



EFFECTS OF TOTAL REWARDS ON EMPLOYEE RETENTION; A CASE STUDY OF KENYA VISION 2030 DELIVERY SECRETARIAT

MARGARET WANGARI KIMUNGE

EFFECTS OF TOTAL REWARDS ON EMPLOYEE RETENTION; A CASE STUDY OF KENYA VISION 2030 DELIVERY SECRETARIAT

Kimunge, M. Wangari, Jomo Kenyatta University of Agriculture and Technology (JKUAT), Nairobi Kenya

Dr. Susan Were, Jomo Kenyatta University of Agriculture and Technology (JKUAT), Nairobi Kenya

Accepted Oct 21, 2014

Abstract

Today's business world is very competitive, thanks to advances in technology, increased globalization, changing customer expectations and preferences, increased consumer protection legislation, high levels of employee awareness, among others. This competitive environment requires employers to retain key employees for their long-term health and survival. Most organisations have realized the importance of embracing total rewards as a strategy to retain best talents. However, it appears that despite having a reward strategy in place, organizations are still having retention challenges. The purpose of this study was to establish the effect of total reward management on employee retention. The study was a descriptive survey. A census survey was conducted on the entire population of the Kenya Vision 2030 Delivery Secretariat. The census method was preferred as the researcher was interested in each and every member of the population of the Secretariat. Data was collected from respondents using questionnaires and Cronbach's alpha co-efficient was used to test reliability. Data was analyzed using Statistical Package for Social Sciences and Microsoft Excel. The study found that compensation, work-life balance, training and career growth have positive impact in employees' decision to stay or leave an organization. However, a poor compensation structure and lack of career growth were seen to be the components that have the most profound impact on employee retention at Kenya Vision 2030 Delivery Secretariat. Inferential statistics further revealed that among other factors, compensation, work-life balance, training and development and career growth are key determinants of employee retention from a human resource management perspective.

Key Words: Employee Retention, Competitive Environment, Globalization

INTRODUCTION

Globally, firms are facing a talent exodus as world economies return to growth, and workers around the world are already starting to seek new job opportunities as growth returns and labor markets begin to pick up (Hay Group, 2013). According to the study, 47 per cent of workers are unsure that they can achieve their career objectives at their current company and almost as many are seeking more learning and development opportunities (44 per cent) and greater supervisory support for development (43 per cent).

The Talent Management and Rewards Survey (2013), surveyed 1,605 employers globally, and reported that companies are having difficulty attracting and retaining the high potential and critical-skill employees necessary to increase their global competitiveness. Almost three in four organizations reported difficulties attracting critical-skill employees, and more than half report difficulties retaining them. Almost six in 10 companies reported difficulty retaining critical-skill employees; similar proportions had difficulty retaining high-potential employees and top performers.

According to Hudson Institute and Walker Information (2000), 33 per cent of employees are “high risk”. That is, they are not committed to their present employer and not planning to stick around for the next two years. 39 per cent are “trapped” – they are not committed to the organisation but are currently planning to stay for the next two years and only 24 per cent are “truly loyal” – both committed to the organisation and planning to stay on for at least two years.

Reed (2001) cited in Armstrong (2007) claims that “every worker is five minutes away from handing in his or her notice, and 150 working hours away from walking out of the door to a better offer. There is no such thing as a job for life and today’s workers have few qualms about leaving employers for greener pastures.

Locally, Kamau (2012) noted that retaining key staff is now a top priority for Kenyan managers. Another report documents how Kenyan firms are struggling with talent retention (Wahito, 2014). Kirubi (n.d.) notes that the biggest challenge in Kenyan job market is employee retention, yet business cannot amount to anything much without excellent human capital. One of the biggest challenges facing today’s executives is ‘best people retention’ (Conradie, 2012). Conradie argues that people are the source of competitive advantage for business. Indeed, retention of the right people is one of the most fundamental concerns for corporate across the East African region. He adds that top talent will always be in high demand, and therefore mobile; senior executives are aware that they can lose their people any time.

Statement of the Problem

Vision 2030 Delivery Secretariat has had retention challenges from as early as the year 2011, despite only having been established in 2009. According to data from the Human Resources Department, Vision 2030 Delivery Secretariat has since its inception in four years ago lost twelve (13) employees, six (6) of whom are from management level. This figure represents a 37% turnover rate which comprises critical people some of whom pioneered the establishment of VDS. These employees set up structures, designed systems and established policies and procedures. They held a lot of institutional memory. Losing this staff has negatively impacted on VDS because a lot of money has been spent in recruiting replacement staff and training them.

Indeed, a study by the Center for American Progress found that the cost of replacing an employee is approximately 20 per cent of the salary for an average \$50,000 a year job. The cost of replacement drops to just 16 per cent for a lower-skilled \$30,000 a-year job, but soars to more than 200 per cent when replacing a top executive. For the management positions, a significant period

of time without effective leadership has led to operational issues and has portrayed VDS in bad light despite the fact that it is the institution mandated to drive Kenya to Vision 2030.

The total reward approach is an employee retention strategy that encompasses both financial and non financial rewards. This approach has been famed to produce best results in as much as attraction, motivation and retention of staff is concerned (Armstrong, 2011). Vision 2030 Delivery Secretariat's reward system incorporates both financial and non financial rewards, guided by the government policy on the remuneration of public servants. The study aimed to establish the effects of total rewards on employee retention at Vision 2030 Delivery Secretariat and thus determine the reasons why the Secretariat is unable to retain its staff yet it has a total reward strategy in place.

