies as a major cause associated with staff turnover.

2.3 SUMMARY

From the literature review, factors that are associated with employee retention include human resources planning which entails having the right people in the right jobs, recruitment and selection, job satisfaction, training and development, career growth and development and compensation among other motivational factors. From the review, factors that influence employee retention in general have been identified although they do not influence all organizations in the same order but rather tend to vary from one organization to the other. Also, factors that have been identified as influencing retention have not shown any positive relationship with employee retention in some studies. Given that factors associated with employee retention tend to be situation specific, it would be important to conduct a study in the manufacturing sector to determine the factors that influence employee retention there. This is more so since the researcher did not find any study done in the sector.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 Research Design

Cross-section survey design will be used. This design is considered appropriate since comparative analysis of data will be used on selected subgroups of sample such as males versus females.

3.2 Target population

The target population comprises of organizations in different sectors in manufacturing industry. According to Kenya association of manufacturers directory, the industry has estimated five hundred and fifty eight (558) firms divided into 13 sectors characterized by product.

3.3 Sample and sampling technique

The research will target 46 firms from various sectors in the industry using stratified random sampling technique with each sector forming a stratum. The percentage of firms per sector will be multiplied by the sample size to determine the number of firms to be researched per stratum. Once the sample from each stratum is determined, selection of the specific firms will be done using simple random technique.

3.4 Data Collection

The research will focus on long serving employees who have served for a period of ten years and above in various firms. The population will further be categorized by gender and job levels i.e management and non-management staff.

Data will be collected through questionnaires to be delivered to the firms. The questionnaire will be divided into two parts: Part A comprising of personal information of the respondents and part B will comprise organizational practices and strategies that may influence employee retention.

3.5 Data analysis

The data will be analyzed using the following measures of central tendency: -

- **Frequencies:** to measure how frequent certain retention factors occur in various sectors
- **Averages:** to measure the magnitude of differences between firms in terms of different factors that influence retention
- **Standard deviation:** to measure variability of retention factors and those in the manufacturing firms in Nairobi.

CHAPTER 4

ANALYSIS AND FINDINGS

4.1 Introduction

This chapter contains findings on the respondents and various factors that influence employee retention in manufacturing industry in Nairobi. It captures demographic profiles of the respondents, factors influencing employee retention, and factors influencing employee turnover

4.2 Demographic profiles of the respondents

Response Rate

Out of the sample target of 96 respondents, the researcher received 62 questionnaires representing 64.5% of the sample size.

The respondents were asked to indicate their gender, age, marital status, academic qualifications and length of service. The findings are presented below:

Out of 62 respondents, 69% were male while 29% were female, 1.6% did not indicate their gender, 59.6% of the respondents were between 26-39years, 29% between 40-55yrs, and 4.85 % between 18-25 years, 1.6% above 55years, 4.8% did not indicate the age category,

70.9% were married, 19% single, 1.6 % widowed and divorced, 6.4% did not indicate their marital status, 46.8% of the respondents had attained diploma level, 22.6% were post graduate degree holders.

19.3% were KSCE certificate holders, 9.7% were bachelor degree holders, non of the respondents was a primary certificate holder, 1.6% did not indicate their academic level.

59% had served between 10-15years , 21% between 16-20 years, 11.29% between 21-25 years, 3.3% between 26-30 years 4.8% did not indicate years of service while non had served for more than 30 years .

4.3 Factors influencing employee retention

The respondents were asked to rate the extent to which the following factors were found in their organizations and the findings are presented here below.

4.3.1 Employee induction

TABLE 1: Indicators of induction

Indicators	Very great extent	Great extent	Moderate extent	Less extent	Never	Not indicated
Given comprehensive list of duties and responsibilities upon employment	16%	30.6%	32%	8.1%	11.3%	2%
Provided with company structure, vision and mission upon employment	14.5%	29%	21%	14.5%	19.3%	1.6%
Taken round the premises	35%	27.4%	9.7%	8.6%	17.7%	1.6%
Extent the information given helped employee to settle	25.8%	35%	14.5%	19.4%	3.2%	1.6%
Mean score	22.8%	30.4%	19.3%	12.6%	12.8%	1.7%

On the average, 22.8%% of the respondents were taken through a comprehensive induction program , 30.4% were taken through a fairly comprehensive induction program,19.3% through a moderate program while 14.5% were fairly inducted or never went through an induction program at all.

