FACTORS INFLUENCING HIGH STAFF TURNOVER IN COMMERCIAL BANKS IN KENYA: A CASE OF COMMERCIAL BANK OF AFRICA.

BY

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REG: L50/82434/2012

A RESEARCH PROJECT REPORT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF ARTS IN PROJECT PLANNING AND MANAGEMENT OF THE UNIVERSITY OF NAIROBI

2014

DECLARATION

This Project report is my original work and has not been presented for any award in this or any other University.

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DEDICATION

This Project is dedicated to my wife MaggyOnyangoand daughterAudrey Onyango and those who supported in the completion of this Project writing. Thank you and God bless you abundantly.

ACKNOWLEDGMENTS

First and foremost I wish to convey my sincere gratitude to my supervisor Mrs. Anne Ngugi and the defense team for their guidance, support and encouragement during the course of this project. Your suggestions and corrections gave my project a course that led to it taking a professional direction. I am truly grateful to all my lecturers in the department for being there during my course work and when I needed clarification on various issues concerning the Project.

Sincere thanks to friends and colleagues at the master's class for their support, thank you for sharing and caring. It wouldn't have been any easier without the class discussions, e-mails and phone calls made during the course work, I am grateful to all of you. Last but not least, I wish to thank the management of CBA for giving me the opportunity to carry out the research work.

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LIST OF ABBREVIATIONS AND ACRONYMS

AKIB-Association of Kenya Institute of Bankers

CBA: Commercial Bank of Africa

CBI: Central Bureau of Investigation

CBK: Central Bank of Kenya

CIPD: Chartered Institute of personnel Development

CSS: Corporate staffing services

GDP: Gross Domestic Product

SPSS: Statistical Package for the Social Sciences

HRM-Human Resources Management

PWC: PriceWaterhouseCoopers

ABSTRACT

The project report covered factors influencing high staff turnover in commercial banks in Kenya ;a case of CBA .Research objectives were to establish factors influencing Staff turnover by studying variables (intrinsic, extrinsic, career development and Employee relations) and their influence on staff turnover. Descriptive research design was used with a sample size of 104 derived using (Cooper & Schindler) from a target population of 140 employees based at Upper Hill (Head office) and 5Branch networks in Nairobi County. Functional departments were the strata and simple random method applied to distribute the questionnaires. Split-half reliability test was used to estimate reliability and content validity tested through expert's opinion and referencing on past questionnaires. Interview Guide and desktop information provided key information used in summarizing the conclusions. Data collected was exported to SPSS version 20 for editing, coding to facilitate informative and relevant computation. Staff turnover was described as high and there were strong correlations between the variables studied. Spearman's product correlation was used for analysis and statistical summary presented in tables. Intrinsic factors showed very strong correlation to staff turnover, HRM practices should accommodate Control and Freedom(37,41.6% & 0.816) in execution of duties and tasks to provide a conducive environment for the achievements of Targets (49,55.1% & 0.901) to increase intrinsic factors. Salary& Benefits (58, 65.2% &0.829) and Job security (48, 53.9% & 0.724) showed very strong correlations to staff turnover, management should benchmark extrinsic factors for competitive bargaining. Career development aspects like Training (27,30.3% & 0.819) was very strongly correlated to staff turnover. More training should be offered to sharpen skills and facilitate career development in the organization. Employee welfare (49,55.1% &0.806),Promotions (61,68.5% & 0.872) and Succession plan (37,41.6% & 0.754) positively influenced stuff turnover. Fairness and justice in handling employee affairs and in resource allocations should be practiced.HRM policies should therefore be developed within the context of intrinsic and extrinsic factors, career development and employee relations to increase productivity and staff retention. Future research studies should focus on factors influencing Employees performance using variables like training, job satisfactions, change management both in the banking industries and other sectors.

CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Employee turnover can be defined as when an employee ceases to work for an organization. On a wider level, it is defined, as the proportion of employees leaving an organization during a given period of time, usually one year (Armstrong, 2006).More importantly however, the analysis of the number of those leaving employment and the reasons for their departure will provide information indicating whether any action is required to improve on the retention rates. Turnover is even more costly because of lost productivity and unnecessary replacement costs (Armstrong, 2008). Employee turnover has received substantial attention from both academics and management. Much of this attention has been focused on understanding its causes.

In the United States of America (USA), (Smith, 2007) argued that businesses spend over USD200billion annually recruiting and replacing their employees. In the healthcare sector in USA for example, a report by (Meudell& Rodham, 2010) estimates that the turnover rate would reach a level of 29% in year 2020. Gustafson (2001) showed that the hospitality industry in the USA and elsewhere is experiencing a labor shortage with the high rate of turnover. Forecasts have considerably predicted current and future shortage in the supply of information technology (IT) professionals in the USA. A jobs forecast by (Computerworld, 2008) estimates that there were 350 000 vacant IT jobs in the USA in 1998 with a forecast of 1.3million more IT professionals needed in the next decade with a turnover rate of 13% or higher.

This suggests that turnover would continue to be a problem in the years ahead. To reduce the ever increasing turnover rates, organizations must understand and put in place the right strategies to retain these professionals. Average labor turnover in the UK is 15.7 per cent according to a (Central Bureau of Investigation, 2009) survey. Most firms see labor turnover in terms of a cost to the business that could be reduced by better HR management, training or rewards. Turnover has a significant impact on organization and these needs to be measured.

In a survey conducted by the (CIPD ,2008) attitudes towards turnover were revealed as follows: 52% of respondents felt that labor turnover had a minor negative effect on organizational performance; 21% stated there was no effect; 17% stated a serious negative effect and 9% that there was a positive effect. Turnover rate over the next 5 years is expected to leap from 14.6% to 18%, meaning the talent exodus will stand at almost 4.7 million in 2018.

In the United Kingdom (U.K), the Chartered Institute of Personnel Development (2008) reports that the overall turnover rate for the U.K. in the year 2006 was reported as 18.1%. The turnover trend is therefore increasing and this concerns management and corporate world hence demands an urgent attention from the policy makers. Turnover rates vary from sector to sector with the highest level of turnover (22.6%) found in the private sector organizations with the public sector having an average turnover rate of 13.3%. According to (Saari& Judge, 2004) the following factors were listed as crucial retention strategies for IT professionals in the USA and U.K in the order of importance:

Salary, Bonus and stock option based, the chance to learn new skills (i.e. those that the market values); the reputation of the organization in technology and working conditions (physical, colleagues & boss, casual dress) were some of the retention strategies particularly successful in maintaining a low turnover rate, one of the solutions suggested was an increase in salary. A Computerworld (2008) survey found that the majority of IT professionals admitted to having left their former organizations for more money, while above half of these professionals left for career advancement. Common practice suggests that most people need a vacation break to prevent job stress and burnout. Furlonger (2007) reports that Scandinavian and European organizations typically offer more vacation benefits and three day weekend mini-vacations than their USA counterparts.

Employee turnover statistics are being used by South African organizations to examine the impact turnover has on their operations. Managerial-level employees, especially those with scarce skills, are consistently being offered well-paying jobs globally and some of these offers are too attractive for them to resist (Capelli, 2009).Therefore, when managerial-level employees decide to resign or even when they are dismissed they contribute to an organization’s turnover rate. The literature clearly points-out that there are more than 30 causes for voluntary employee turnover in organizations in South African.

Common reasons causes of stuff turnover are poor relations between employees and managers (Blake, 2006).Conflict resolutions mechanism (Armstrong, 2006) has also greatly influenced staff retention. Lack of a career advancement plan (Grobler, Warnich, Carrell, Elbert and Hatfield, 2006) causes staff turnover as high job dissatisfaction increases among employees. Mismatch between the employees and the job or the organization (Barney et al 2009). A person-organization fit is when a person and an organization have common characteristics and/or meet each other's needs. In the South African context the level of pay dispersion and inequality within Luyt,2008) organizations drives turnover as employees leave when rewards, such as bonuses and incentives, are not linked to performance.