Objectives of the study

The general objective of the study was to find out the effect of total rewards on employee retention at Kenya Vision 2030 Delivery Secretariat. The specific objectives were To determine the effect of financial compensation and work-life balance on employee retention at Kenya Vision 2030 Delivery Secretariat

Research Questions

The following research questions were asked.

- (i) What is the effect of financial compensation on employee retention at at Kenya Vision 2030 Delivery Secretariat?
- (ii) Does work-life balance have any effect on employee retention at at Kenya Vision 2030 Delivery Secretariat?

Scope of the study

The study investigated four (2) independent variables and one (1) dependent variable. The independent variables include financial compensation and work-life balance while employee retention was the dependent variable.

The research took place at Vision 2030 Delivery Secretariat.

Theoretical Review

a) Vroom's Expectancy Theory

Employee retention has been the topic of extensive research from the early 20th century. Victor Vroom's Expectancy Theory will be used in this study to show what determines an employee's decision to stay with an organization. According to Vroom (1961), people will perform better if there is a desirable outcome or reward. The reward must be something that is not only desirable but also something that will make the effort exerted worthwhile (Borkowski, 2005). The organization must understand what types of things motivate their staff because what works for one individual may not work for another. Some individuals may be motivated by recognition from their supervisors while others may be motivated by bonuses or benefits. The more aligned employees' goals match the company's goals, the higher the employee retention rate. Expectancy theory further postulates that employees have a variety of expectations. Employees expect that management will provide them with information regarding their job and will train them adequately so that they can perform their roles effectively within the organisation. Indeed, the expectancy theory is the extent to which an employee's goals match the company's goals. The more aligned these are, the higher the employee retention rate.

b) Abraham Maslow's Hierarchy of Needs Theory

Maslow's hierarchy of needs theory theorizes that organizations should first take care of an employee's basic needs such as job security, payment and health benefits, and then advance to higher needs such as recognition. Based on this theory therefore, we could assume that employees seeking lower level needs will stay with the organization for as long as these needs are being met sufficiently. Although Maslow's need theory has been criticized by other scholars on the basis

that needs may not follow a definite hierarchical order and that man's behaviour is mostly guided by a multiplicity of behaviour (Khanka and Chand, 2000), the researcher feels that this theory is still relevant in studying effect of total reward on employee retention. This is because according to the theory, employers need to identify where an employee is on the hierarchical pyramid in order to motivate him/her. Then focus should be in meeting that person's needs at that level (Helepota, 2005). This will definitely increase the retention rate for this cadre of staff.

c) Stacey Adam's Equity Theory

This job motivation theory was developed by John Adam Smith in 1963. According to Smith (1963), employees become de-motivated, both in relation to their job and their employer, if they feel that their inputs are greater than the outputs. Employees can be expected to respond to this in different ways such as reduced efforts, becoming depressed and eventually they may opt to quit for another employer (Khanka and Chand, 2000). This theory is helpful in studying the effects of total rewards on employee retention in that it addresses the variables employees consider in deciding whether to continue working for an organization or to quit. According to the theory, employees who feel their efforts are not being equitably rewarded compared to their colleagues may decide to quit and seek employment elsewhere.

Conceptual Framework

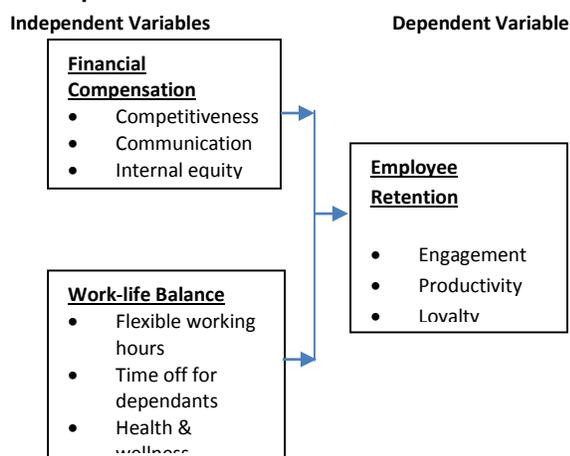


Figure 1 Conceptual Framework

Financial Compensation

According to Dessler (2011), "employee compensation refers to all forms of pay going to employees and arising from their employment." The phrase 'all forms of pay' in the definition does not include non-financial benefits, but all the direct and indirect financial compensations. Direct financial compensation consists of pay received in the form of wages, salaries, bonuses and commissions provided at regular and consistent intervals while indirect financial compensation includes all financial rewards that are not included in direct compensation and can be understood to form part of the social contract between the employer and employee such as medical cover, payment for time not worked, retirement plans, extra cash payments other than those based on performance, costs of subsidized café, among other such benefits. For total rewards strategy to work effectively, compensation must be seen to be internally fair and equitable, industry competitive, and well communicated (Armstrong, 2007). Jack and Adele, (2003) argue that employees are in need of more money and more disposable income, and that employees view their income level as an indication of their worth to the organization and their field.

Work-life Balance

Work life balance is a concept that is slowly finding its way in the corporate world, a digression from the commonly held view that work and personal life are two aspects in a zero-sum game where if one wins, another has to lose. It is about creating and maintaining supportive and healthy work environments, which will enable employees to have balance between work and personal responsibilities and thus strengthen employee loyalty and productivity.

