EFFECT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON EMPLOYEE RETENTION IN KENYA WOMEN FINANCE TRUST, NAIROBI

BY

MERCY MUTHONI NG’ANG’A

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF MASTER OF SCIENCE IN HUMAN RESOURCE MANAGEMENT

DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF BUSINESS AND ECONOMICS

MASENO UNIVERSITY

© 2019
DECLARATION

I declare that this research project has not been presented anywhere for any award and that all sources of information have been acknowledged by means of references.

Sign…………………………… Date…………………………

Mercy MuthoniNg’ang’a
REG. NO: MSC/BE/00176/017

SUPERVISOR:
This research project has been submitted with my approval as the university supervisor

Sign…………………………… Date…………………………

Dr. Ntongai Samson Jeremiah (Ph.D.)
Department of Business Administration, Maseno University
ACKNOWLEDGMENT

I would like to acknowledge with gratitude the contributions of the following groups and individuals to the development of this project.

First, I express my gratefulness to Lord God Almighty for His provision, protection, intellect, health, favor and enabling me pursue my studies this far. This entire course would not have been possible without your divine enablement. Thank you Lord.

My family for their overwhelming support and helping hand in the accomplishment of this project.

My Lecturer and project Supervisor, Dr Samson Ntongai whose patience, guidance, cooperation, suggestions and constructive criticisms were instrumental in the preparation of this research paper. Your availability and dedication to your students puts you a class above the rest.
DEDICATION

I would like to dedicate this research work to my parents and siblings for being a great source of inspiration and who have supported me entirely during my studies. May the Almighty God bless you all.
ABSTRACT

Micro finance institutions contribute towards a country’s economic growth, employment creation, poverty reduction and development of an industrial base. According to the Bureau of Statistics economic survey of 2017, Micro Finance Institutions contributed to 20% of Kenya’s GDP. However, according to an article in the Daily Nation in 2017 Kenya Women Finance Trust lost about 800 employees in a span of two years. The institution developed and implemented appropriate Human Resource Management Practices that will enable them manage and retain the right talent. Preliminary analysis shows that training and development, compensation and work life balance are more pronounced in Kenya Women Finance Trust. Past studies have linked various aspects of training and development, compensation and work life balance to other variables like performance and productivity. None of these studies have explicitly established the link between these three human resource management practices and employee retention. Consequently, the effect of training and development, compensation and work life balance on employee retention particularly in the context of micro finance institutions is not known. Therefore, this study sought to examine the effect of human resource management practices on employee retention. It looked at how training and development, compensation and work life balance affects employee retention. The study was guided by Herzberg Two factor theory and Social exchange theory in correlation study design. The study population constituted 196 employees of Kenya Women Finance Trust from different categories; top, middle and lower management, out of which a sample of 132 respondents was selected using stratified sampling technique. Primary data in form of perception was collected from the respondents using questionnaires while Secondary data was obtained from published materials and unpublished academic reports. Furthermore, validity of research instrument was ensured through expert review while reliability test yielded a Cronbach’s Alpha coefficient of between 0.855 and 0.814. The findings revealed that Training and development was found to have a significant positive effect on employee retention at (B =0.146, p=0.044).Compensation was found to have a significant positive influence on employee retention at (B =0.184, p=0.014)and Work life balance was found to have a significant positive influence on employee retention at (B =0.414, p=0.000)there by leading to rejection of the null hypotheses. These findings imply that every unit change in training and development, in compensation and in work life balance, 0.146, 0.044 and 0.014 units change are realized in employee retention respectively. The study concludes that training and development,compensation and work life balance affect employee retention in Kenya Women Finance Trust. Therefore, the study recommends that the human resource management practices of training and development,compensation and work life balance be enhanced. The study is expected to be useful for policy making in KWFT, banking industry and government. Academia may use it in future research.
TABLE OF CONTENT

DECLARATION ............................................................................................................. ii
ACKNOWLEDGMENT .............................................................................................. iii
DEDICATION ............................................................................................................. iv
ABSTRACT ................................................................................................................ v
TABLE OF CONTENT .............................................................................................. vi
LIST OF FIGURES ..................................................................................................... vi
LIST OF TABLES ....................................................................................................... ix
ABBREVIATIONS AND ACRONYMS ........................................................................ xi
OPERATIONAL DEFINITION OF TERMS ................................................................... xii