1.1.1 Banking Industry in Kenya.

The Companies Act, the Central Bank of Kenya (CBK) Act and the Banking Act are the main regulators and governors of Banking Industry in Kenya. These Acts are used together with the prudential guidelines which Central bank of Kenya issues from time to time. Banking industry has 45 players (CBK, 2012). To address issues that affect the Banking industry in Kenya, banks have come together and formed a forum under the Kenya Bankers Association. The sector contributes to Gross domestic product, provides employment, supports various sectors of the economy, and transforms the economy and livelihood of Kenyans through its innovative and creative product development with various sectors like e.g MPESA products. According to the Association of Kenya institute of Bankers annual report (AKIB ,2014) Kenya Commercial bank is the second revenue contributor at 6.1Billion according to last year financial results in corporation tax after Safaricom Ltd and has over 4000 employees.

CBK ensures proper functioning of the Kenyan financial system, the liquidity in the county and the solvency of the Kenya shilling.CBK supervision annual report (2012) classified Banks by asset and deposits and the seven largest banks by Asset base are Kenya Commercial Banks, Equity, Co-op Bank, Standard Chartered, Barclays Bank ,CFC Stanbic and CBA in that order. Size does not necessarily matter in terms of quality and quantity of deposits. For example the report identified Citibank as having the richest client base in the business with average deposit per client of ksh 22million with Equatorial commercial bank making the top 11 list with ksh 1.296 million. Meaning the top 7banks with asset base may not even have quality deposits.

Major issues facing the banking industry includes: competition for clients and talents, staff turnover, fraud, minimum core capital requirements, Terrorism and Money laundering. Global crisis in 2010 affected banking industry in Kenya and more so the mobilization of deposits and the decline of Interest margins. Banks are very conservative with negative information; however recruitment statistics from (Manpower & PWC 2012) revealed a standard staff turnover rate to be 10 percent, meaning 3000 employees from the estimated 30000 voluntary leave employment, this is considered as normal and healthy statistics.

1.1.2 Background of CBA

CBA is one of the East Africa's largest private locally owned banks and has operation in Kenya and Tanzania whose vision is to be a respected financial service provider in East Africa. Commercial Bank of Africa was founded in 1962 in Dar es Salaam, Tanzania and immediately therefore established branches in Nairobi and Mombasa in Kenya, and in Kampala, Uganda, with the nationalization of banks in Tanzania, CBA was incorporated in Kenya in 1967.

The bank is composed of a highly experienced board of directors whose deputy chairman is a leading businessman, entrepreneur and director of several companies in Kenya. The group Managing Director is a chartered accountant who previously served as group financial controller in a renowned newspaper printers and a leading bank in Kenya .CBA is ranked seven by asset base and has Five hundred employees, according to CBA website. Its niche market is corporate customers. The immediate competitors of CBA are Cfc-Stanbic, Citibank, Diamond Trust Bank, Bank of Africa Kenya, Imperial Bank, Bank of Baroda, Family Bank, Prime Bank, Gurdian Bank, Paramount, Chase and Nic Bank.

1.2 Statement of the Problem

Talent management and strategy implementation in the banking industry has increased competition for skilled and trained work force (PWC, Delloite& CSS 2014). Organization have reconsidered talent management with keen interests not only for their operations and business but for succession .Talent is valuable, difficult to nature therefore organizations must attract, select and retain talents as a competitive tool (Chepkony, 2012).

Turnover contradicts the benefits derived by organizations when they spend scarce resources attracting, selecting, socializing, training and developing employees (Wright & Bonett, 2007) when these staffs cannot be retained. It is important that the banking industry adequately motivates, retains skilled and experienced workforce (CBK/BSD, 2013) for strategy implementation. Banking industry has witnessed considerable human capital flight despite the growth in profitability for the past five years (PWC,2013) .The survey report released on business daily noted increased competition for high end clients, qualified, trained and experienced staff to implement bank's strategies..

However a mismatch (PWC,2013) in compensation and disparity in disposable incomes rewards, bonuses and allowances for employees is unrepresentative of the super abnormal profits reported. Nairobi managers are finding it hard to stick with top talents in the face of stiff competition for human resources Exit interviews documented cemented this argument as majority of employees leaving the organization mentioned inequitable reward management system, poor employee-employer relations, non-commensurate employment package and unclear career path as major reasons for the human capital flight.

Fierce competition and talent wars (Ernst & Young, 2014) has resulted to pay rise as companies poach for staff rather than, train, motivate, retain skilled and highly performing employees. The survey report conducted in Europe, Middle East, India and Africa. In Kenya the report named professional services, banking, insurance and media in Kenya as the most widely affected.HRM practices must be developed (Kelly, 2012) for the betterment of both organization and employees.Turnover contradicts the benefits derived by organizations(Wright & Bonett, 2007) when they spend scarce resources attracting, selecting, socializing, training and developing .Organizations success (Gratton & Erickson 2007) depends heavily on human resource management. The consequences of turnover (Blau,2006) have received significantly less attention from researchers. Identifiable characteristics according to (Andisi,2006) through research should be used to develop policies to rectify the vice. Blake (2006) and Armstrong (2006) have identified the existence of poor relations in the work place. Mismatch between performance (luyt, 2008) and these are the gaps in tandem with what the research will bridge by focusing on intrinsic, extrinsic, career development and employee relations factors.

1.3 Purpose of the study

The purpose of the study was to establish factors influencing high staff turnover in commercial banks in Kenya, a case of commercial Bank of Africa Limited.

1.4 Research Objectives

i) To establish how intrinsic factors influences staff turnover in Commercial Bank of Africa Limited

ii) To determine how extrinsic factors influence staff turnover in Commercial Bank of Africa Limited.

iii) To investigate how career development factors influence staff turnover in Commercial Bank of Africa Limited.

iv) To study how Employee relations factors influence staff turnover in Commercial Bank of Africa Limited.

1.5 Research Questions

i) What level of influence does intrinsic factor have on staff turnover in Commercial Bank of Africa Limited?

ii) How does extrinsic factors influence staff turnover in Commercial Bank of Africa Limited?

iii) How significant is career development factors in influencing staff turnover in Commercial Bank of Africa Limited?

iv) To what extent does employee relations factors influence staff turnover in Commercial Bank of Africa Limited?

1.6 Significance of the study

The study may be used in policy formulation and decision making at different levels. The management of the commercial banks will use the information to benchmark their employment packages and policies to remain attractive and competitive to attract talents. Employees will be interested in making long term employment decisions.

Trade unions require the information in negotiating better employment terms for their members. The Central Bank of Kenya that provides the supervisory and regulatory roles to commercial banks operations will be interested in the trend analysis especially on extrinsic and extrinsic motivational factors across the commercial banks and hence will provide insights for improvements.

1.7 Limitation of the Study

Access to information is very difficult due to reputational risk for the banking industry, however access to exit interviews and secondary data from CBK/KIB, recruitment and consulting firms will provide the necessary information required for the completion of the research report. Finance and Time constraints were major limitations, frequent visits to the branches will be minimized to morning hours when respondents have low frequencies in terms of customer's visits. The questionnaires were sent via emails to minimize printing and travelling costs.

1.8 Delimitations of the study

Commercial Bank of Africa has centralized most of its operations in Nairobi. The study is confined in the head office located at Upper Hill and all the 5 branches within Nairobi. The study covered departments within the bank, various departmental heads and their respective employees.

1.9 Basic assumptions of the study

The information provided by the respondents was truthful, objective and will give a true reflection of employee's perceptions on factors influencing staff turnover in commercial banks. Instruments used were valid to measure the desired constructs. Commercial Bank policies are applicable across the industry with similar objectives, expectations and motivation to the staff within the industry.

1.10 Definition of significance terms as used in the study

Career development: It is vertical and horizontal movement across the organization Structure by an employee especially after the accumulation of skills and knowledge through training, promotions and career growth.

Commercial Banks: Institutions that mobilizes deposits and advances loans.

Employee relations: Refers to reward policies, rules, actions, procedures that facilitate retention and attract employees to remain in the organization.

Extrinsic Factors: External factors provided by employer that motivates an employee to perform his/her duties like salaries, bonuses, allowances etc.

Intrinsic Factors: Internal Factors from individual employees like job satisfaction, team work and ability to meet targets that makes employees to enjoy their work and remain in the organization..