4.3.2 Training and development

To be able to relate influence of training and development in employee retention, the respondents were asked to rate the extent their firms provided training and development opportunities and the findings are present in the table below.

TABLE 2: Indicators of training

Indicators	Very great extent	Great extent	Moderate extent	Lesser extent	Never	Not indicated
Trained in the course of employment	22.6%	19.3%	30.6%	8.1%	16.1%	3.2%
Training has empowered them in job performance	22.5%	32.3%	17.7%	9.8%	14.5%	3.2%
Reimbursed for long term management courses	16.1%	17.7%	19.5%	17.7%	28.8%	3.2%
Mean	20.4%	23.1%	22.6%	11.9%	18.8%	3.2%

On training and development, 20.4% of the respondents have been trained and developed to a very great extent, 23.1% to a great extent, 22.6% to a moderate extent, 11.9% to a lesser extent, 18.8% have never experience training or management development while 3.2% did not indicate.

4.3.3 Performance Management

To be able to establish a relationship between performance management to employee retention, the respondents were asked to rate the extent to which their firm's performance management tool existed and the extent they perceive the performance management tool influence their job performance. The findings are presented in the table below.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Existence of performance management tool	10%	20%	30%	25%	15%
Influence on job performance	15%	25%	35%	20%	5%

TABLE 3: Indicators of performance management

Indicators	Very great extent	Great extent	Moderate extent	Lesser extent	Never	Not indicated
Employer gives target at the beginning of the year	27.45	30.6%	7.7%	8.2%	14.5%	1.6%
Reviews achievement of these targets within the year	9.4%	30.6%	21%	16.1%	11.3%	1.6%
Taken through performance appraisal interview	24.2%	29.1%	11.3%	14.5%	17.7%	3.2%
Rewarded for performance	24.2%	24.2%	16.1%	21%	12.9%	1.6%
Given targets at the beginning of the year helps in job performance	24.2%	27%	22.6%	12.9%	11.7%	1.6%

Indicators	Very great extent	Great extent	Moderate extent	Lesser extent	Never	Not indicated
Reviewing targets within the year helps in job performance	25.8%	29.5%	19.4%	12.9%	11.3%	1.6%
Performance appraisal interview helps in job performance	22.6%	25.8%	17.7%	17.7%	14.6%	1.6%
Reward for performance helps in job performance	22.6%	19.4%	14.5%	27.4%	14.5%	1.6%
Performance management tool help achieve individual goal	12.95%	30.6%	19.25	22.5%	11.2%	1.6%
Performance management tool help achieve organizational goal	16.4%	25%	21%	25.8%	8%	3.2%
Mean	22.1%	27.1%	18.1%	17.9%	12.7%	1.9%

On average, 22.1% of the respondents found the performance management tool in their organization useful in improving their overall job performance, achieving their individual goals as well the organizational goal to a very great extent, 27.1% to a great extent, 18.1% to a moderate extent, 17.9% to a lesser extent, 12.7% never while 1.9% did not respond.

4.3.4 Compensation

To gauge the effectiveness of compensation in employee retention, the respondents were asked to rate the competitiveness of their compensation package compared to other players in the industry.

TABLE 4: Compensation indicators

Indicators	Very great extent	Great extent	Moderate extent	Lesser extent	Never	Not indicated
Package competitive compared to others in the industry	14.55%	25.8%	27.4%	17.7%	11.3%	3.2%
Compensation package equitable	6.9%	19%	22.6%	24.1%	21%	6.4%
Mean	10.7%	22.55%	25%	20.9%	16.1%	4.8%

On average, 10.7% of the respondents find their compensation package competitive and equitable to a very great extent, 22.5% to a great extent, 25% to a moderate extent, 20.9% to a lesser extent, 16.1% did not find their package competitive or equitable at all while 4.8% did not indicate.

4.3.5 Job satisfaction

The respondents were asked to rate the extent they experience job satisfaction. The results are presented here below.