CHAPTER ONE ......................................................................................................... 1
INTRODUCTION ......................................................................................................... 1
  1.1 Background of the Study ..................................................................................... 1
  1.1.1 Human Resource Management Practices ................................................... 2
  1.1.2 Employee Retention .................................................................................... 5
  1.1.3 Microfinance Sector in Kenya ....................................................................... 6
  1.2 Statement of the Problem .................................................................................. 7
  1.3 Objective of the Study ...................................................................................... 8
  1.3.1 General Objective ....................................................................................... 8
  1.3.2 Specific Objectives ..................................................................................... 8
  1.4 Hypothesis of the Study ................................................................................... 8
  1.5 Scope of the study ............................................................................................ 8
  1.6 Justification of the Study ................................................................................. 8
  1.7 Conceptual Framework .................................................................................... 10

CHAPTER TWO ......................................................................................................... 11
LITERATURE REVIEW .............................................................................................. 11
  2.1 Theoretical Review .......................................................................................... 11
  2.1.1 Herzberg Two Factor Theory ..................................................................... 11
  2.1.2 Social Exchange Theory ........................................................................... 12
  2.2 Concepts of the Study ...................................................................................... 13
  2.2.1 Human Resource Management Practices ................................................. 13
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.2.2 Training and Development</td>
<td>14</td>
</tr>
<tr>
<td>2.2.3 Compensation Management</td>
<td>16</td>
</tr>
<tr>
<td>2.2.4 Work-life Balance</td>
<td>17</td>
</tr>
<tr>
<td>2.2.5 Employee Retention</td>
<td>18</td>
</tr>
<tr>
<td>2.3 Empirical Literature</td>
<td>19</td>
</tr>
<tr>
<td>2.3.1 Empirical Literature on Training and Development and Employee Retention</td>
<td>19</td>
</tr>
<tr>
<td>2.3.2 Empirical Literature on Compensation Management and Employee Retention</td>
<td>22</td>
</tr>
<tr>
<td>2.3.3 Empirical Literature on Work Life Balance and Employee Retention</td>
<td>25</td>
</tr>
<tr>
<td>CHAPTER THREE</td>
<td>29</td>
</tr>
<tr>
<td>RESEARCH METHODOLOGY</td>
<td>29</td>
</tr>
<tr>
<td>3.1 Research Design</td>
<td>29</td>
</tr>
<tr>
<td>3.2 Area of the Study</td>
<td>29</td>
</tr>
<tr>
<td>3.3 Target Population</td>
<td>29</td>
</tr>
<tr>
<td>3.4 Sample Size and Sampling Techniques</td>
<td>30</td>
</tr>
<tr>
<td>3.5 Data Collection</td>
<td>31</td>
</tr>
<tr>
<td>3.5.1 Sources of Data</td>
<td>31</td>
</tr>
<tr>
<td>3.5.2 Data Collection Procedure</td>
<td>31</td>
</tr>
<tr>
<td>3.5.3 Instrument for Data Collection</td>
<td>32</td>
</tr>
<tr>
<td>3.5.4 Reliability Test for Data Collection Instrument</td>
<td>32</td>
</tr>
<tr>
<td>3.5.5 Validity Test for Data Collection Instrument</td>
<td>33</td>
</tr>
<tr>
<td>3.6 Data Analysis</td>
<td>33</td>
</tr>
<tr>
<td>3.7 Data presentation</td>
<td>34</td>
</tr>
<tr>
<td>CHAPTER FOUR</td>
<td>35</td>
</tr>
<tr>
<td>RESULTS AND DISCUSSIONS</td>
<td>35</td>
</tr>
<tr>
<td>4.1 Response Rate</td>
<td>35</td>
</tr>
<tr>
<td>4.2 Diagnostic Tests</td>
<td>35</td>
</tr>
<tr>
<td>4.2.1 Reliability Analysis</td>
<td>36</td>
</tr>
<tr>
<td>4.2.2 Pre-Requisite Tests</td>
<td>36</td>
</tr>
<tr>
<td>4.2.3 Sampling Adequacy Tests</td>
<td>37</td>
</tr>
<tr>
<td>4.2.4 Normality Test</td>
<td>37</td>
</tr>
<tr>
<td>4.3 Socio Demographic Information of Respondent</td>
<td>38</td>
</tr>
</tbody>
</table>
4.3.1 Gender Composition of the Respondents .......................................................... 38
4.3.2 Respondents Age ........................................................................................... 39
4.3.3 Highest Level of Education of the Respondents ............................................. 39
4.3.4 Respondents Years of experience .................................................................. 40
4.3.5 Profession Position of the Respondents .......................................................... 41
4.4 Human Resource Management Practices .......................................................... 41
4.4.1 Extent of Adoption of Compensation in Kenya Women Finance Trust .......... 41
4.4.2 Extent of Adoption of Training and Development in Kenya Women Finance Trust ...... 42
4.4.3 Extent of Adoption of Work Life Balance in Kenya Women Finance Trust ........ 43
4.5 Extent of Employee Retention in Kenya Women Finance Trust ..................... 44
4.11 Regression Analysis ....................................................................................... 45
4.11.1 The effect of Training and Development on employee retention in KWFT ...... 46
4.11.2 The Effect of Compensation on Employee Retention in KWFT ................. 47
4.11.3 The effect of Work life balance on employee retention in KWFT ............... 49