Staff turnover: Flow of employee out from and into organization

1.11 Organization of the study

The study is organized into five chapters namely Introduction, Literature review, Research methodology, Data analysis, presentation, interpretation & discussions and Summary of findings, conclusions & recommendations. Chapter one focuses on background to the study, statement of the problem, the purpose, objectives and research questions are highlighted. Significance, limitation, delimitations and assumptions of the study are also summarized. Chapter two discusses Literature Review which takes into consideration the empirical review and theoretical framework to develop conceptual framework and knowledge gap. Chapter three summarizes Research Methodology; this covers research design, target population, sampling procedure &sample size, Instruments used while testing and estimating reliability and validity, data analysis, operationalization of variables and ethical concerns. Data analysis, presentation interpretation and discussions .Finally chapter five provides summary of findings, conclusions and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter explores the study objectives and their influence on staff turnover. The themes of the research are developed from the theoretical and empirical reviews that are relevant from the variables. The chapter is structured into empirical reviews on variables and theoretical framework that will facilitate the development of conceptual framework and knowledge gap.

2.2 Staff Turnover

Staff turnover may be defined as permanent departure (Armstrong, 2009) of employee beyond organizations boundaries. It's the flow of manpower out from and into organization (Testa, 2008). Much of this movement is undesirable and a reflection of unrest, unnecessary or at least unwanted cost. Human Resource context, turnover or staff turnover is the rate at which an employer loses employees (Skabelund, 2008).

Turnover costs are two dimensional namely real and opportunity costs. Real costs involve leaving, replacement, transitions, and selection and recruitment costs. Opportunity costs of turnover are lost productivity, reduced performance levels, unnecessary overtime and low morale (Costello, 2006) .The true cost of turnover depends on a number of variables including ease or difficulty in filling the position and the nature of the job itself. Voluntary turnover can either be dysfunctional or functional. Dysfunctional is where the individual wants to leave the organization but the organization prefers to retain the individuals whose skills are deemed very important and strategic to competitors. It is functional where the organization is unconcerned about employee's departure. Management views voluntary turnover undesirable since it's unplanned and negatively affects operations. Involuntary turnover is an indication of some undesired situations like disciplinary and economic discharge (Lee,Gerhart,Weller& Trevor,2008).

Certain levels of turnover is fruitful to organizations especially where redundant and unproductive employees whose benefits of replacement or non-replacement is more than the cost of leaving. The employer will redefine the position of the departed employee in line with the business requirements, or abolish the position with the advantage of reducing the staff establishment. Employers will also use such opportunities for internal promotions thus raising the morale of hardworking employees (Lehndorff, 2006).

However high staff turnover has detrimental effects on productivity, succession and strategy implementation on organizations (Testa, 2008) .Indicators of staff turnover includes; job advert placements in the media, level of service gaps, documented exit interviews, recruitment and training expenditures on newly recruited employees who replaced the departed ones. Turnover is often utilized as an indicator of company performance and can easily be observed negatively towards the organization's efficiency and effectiveness (Glebbeek&Bax, 2004). Employee turnover is a natural outcome of doing business, yet it is harmful to an organization in large quantities, so it should be kept at minimum level.

Organizations can utilize turnover to change the composition and diversity of its employees through terminating poor performers, allowing for internal promotion, and hiring new employees with innovative ideas. New employees often bring positive inputs if turnover is handled correctly (Werbel&Bedeian, 2009).The turnover level rates can be used for both internal and external comparisons for both trend analysis for future improvement. The level which staff turnover has to reach in order to inflict measurable damage to an employer is subjected to debate (Derek et al 2002). However some industries can sustain successful business with high turnover rates as compared to other sectors (Capelli, 2000).Staff turnover can be measured and turnover index calculated on monthly, quarterly, semiannually or annually. Turnover index sometimes referred to as the employee or labor wastage index, shows the employee or labor wastage rate (Armstrong, 2003).

2.3 Intrinsic Factors and Staff turnover

Intrinsic factors refers to behavior that is driven by internal rewards.The psychological process that gives behaviour purpose and direction in a purposive manner to achieve specified unmet needs (Locke, Gary& Latham, 1990).It’s the internal drive to satisfy an unsatisfied need and the will to achieve (Ulrich 2007). Intrinsic motivation occurs when we act without any obvious external rewards. We simply enjoy an activity or see it as an opportunity to explore, learn, and actualize our potentials. (Coon&Mitterer,2010).Employees are intrinsically influenced by job satisfaction, achieving and exceeding targets, cohesive team work, challenging tasks and need to have control and freedom over assigned duties and responsibilities.

Intrinsic factors provides the reason why we perform certain activities for inherent satisfaction or pleasure derived in performing activities(Brown, 2007).Banking operations are not necessarily implemented by professionals, there is always a mismatch between qualifications and functions performed by employees (Ernst & Young 2014) .Majority of job structures are filled by certain competencies rather than academic and professional qualifications, an example is an engineer heading operations and marketing departments. This creates an element of job dissatisfaction and morale killer among the qualified employees who may ultimately seek alternative career opportunities. Essentially, intrinsic factors increases when there is a gap between an individual’s actual state and some desired state and there is an urge to reduce this gap. Intrinsic motivation is driven by an interest or enjoyment in the task itself, and exists within the individual rather than coming from external pressure (Malone &Lepper, 2007).

Banking business model are usually procedural, repetitive and boring in nature since they use simple and routine based technology which enables its employees to continuously apply simplified and standardized operations that requires less creativity and innovation. Today’s employees are unwilling to stay with employers for lengthy periods of time unless they have control and freedom over their work (Stairs,et al 1991). Work environment therefore requires a lot of intrinsic factors that can influence higher retentions. Intrinsic factors are internally generated by employees and this includes goal directedness, human volition or free will, job satisfaction and desires. It is the internal factors that employees can control (Fritz, Heider's,Bandura's,Deci& Ryan's 1985).

While employee retention is the focus in this research, employee turnover will deliberately be taken into prepositions since the management must comprehend what causes turnover. Employee retention and turnover are under the direct control of the management (Gupta &Sunderji 2004). Organizations should strive to reduce dissatisfies and by default increase intrinsic factors. Work environment (Pfeffer,2005) must be very conducive to facilitate job satisfaction and achieve intrinsic factors. Creativity and productivity (Griggs,2010) is linked with extrinsic motivation rewards such us bonuses these have great impacts on the influence of staff turnover. Organizations must get a balance between intrinsic and extrinsic factors in the work settings, so that a more rewarding, exploring (Myers, 2005) interesting and challenging tasks are experienced in the duties performed.

Employees can facilitate intrinsic factors by pursuing goals relating to their esteems. When performance feedback is available (Armstrong, 2005) control is maintained, cooperation, competition and recognition is enhanced and instilled in all the activities and tasks achieved. These events perceived as salient will determine the level of autonomy, competence and ultimately influence intrinsic factors (Horn, 2008).This autonomy and control is what current employees find more exhilarating in today's employment.

Psychologist (Deci, 1975) demonstrated how external consequences influences intrinsic motivation, the theory focused on how competence and autonomy is influenced by external behavior. Management can positively enhance events like issuing an award for a job well done, certificates of performance so that intrinsic factors are improved. Similarly actions perceived to diminish intrinsic motivation should be shunned in an organization (Deci& Ryan 1985).

Feedback mechanisms during performance management provide a positive force in improving intrinsic factors that will later influence staff retention. The rewards and incentives (Fehr & Falk 2002) attached to performances have favorable implications on intrinsic factors. Long term effects rather than short term perspective must be considered to avoid detrimental implications on intrinsic factors and retention (Hidi & Harackiewicz, 2000). Elements for arguments include comprehensive understanding of the relationship of intrinsic and extrinsic factors on employee relations and expected payoff between performance and monetary compensation (Vansteenkiste,Lens&Deci, 2006).

2.4 Extrinsic Factors and Staff turnover

Extrinsic factors come from outside the individual. Common extrinsic motivators are rewards like money and grades, coercion and threat of punishment. Extrinsic factors can be internalized by the individual if the task fits within their values, beliefs and therefore helps to fulfill their basic psychological needs (Maslow, 1943). Internalized extrinsic motivation will facilitate positive outcomes that improve productivity and job satisfaction. The most important aspect is a combined strategy that will facilitate productivity, retention of staff within the cost structure of organizations. Extrinsic rewards on staff retention will provide an outstanding perspective on how management can implement a winning combination of extrinsic and intrinsic factors that will increase job satisfaction, productivity and reduce staff turnover.