Jack and Adele (2003) argue that many employees seek jobs where they can establish a balance

between their work and personal lives. They further state that when balance interferes with family time and relationships, there is a higher absenteeism rate and turn-over than when the individual is able to work and meet family needs with the support of organizational programmes. When organizations support employees' non-work activities, work objectives are met, and employees are more satisfied and loyal. Work-life balance programs have been demonstrated to have an impact on employees in terms of recruitment, retention/turnover, commitment and satisfaction, absenteeism, productivity and accident rates (Abercromby, 2007).

Employee Retention

Retention is the percentage of employees remaining in an organization (Jack and Adele, 2003). According to Zineldin (2000), retention is "an obligation to continue to do business or exchange with a particular company on an ongoing basis".

There has been growing lack of company loyalty, with many organisations showing that much needed loyalty has deteriorated in recent years (Capelli, 1999). Research studies have shown as indicated in the following pages, that organizations need to re-look their retention strategies and desist from pointing fingers at the HR executive but rather address the issue from the senior most level. Effective retention strategies are those that foster commitment, loyalty and increased performance

Empirical review

This is data gathered from various secondary sources such as books, magazines, journals, newspapers, and the internet, among others.

a) Employee Retention

Employee retention refers to the systematic effort by employers to prevent valuable employees from leaving, by having in place policies and practices

that address employees' diverse needs (McKeown, 2002).

In considering employee retention, not all employees have equal value. Efforts should focus on retaining your highest-value employees. These are the individuals who provide informal or formal leadership to others; consistently create excellent results; contribute practical and valuable new ideas; require little or no supervision to accomplish tasks; facilitate the work of others; and have unique knowledge or skills (Harvard Business School, 2002). These are the employees who will cost the organisation the most by leaving and will be the most difficult to replace.

Organizations ought to strive to become employers of choice by acquiring the best talent, motivating employees to improve performance, keeping them satisfied and loyal, developing them so they can grow and contribute skills and ultimately retain those employees (Fitz-enz, 2000). Indeed, forward looking organizations now view retention and becoming an employer-of-choice as a strategic advantage. Retention ought to be an important part of organization's strategic plan (Kiger, 2000). This should be demonstrated even in terms of how much the organization is willing to set aside in terms of financial resources toward achieving retention goals. Micro-Strategy, a US based Information Systems company, was known for recruiting the best and brightest for its workforce of more than 2,000 and for sparing no expense to lure top talent. For example, it spent 5million USD each year to conduct team-building exercises on a cruise ship in the Carribean. Indeed, retention is a complex concept and there is no single rule for keeping employees.

b) Financial Compensation

The design, implementation and maintenance of compensation systems are important parts of strategic human resource management (Pynes, 2004). Decisions about salaries, incentives and benefits are important in attracting, retaining and

motivating employees. Although money is not the major reason why people leave their jobs, it is common knowledge that employees want to be paid well for their jobs, both for their self-esteem and as a practical means to living. Indeed, a survey by PwC, (2014) indicates that companies are offering higher pay as a key talent retention strategy. The survey indicates that majority of companies surveyed indicated that they will need to widen the scope of performance-related compensation and salaries to attract and retain talent.

Singh (2007) refers to compensation as all forms of financial returns and tangible service and benefits employees receive as part of an employment relationship, while Armstrong and Brown mentioned in Armstrong (2007) refer to compensation as transactional rewards as financial in nature and are essential to recruiting and retaining staff but can be easily copied by competitors. They distinguish these from relational rewards which are concerned with learning and development and the work experience and are essential to enhancing the value of transactional rewards. The real power, as Thompson (2002) states, comes when organisations combine relational and transactional rewards.

The above definitions agree that compensation is mostly financial and tangible. However, they fail to take into consideration the fact that these rewards and specifically money, is a powerful force because it is linked directly or indirectly to the satisfaction of all basic needs. Indeed, Maslow (1943) opines that it is not until the basic needs (extrinsic) are taken care of that individuals begin to crave for higher level needs such as esteem, recognition, and self actualization (intrinsic).

c) Work-life Balance

Research indicates that the existence of family support (such as alternative work schedules, supervisor support, co-worker support, work-family culture and family benefits) in an

organization help a lot in the retention of talented employees (Gaan, 2008). It has also been proved through research that organizations which support their employees in integrating between family responsibilities and work reduce such employees' intention regarding leaving the job (Allen, 2001). St George Bank in Australia reported reduced staff turnover from 18% in 2001 to 15% in 2006 and improved staff satisfaction from 48% of employees in 2002 to 73% in 2006 as some of the positive outcomes of introducing work-life balance initiatives (Queensland Government, 2012). Thompson and Prottas (2005) examined the relationship between employer turnover intention and organization support such as supervisor support, flex time, work family culture and co-worker support and concluded that organization support reduced the employee turnover intention. In Kenya Safaricom has managed to retain most of their female employees through provision of child care facilities.

In an attempt to lure employees to join and stay with an organization, a compelling value proposition is often given by employers to prospective and existing employees. One of the components of a value proposition package is work-life balance (Armstrong, 2009). Work-life balance employment practices are concerned with providing scope for employees to balance what they do at work with the responsibilities and interests they have outside work and so reconcile the competing claims of work and home by meeting their own needs as well as those of their employers. Kodz et al (2002) mentioned in Armstrong (2009) argue that the principle of work-life balance is that: "There should be a balance between an individual's work and their life outside work, and that this balance should be healthy.