CHAPTER FIVE ........................................................................................................... 50

SUMMARY, CONCLUSION AND RECOMMENDATIONS ........................................ 50

5.1 Summary of the Research Findings ................................................................... 50
5.2 Conclusions ......................................................................................................... 50
5.3 Recommendations .............................................................................................. 51
5.4 Suggestions for Further Studies .......................................................................... 52

REFERENCES .......................................................................................................... 53

APPENDICES ............................................................................................................ 56
LIST OF FIGURES

Figure 1: Conceptual Framework showing the relationships of the variables of the study .......... 10
Figure 4.1: Response Rate ........................................................................................................ 35
Figure 4.2: Gender of the Respondents .................................................................................... 38
Figure 4.3: Age of the Respondents ......................................................................................... Error! Bookmark not defined.
LIST OF TABLES

Table 3.1: Target Population ................................................................. 303
Table 3.2: Table of Sample Frame and Sample Size (n) ............................ 314
Table 4.1: Cronbach's Alpha ................................................................. 40
Table 4.2: KMO and Bartlett's Test ....................................................... 42
Table 4.3: Highest Level of Education of the Respondents ........... Error! Bookmark not defined.3
Table 4.4: Number of Years in Current Employment of the Respondents Error! Bookmark not defined.3
Table 4.5: Employees Work Professional Position ............... Error! Bookmark not defined.4
Table 4.6: Frequency Distribution on Compensation ......................... 416
Table 4.7: Frequency Distribution on Training and Development ............. 437
Table 4.8: Frequency Distribution on Work Life Balance ....................... 438
Table 4.9: Frequency Distribution on Employee Retention ..................... 449
Table 4.10: Model Summary for All the Variables ................. Error! Bookmark not defined.
Table 4.11: ANOVA .............................................................. Error! Bookmark not defined.
Table 4.12: Regression Coefficients ................................................... Error! Bookmark not defined.
## ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>KWFT</td>
<td>Kenya Women Finance Trust</td>
</tr>
<tr>
<td>HRM</td>
<td>Human Resource Management</td>
</tr>
<tr>
<td>HRMP</td>
<td>Human Resource Management Practices</td>
</tr>
<tr>
<td>MFIs</td>
<td>Micro Finance Institutions</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and Medium sized Enterprises</td>
</tr>
</tbody>
</table>
OPERATIONAL DEFINITION OF TERMS

**Human Resource Management:** Strategic and coherent approach to the management of an organization’s most valued assets – the people working there who individually and collectively contribute to the achievement of its objectives.

**Work Life Balance:** State of equilibrium in which the demands of both a person’s job and personal life are equal.

**Training and Development:** Subsystem of an organization which emphasize on the improvement of the performance of individuals and groups.