TABLE 5: Job satisfaction indicators

Indicators	Very great extent	Great extent	Moderate extent	Lesser extent	Never	Not indicated
Liked job content	27.4%	46.8%	12.95	8.1%	3.2%	1.6%
Liked job title	32.2%	35.5%	21%	6.5%	3.2%	1.6%
Job has responsibility & accountability	35.5%	48.3%	6.5%	8.1%	0	1.6%
Able to plan and execute work	38.7%	38.7%	14.5%	4.8%	1.7%	1.6%
Job has clear objectives & targets	33.9%	43.6%	14.5%	4.8%	3.2%	0%
Objectives and targets measurable	41.9%	29%	21%	4.8%	1.6%	1.6%
Willingness to put extra time	32.2%	48.3%	8%	3.2%	3.2%	1.6%
Job has different features	16.1%	40.3%	12.9%	12.9%	14.5%	1.6%
Mean	32.3%	41.4%	14.9%	6.6%	3.9%	1.4%

On average, 32.3% of the respondents liked their job contents and experienced job satisfaction to a very great extent, 41.4% to a great extent, 14.9% to a moderate extent, 6.6 to a lesser extent and 3.9% did not experience job satisfaction at all while 1.4% did not indicate .

4.3.6 Leadership and leadership skills

The respondents were asked to rate the extent to which they perceived their leaders as good leaders with the necessary leadership skills. The results are presented in the table below.

TABLE 6: indicators of good leadership

Inductors	Very great extent	Great extent	Moderate extent	Lesser extent	Never	Not indicated
Organizations communicate clear & understandable program objectives	33.8%	21%	27.9%	14.65%	1.1%	1.6%
Employer communicates agency philosophy	19.4%	22.6%	24.2%	25.8%	4.8%	3.2%
Management provides freedom to plan and schedule work	41.9%	30.7%	12.9%	9.7%	4.8%	4.8%
Supervisors supervise well	25.9%	24.2%	38.7%	4.8%	4.8%	1.6%
Employee involvement in decision making	19.3%	22.6%	32.3%	12.9%	12.9%	0

Indicators	Very great extent	Great extent	Moderate extent	Lesser extent	Never	Not indicated
Recommend the employer to others	30.6%	22.5%	32.2%	8%	3.2%	3.5%
Good relationship with the boss	51.6%	17.7%	12.9%	8.2%	4.8%	4.8%
Bosses encourage team work	37.1	14.5%	33.9%	4.8%	3.2%	1.6%
Company encourages creativity	32.2%	28.8%	22.6%	12.9%	4.9%	1.6%
High levels of authority	24.2%	32.3%	17.7%	9.7%	8%	0
Mean	30.1%	22.6%	26.9%	11.9%	5.4%	3.1%

On average, 30.1% of the respondents experienced good leadership and operated in companies that had solid decision mechanism to a very great extent, 22.6% to a great extent, 26.9% to a moderate extent, 11.9 % to a lesser extent, 5.4% not at all while 3.1% did not indicate

4.3.7 Influences on retention

The respondents were asked to rate the extent to which the factors listed in column one in the table below influenced their stay with their current employer and the findings are presented in the table below.

TABLE 7: Factors related to employee retention

Factors	Scores	Average score
Organizational culture	85%	88.45%
Like the way co. does business		
Like working with colleagues	91.9%	
Job satisfaction	66.1%	75.5%
High work load		
Planning	85.5%	
Compensation package equitable		73.35%
Basic pay	77.35%	
Benefits	69.4%	
Career growth & development		70.1%
Career growth needs met	88.6%	
Clear succession plan	51.6%	
Leadership	74.3%	68.6%
Good leadership skill	63%	
Guidance and appreciated		
Training		64%

Overall 85% of the respondents rated organizational culture as the factor most influencing their stay with the current employer, 75% found job satisfaction to be the second most factor influencing their stay. Other factors include compensation and career opportunities. Overall, training was the least influencing factor.

4.4 Factors influencing employee turnover

To gauge the factors that would influence them to leave the current employer, the employee were asked to rate the extent the following factors would influence them to leave.

