



TO EVALUATE THE EFFECT OF INVOLUNTARY MANAGEMENT TURNOVER ON THE PERFORMANCE OF MOMBASA WATER AND SANITATION COMPANY

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ABSTRACT

This research focused on evaluating the effect of involuntary management turnover on the performance of Mombasa Water Supply and Sanitation Company Limited. Organizational performance denotes the output of an organization, measured against the expected output and objectives. Over the past decade, the company had experienced a growing decline in performance, as evidenced by majority of its several key performance indicators. As at June 2020, the operations and maintenance records revealed that the company's performance was remarkably lower than expected by the regulator. There was a need to examine the specific consequences of management turnover on organizational performance at Mombasa Water Supply and Sanitation Company Limited. The research was founded on three theories: the Firm-Specific Human Capital Theory, the Vicious-cycle theory and the Job Matching Theory of human resource management. Descriptive research design was embraced in this study. The target population for the study covered a total of 161 managers and supervisors. Stratified sampling technique was employed because the target population had three sub-populations (technical operations, commercial operations and finance and administration). Primary data was collected through a structured questionnaire, analysed using Statistical Package for Social Sciences computer software and presented through tables. Before actual data collection, the questionnaires were pretested during a pilot study. This was done by randomly administering the questionnaire to four respondents per strata. The study revealed that retirement, outcomes of performance appraisals, inadequate combination of skills and expertise of supervisors and managers and inadequate skills that in tandem with technological advancement are causes of involuntary management turnover. The study recommended that to mitigate involuntary management turnover, staff should be empowered through training, delegated authority and skills development. Study findings could be beneficial to parties who are directly concerned with the performance of the company. These include the company's Chief Executive Officer, the Board of Directors and the County Government of Mombasa. Secondly, other water service providers and utility firms experiencing declining performance may use this study to assess the relationship between management turnover and performance in their organizations. Further, academicians, public and private institutions may gain insights from the findings of this study when exploring the consequences of frequent turnover of managers and supervisors.

Key words: Organizational Performance, Involuntary Management Turnover

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INTRODUCTION

Organizational performance denotes the output of an organization, measured against expected output and objectives. Over the past decade, Mombasa Water and Sanitation Company (MOWASCO) has experienced a growing decline in performance, as evidenced by majority of its several key performance indicators. As at June 2020, the operations and maintenance records revealed that the company performance was remarkably lower than expected by the regulator. There was a need to examine the specific consequences of involuntary management turnover on organizational performance at the Company.

Many factors determine the performance of an organization, both within and beyond the organization (Alman, 2013). Among the key determinants of how well organizations achieve the desired output is the management team:-this is the decision-making arm of the organization which shapes strategy and influence behaviour. Mathis and Jackson (2003) argue that organizational performance in a profit-making organization ultimately influences profitability, competitiveness and the overall value the organization adds to its predominant business environment. Individual performance is also considered important as it increases overall organizational performance. The performance of people as explained by Hamel (2018) is determined by factors such as the ability to do their job, the degree of effort spent on a person who is affected by enthusiasm, commitment, inducements and job design and sustenance through the provision of tools of trade, monitoring and essential training. Gomez-Meija, Cruz, Berrone and De (2002) reasoned that it is challenging to maintain good performance when managers constantly leave an organization. This is because it is a waste of time and resources when new managers are recruited, trained and adapted to the new conditions before they start working. Labour sales can harm the performance of an organization, especially if skilled people frequently leave. Turnover in organizations has been the focus

of academicians and other experts in the corporate sector for a substantive period. However, this focus has been biased to the causes of turnover. From such an approach, one gets the assumption that certain identifiable characteristics are responsible for turnover.

MOWASCO's sole purpose is to provide quality, safe, and affordable fresh water and wastewater services to all people within Mombasa County. It took over water and sanitation service operations in September 2005 from the former Mombasa Municipal Council and became a limited liability company with a new Board of Directors (BOD). The implementation of the new constitution in the Republic of Kenya in 2010 brought about devolution. Water services were devolved to their resident counties. As a result, MOWASCO became an agent of the County Government of Mombasa. The governance, management and operations of the company are now aligned to those of the County Government of Mombasa. With the prevailing intense business atmosphere, the organization is seen struggling with low performance and unable ensure there is talent retention due to the existing war for talent in the industry. It is observed that the best talent in managerial and supervisory roles have a tendency to leave the organization before the end of their expected service term for various reasons (MOWASCO Company Records n.d).