Studies have shown that both formal and occasional use of flexibility are positively associated with perceived flexibility, employee engagement, and expected retention. These

analyses provide evidence that workplace flexibility may enhance employee engagement, which may in turn lead to longer job tenure (Sloan Centre on Aging & Work). A study of 2002 data from the families and Work Institute's National Study of the Changing Workforce showed that by using 13 specific flexibility measures, employees with more access to workplace flexibility were "more likely to plan to stay with their current employers for at least the next year". Another survey of employers and employees found that "90% of organizations say their work-life balance programs have improved worker satisfaction, and nearly three-fourths (74%) say they have improved retention of workers". 86% of the workers responded that work-life balance and fulfillment are top career priorities.

Critique

Most of the literature reviewed is from secondary sources including scholarly books, internet articles and publications. Some studies indicated very little primary research conducted on the problem under study. Some references are not very current and this might affect reliability of the results.

Questionnaires were mostly used to collect secondary data. The researcher feels that some interviews with some of the respondents would have yielded better results on a one-on-one basis. Further, some of the samples used in the literature reviewed were very small especially those conveniently chosen by students undertaking educational research. This may make it difficult to determine whether validity and reliability of the data could be assured.

Research Gaps

Most studies such as those cited in this literature review, have been conducted in western economies like the United Kingdom and some parts of Europe. Only a few appear to have been conducted in East Africa, especially with Kenya as the focus. The researcher felt that a study in Kenya might provide different insights into what actually

motivates employees to continue working for an organisation. These different insights could be brought about by differences in culture, orientation, employee needs and employee relations, and the views of African employees towards employers and employment as a whole.

Secondly, the aspect of total rewards and how it can contribute to increasing retention rates seems to have been little studied. Most of the studies only considered certain components of rewards in isolation of each other, and their effect on employee motivation. Thus, the studies do not seem to have identified a major link between total rewards and retention. This study will aim to focus on the components of total rewards of compensation, training and development, work-life balance and career growth and the effect they have on employees' decisions to continue working for an organisation or leaving.

RESEARCH METHODOLOGY

Research Design

According to Orodho (2003), research design is the scheme, outline or plan that is used to generate answers to research problems. This study was conducted using the descriptive survey approach. As a research design, the descriptive survey is used to obtain information concerning the current status of a phenomenon. The method was chosen because it is more precise and accurate since it involves description of events in a carefully planned way (Flyvbjerg, 2006). Furthermore, descriptive survey design allows observation of subjects in a completely natural and unchanged environment and yields rich data that leads to important recommendations.

Target Population

Mugenda & Mugenda (2003) defines population as an entire group of individuals or objects having common observable characteristics. This study targeted all employees of Kenya Vision 2030 Delivery Secretariat. The researcher felt that an

investigation of what makes employees employed by government in semi autonomous government agencies continue to work for these institutions would provide much needed information to policy makers to ensure government gets value from employees through continued service.

Sampling Frame and Technique

Kothari (1985) states that sampling frame is a physical representation of the target population which comprises of all units that are potential members of a sample. The sampling frame for this study was all the 32 employees of Vision 2030 Delivery Secretariat in Nairobi, Kenya. A sample size of 10% of the target population is considered large enough (Kerlinger, 1986). The sample size is influenced by many factors such as the objectives of the study, available resources such as time, money, personnel, among others.

This study took a census of all employees of Vision 2030 Delivery Secretariat, that is, 100% of the total population. According to Kombo, (2006) a census is a study of every unit, everyone or everything in a population. The researcher was interested in finding out the effects of total reward management on retention of employees at the Secretariat. The census method provided a true measure of the population and with nearly 100% accuracy.

Data Collection Instruments and Procedures

Data was collected from primary and secondary sources. Primary data was collected using questionnaires. The questionnaires were distributed to staff in all departments. Questionnaires provide the researcher with a quick method of collecting data conveniently from respondents. According to Kombo (2006), a questionnaire enables standardization of responses, enhancing objectivity and reduction of bias. Questionnaires are also familiar to most people, are cost effective and easier to analyse.

The researcher obtained an introductory letter from Jomo Kenyatta University of Agriculture and

Technology, Nairobi Campus. The letter explained that the researcher is a student pursuing Master of Science in Human Resource Management and that she is required to undertake a research in the human resource field. The researcher presented this letter to the Human Resources Manager at VDS who authorized her to go ahead and distribute questionnaires to staff for data collection.

Questionnaires were distributed to staff both electronically and in hard copy. One week was allowed for respondents to fill in the questionnaires after which they were collected for analysis.

Data Processing and Analysis

The researcher checked for completeness of questionnaires and performed editing, coding and generally cleaning the data. Data collected was analyzed using Statistical Package for Social Sciences (SPSS Version 21.0) program and Microsoft Excel for generation of reports. Since the study was descriptive in nature, descriptive analysis was made on the data. For descriptive analysis, the mean, mode, variance and standard deviation were used to determine the respondents' agreement or otherwise with statements under each variable. Summary data tables, graphs and text were used to further analyse and present data. Inferential statistics were used to show the relationship between independent variables and the dependent variable.