**Compensation:** Systematic approach to providing monetary value to employees in exchange for work performed.

**Employee Retention:** A function of the HR department tasked with reducing the number of employees leaving the company by improving key processes and conditions.
CHAPTER ONE

INTRODUCTION

This chapter concentrates on the background of the study, statement of the problem, and objectives of the study. It also looks at hypotheses of the study, scope of the study, justification of the study and conceptual framework underpinning the study.

1.1 Background of the Study

Over the years, the general business field has been changing rapidly due to increased competition. Businesses have had to adopt ways of gaining and maintaining their competitive advantage. According to (Barney, 1991) an organization’s important source of competitive advantage is the employees. Their effective utilization is necessary in a competitive scenario (Jyothi and Venkatesh, 2006). Human Resource Management plays a vital role in attaining a sustainable competitive advantage as it opts for the finest recruits and coaches them with the precise expertise and capabilities that can notably equal the firm’s expectation. This involves coming up with HR policies and practices that meet an organization’s needs and support in the attainment of sustained competitive advantage (Hundley 2008).

According to (Helmut, 2016) Microfinance banks in Kenya are facing tough competition due to trends adopted by the main stream financial institutions, which are providing financial services in a market that has been dominated by the micro finance institutions. (Helmut, 2016) also notes that apart from targeting the customer base, they are also targeting the employees who have firsthand experience and are more familiar with the rough terrain of micro financing to help them in their new venture. In a bid to retain their competitive advantage as well as skilled employees, Micro Finance Institutions have been forced to adopt and implement appropriate HRM practices (Collins & Clark, 2003). This study seeks to look into the HRM practices used by Kenya Women Finance Trust and their effect on retention of employees. Emphasis was placed on training and development, compensation and work life balance as they are more pronounced in Kenya Women Finance Trust as compared to other practices.
1.1.1 Human Resource Management Practices

According to Lado & Wilson (1994), HRM practices are distinct activities, functions and processes which aim to attract, develop and maintain an organization’s human resource. It is a tactical and strategic way to attain, develop, manage and motivate and gain the commitment of the employees (Armstrong 2009). Jackson & Schuler (2000) defined HRM as the talent that is available to an organization, their energies and potential contribution towards the achievement of an organization’s goal, strategy, vision and mission). Guest (2007) stated that HRM practices are an organization’s backbone which facilitates the achievement of organization’s goals. Hence they should be strategically designed, installed and applied to ensure there are desired outcomes. Collins & Clark (2003) mentioned that HRMP are the best ways which an organization can use to influence and model their workers’ attitude, skills and behavior in the performance of their jobs and therefore achievement of organizational goals. According to Matthis & Jackson, (2010) The essential HRM practices includes human resource planning, compensation and reward, recruitment and selection, job analysis, performance appraisal, training and development, employee relations, career management and employee welfare.

Training and development is a program in which specific knowledge, skills and abilities are passed on to employees, with the sole purpose of improving their performance on specific tasks, as well as providing them with learning opportunities, to further their growth (Business Jargons, 2019). Training is all about learning new skills, knowledge, and attitudes that is needed to effectively carry out a job or task while development concentrates on widening employees’ horizons (Down, 2007). According to Bassi & Buren (1999), having training and development programs is a significant way of attracting and retaining best talent in an organization. The programs play an important role in preparing the employees for unforeseen and tough situations and circumstances that may arise, which shows an employer’s commitment to the growth of the employees, hence increasing their loyalty (Arlond, 2005).

Empirical studies on training and development have been documented by several scholars but in a varied context. For instance, (Ldama & Bazza, 2015; Waleed et al, 2013) did a study on training and development and its effects on employee retention revealed a positive relationship. Elsewhere, Kennedy (2009) did a study on training and job performance and found positive
relationship between the two. This finding by Kennedy (2009) is similar to those of (Amadi, 2014; Khaemba, 2017; Dregraft, 2012) who found a positive correlation between training and performance. Isabel et al (2013) instead focused her attention on finding a link between training and employee turnover. Majority of the above reviewed studies used descriptive survey design making it difficult to establish a cause and effect relationship between the variables. Moreover (Kennedy, 2009; Isabel et al, 2013, Dregraft, 2012) all used small samples ranging from 12-50 cases thereby making generalization of these findings difficult. (Ldama&Bazza, 2015; Kennedy, 2009; Amadi, 2014; Khaemba, 2017; Dregraft, 2012; Isabel et al 2013; Waleed et al, 2013) did their studies in other sectors such as telecommunication, hotels, universities, hospitals and judicial courts. None of them focused on the effect of training and development on employee retention particularly in the context of micro financing. Consequently, the effect of training and development on employee retention in micro finance sector is not known.