Statement of the Problem

Coast Water Services Board Strategic Plan (2014) states that MOWASCO exists to provide affordable, reliable and safe, fresh water and wastewater services to the population in Mombasa County. However, it has continually become challenging for the company to deliver its obligation. Several studies had been done to address the issue but the flaw in these studies is that they focused on the effects of turnover to organizations in general but did not narrow down to examine how performance can be affected by turnover of managers. In this study, the researcher narrowed down to the specific consequences of involuntary management

turnover on organizational performance, taking MOWASCO as the focus organization.

LITERATURE REVIEW

Nyakego (2014) observes that turnover creates opportunity to introduce new competency, new ideas and experience into the firm and opens up career progression opportunities. Wesonga, Kombo, Murumba and Makworo (2011) argue that turnover brings in fresh enthusiasm to the labour force, sometimes even to the existing teammates. These new ideas are necessary for innovation and creativity and consequently improved organizational performance.

According to Mannari (2008), extra charges could come into being as a direct or indirect impact of a turnover. This study looked at the factors of turnover in a security setting in Kenya, but did not look at the outcome of turnover which was both a conceptual and contextual gap. This current study filled these gaps by focusing on the effect of involuntary turnover, regardless of the contributing factors to this turnover, on the performance of MOWASCO, a water utility firm.

A study by Mei-Fang, Chieh-Peng and Gin-Yen (2011) that modelled mediating role of job-related stress on turnover intention in Taiwanese banks showed role overload positively impacts job stress: job stress levels were higher among employees who perceived themselves as overly loaded with the company roles and duties. Increased job stress lead to higher intent to leave job. On the contrast, those perceiving more fairness of rewards were less likely to leave. This study looked at how the job stress leads to job-turnover but it did not look at how job turnover affects performance and thus a knowledge gap that was addressed by the current study.

Phaladi (2011) conducted a study in a public water-supplying firm in South Africa in 2011. The study focused on the problem of knowledge retention and transfer. The study was in the context of the imminent retirement of hard to replace experts due to demographic or skill shortage reasons. The study that adopted a case study research design set at a

public water utility in South Africa showed that experts have a low motivation to contribute to both transfer of knowledge and its retention. Lack of organizational leadership, appropriate culture, formal knowledge management system, hindered transfer of knowledge and retention practices. This study showed that retirement is an aspect of involuntary retirement. The reviewed study targeted experts while the current study targeted management which represents a knowledge gap. In addition, while the main focus of the reviewed study was on knowledge transfer the current study focused on employee turnover thus presenting a conceptual gap. The current study further sought to examine how retirement as an element of involuntary turnover affects performance of MOWASCO, a Kenyan company that is in a different setting from South African (which is a contextual gap).

Frigo (2006) did a study that reviewed literature on the implications of baby boomer generation reaching their retirement age in the USA. The study that focused on how this would affect many utility firms postulated that a significant percentage of workforce could leave, taking with it knowledge critical to effective operations. The study concluded that a successful knowledge retention strategy could allow utilities to institutionalize knowledge management and transfer, thus reducing the negative effect that the involuntary retirement might have on performance. While this study showed that involuntary turnover due to retirement can have a negative effect on performance due to flight of knowledge that is critical to effective operations in the USA, this current study focused on how retirement of management is affecting performance of MOWASCO, a public utility firm in Kenya, thus filling a contextual gap.

A study by Bida, Abdul, Abdul and Ismail, (2017) that was a secondary literature review across-the-board established a link between HRM practices and performance. This study done in Malaysia adopted across-the-board literature survey in order

to establish HR practices involving recruitment and selection, training and development, compensation, performance appraisal, and succession planning's impact on employee performance. The study revealed an overwhelming bulk of empirical studies that confirmed a link between HRM and performance. Of major importance is the succession planning, an issue of major concern in the management of a firm. Hence, this research further proposed the investigated five HR practices to be the determinant of employee performance. This implies that the investigated HRM issues could contribute to positive performance of a utility firm. The study however failed to look at a specific issue, turnover, which is a HR issue and how it affects performance, thus presenting a conceptual gap filled by this study. In addition, this current study focused on how involuntary turnover affects utility firm in Kenya thus filling a contextual gap

Hagen, Bernhard, Mundia, Anton and Markard (2013) proposed a framework in a study that explained reasons for emerging and persistent capability gaps, and how this subsequently affected performance. The capability-based framework revealed that when competences, skills as well experiences are inadequate and unavailable for long, they leave lasting effects on the performance of firms. This is important even for technological skills, which according to Hugo and Lima, (2017) reinforce the positive effect of skills on job duration. This current study filled an empirical gap not addressed in this study; that is, a question on how turnover could contribute to inadequacies and unavailability of required skills in an organization and how this subsequently affects performance.