FINDINGS AND DISCUSSION

Response Rate

Of the 30 respondents, 29 usable questionnaires were received and analyzed indicating response rate of 96.7%. This collaborates with Bailey (2000) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This implies that based on this assertion, the response rate in this case of 70% is therefore very good.

Reliability

To determine the reliability of the questionnaires used in the study, a pilot study was carried out and the reliability evaluated through Cronbach's Alpha, a statistical measure of internal consistency. From the findings in table 1, all scales were significant, having an alpha above the prescribed threshold of 0.6. Financial Compensation had the highest reliability ($\alpha=0.818$) followed by Work-life balance ($\alpha=0.762$). The questionnaire was thus deemed reliable to be used in the study for data collection.

Table 1 Reliability Coefficients

Scale	Cronbach's Alpha	Number of Items
Financial Compensation	0.818	8
Work-life balance	0.762	6

Background information

Age of the respondents

The study sought to establish the age bracket of each of the respondents. The study found out that 75.86% of the respondents were above 30 years indicating that the population under consideration was mature enough to give a reliable response.

Gender Analysis

The results showed that a majority of the respondents were male represented by 60%, while the female were 40%. The difference was minimal showing that no significant disparities may exist in relation to responses orientation to gender.

Dependants

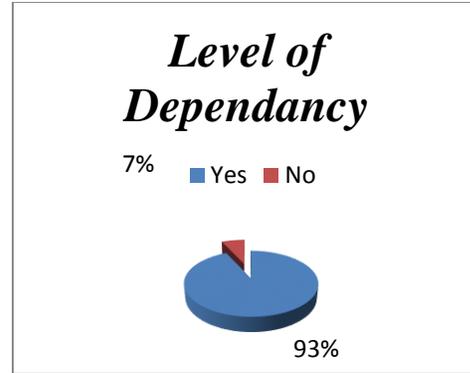


Figure 1: Dependency

The question on whether one had dependants was considered crucial in the study especially for the work-life balance component of total rewards. This is because employees who have dependants such as young children, family members with health problems and aging parents requiring attention need to balance between their work and family commitments. Indeed, Jack and Adele (2003) argue that many employees seek jobs where they can establish a balance between their work and personal lives. They further state that when balance interferes with family time and relationships, there is a higher absenteeism rate and turn-over than when the individual is able to work and meet family needs with the support of organizational programmes.

Department of the respondents

The analysis indicates that a majority of the respondents were from the Administration, Finance and HR department represented by 59%.

Education Level

The study sought to find out the highest level of education attained by the respondents. The analysis indicates that 72.4% of the respondents had attained university level of education, 17.2% college level of education while 10.3% of the respondents had secondary school level of education. From this information it is evident that majority of the respondents had attained a degree. This reveals that the population under

consideration was well informed to give relevant and informed data.

Length of service

The length of service of the respondents in terms of years worked was also important to the study. This was meant to ensure that the study involved people with enough experience who could give relevant information based on the experience they have. The results of the analysis shows that 39% of the respondents have been at the VDS between 2-3 years, 36% were 3 years and above while 25% were below 1 year. From this information there is a clear indication that the majority of the respondents had acquired sufficient experience and could therefore be trusted as an authoritative source of information.

Job Level

This sought to find out the cadres where respondents fell. The researcher considered this factor important for the study as it would show whether feelings about retention and rewards were shared across board or whether they were disaggregated. The study found out that majority (54%) were non management staff.

Study Variables

The study investigated four components of total rewards namely compensation, work-life balance, training and career growth.

Financial Compensation

The study sought to find out what employees at the VDS feel about their compensation. A number of factors were used to rate this and the responses were as shown in the diagram below. Majority of respondents agreed that they would leave if offered a higher pay for a similar job in another organization. This was represented by a mean of 4.31 which represented 83%. Employees are also fully conversant with their compensation package and prefer financial rewards to non financial

rewards as shown by means of 3.96 and 3.54 respectively.

However, it is worth noting that majority of the employees disagreed that they were likely to get a pay increase every year based on performance, that their pay was sufficient enough for their basic needs and that their compensation package provided the recognition they needed for the contribution to the organizations’ goals as shown by means of 2.18, 2.62 and 2.74 respectively. These findings are similar to those found by Ramlall (2003) whose study indicated that 59% of staff would leave if they were not compensated above market rates.

Table 2 Financial Compensation

		Statistics									
Factors		My pay is commensurate to my	I am satisfied with my benefit package.	My pay is competitive	I would leave if offered a higher pay for similar job elsewhere.	I am likely to get a pay increase every year	My pay is sufficient for my basic needs.	My pay is equivalent to similar jobs in this organization.	I am fully conversant with my compensation	My compensation package provides the recognition I need for	I prefer financial rewards to non financial rewards.
N	Valid	28	29	29	29	28	29	29	28	27	28
	Missing	1	0	0	0	1	0	0	1	2	1
Mean		3.1786	3.0000	2.9655	4.3103	2.1786	2.6207	3.2759	3.9643	2.7407	3.5357
Std. Error of Mean		.24154	.22743	.24050	.15775	.22451	.26455	.23748	.17429	.26470	.26469
Std. Deviation		1.27812	1.22474	1.2951	.84951	1.18801	1.42463	1.27885	.92224	1.37540	1.40059
Varian		1.634	1.500	1.677	.722	1.411	2.030	1.635	.851	1.892	1.962
Minimum		1.00	1.00	1.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
Maximum		5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Work-Life Balance (Job Flexibility)

The study sought to find out how VDS as an institution treats their work-life balance in terms of flexibility. A number of factors were rated using the likert scale. The results of analysis portrayed that employees at VDS agreed that the organization cares for their wellbeing, their supervisors have reasonable expectations of their work and their jobs did not cause stress to their lives. This was

determination coefficient as measured by the adjusted R-square presents a moderately strong relationship between dependent and independent variables given a value of 0.764. This depicts that the model accounts for 76.4% of the variations in employee retention while 33.6% remains unexplained by the regression model.