Compensation according to Flippo, (2009), is the adequate and equitable remuneration of personnel for their contributions to the organizational objectives. It is the payment given to employees in return for carrying out their assigned tasks. The mostly used forms of compensation are in financial forms, that is, wages, salaries and tips. But it can also be in non-financial terms (Reville et al, 2003). The non-financial forms of compensation include benefits such as medical insurance and pension plans. A good compensation and reward package greatly contributes in attracting the best talent, influence employee actions and performance outcome as well as facilitate talent retention (Khan 2010). Compensation is perceived as being fair by employees if it based on systematic components which are developed to determine the value of positions (Walker, 2018). A company’s compensation rate is usually determined by factors such as salaries offered by its competitors for similar roles, skills level and efficiency of its employees as well as the financial muscle and the budget of the company.

Empirically, the concept of compensation was studied by different scholars in different context. For instance, studies by (Oden 2017; Kimani et al 2017; Mangale 2017; Hameed 2014) all established a perceived relationship between compensation and performance. On the other hand, (Obianuju et al, 2017; Dalwasha et al 2017; Michael et al 2016) looked at the impact of compensation on employee retention and revealed a positive relationship. Chepchumba et al (2017) focused on finding the link between compensation and turnover and found that
comprehensive compensation packages reduces labour turnover. Studies (Chepchumba et al 2017; Hameed 2014; Mangale 2017; Dalwasha et al 2017) utilized descriptive research design which is deemed to have inherent methodological weakness which reflects certain level of bias due to the absence of statistical tests. Besides, all of the above reviewed studies were carried out in other sectors such as the Manufacturing sector, Commercial bank, academic institutions and telecommunication sector whose contexts differ from and is not related to the context Microfinance sectors. Moreover, (Oden 2017; Kimani et al 2017; Mangale 2017; Hameed 2014) looked at how compensation is related to variables like performance and productivity. As a result, the effect of compensation on employee retention in microfinance sector remains unexplored.

Work-life balance is a notion that describes the ideal of splitting one's time and energy between work and other important aspects of their life (Heathfield, 2018). It is about employees achieving a satisfactory balance between work and non-work activities (Work Foundation 2003b). According to Davidson (2017) work-life balance is the ability to experience a sense of control and to stay productive and competitive at work while maintaining a happy, healthy home life with sufficient leisure. According to Chandran (2017) self-care helps in improving an employee’s output and productivity. Employer’s role in promoting work-life balance includes coming up with effective policies and procedures that will encourage employees to pursue more balanced lives, such introducing flexible work schedules. According to Heathfield, (2018), a workplace that enables employees attain work-life balance motivates them to stay in the organization and improve their productivity level.

Past empirical studies suggest that the concept of work life balance has been studied by different scholars in different context. For instance, Hashim et al (2014) established a positive relationship between Work Life Balance and employee retention. (Sufain et al, 2016; Msabaa 2017) established a strong relationship between Work Life Balance and employee turnover intents. (Kithae et al 2017; Mendis et al 2013; Sheppard 2016) instead focused on work life balance and performance and found a worthwhile relationship between the two. None of the above reviewed studies focused on the context of Microfinance sector despite numerous challenges associated with employee retention. Hashim et al (2014) focused his study on the middle level management while (Kithae et al 2017; Mendis et al 2013) focused their studies on the managerial staff thus
generalizing of the findings to the entire organization. In addition, (Msabaa 2017; Garg et al 2016; Sufain et al 2016; Hashim et al 2014) adopted descriptive design which makes it hard to determine the cause and effect relationship as such conclusions cannot be drawn. Moreover, most of the above studies looked at ways in which work life balance affects employee performance (Wambui et al 2016; Sheppard 2016; Kithae et al 2017; Mendis et al 2013). Consequently, the effect of work life balance on employee retention in the micro finance sector remains greatly unexplored