TABLE 8: Factors related to employee turnover

Factors	Score	Average %
Better Career growth & Development opportunities		93.5%
Better career growth	90.3%	
Career expectation not met	96.7%	
Better compensation package		84%
Better basic pay	80%	
Better benefits	88%	
Leadership skills		79.5%
Supervisor does not appreciate	88.2%	
Supervisor does not give guidance	70.9%	
Lack of job satisfaction		72.7%
High workload	66.1%	
Routine work	85%	
Job autonomy	87.2%	
Better training opportunities		40%

Overall, 93.8% indicated that better career growth and opportunities is a factor they would consider most in leaving the current employer, followed by better compensation package, lack of leadership from their bosses. From the respondents, training is the least factor that would influence them to leave their current employer.

CHAPTER 5

DISCUSSION, SUMMARY AND CONCLUSIONS

5.1 DISCUSSION

The study focused on employees who have been retained by their employer for a period of 10 years and above and therefore the focus of the study is to establish the factors that may have influence them to remain with employer.

It is evident from the study that retention factors identified by other researchers were present in the manufacturing industry in Nairobi to a great extent as presented here below. To arrive at the percentages presented in the table below, the researcher averaged the scores on very great extent, great extent and moderate extent.

TABLE 9: Retention related factors present in the firms

Retention factors	Percentage of firms
Structured employee induction programs	77%
Training and development programs	66%
Performance management tool	67%
Equitable and competitive compensation package	61%
Job satisfaction	61%
Good leadership skills	73%
Average retention factors presence	70%

Douglas and Goodale (1986) underscore the importance of employee induction in employee retention. They argue that, the initial assignment and the first year with a company will have a potent effect on the new employee decision to remain with the company. From this study, an average of 77% of the respondents underwent a comprehensive induction process upon employment. Donald and Catt (1989) observe that employees who do not commit to the culture of the organization are not likely to stay. From the study, an average of 88% of the respondents indicate that they have remained with their current employer due to the organizational culture.

Leigh (2002) contends that, many employees would leave the company if they do not see work as important or others do not recognize their contributions. Observations made from this research indicate that 79% of the respondents experienced job satisfaction. Further, 75.8% of the respondents indicated that job satisfaction influenced their stay with their current employer. This is further collaborated by 72.7% of the respondents who said that they would consider leaving their current employer if they did not have job satisfaction. Previous Studies suggest that a company that wants to strengthen the bond with its employees must invest in the development of the employees, which involves the creation of opportunities for promotion within the organization. From our observation, 70.1% of the respondents see career growth and existence of clear succession plan as influencing their stay with the current employer. Further, 93.5% of the respondents consider lack of career growth as the highest-ranking reason they would consider in the decision to leave. Cook (1992) stresses the importance of performance management in managing talent retention. He argues that, without a performance dialogue, a company cannot retain its best people. The research findings for this shows that 67% of the respondents operated in an environment of properly structured performance management tool that influence their job performance positively.

From the research, 61% of the respondents indicated that their organizations compensation package was equitable and competitive. It is also clear from the research that 73% of the respondents stayed with their current employer due to competitiveness of the compensation package. The relationship is stressed further by 84% of the respondents who indicate that they would leave the company for better compensation package. Morgan (1992) underscores the importance of training and development in employee retention. From this research, 66% of the firms had training opportunities and training programs. 64% of the respondents indicate training as a factor influencing their stay with the employer. However, only 40% of the respondents would leave their current employer for better training opportunities.

Abuti (2005) in her study on factors influencing employee turnover in broadcasting industry in Kenya found that employee would consider leaving their current employer for lack of training strategies. This is contrary to the finding in this study and this may be explained by the fact that many skills in the manufacturing industry are learnt on the job and are not transferable to other firms especially for craft and trade related careers.

5.2 SUMMARY AND CONCLUSION

The objective of this study was to investigate factors that are related to employee retention in manufacturing firms in Nairobi. From this study it is concluded that organizational culture is the factor most considered to have the greatest influence on employee retention in the industry followed by job satisfaction. Lack of Career growth and development is the most influencing turnover factor.

5.3 Recommendations

The study is very important to Human resources managers in crafting strategies of employee retention and addressing turnover issues. It is recommended that organizations need to balance extrinsic and intrinsic sources of motivation.