Durbin Watson test was used as one of the preliminary test for regression to test whether there was any autocorrelation within the model's residuals. Given that the Durbin Watson value was close to 2 (2.104), there was no autocorrelation in the model's residuals.

Table 5 Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
.887 ^a	.787	.764	.757	2.104

- a. Predictors: (Constant), Compensation, Work-life balance.
- b. Dependent Variable: Employee Retention

The ANOVA statistics presented in Table 6 was used to present the regression model significance. An F-significance value of $p < 0.001$ was established showing that there is a probability of less than 0.1% of the regression model presenting false information. Thus, the model is very significant.

Table 6 Analysis of Variance (ANOVA)

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	120.450	2	20.075	35.037	.000 ^b
Residual	32.659	26	.573		
Total	153.109	28			

- a. Predictors: (Constant), Compensation, Work-life balance.
- b. Dependent Variable: Employee Retention

From the findings in table 6, the multiple linear regression equation becomes:

$$\text{Employee Retention} = 1.267 + .142 \text{ Compensation} + .082 \text{ Work-life balance}$$

$P = .032$.

From the model, when other factors (Compensation, Work-life balance) are at zero: a constant value of 1.267 is established. Holding other factors (Work-life balance) constant, a unit change in Financial Compensation, would lead to a .142 change in employee retention; a unit change in Work-life balance, would lead to a .082 change in employee retention.

This shows that between the two factors, Financial compensation and work-life balance are key determinants of employee retention from a human resource management perspective.

Table 7 Regression Coefficients Table

Coefficients				
Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.
	B	Std. Beta		
		Error		
(Constant)	1.267	1.136	1.131	.032
Financial Compensation	.142	.042	.092	.047
Work-life balance	.082	.052	.075	.027

- a. Dependent Variable: Employee Retention

SUMMARY OF FINDINGS

The study sought to find out the effects of total rewards on employee retention at Kenya Vision 2030 Delivery Secretariat. Specifically the study considered compensation and work-life balance as components of total rewards.

What is the effect of compensation on employee retention at at Kenya Vision 2030 Delivery Secretariat?

The study findings revealed that there is a positive relationship between compensation and retention more so because employees look forward to annual increments and competitive salaries that are commensurate with their work. Specifically, the study revealed that employees at VDS would leave the institution if offered better pay in a different organization. This inversely means that improving the pay for employees at VDS would be a strategy to retain them for longer. The study also revealed that employees leave because there are huge pay disparities, basic pay for low grade employees is too low, lack of comparability between job tasks and rewards, lack of annual increments to cater for inflation and contractual terms of employment.

Inferential statistics was conducted to ascertain the relationship between compensation score and employee retention. Pearson correlation analysis revealed a strong and positive linear relationship between compensation score ($R= 0.819$, $p= .005$) and employee retention. From regression analysis, it was further established that a unit change in compensation, would lead to a .142 change in employee retention.

Does work-life balance have any effect on employee retention at at Kenya Vision 2030 Delivery Secretariat?

The study found that indeed work-life balance has a profound effect on employee retention at Kenya Vision 2030 Delivery Secretariat. The fact that employees have leave days every year, have supervisors who understand the need to balance between work and personal life, have health programs in place for them and that their work does not cause unnecessary stress to them makes them happy and more willing to continue working for the VDS. However, official flexible working arrangements have been reported as strategies to

increase their willingness to continue working for the institution, as it would provide them with more opportunities to attend to both work and personal issues. The researcher observed that currently, employees leaving the organization may not be attributed to lack of work-life balance.

Inferential statistics were used to ascertain the relationship between work-life balance score and employee retention. Pearson correlation analysis revealed a strong and positive linear relationship between work-life balance score ($R= 0.678$, $p= .001$) and employee retention. From regression analysis, it was established that a unit change in work-life balance would lead to a .082 change in employee retention.

Conclusions

The main objective of the study was to find out the effects of total rewards on employee retention at Kenya Vision 2030 Delivery Secretariat. Two components of total reward – Financial compensation and work-life balance. Previous studies indicated that these components impacted positively on employee retention, if administered correctly. The study confirmed that indeed competitive compensation and work-life balance have a positive impact on employees' decision to continue working for organisations. However, the study findings reported that an uncompetitive compensation structure had the most reasons why employees leave VDS to look for employment elsewhere.

Recommendations

Keeping employees who perform beyond expectation reduces the need to recruit and cuts hiring, training and onboarding costs. A high turn over damages an institution's reputation and contributes to poor organizational performance. A good value proposition to employees based on both financial and non financial rewards gives an institution an edge in retention.

The study recommends VDS and other similar institutions to do the following to induce their employees to stay on.

Although financial compensation is said to be not the main motivator, this study has indicated that most of the respondents still prefer financial compensation to non financial. Employers therefore need to put in place pay periodic increases based on performance. This will cushion employees against inflation and cost of living increases. The structure needs to be competitive and well communicated to employees.