1.1.2 Employee Retention

Cascio (2012) defines employee retention as various programs that are used by themanagement to encourage employees to stayin the organization. Employee retention refers to policies and programmes aimed at ensuring that the organization keeps its productive employees for a long period (Armstrong, 2006). Bellows (2018) defines employee retention as the ability of a firm to keep its personnel. Talented and skilled employees are assets to an organization as their values cannot be easily replicated and the success of the organization greatly relies on their retention (Meaghan et al. 2002). Retaining the skilled employees however, is not easy. In the words of (Harris, 2007), retaining competent employees has become a hard task because they have a broad range of options in the market. There is need therefore, for execution of strategies that will aim at meeting the needs of individualemployees’.

A retention strategy deal with retention issues facing an organization and endeavors to find effective solutions to them (Harris, 2007). Succession planning is one of the crucial activity of an organization that enable it to retain best talent throughout and ensure that the organization has the skills it requires in order to maintain or improve performance (Nassor, 2013). HR managers must know how to attract and retainskilledpersonnelas they determine the future of anorganization (Wisnefski, 2008; Rasli et al., 2014). Employee retention is not only about ensuring employees commitment but also ensure organizations preserve their investment of employee training (Kalliath& Beck, 2011).
1.1.3 Microfinance Sector in Kenya

The World Bank defines Micro Finance Institutions (MFIs) as institutions that engage in relatively small financial transactions using various methodologies to serve low income households, micro enterprises, small scale farmers, and others who lack access to traditional banking services. The Kenyan microfinance sector began in the late 1960s. Currently there are 49 formal Microfinance institutions (MFIs) serving over 6.5 million clientele (AMFI, 2017). These institutions play a big role in financial inclusion, and providing credit facilities and financial services to small and medium sized enterprises (Stephen, 2016). The rising need for credit facilities by businesses and individuals in Kenya has contributed to the expansion of the microfinance industry which has in turn created employment to over 50,000 people. According to the Bureau of Statistics economic survey (2017), MFIs contribute to 20% of Kenya’s GDP from SMEs.

Kenya Women Finance Trust is one of the largest deposits taking microfinance institutions in Kenya by both branch network and client base. It was licensed to operate as an MFI by the Central bank of Kenya (CBK) on 31st March, 2010 with a vast branch network of 245 offices spread out across 45 counties. According to the institution’s website, it was founded in 1981. KWFT has employed over 2800 employees who offer banking to over 800,000 clients including the small and medium sized enterprises. The institution having a wide customer base among low income earners and SMEs has exposed it to higher risk as the mainstream institutions encroach into their customer base as well as the employees who are more familiar with the micro financing industry. According to the Daily Nation (2017) KWFT was hit by high staff turnover, barely three years after being named the country’s best employer. The micro-finance bank lost about 800 employees in a span of two year. According to Ngetich (2017), an Account Recruitment Manager at Corporate Staffing Services, employees quit their jobs mainly because of poor pay, deplorable work conditions and lack of motivation. The mainstream banks have an upper hand as they offer more attractive terms of employment and better benefits compared to the microfinance sector because of the great potential and financial muscle that they have.
1.2 Statement of the Problem

Microfinance Institutions assumes an important role in the social economic development of a country. They contribute towards the growth of an economy, create employment, reduce poverty and leads to the development of an industrial base. Microfinance Banks in Kenya provide credit facilities to people with low income and who do not have securities and collateral as required by the mainstream banks. Credit facilities are also provided to Small and Medium Enterprises (SMEs), this includes suitable loan products, follow up programs for the loans provided and favorable interest rate. More employment opportunities are also created which will consequently impact the economy of a country in a positive way. According to the Bureau of Statistics economic survey (2017), Micro Finance Institutions contribute to 20% of Kenya’s GDP.