5.4 Suggestions for further studies

- (i) Use of inferential statistics in establishing the relationship between job satisfaction and employee retention
- (ii) There is need to replicate the study in other industries in Kenya

5.5 Limitation of the study

- (i) The scope of study is limiting in that it focused on Nairobi and it is thus not possible to conclude that these retention factors affect the whole industry in Kenya and this therefore forms the basis of future study.
- (ii) From the findings the researcher was not able analyze the relationship between employee retention and induction programs because the induction variable was not brought out clearly by the researcher in addressing the factors that have influenced the respondents to remain with the employer

REFERENCES

- Abuti, A. (2006). A survey of the factors that are associated with turnover in Broadcast Media houses in Kenya. **Unpublished MBA Research Project, University of Nairobi.**
- Amabile, T.M, Conti, R., Coon, H., Lazenby, J, Herron, M. (1996). Assessing the work environment for creativity. **Academy of management journal, vol39, pp 1154-1184**
- Amamo, A. (2005). A survey of factors that attract and retain FM radio presenters in Kenya. **Unpublished MBA Research Project, University of Nairobi.**
- Andreas, M D. (2003). The Effects of Retention Factors on Organization Commitment; an investigation of high technology employee. **Unpublished MBA Research Project, University of Pretoria.**
- Bailyn, L. and Lynch, J (1983). Engineering as a long life career: it's meaning, its satisfaction and its difficulties. **Journal of occupational behavior, vol 4, No. 2 p 263-283**
- Beer, M and Walton, E(eds) (1989) **Reward systems and the role of compensation.** Harvard Business Review Book.
- Bernatovicz, F (1997). Retention of child welfare caseworkers: a report. Portland, ME: **national Center for organization improvement: available at www.muskie.usm.edu/helpkids/pubstext/tetention.html**
- Buckingham M, Coffman C (1999): **First break all the rules: What the greatest managers do differently.** New York, NY: Simon and Schustu
- Cappelli, P. (2001). A Market Driven approach to Retaining Talent. **Harvard Business Review.** On finding and keeping the best people. Boston: Harvard Business School Press,27-50
- Capplan, Galye. and Teese, M. (1997). **How to keep your best people on board after downsizing.** Pal, CA: Davis-Blac publishing.

Cook, M. F (1992). **The AMA Handbook for employee recruitment and retention.**

Publication: New York Amazon books .

Collins J (2001). **Good to Great: why some companies make a leap and others don't.** Harper Collins Publishers.

Cymrot, D.J (1987). The effects of Selective Reenlistment Bonuses on Retention (CRM-87-43).
Centre for Naval Analyses ,Alexandria, VA

Diane A (2001), **The Employee Recruitment and Retention Handbook:** Amacon Books

Donald, S.M, Catt,E (1989). **Human Relations. A Contemporary Approach.** : Richard D Irwin.

Douglas,T. H, Goodale, J.G (1986). **Human Resources Management. Strategy, Design And Implementation.** Publisher:scott Foresman/Addison-Wesely

Farris,G.F (2000). Rewards and Retention of Technical Staff. **IEE International Engineering Conference. P 617-619**

Federation of Nurses and Health Professionals (2001). The nurse shortage: Perspective for Current Direct Care Nurse and Former Current Direct Care Nurses. **Federation of Nurses and Health Professionals, Washington DC, USA.**

Hackman, JR.& Odham, GR (1976). Motivation through the design of work: Tests of a theory. **Organizational behavior and Human performance,** vol 44,issue3, p 31-38

Harris, J, Joan, B (1999). **Finding and keeping great employee.** Publication: New York Amacon Book

Hascal, R Hopkins, Hollman, M (1995). In this Era of Shrinking Budgets, is organization Redesign and adapting a Quality Culture worth the pain? **Presentation at PPA Education leadership forum**

Hasselhorn, H.M, Tackenberg, P and Muller B.H (2003). Working conditions and intent to leave the profession among nursing staff in Europe. **National Institute for working life, Stockholm, Sweden.**

Higginbotham, J.S. (1997). The satisfaction equation. **Research and development**, vol.39, issue.10, pp 1-9

[http:// www.bc.edu/bc-org. Aup/wfnetwork/rtt/classact/actpc.html](http://www.bc.edu/bc-org. Aup/wfnetwork/rtt/classact/actpc.html)

Johnson, M (2000). **Winning the people wars, talent and battle for human capital.** London, UK. Copyright Licensing Agency