Rewards must match achievement and competencies such that training, mentorship and skills enhancement will improve productivity and facilitate retention. Reward systems that are performance based and feedback oriented increases employee's morale, satisfaction, loyalty hence improved retention and ultimately low staff turnover. Empirical reviews (Meudell and Rodham1988) have revealed that extrinsic factors like competitive salary, job security, interpersonal relations and conducive environment were cited by employees as key motivational variables that influenced their retention in the organizations. The desire for money, fame, and attention or the wish to avoid punishment is every individual wish and behavior is skewed towards this direction.

The implication is that management shouldn't rely on intrinsic factors alone to motivate and retain employees; instead a combination of both intrinsic and extrinsic variables should be considered as an effective retention strategy. The hierarchical needs according to (Maslows, 1943) should be packaged and tailor made such that extrinsic and intrinsic factors provides an effective complimentary HRM practices are attractive in the labour market.

2.5 Career Development Factors and Staff Turnover

Career development is a dynamic concept that covers the formal development of an employee within an organization by providing long term strategy. It's a growing concern for undertaking need analysis in terms of (career growth and awareness) coaching, training and mentorship for leadership (Kelly, 2012). Effective career development determines the quality of work force and success of organizations (O'Donnell, 2007). Employee commitment (Grawitch et al 2006) in terms of ownership for both career and ongoing development through Individual Development Plan (IDP) and continuous learning process will increase job satisfaction and a sense of ownership in execution of employee's duties. The long term implication on employees will be job satisfaction, succession and higher retention. External and internal skills development is a prerequisite condition for advancement opportunities and there must be relevant feedback to increases productivity and decreases turnover.

Employees Performance has a direct correlation with organization performance. HRM practices must efficiently develop environment suitable for developing professionals that will be retained for strategy implementation. Instances that decrease motivation will increase dissatisfaction and staff turnover. Talent management process according to (Munyendo, 2012) must identify actual and potential talents for the betterment of both individual and organizations. Ernst & Young survey (2014) recommended that frameworks for self-development, training programs and career progressions must develop future skills necessary for value addition. Human Capital remains the most critical and sensitive resource to any organization, management must invest on employees to facilitate their dynamic and integral functions (Price, 2007).

Organizations must undertake need analysis, evaluate trainings (Bramley, 2003) identify individual's gap, provide coaching and mentorship for succession purposes. Management and supervisory development programs (Cifalino & Baraldi 2009) must be directed towards career developments. These programs include decision making, team work and entrepreneurial skills which are crucial in talent nurturing. These will create optimum path (Hassan &Yayub 2010) necessary for solving employee's needs and fostering commitment. Perception of training and development of employees must change so that it is no longer viewed as a cost centre but as an investment to be evaluated alongside investment in capital equipment.

2.6 Employee Relations Factors and Staff turnover

Employee Relations otherwise called retention policies covers employee welfares, conflict resolutions, promotions ,recognitions, leadership, communication styles, succession plans, industrial relations and employee participation in decision makings. Performance management (Armstrong ,2009) being the epitome of conflicts in organization are very critical since it covers interactions between management and employees, collective bargaining agreements which should be reviewed and integrated to reduce staff turnover. The relationship of performance management and staff turnover has been described as having positive correlation especially where management hasn't observed fairness and objectivity in rewarding employees based on performance (Allen, 1999).

Relationship management entails aspects that satisfactorily enhances productivity, motivation, human relations that are value addition and conducive for employees (Cole, 1991).Employee relations' is a common title for the industrial relations function within personnel management.HRM practices still asserts that human capital remains the most sensitive resource for any organizational survival (Bernardin,2003).The term underlines the fact that industrial relations is not confined to the study of trade unions but embraces the broad pattern of employee management, including systems of direct communication, leadership styles and employee involvement in decision making (Crowling,2009).

Organization with attractive retention policies (Ulrich, 2007) can reduce recruitment costs associated with high staff turnover; this will enhance productivity and performance. Poor employee relations (poor leadership styles, aggressive communication, and poor working conditions) will negatively affect the realization of organization and individual goals. Rewarding employees both at the individual or group levels for their performance and acknowledging their contributions to the organization's mission is a fundamental. Basic principles of effective management allow behavior to be controlled by consequences. Impartiality, performance and objectivity must be employed in rewards and punishments rather than nepotisms, tribalism and corruption in the current employment sectors.

Performance linked with pay decisions, promotions and recognitions will automatically boosts employee's morale and improve retention rates. Payments based on performance are effective in motivating employees since they are feedback oriented. Recognition, rewards and a sense of achievement are central to the motivation process (Herzberg, 1959). Managers need to address ways in which they reward staff, as each member is different and will react in different ways to reward and recognition. Consistency and fairness in distribution is important and managers also need to be conscious of de-motivation (Holbeche, 1998) since organizations are increasingly becoming "flatter" structures. Reward systems must motivate rather than de-motivate employees.

Pay structures must be moderated and the gap between subordinates and management bridged to decrease inequality (Khalumba, 2012). Employees gossips on payment of peer workers has detrimental impact on motivation and is regarded as morale killer especially where Higher performers receives inferior rewards compared to their co–workers especially after industry benchmarking. Equity theory on job motivation (Adams, 1963) acknowledges that fair treatment in terms of equitable distribution of resources in organizations is very imperative since it's viewed as the single most cause of conflicts. Internal and external comparison has triggered the feelings of dissatisfaction and demoralization resulting to employee's intention to search for greener pastures.HRM practices would be tested in connection with staff turnover (Teleema & Soeters 2006).

The conventional view is that a manager's plan for strategy implementation should incorporate more positive than negative motivational elements because when co-operation is positively enlisted and rewarded, people tend to respond with more enthusiasm and effort (Sampson, 1973).Inspirational leadership, proper communication, management by objectives, appreciation and feedback to employees are still considered key in improving relations and retention policies. To get employees retained, management must rely on motivation incentives as a tool for implementing strategy, the greater will be the employees' commitment, performance and higher retention.

2.7 Theoretical Framework

The two factors (Herzberg’s 1964) also known as Herzberg's motivation-hygiene and dual-factor theory has perspective framework of factors causing job satisfaction and dissatisfaction at the work place. Most fundamental aspect is how these factors functionally be applied by HRM practices to influence attitudes towards administration such that gratification of higher-level psychological needs (Yayub & Hassan, 2010) impacts on staff retention. These are independent continuum and parameters should be pertinently formulated to operationalize intrinsic, extrinsic, career development and employee relations for the dual advantage of organizations and employees

True motivators are, job satisfaction, achievements, recognition, challenging tasks, delegation of power and authority through responsibility, freedom and control during execution of tasks and duties. Management can perfect Herzberg’s argument by enabling a working condition that increases intrinsic and career development factors through training, mentorship, academic and professional sponsorships to enhance skills and eventually improve on productivity and retention. Job enrichment, specifications and evaluations will increase job satisfaction with employees increasing control and freedom at the work place. Management by objectives, performance management, employee participation and ownership into organizations processes and strategies will increase employee’s commitment and feedback that influences intrinsic factors and retention.

Hygiene factors in the banking industry include fringe benefits, competitive credit facilities and salaries, job security, relationships, fair treatment, access to information, mutual relationship and improved working conditions. These will foster trusts, commitments (Aryee & Chen 2002) that are critical in management of organizations affairs. Their absence causes dissatisfaction and therefore organizations must package hygiene and motivators factor to increase extrinsic and retention policies ((Rahman & Nas 2013) to maximize employee performance and retention. Fairness and distributive justice (Stratheford, 2012) must be incorporated in policies, leadership, promotions, rewards and punishments and additional perspective of comparison with 'referent' to employees (Hodgetts& Hegar, 2008) must remain the principle and practice of management in today’s human resources functions.