A work-life balance policy should be put in place detailing the organisation's commitment to employees need to balance between work and personal life. Flexible work arrangements should be put in place to allow employees to choose what suits them. Supervisors should support work-life balance and demonstrate this support by allowing

employees time off to attend to personal matters without infringing on their right to privacy.

Recommendations for further Research

The findings of this research underpin the importance of total rewards in retention of employees at Kenya Vision 2030 Delivery Secretariat. Particularly, the compensation, work-life balance, training and career growth components were found to have far reaching effects on employee retention. However, the research was conducted on VDS alone yet there are many like institutions in the country undergoing retention challenges. Since this study was on a very small scale, the researcher recommends that similar studies need to be carried out on a larger scale, involving Semi Autonomous Government Agencies like VDS to find out if similar results can be obtained. This would make it possible to generalize and report that indeed total rewards have a positive effect on employee retention in such government institutions.

REFERENCES

- Abercromby, M. (2007). A Report on the Importance of Work-life Balance. *Business Improvement Architects*, www.bia.ca/articles/AReportontheImportanceofWork-LifeBalance
- Adams, J.S. (1963). Towards an Understanding of Inequality. *Journal of Abnormal and Normal Social Psychology*. (67), pp. 422-436.
- Aguenza, B. B. and Ahmad, P.M. (n.d.). Motivational Factors of Employee Retention and Engagement in Organizations. *International Journal of Advances in Management and Economics* Available online at www.managementjournal.info
- Allen, T.D. (2001). Family-Supportive Work Environments: The Role of Organizational Perceptions. *Journal of Vocational Behaviour*, 58 (3): 414-435.
- Armstrong, M. (2009). *A Handbook of Human Resource Management*. (11th Ed.). Kogan Page: London.
- Armstrong M. (2007). *A Handbook of Employee Reward Management*. (2nd Ed.). Kogan Page: London.
- Anderson, S.E., Coffey, B.S., & Byerly, R.T., (2002). Formal organizational initiatives and formal workplace practices: Links to work-family conflict and job related outcomes. *J. Management*, 28 (6): 787-810.
- Arnold, E. (2005). Managing human resources to improve employee retention. *The Health Care Manager*, 24(2), 132–140.
- Bernsen, P., Segers, M., & Tillema, H. (2009). Learning under pressure: Learning strategies, Workplace climate and leadership style in the hospitality industry. *International Journal of Human Resource Development and Management*, 9(4), 358–373.
- Borkowski, N. (2005). *Organizational behavior in healthcare*. Jones and Bartlet publishers.
- Brown, D. & Armstrong, M. (1999). *Paying for Contribution*. Kogan Page, London.
- Butler, T. & Waldrop, J. (2001). Job Sculpting: The Art of Retaining your Best People. *Harvard Business Review on finding and keeping the best people* (pp. 179-203). Harvard Business school Press, Boston.
- Capelli, P. (1999). *The New Deal at Work: Managing the Market-Driven Workplace*. Harvard Business School Press. Boston
- Chang, E. (1999). Career Commitment as a Complex Moderator of Organizational Commitment and Turnover Intention: *Human Relations (HD)*; Volume 52, No. 10, pp. 1257-1278.
- CIPD & Thompson, P. (2002). *Total Reward, Executive Briefing*. CIPD Publishing, London.
- “Commitment in the Workplace: *The 1999 Employee Relationship Report Benchmark Study*”, Hudson Institute/Walker Information.
- Cooper, D. R. and Schinder, P. S. (2008). *Business research methods*. 10th Ed. New York: Mc Graw Hill.
- Dibble, Suzanne. (1999). *Keeping Your Valuable Employees: Retention Strategies for Your Organization’s Most Important Resource*. John Wiley & Sons, Canada.
- Fitz-enz, J. (2000). *The ROI of Human Capital*. Amacom Publishing. New York
- Flyvbjerg, B. (2006). Five Misunderstandings about Case Study Research. *Qualitative Inquiry*, 12 (2): 219-245.