Kenya Association of Manufacturers Directory, 2006

Kerr, S.A. (1997). Retention of first- term and second term marine corps enlisted personnel. **Unpublished MBA Reseach Project Naval Post Graduate School, Monterey,CA.**

Kickil, J (2001). Promised made, promises broken: can exploration of employee attraction and retention practices in small business world. **Journal of small business management** 36 (4) p 320-325

Kochanski, J & Ledford, G (2001) “How to keep me”- retaining technical professionals. **Research technology management.** Vol 44, issue 3 p 31 – 38

Kreitner R, Kiniki A (2001) **Organizational Behavior, Fifth Edition,** Chicago: Irwin McGraw Hill

Lawler E.J (1971). **Pay and organizational effectiveness; a psychological view.** New York McGraw –Hill pp 267-272

Leighn, B (2002). **Keeping the people who keep you in business: 24 ways to hang on to your most valuable talent.** Publication: New York Amacon Books.

Leinfuss, E. (1998). The hiring frenzy continues. **Computer world**, vol32, issue.27 pp 64-65

Luthans F (1995): **Organizational Behaviour, 7th Edition**. New York, McGraw –Hill

Marsh , R.M & Mannari H. (1977). Organizational Commitment and Turnover: A Predictive study. **Administrative science Quarterly**, Vol 22 pg 57-75

Marx E (1996). The influence of task and role characteristic on organizational commitment. **Unpublished MCOM dissertation**. (human resources management). University of Pretoria.

Miner, J.B, Crane, D. C (1994). **Human Resources Management. The strategic perspective**. Harper Collins College Publisher 1994

Mitchell, T.R, Holtom, B.C and Lee, T.W (2001). How to keep your best employee: developing an effective retention policy. **Academy of management executive**, 15(4) 96-109

Morgan, W.M (1992). Executive Development as a business strategy. **Journal of business strategy**. 13 (1): 25-31

Parkinson. S. (1990) Management Development Strategic Role. **Journal of general management** 16(2): 63-75

Pearson R, Reilly P and Robinson D (2004). Recruiting and developing an effective workforce in the British NHS. **Journal of health services research**, a suppl. 17-23, Royal Society of Medicine, UK

Pfeffer, J. (1998). **The Human Equation: Building profits by putting people first**. Boston MA Business School Press.

Rousseau.D.M (1995). **Psychological contracts in organization undertaking: written and unwritten agreements**. Sage. London

Sheridan, G.E (1985) A Catastrophe model of employee withdrawal leading to low performance, high absenteeism and job turnover during the first year of employment. **Academy of management journal** 28 88 -109

Skinner, W (1981). **Big hat, no cattle: managing human resources. A Harvard business review book.**

Turnley, W.H, Fieldman, D.C (1998). Psychological contract violation during cooperate restructuring. **Human resources management**, 37(1) . 71 –83

William, B .W, JR, Keith, D (1993). **Human Resources and personnel management. Fourth Edition . Mgraw- hill college.**

Woodruffle, C. (1999). **Winning the talent war. A strategic approach to attracting, developing and retaining the best people.** Chichester,UK: John Wiley & Sons.

Wanous, J.P (1992): **Organizational Entry: Recruitment, selection and socialization of new comers, Second Edition.** Reading, MA, Addison Wesley Publishing Company

Annex 1 Sampling frame

Sector	No of firms	%of TOTAL	Sample size
Food and beverage	122	22%	9
Leather and footwear	6	1%	6
Metal and allied	59	11%	5
Motor vehicle and accessories	29	4%	2
Paper and paper board	59	11%	5
Pharmaceutical and medical equipment	19	3%	2
Plastic and rubber	54	10%	4
Services and consultants	48	9%	3
Textile and apparels	58	10%	4
Timber, wood and furniture	13	2%	2
Affiliate association	2	0	46
	558	100%	

Annex 2 QUESTIONNAIRE

Please answer the following questions as diligently as possible

Put tick where appropriate

Fill the blank spaces

Information will be treated with confidence

Do not indicate your name

PART A

- 1) Sex: Male Female
- 2) Age: 18-25yrs 26-39yrs 40- 55 yrs 56 yrs and above
- 3) Marital status: Single Married Divorced Widowed

4) Academic Qualification

Post graduate

Under Graduate

Diploma

KCSE level certificate

KCPE Certificate

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Any other specify -----

5) Length of service

10-15 yrs

16-20 yrs

21-25 yrs

26-30 yrs

31yrs and above

<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/>

Q6.a) What is your title of your job?