2.8 Conceptual Framework

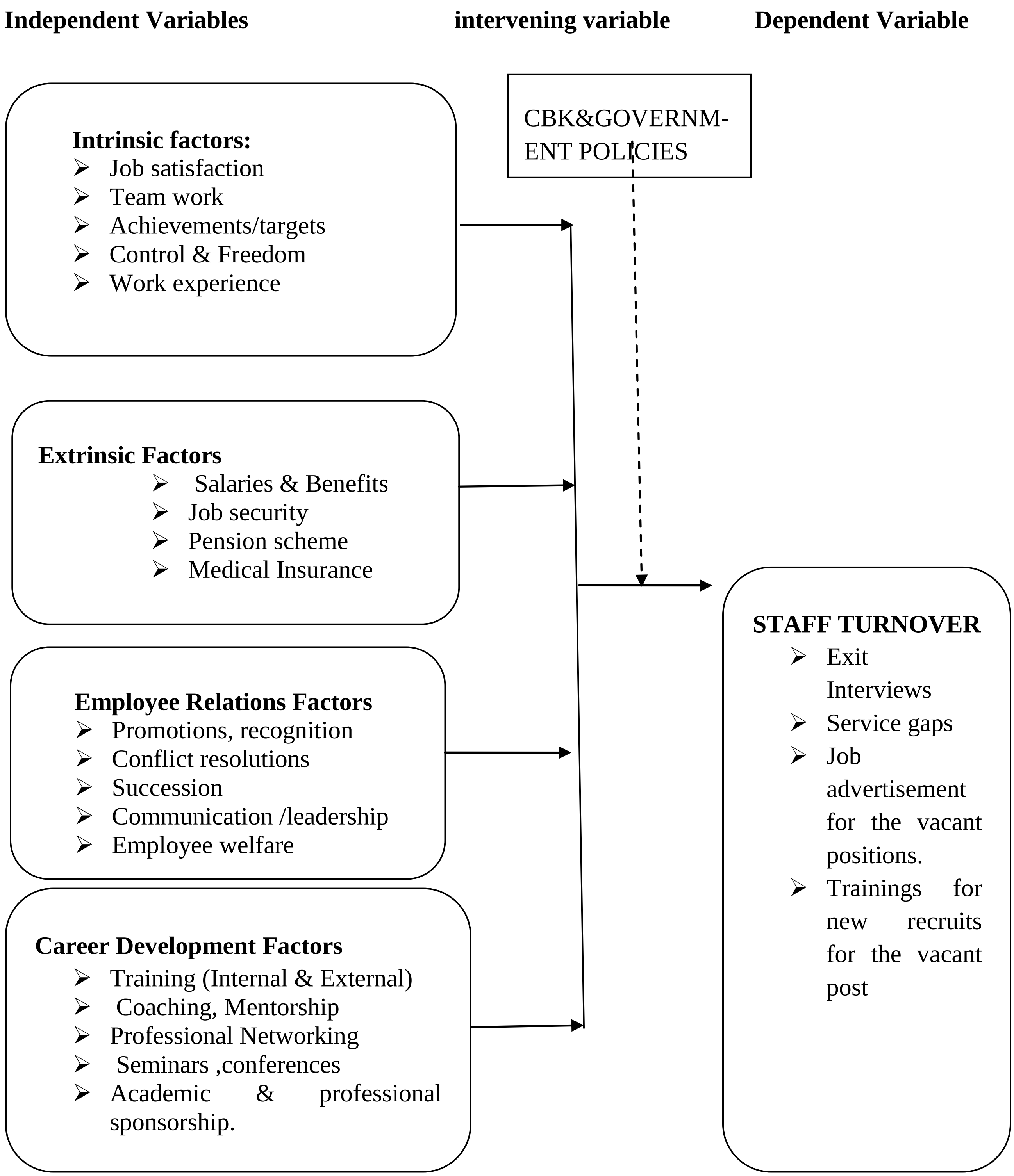

Figure 1: Conceptual Framework

2.9Knowledge gap

It is difficult to define all possible reasons and the most promising reasons for staff turnover in the banks. This research is first of its kind in studying the banking sector from staff turnover point of view through intrinsic, extrinsic, career development and employee relations factors. These will reflect the exact condition of staff turnover and related factors causing staff turnover in the bank hence a scope for research in the sector. A gap exists in empirical knowledge on how HRM practices can be utilized in improving retention.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

The chapter outlines the overall methodology that was used in the study. This includes the research design, target population, sampling procedures, data collection methods, data analysis and presentation.

3.2 Research Design

The study employed a descriptive survey research design to establish factors influencing staff turnover in commercial banks, a case of Commercial Bank of Africa Limited. Creswell and Vicki (2007) describes quantitative research as one in which the investigator primarily uses post positivists claims for developing knowledge (cause and effect) by use of specific variables, hypothesis and questions to yield statistical data. The design seeks to capture both qualitative and quantitative aspects of the study (Zikmund, Babin,Carr& Griffin,2009).

3.3 Target Population

Target population refers to the entire group of individuals or objects to which researchers are interested in generalizing the conclusions (Trochim, *et al.*, 2006). The target population is 140 employees in Commercial Bank of Africa Limited located at the Head office at Upper Hill and the 5 branches within Nairobi County (Mama Ngina, Westland, Wabera, Industrial Area and Village market branches).

3.4 Sampling procedure and Sample Size

Sampling means selecting a given number of subjects to represent the population. Any statements made about the sample should also be true of the population (Orodho, 2003).The target population was divided into strata according to functional departments, thereafter sample size determined by applying (Cooper & Schindler,2003) formula. Simple random method was used to distribute the questionnaires.

$$n = \frac{N}{1 + N(e)^2}$$

Where: n= Sample size, N= Population size e= Level of Precision.

At 95% level of confidence and P=5, n= 140/1+140(0.05)^2 n= 104

Table 3.1 Sample Population

Category	Population size	Sample size
Audit And Security	10	7
Trade Finance	10	7
Credit Administration	10	7
Finance	10	7
Human Resources	5	4
Corporate Banking	15	11
Personal Banking	15	11
Treasury	10	7
Service delivery	55	43
TOTAL	140	**104**

3.5 Research Instruments

Questionnaire and interview guide were the research instruments. Closed and open ended questions were used to capture both qualitative and quantitative aspects of the research since they are easy to analyze. Likert (1932) scale was used to determine if the respondent agreed or disagreed in a statement. They are also easy to administer because each item is followed by an alternative answers and is economical. Self-administered questionnaire is the only way to elicit self-reports on people's opinion, attitudes, beliefs and values (Sproul, 1998).Interview guide was administered by the researcher to access key information utilized in conclusion.

3.5.1 Reliability

Reliability refers to the accuracy and precision of a measurement procedure and can be expressed in terms of stability, equivalence, and internal consistency (Cooper & Schindler, 2003).Pilot test was conducted at NIC bank to detect weaknesses in the design and rectify flaws and ambiguity in designing research instruments (Kvale, 2007).

Split-half reliability was used,11questionnaires were randomly distributed to two groups of employees and correlations of the findings between two half's summarized in SPSS. Correlation is done using Spearman-brown coefficient (.554) and the closer the coefficient of each split-half to Guttman split- half coefficient (.553) the more reliable the measure. The tool was reliable for the study. The results were presented in table 3.2.

Table 3.2 Reliability Test

Cronbach's Alpha	Part 1	Value	.585
		N of Items	6[a]
	Part 2	Value	.533
		N of Items	5[b]
		Total N of Items	11
		Correlation Between Forms	.883
Spearman-Brown Coefficient		Equal Length	.554
		Unequal Length	.554
		Guttman Split-Half Coefficient	.553

3.5.2 Validity

Face validity was done through proof read of the questionnaires by NIC Bank staff and strong references drawn through Meta-analysis on previous research and related theory on the variables. Expert's opinions were included on the content of questionnaires and interview guide. Operationalization was done to eliminate threats to construct validity. Evaluator apprehension to eliminate fear from the respondents was also performed.