- Frank, F. D., Finnegan, R. P., & Taylor, C. R. (2004). The race for talent: retaining and engaging workers in the 21st century. *Human Resource Planning*, 27, 12–25.
- Gaan N. Stress, (2008). Social Support, Job Attitudes and Job Outcomes across Gender. *The Icfai University Journal of Organizational Behaviour*; 52:34-44.
- Gilmore, S. & Williams, S. (2009). *Human Resource Management*. Oxford University Press, USA.
- Gilley, J.W. (1989). Career Development. The Linkage between training and organizational development. *Performance Improvement Quarterly* 2 (1):6-10
- Hall, D.T., & Moss, J.E. (1998). The New Protean Career Contract: Helping Organizations and Employees Adapt. *Organizational Dynamics*, 26(3) 22-37.
- Hatcher, L. (1994). *A step-by-step approach to using the SAS(R) system for factor analysis and structural equation modeling*. Cary, NC: SAS Institute.
- Havard Business School (2002). *Hiring and Keeping the Best People*. Harvard Business School Press. Boston, Massachusetts
- Herman, R. E. (2005). HR managers as employee-retention specialists. *Employment Relations Today*, 32 (2), 1–7.
- Helepota, H.A. (2005) “Motivational Theories and their application in construction”, *Cost Engineering*, Vol. 47, No. 3 pp. 14-35.
- Herzberg, F. (1987). One more time: How do you motivate employees? *Harvard Business Review*, 65(5), 109-120.
- Herzberg, F. (1959). *The Motivation to Work*. John Wiley, New York
- Higginbotham, J.S. (1997). The satisfaction equation. *Research & Development*, 39(10):1-9.
- Hiltrop, J. M. (1999). The quest for the best: human resource practices to attract and retain talent. *European Management Journal*, 17(4), 422–430.
- Horwitz, F. (2008). *Retention strategies critical in a global market skills shortage*. Retrieved from <http://www.gsb.uct.ac.za/hrm>
- Jack, J.P. and Adele, O.C. (2003). *Managing Employee Retention: A Strategic Accountability Approach*. Routledge.
- Kaburu, T. (2011). The Impact of Reward Systems on Employee Retention: a case study of Citibank, Kenya: *Unpublished H. Dip. Project*, Institute of Human Resource Management, Kenya.
- Kenya Vision 2030, (2009). *Kenya Gazette Notice* No. 1386.
- Kerlinger, F. (1986). *Foundations of behavior research* (3rd ed.). New York: Holt, Rinehart, and Winston.
- Kiger, P. J. (2000). “Retention on the Brink”. *Workforce Magazine*. December 2000:44
- Kochanski J., & Ledford, G. (2001). “How to keep me”-retaining technical professionals. *Research Technology Management*, 44(3):31-38.
- Kodz, J., Harper, H. & Dench, S. (2002). Work-life Balance: Beyond the rhetoric, *Report 384*, Institute of Employment Studies, Brighton.
- Kombo, D. (2006). *Proposal and Thesis Writing: An Introduction*. Paulines Publications Africa, Nairobi.
- Kothari, C.R. (1985). *Research Methodology - Methods and Techniques*. Wiley Eastern Limited.

New Delhi.

- Levenson, A., Fenlon, M.J. & Benson, G. (2010). Rethinking Retention Strategies: Work-life versus Deferred Compensation in a Total Rewards Strategy. *CEO Publication, G 10-04 (572)*. Retrieved February 14, 2014 from <http://ceo.usc.edu>
- Lipham, J. (2013). *Training Increases Employee Retention*. Signature Worldwide
- McGaghie, W.C, Georges, B. & Shea, J. A. (2001). Problem Statement, Conceptual Framework, Research Question. *Academic Medicine, Volume 76, Issue 9 – p 923-924*.
- Manus, T.M. & Graham, M.D. (2002). *Creating a Total Reward Strategy*. American Management Association, New York.
- Maslow, A.H.(1943). A theory of human motivation.*Psychological Review, Volume 50: pg 370-396*.
- Mayhew, R. (n.d.). *How Does Compensation Affect Employee Retention?* Retrieved from http://www.ehow.com/info_7924255_compensation-affect-employee-retention.html#ixzz2vuvprbf
- McKeown, J.L. (2002). *Retaining Top Employees*. McGraw-Hill, New York.
- Norland-Tilburg, E. V. (1990). Controlling error in evaluation instruments. *Journal of Extension*, [On-line], 28(2). Available at <http://www.joe.org/joe/1990summer/tt2.html>
- Orodho, (2003). *Essentials of Educational and Social Sciences Research Method*. Masola Publishers, Nairobi.
- Pynes, J.E. (2004). *Human Resource Management for Public & Nonprofit Organisations* (2nd Ed.). Jossey-Bass, San Francisco
- Work-life balance strategy, (n.d.).Retrieved from <http://www.justice.qld.gov.au/fair-and-safe-work/industrial-relations/work-family-and-lifestyle/work-life-balance-strategy>.
- Ramlall, S. (2003). "Managing Employee Retention as a Strategy for Increasing Organizational Competitiveness".*Applied HRM Research, Volume 8, November 2, pp. 63-72*
- Reed, A. (2001). *Innovation in Human Resource Management: Tooling Up for the Talent Wars*.
- Singh, B.D. (2007).*Compensation and Reward Management*. Excel Books, India
- Sloan Centre on Aging & Work (n.d.). *Increase Retention and Reduce Turnover*. Boston College
- Schnake, M., Williams, R., & Fredenberger, W. (2007). Relationships between frequency of use of career management practices and employee attitudes, intention to turnover, and job search behavior. *Journal of Organizational Culture, Communications and Conflict, 11(1)*, 53-64.
- Thomas, K.W. (2009). *Intrinsic Motivation at Work. What Really Drives Employee Engagement*.BK Business Book: Berrett-Koehler Series. Berrett-Koehler Publishers, San Francisco.
- Tompkins, J. (2002). Strategic human resources management in government: Unresolved issues. *Public Personnel Management, 31(1)*, 95-110.
- Thompson, P., & Chartered Institute of Personnel and Development. (2002). *Total reward*. London: Chartered Institute of Personnel and Development.
- Thompson, C.A., &Prottas, D.J. (2005). Relationships among Organizational Family Support,

- Job Autonomy, Perceived Control and Employee Well-being. *Journal of Occupational Health Psychology*. 11(1):100-118
- Tomlinson, A. (2002). High technology workers want respect: Survey. *Canadian Human Resources Reporter*, 15(3):2. Volume 25 of *Hutchinson's University Library: Economics*. CIPD Publishing, London.
- Zineldin, M. (2002). *TRM Total Relationship Management*. Student Litterateur, Lund.