PART B

RATE the extent to which the following statements apply to you.

To a very great extent	To a great Extent	Moderate	To a lesser Extent	Never
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

7) My company gave me a comprehensive list of r duties and responsibilities upon reporting the first day.

--	--	--	--	--

8) My company gave me the structure, mission and vision of the organization upon employment.

--	--	--	--	--

9) My company took me round the premises and introduced me to other departments upon employment

--	--	--	--	--

10) The information given to me when i reported helped me to settle in the job?

--	--	--	--	--

11) The company has trained me in the course of my employment

--	--	--	--	--

12) The training programs have empowered me in my overall job performance

--	--	--	--	--

13) My employer reimburses me for long-term management Development programs i undertake.

14) My employer gives me targets to achieve at the beginning of the year

15) My employer Reviews the achievement of those targets within the year?

16) My employer carries out a performance appraisal interview

17) My employer Rewards me for performance

18) Being given targets to achieve at the beginning of the year has improved my job performance

19) Reviewing the achievement of those targets within the year has improved my job performance

20) The Performance appraisal interviews have helped me in my job performance

21) Reward for performance given to me has helped improve my job performance

22) The performance management tool has helped me to meet my individual goals?

23) The performance management tool has helped me meet my organizational goals?

--	--	--	--	--

--	--	--	--	--

--	--	--	--	--

--	--	--	--	--

--	--	--	--	--

--	--	--	--	--

--	--	--	--	--

--	--	--	--	--

--	--	--	--	--

24) The compensation package offered by my company is competitive compared to other companies in the industry

--	--	--	--	--

25) The reward system used by my company is equitable.

--	--	--	--	--

1 2 3 4 5

26) I like the content of my job

27) I Like my Job title

28) My job has Responsibilities and accountability

29) I am able to plan my work.

30) My job has clear objectives and targets.

31) I am able to measure the objectives and targets of my job.

32) I like to put extra time in my job.

33) Occasionally I do different Jobs requiring different skills.

34) My job is monotonous and routine

--	--	--	--	--

35) My job has many different features.

--	--	--	--	--

36) My job has high workload.

--	--	--	--	--

37) My job has low workload

--	--	--	--	--

--	--	--	--	--

38) I have Strained Relationship with my boss
Which affects my job performance.

39) My employer communicates clear, understandable program objectives.

40) Employer communicates agency philosophy

--	--	--	--	--

41) My boss encourages teamwork

42) The management provides me with the freedom to schedule and plan my work

43) My company encourages job creativity.

44) My supervisor supervises my work well.

45) Employees in my company are involved in decision-making

46) My company has high levels of authorities

47) I would recommend my employer to someone else

Rate the extent to which the following factors have influenced your stay with your current employer using the following:

To a very great extent	To a great Extent	Moderate	To a lesser Extent	Never
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
1	2	3	4	5

48) Basic salary

1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

49) Benefits given by my company

50) Enjoying my job

51) Working with my boss

52) Work is appreciated

53) I am Rewarded whenever I do a good job

54) Knowing where I will be in the next five years in the company ladder

55) I like the way my firm does business and what it stands for

56) I like my colleagues and enjoy working with them

57) I like the training programs offered by the company

Rate the extent to which the following factors would influence you to leave your current employer using the following:

To a very great extent To a great Extent Moderate To a lesser Extent Never

1

2

3

4

5

58) Being overloaded

59) Better basic salary

60) Better benefits

61) Better training & development opportunities

--	--	--	--	--

62) When your supervisor does not appreciate you

--	--	--	--	--

63) When the job you are doing becomes routine

--	--	--	--	--

64) When you are unable to plan and organize your work

--	--	--	--	--

65) Lack of promotion and career growth

--	--	--	--	--

66) Career expectations not met

--	--	--	--	--

67) Lack of guidance from supervisor

--	--	--	--	--

68) Tick the benefits offered by your company

House mortgage

Car loan

Development loan

Medical in-patient & out patient

Holiday package

Leave allowance

Education benefits (self)

Education benefits (family)

Other

Thank you for completing this questionnaire