3.6 Data Analysis and Presentation

For order, interpretation and drawing conclusion to facilitate decision making, data was exported to SPSS version 20 for coding, editing to facilitate computation of inferential statistics to develop generalization from sampled population. Spearman's product correlations coefficient was used in the analysis and presentation done using tables**.**

3.7 Operationalization of variables

Objectives	Indicators	Scale	Analysis Tool
To determine how intrinsic factors influences staff turnover in Commercial Bank of Africa Limited	Targets Achievements Job satisfaction Team work	Ordinal	Spearman's Product Correlation
To determine how extrinsic factors influence staff turnover in Commercial Bank of Africa Limited.	Salary/allowances Fringe benefits, Job security Retirement scheme	Ordinal	Spearman's product Correlation.
To establish how Employee relations factors influence staff turnover in Commercial Bank of Africa Limited.	Promotion, Recognition Leadership & communication style Succession, Rewards system,Conflict resolutions	Ordinal	Spearman's Product Correlation
To determine how career development factors influence staff turnover in Commercial Bank of Africa Limited.	Training(internal & External) Mentorship Networking Seminars/conference Academic/professional sponsorships	Ordinal	Spearman's Product Correlation

3.8 Ethical Considerations

The purpose of the study was explained to the respondents and information given treated as confidential. Research permit was acquired and consent from all the participants obtained. Questionnaires were administered by the research assistant while interview conducted by the researcher. Objectivity remained the greatest considerations throughout the research period.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

4.1 Introduction

The chapter analyses, presents, interpret and discuss information collected from the respondents. The chapter is divided into demographic characteristics, the variables studied and how they influence staff turnover in Commercial Bank of Africa. The study realized a response rate of 86% (n=89), this was good compared to (Mugenda & Mugenda 2003) recommendation of 75% success rate.

4.2Demographic Characteristics of the Respondents

The male participants were 51 representing 57.3% while the female were 38(42.7%) indicating that male employees were more unsettled and dissatisfied. Participants below 30 years of age were (40.4%, n=36), 31.5% were within the age group 30-34 years, the group above 44 years of age were 14.6% (n=13) and the age group 35-39 years represented 7.9% (n=7) while the age group 40 – 44 years were (5.6%, n=5).According to the study findings, 39.3% (n=35) of the participants had work experience of 6-10, those with 5 years and below accounted for 34.8% of the participants, employees with 11-15 years of experience were 12 (13.5%) ,those with 16-20 years of experience were 10 (11.2%) while the least participants (1.1%) were the employees with 21 years and above experience.

Service delivery had 41 (46.1%), personal banking were 11 (12.4%), corporate banking, 8 (9.0%), treasury, 7 (7.9%), credit administration, 6(6.7%) while Finance, trade finance and human resource departments shared at 4.5%each. Majority of the participants (57.3%, n=51) were at the supervision/ middle level of management. Non-management staff were (34 38.2%) of the participants while top management staffs represented 4.4% of participants. Most of the participants were undergraduates making 48% (n=43).Master’s holders were 39 (44%) while diploma qualifications were (7,8%) of the total participants.

4.3 Staff Turnover Rate

Respondents rated staff turnover in their organization as high with 62.5% of the respondents and the extent of other ratings were presented in the table below.

Table 4.1Staff Turnover Rate

			gender		
			male	female	Total
Staff Turnover Rate	very high	Count	10	3	13
		% of Total	12.5%	3.75%	16.25%
	high	Count	30	20	50
		% of Total	37.5%	25.0%	62.5%
	moderate	Count	10	7	17
		% of Total	12.5%	8.75%	21.25%
	low	Count	0	0	0
		% of Total			
Total		Count	50	30	80
		% of Total	62.5%	37..5%	100.0%

Staff turnover rate was ranked a high by 62.5% of the participants, majority were male at (30,37.5%),Female respondents accounted for (20, 25%).Respondents ranking staff turnover as moderate were (17,21.25%) while those who felt that retention was very high represented 13% of the respondents. This in general demonstrated that, majority of the female employees in the bank were satisfied with retention policies hence would consider serving their current employer.

4.4 Intrinsic Factors & Staff Turnover

Intrinsic factors studied included; targets and achievements that the organizations set for employees, need for control and freedom during execution of jobs specified by management, team work and job satisfactions derived by employees. The respondent’s findings are presented below.

Table 4.2Intrinsic Factors and Staff Turnover

	very high		high		moderate		low		negligible	
	f	%	f	%	f	%	f	%	f	%
Targets and achievements	49	55.1	30	33.7	4	4.5	5	5.6	1	1.1
Control and freedom	37	41.6	39	43.8	6	6.7	2	2.2	5	5.6
Team work	34	38.2	41	46.1	10	11.2	4	4.5	0	0.0
Job satisfaction	51	57.3	25	28.1	13	14.6	0	0.0	0	0.0
Work experience	44	49.4	31	34.8	13	14.6	1	1.1	0	0.0

Majority of the participants (55.1%, n=49) were very highly influenced by the ability to achieve targets in their current positions. Control and freedom over work influenced 43.8% (n=39) of the participants. Team work was found to have high influence in retention of staff as indicated by 46.1% of the participants while job satisfaction had a very high influence to staff retention representing (57.3%, n=51) of the participants. The need to attain work experience was a high influencing factor in staff retention with 49.4% (n=44) concurring that after the experience more opportunities will be available within the institution. .

From the findings, out of the 34 participants who were very highly influenced by team work, male participants were more (21%) than the female participants (17%). This showed that group dynamics was common among the male employees. There were no participants with experience above 16 years with interest to achieve experience; this indicated that employees are enthusiastic and driven by the need for experience as an intrinsic factor influencing their stay at work. Most staff were influenced by challenging tasks and ability to achieve targets with those at the supervisory/middle level managers representing 26 (29%), non-management staff 19 (21%) and top managers 4 (4%).Meaning performance based incentives attracted supervisors who could be targeting promotions. Masters graduates had the highest need to have control and freedom over their work representing19. This therefore indicates that the highly educated employees have the need to control and freedom over their work due to the acquired knowledge that demands autonomy and minimal control over execution of duties.

Targets and achievements was strongly correlated with staff turnover (r=0.901). The need to have control and freedom over work also had a strong correlation of 0.816. Team work had a strong correlation with staff retention (r=0.808). However a weak correlation existed between work experience and employee turnover(r=0.524).These events perceived as salient will determine the level of autonomy, competence and ultimately influence intrinsic factors (Horn, 2008).Autonomy and control in tasks execution will generate creativity and productivity (Griggs,2010) and this is what current employees find more exhilarating in today's employment. This has a significant contribution in an individual staying in a particular position and even an organization when this will be linked with extrinsic motivation rewards such us bonuses it will greatly influence staff turnover.

4.5Extrinsic Factors and Staff turnover

Extrinsic factors included; Salary & benefits, Job security, Pension scheme and medical insurance. The findings are presented in the table below.

Table 4.3 Extrinsic Factors and Staff turnover

Extrinsic factors	very Great		Great		moderate		low	
	f	%	f	%	f	%	f	%
Salary and benefits	58	65.2	23	25.8	8	9.0		
Job security	48	53.9	33	37.1	6	6.7	2	2.2
Pension scheme	22	24.7	35	39.3	25	28.1	7	7.9
Medical insurance	33	37.1	30	33.7	18	20.2	8	9.0

From the table, salary and benefits were highly influencing retention as indicated by 65.2% (n=58) of the participants. Job security and medical insurance as well had a very great extent ininfluencingretention.39.3% of the participants were highly influenced by the company's Pension scheme.53.9% of the participants were very highly motivated by job security. 23.6% of these participants were below 30 years of age, 13.5% were 30-34 years, 10.1% were above 44 years and 3.4% represented age groups 35-39 years and 40-44 years.

This indicates that young employees were highly influenced by job security than the aged employees especially those at the middle age group. This is due to the fact that they have experience in the job and can secure a different job elsewhere. 33.7% of the participants who were influenced by salaries and benefits were undergraduates, 30.3% master's graduates and 1.1% a diploma holder. This illustrates how highly educated employees are influenced by the amount of salaries paid among other benefits.