Goodman, Zammuto and Gifford (2001) did an investigative survey that sought to understand how organizational culture influences the quality of working life in Australia. The tool used to investigate the relationships between main variables was competing-value framework. It revealed a positive correlation between cultural values in a group and several organizational issues.

The issues included employees' empowerment, their commitment to the organization, involvement in job, and their job satisfaction. However, there was a negative correlation to their intent to leave job. Additionally, group cultural values related negatively to job turnover at the firm. This study thus revealed that quality of working life is inversely related to turnover. This looked at quality of working life and how it relates to turnover in a developed country which was a contextual gap that was filled by the current study that was based in Kenya, a developing country.

Dhlahla (2011) did a study that examined how behaviour of a leader, staffs' psychological empowerment, their job satisfaction, and employee's organizational commitment correlated to the intention of employees to leave utility firms in South Africa. According to this study, major predictors of turnover intention are a combination of leaders' behaviour, staffs' psychological empowerment and the organizational commitment of employees. Dominant predictors were psychological empowerment and organizational commitment, the two that had a direct and intervening influence on turnover intention. Findings in this study concluded that the behaviour of the leaders, state of psychological empowerment and organizational commitment of management influenced job turnover. Though the study focused on utility firms, it was in South Africa and thus presented a contextual gap that was addressed by the current study. This was done by looking at the effect of involuntary turnover on performance of MOWASCO, a utility firm in Kenya. In addition, the reviewed study looked at contributors but did not look at the outcome of involuntary turnover thus presenting a conceptual gap that was filled by the current study.

METHODOLOGY

This section comprised the procedures and techniques that were used in conducting this study. The section described the design adopted, population targeted in the study, sampling process and determination of the sample size. It also

explains how data was collected and presented as well as ethical considerations.

A descriptive research survey design is the plan of action that was used for answering the research questions. This approach was useful to the researcher in identifying the characteristics of the phenomenon and all possible correlations between the variables under study. Descriptive research design was chosen because it describes the situation in an unaltered form, which is very essential as far as accuracy of quantitative research findings is concerned. Laurel (2003) explains that descriptive research design involves research survey, correlation studies, observation studies and developmental plans. The essence of this study was to find out the connection between involuntary management turnover and the performance of MOWASCO. Since the study did not involve finding out why but rather in finding out what and how these two phenomena exist, the chosen research design method was sufficient to the interest of the researcher. The information that was collected through a structured questionnaire was quantitative in nature such that it was quantifiable and later analysed using statistical data analysis techniques (Kothari, 2012).

According to Mbwesa (2008), target population signifies the complete set of events, objects or persons that the scholar wants to interrogate. This study's target population comprised 161 personnel working in managerial and supervisory levels in MOWASCO (MOWASCO, 2020).

This research undertook stratified sampling technique. A sample was taken from each stratum to ensure that all levels, departments, sections and units are well represented. From each stratum, simple random sampling was applied to pick respondents per strata and as such, each item per strata had an equal chance of being selected (Mbwesa, 2008).

Mugenda and Mugenda (2009) upholds that a sample ranging from 10% to 30% is an adequate

representative of the entire research population. For this study, the researcher picked 50%.

FINDINGS

The response rate was 81.25%, whereby 65 respondents out of the targeted 80 completed filling the research instrument. The study established that retirement was a key contributor to involuntary turnover in that majority of management staffs leave MOWASCO upon reaching retirement age. Furthermore, outcomes of performance appraisals were basis for involuntary turnover for supervisors and managers at MOWASCO who perform poorly since they are dismissed. Often, inadequate combination of skills and expertise of supervisors and managers at MOWASCO was a common basis for their involuntary exit from job too. Furthermore, technological advancement was a contributor to involuntary turnover at the company whereby some managers and supervisors left due to redundancies after introduction of new technology. However, the study revealed that there was uncertainty on whether MOWASCO discharged some of its management team due to gross misconduct such as corrupt practices and abuse of office. This implies that gross misconduct was not a major contributor to involuntary turnover.

CONCLUSION AND RECOMMENDATION

The study concluded that retirement, outcomes of performance appraisals, inadequate combination of skills and expertise of supervisors and managers and inadequate skills in tandem with technological advancement are causes of involuntary turnover that affect the performance of MOWASCO.

The study recommended that to deal with involuntary job turnover, the company leaders should put in place measures that mitigate the aftermath of retirement. They should also mentor managers and supervisors to eliminate inadequate combination of skills, expertise and lack of technological skills.

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