Salary and benefits were strongly correlated with staff turnover with at 5% level (0.824, p-value=0.025). The correlation strength was found to be decreasing from salary and benefits, medical insurance (0.732) and job security (0.724).Pension scheme had a negative correlations with staff retention (-.191).Economic Rewards must match achievement and competencies, that's why organization have adopted performance management systems that awards bonuses and promotions based on productivity. Reward systems that are feedback oriented increases employee's morale, satisfaction, loyalty hence improving staff retention. Meudell and Rodham (1988) revealed how extrinsic factors like competitive salary, bonuses have been utilized by organizations not only to improve productivity but also to increase employee retention. Internalized extrinsic motivation will facilitate positive outcomes that improve productivity and Performance and monetary compensation (Vansteenkiste,Lens&Deci, 2006) are positively linked and these internalized motivation will generate outcomes that increases morale, job satisfaction and productivity.

4.6Career Development Factors and Staff Turnover

The indicators were training, coaching, professional networking, and seminars, academic and professional sponsorships. The table below shows the frequency of respondents.

Table 4.4 Career Development factors and Staff Turnover

	S agree		Agree		Neutral		Disagree		S disagree	
	f	%	f	%	f	%	f	%	f	%
Training	27	30.3	43	48.3	6	6.7	10	11.2	3	3.4
Coaching/mentorship	9	10.1	41	46.1	11	12.4	23	25.8	5	5.6
Professional networking	13	14.6	25	28.1	33	37.1	11	12.4	7	7.9
Seminars/conference	2	2.2	48	53.9	15	16.9	15	16.9	9	10.1
Academic &professional sponsorship	22	24.9	40	44.9	10	11.2	10	11.2	7	7.9

The findings indicated that 48 (53.9%) of the participants felt that seminars, conferences for skill advancements contributed more to their retention in the organization. Among these, 20.2% were below 30 years of age, age groups 30-34 and 35-39 had 11 (12.4%) participants each, 7 (7.9%) were aged 40-44 years and only 1 was above 44 years. This reflected that young employees are highly motivated by skills advancement in improving their career development.

Training for higher responsibilities was highly attractive and influential to the middle level managers in their retention in the organization. Non-management staff had 20.7% of the participants who indicated that this was a highly influencing factor to their stay in their employment because of the opportunity for career development. Thus, the highly ranked employees were not influenced by training for career advancement. Academic and professional sponsorship was preferred by the diploma and undergraduate employees as the only incentive for their retention to acquire skills and advance within the ladders of the organization.

All factors showed a strong and positive correlation with staff turnover. Seminars, had the strongest correlation (0.819) followed by training (0.819), coaching (0.756) and academic & professional sponsorship (0.724) in that order. Professional networking within the bank had a correlation value (0.718).Thus these factors were strongly correlated with staff turnover. 59.6% (n=53) of the participants had experienced career development, however, there were 40.4% (n=36) of the participants who had never witnessed any career advancement. The findings justified (Ernst & Young 2014) survey recommendations that frameworks for self-development and training programs within organizations structures were very important in skills and career development. This will facilitate succession, through coaching and mentorship since very experienced and trained staff will be retained within the organizations and take leadership positions as opposed to being poached .Employee commitment (Grawitch et al 2006) in terms of ownership for both career and ongoing development by continuous learning process will increase job satisfaction, loyalty and a sense of ownership in execution of employee’s duties and these employees will be retained because of the need to realize their ambitions in the organization.

4.7 Employee Relations Factors and Staff turnover

The table below shows frequencies of employee relations factors and their influence on staff turnover. The indicators studied under the variable included (Employee welfare, promotions, conflict relations, leadership styles, assertive communications and succession plans.

Table 4.5 Employee relations Factors and Staff Turnover

	S agree		Agree		Neutral		Disagree		S disagree	
	f	%	f	%	f	%	f	%	f	%
Employee welfare	49	55.1	39	43.8	0	0.0	1	1.1	0	0.0
promotions	61	68.5	22	24.7	1	1.1	5	5.6	0	0.0
Conflict resolutions	12	13.5	42	47.2	12	13.5	20	22.5	3	3.4
Recognition	17	19.1	38	42.7	16	18.0	8	9.0	10	11.2
Leadership styles	32	36.0	42	47.2	8	9.0	5	5.6	2	2.2
Assertive communication	24	27.0	53	59.6	6	6.7	3	3.4	3	3.4
Succession plans	37	41.6	33	37.1	9	10.1	8	9.0	2	2.2

The table indicates that, promotions were highly influential to staff turnover as 68.5% (61) of the participants who strongly agreed to this. 55.1% (n=49) of the participants strongly agreed that employee welfare is influential to staff retention. Succession plan was highly effective as41.6% (n=37) of the participants indicated. Assertive communication had 59.6% (53) agreeing, leadership styles had 47.2% of the participants agreeing while conflict resolutions were represented by (47.2%, n=42).Recognition was influential to 42.7% of the participants. From the findings, out of 41.6% of the participants who felt that the company's succession plans was influential to retention, 18% were below 30 years of age, 16.6% aged 30-34 years, and those in the age groups 35-39 and 40-44 tied at 3.4%. This shows that, the company's succession plan is attractive to the young employees compared to the aged who were about to retire. Promotions had a strong extent of influence to the undergraduates while the master's graduates had 21.3% with diploma graduates had the least representation at 4.5% of the respondents.

Strong correlation was found between conflict resolution (0.872) employee welfare (.806), Succession plans (.754) and Assertive communication (0.716) to staff turnover. Leadership styles (0.696) and promotions (0.672) had weak correlations to staff turnover as compared to the other three. Organization with attractive retention policies can reduce staff turnover related costs .HRM practices that focuses on employee welfares and includes employees in their daily activities will have higher retention rates. Proper communication, effective leadership styles, conflict resolutions and efficiently constituted welfare programs are key elements that improves employee-employer relations. This environments creates strong relationships that will enhances productivity (Ulrich, 2007) and reduce recruitment costs associated with high staff turnover.

CHAPTER FIVE

SUMMARY OF THE FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The chapter summarizes the findings, conclusions and recommendations based on the study findings from the respondent's feelings and perceptions on the variables. The summary of findings captured frequencies and percentages of the respondents and the correlations of the indictors of each variable studied. Conclusions based on the variable and recommendations for to the management of the organizations and also for future research are provided.

5.2Summary of the Findings

The study had a response rate of 86 per cent. There were more male participants in the study (57.3%) than the female participants (42.7%).40.4%were below 30 years of age, 31.5% were in the age group 30-34 years, followed by 14.6% representing age bracket of 44 years of age,7.9% those were within the age group 35-39 years while(5.6%) participants were aged 40 – 44 years. Respondents with work experience of 6-10yearswere 39.3% while34.8% of respondents had worked for 5 years and below, 13.5% of the participants had 11-15 years of experience while those with 16-20 years experience represented 11.2%. Service delivery department had the highest number accounting for 46.1% of the total participants in the study. Personal banking department had 12.4%, corporate banking 9.0%, treasury,7.9%, credit administration, 6.7%whilefinance, trade finance and the human resource tallied at 4.5% each. Majority of the participants were at the supervision/ middle level of management while non-management staff represented 38.2% of the total participants and top management staffs were least represented at 4.4%.Staff turnover was rated as high with 50, 62.5% of the respondents agreeing.

Intrinsic factors showed very strong correlations with staff turnover with three indicators. Targets/achievements (49, 55.1%& 0.901) Control &Freedom,(37, 41.6%& 0.816) and Team work (34, 38.2%& 0.808) had very strong correlations to staff turnover. However work experience (44, 49.4%& 0.524) and job satisfaction (51, 57.3 & 0.155) showed weak correlations to staff turnover. Extrinsic factors showed strong correlations to staff turnover with Salary &Benefits (58,65.2%& 0.829) Job security (48,53.9%& 0.724) and Medical insurance (33, 37.1%&0.732) while pension scheme had a negative correlations to staff turnover(22, 24.7% & -0.191).

Career development factors showed very strong correlations to staff turnover in all the aspects studied. Training (27, 30.3%& 0.819), Mentorship (9, 10.1& 0.756) Professional networking (13, 14.6 %,& 0.718)Seminars (2, 2.2%,& 0.889) and Professional & Academic sponsorship (22, 22.9%&0.724) Employee relations factors had very strong correlations to staff turnover with the following three indicators; Employee welfare (49,55.1%& 0.806),Promotions (61, 68.5% & 0.872) Succession plans (37,41.6% & 0.754) and Assertive communications (24,27% & 0.716). Conflict resolutions (12, 13.5%& 0.672) and Leadership styles (32, 36% & 0.696) had strong correlations while recognition (17, 19.1%, & 0.171) that showed very weak correlations.

5.3 Conclusions

Intrinsic factors influenced staff turnover , the ability of the employees to achieve set Targets (49, & 0.901), Control and Freedom in execution of tasks (37,&0.816) and Team work (34,& 0.808) were very crucial aspects. Their absence within the working environment impacted negatively on job satisfaction and productivity turnover.

Extrinsic factors influenced employee turnover. Salary and Benefits (58,& 0.824) Job security(48, 0.724) and Medical Insurance (33,0.732) all had strong correlation and greatly influenced employees turnover. These are hygiene factors and their absence causes dissatisfaction and staff turnover and factors within the context of the job.

Career development factors greatly influenced staff turnover. Indicators that positively influenced staff turnover were: Training (27, & 0.819) Academic and professional sponsorships (22, &0.724) and Mentorship (9, 0.756) .These factors provided opportunities for a clear career path and their absence caused staff exodus as employees searched for better opportunities at the competitors.

Employee related factors were strongly correlated with staff turnover. Employee welfare (49, & 0.806) promotions (61, & 0.872) and Succession plans (37, &0.754).provided conducive working environment necessary for retention. The absence of employee relations factors meant that the banking sectors had a lot of ineffective and inefficient retention policies that can increase retention of employees in the organization.

5.4 Recommendations

Based on the findings and conclusions the researcher has recommended that;

i. The banking and financial sector should increase intrinsic factors by initiation proper working environment such that there exists job satisfaction, ability to achieve targets and exercise control during execution of duties. These will increase intrinsic factors and reduce staff turnover.

ii. The management should benchmark salaries and bonuses to suit the competition Rewards should also match Performance management and there should be equity and justice in remuneration issues.

iii. Clear career path should be initiated as early as during immediately during recruitment process such that skills and competencies are matched with academic and professional qualifications. Job evaluations should be done and more trainings, mentorship given to employees.

iv. The banks' retention policies and strategies should adequately respond to the employees needs and other necessary implementations after market intelligence should be encouraged so that employees are motivated to facilitate their effectiveness and retention.

5.4.1Recommendation for Further Studies

The research has recommended the following areas for future studies;

i) Factors influencing employee's performance in the other industries.
ii) Factors Influencing training of employees in the banking industry
iii) Impacts of job satisfaction on employee's performance.
iv) The impacts of Change management on staff performance

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APPENDICES

APPENDIX I: Letter of Introduction:

OBIERO ONYANGO COLLINCE

University of Nairobi,

School of Distance and Continuing Education,

P.O Box 30197,

Nairobi.

Dear Sir/Madam,

RE: REQUEST FOR YOUR PARTICIPATION IN THIS RESEARCH PROJECT

I am a Masters student at the University of Nairobi, School of Distance and Continuing Education. In partial fulfillment of the requirement for Master of Arts in Project Planning and Management, I am conducting a research on the factors influencing staff turnover among commercial banks in Kenya, a case of commercial Bank of Africa Limited.

I am glad to inform you that you have been selected to form part of the study. I would therefore kindly request you for assistance in completing the attached questionnaire which forms a major input of the research process. The information and data will strictly be used for academic purposes only and strict confidence shall be observed on the identity.

You cooperation will go a long way in ensuring the success of this project.

I would like to thank you in advance for your time and consideration.

Yours Sincerely,

OBIERO ONYANGO COLLINCE

University of Nairobi

APPENDIX II: Research Questionnaire

The information provided will only be for the purpose of this study. Read carefully and give appropriate answers by ticking or filling the blank spaces. The information will be treated as confidential.

PART I: GENERAL INFORMATION

1. Indicate your gender (Tick one) Male ( ) Female ( )
2. By use of a tick ( ), please indicate the age category that applies for you.
    a) Below 30 years ( )
    b) 30 – 34 years ( )
    c) 35 – 39 years ( )
    d) 40 – 44 years ( )
    e) 45 years and above ( )
3. Working experience
    - ☐ 5 yrs and below
    - ☐ 6- 10 years
    - ☐ 11-15 years
    - ☐ 16- 20 years
    - ☐ 21 years and over
4. Indicate the department you are in the bank

    ……………………………..
5. Respondents category
    - ☐ Top Management staffs
    - ☐ Supervisors /Middle level managers
    - ☐ Non-management staff.
6. Highest level of education
    - KCSE [ ]
    - Diploma [ ]
    - Undergraduate [ ]
    - Masters [ ]
    - PHD [ ]

PART II: FACTORS INFLUENCING HIGHSTAFF TURNOVER IN COMMERCIAL BANKS;

MOTIVATION:

7. How would you rate staff turnover in your organization? (tick one)

☐Very high ☐high ☐moderate ☐low ☐negligible

❖ **INTRINSIC FACTORS**

8. How do the following intrinsic factors facilitate your retention in the bank? Tick where appropriate.

1. Very high 2. High 3. Moderate 4. Low 5. Negligible

Targets /Achievements.	
Control and freedom over your work.	
Team work	
Job satisfaction	
The need to achieve work experience	

❖ **EXTRINSIC FACTORS**

9. How would you rate the extent to which the following factors influence employees Turnover?

1. A very great extent 2. Great extent 3.Moderate extent 4. Low extent

Salary and benefits	
Job security	
Pension scheme	
Medical Insurance	

10. State any other factor/factors that you would recommend to improve staff? ……………………………………………………………………………………………… ………………………………………………………………………………………………

❖ **CAREER DEVELOPMENT (CD)**

11. Would you consider lack of clear career path as a major influence to staff turnover in your organization tick appropriately YES ☐ NO ☐

12. If yes Rate by ticking, how the following factors influences have facilitated career development and staff retention in your organization.

1. Strongly Disagree 2. Disagree 3. Not sure 4. Agree 5. Strongly agree

Training (Internal & External) for higher responsibilities	
Coaching, Mentorship for succession	
Professional Networking within the Bank	
Seminars ,conferences for skills advancements	
Academic & professional sponsorship.	

13. In your opinion, would you consider a career change/move Yes ☐ No ☐

14.List the most important reason that will influence your decision in (13) above

……………………………………………………………………………………

❖ **EMPLOYEE RELATIONS**

1. Rate how the following factors will influence staff Turnover in your organization

1.Very great Extent 2. Great extent 3.Moderate Extent 4. Lower Extent

Proper Employee welfare	
Need for promotions	
Availability of Conflict Resolutions mechanisms	
Recognition for job well done	
Leadership styles	
Assertive communication within organizations	
Succession plans within organization structures	

2. In your opinion, list the factor/factors you would propose for the management to implement to reduce staff turnover..

……………………………………………………………………………………………………

APPENDIX III: Interview Guide

i) Using Exit interviews and other internal or external surveys conducted in your bank how would you rate staff turnover? What feedbacks have you received from the respondents as the causes of staff turnover?

ii) What policies /actions have been recommended for improvement from the previous surveys and how effective has management been in their implementation?

iii) According to your opinion what recommendations should be implemented especially on intrinsic, extrinsic, career development and employee relations to improve staff retention in your organization?

APPENDIX IV: Work Plan

	2013					
Month /Activity	**JAN**	**FEB**	**MARCH**	**APRIL**	**MAY**	**JUNE**
Project Proposal Writing						
Corrections						
Data Collection						
Data Analysis						
Report Writing						
Submission of Report						
Finalisation of Report						

APPENDIX V: Budget

Item	**Unit Cost**	**Cost (KShs)**
Proposal Writing	Item	5,000
Printing and Photocopying of proposal	Item	5,400
Preliminary spiral binding of proposal copies	200	3,500
Computer/typing services	Item	3,000
Hiring of research assistant	5,000	10,000
Data analysis using SPSS	Item	12,000
Printing and Photocopying of Research Report	Item	9,000
Hard binding, copies	4	3,200
Total		**51,100**

APPENDIX VI: Research Permit