With the growing interest of financial institutions in the microfinance customer base as well as skilled employees, microfinance institutions are now faced with employee retention challenges as the mainstream banks have the financial muscle to offer better terms of service to the workers they poach from the microfinance institutions. According to the Daily Nation (2017), Kenya Women Finance Trust was hit by high staff turnover and it lost about 800 employees in a span of two years. A unit manager revealed that most of the staff complained of unfavorable working conditions. In a bid to retain its employees and maintain their competitive advantage, the microfinance institutions have to develop and implement appropriate HRM Practices that will enable them manage and retain the right talent. This implies that using HRM practices for employee retention is very important for microfinance institutions in Kenya. Empirically, past reviewed studies have linked various aspects of Human Resource Management practices such as training and development, Compensation and Work Life balance to variables like performance and productivity. Despite employee retention being an issue of critical importance to many modern day organization, up until now, none of the reviewed studies have explicitly established the link between the above stated dimensions of human resource practices and employee retention. Consequently, the effect of training and development, compensation and work life balance on employee retention particularly in the context of micro finance institutions is not known. It is with this view that the researcher sought to establish the effects of human resource practices on employee retention with regards to KWFT.
1.3 Objective of the Study

1.3.1 General Objective
The purpose of the study was to examine the effect of HRM practices on Employee Retention in Kenya Women Finance Trust (KWFT).

1.3.2 Specific Objectives
The study was guided by the following specific objectives

i. To establish effect of training and development on employee retention in KWFT
ii. To examine effect of compensation on employee retention in KWFT
iii. To determine effect of work life balance on employee retention in KWFT

1.4 Hypothesis of the Study
To realize the outcome, the following hypotheses will underpin the study

i. $H_0$1. Training and development has no significant effect on employee retention in KWFT
ii. $H_0$2. Compensation has no significant effect on employee retention in KWFT
iii. $H_0$3. Work life balance has no significant effect on employee retention in KWFT

1.5 Scope of the study
The title of the study was to examine the effect of human resource management practices on employee retention. The study was conducted in KWFT which is a microfinance institute in Kenya. The study concentrated on employees working at the headquarters office in Nairobi. The variables that the studies focused on are: human resource management practices along its three dimensions namely: training and development, compensation and work life balance.

1.6 Justification of the Study
The study intends to identify the effect of HRM practices on employee retention in KWFT. The microfinance sector is faced with several challenges relating to retention. The study was
important in several ways. For instance, the study results will provide more insight to the microfinance institutions, on HRM Practices and how they affect employee retention. The institutions management will also be able to understand why employees leave. This will enable them to formulate HR strategies and policies that will increase employee retention. Theoretically, the study is expected to bridge the gap in the literature regarding effect of HRM practices on employee retention. Finally, this research will be act as a resource base to other researchers interested in doing further research in this field subsequently.
1.7 Conceptual Framework

This section seeks to show how the variables identified in the literature review relate to each other. There are a number of variables that have been identified for the sake of this study. They include independent and dependent variables.

**Independent Variable**

**Training and Development**

- i. **On the Job Training**
  - Job rotation
  - Coaching/Mentoring
  - Job Instructions
- ii. **Off the Job training**
  - Lectures
  - Conferences
  - Case study

**Compensation**

- i. Salaries and wages
- ii. Employee benefits
- iii. Bonuses
- iv. Commission
- v. Over time pay

**Work-Life Balance**

- i. Flexi time
- ii. Home working
- iii. Part time working
- iv. Job sharing
- v. Care leave
- vi. Compressed work schedules
- vii. Employee assistance programs

**Dependent Variable**

**Employee Retention**

- i. Investment in people
- ii. Open communication
- iii. Promotion from within
- iv. Employee engagement
- v. Growth opportunities
- vi. Employee Survey

Figure 1: Conceptual Framework showing the relationships of the variables of the study

Source: Adopted from Theories guiding the study
CHAPTER TWO
LITERATURE REVIEW

This chapter analyses the literature and the theoretical review on the HRM practices and the concept of employee retention. It will present the theories that are related to HRM practices and employee retention. It will also look at HR practices and the empirical review of the relationship between the practices and employee retention.

2.1 Theoretical Review

The theoretical framework that guides the study includes Herzberg Two Factor Theory and Social Exchange theory.

2.1.1 Herzberg Two Factor Theory

This theory was developed by Frederick Herzberg in 1959, who proposed a two-factor theory also known as the motivator-hygiene theory. According to Herzberg, there are certain job factors that relate to the content of the job that provide satisfying experiences to employees. These factors are called motivators or satisfiers and include achievement, recognition, the work itself, responsibility, advancement and growth. Herzberg also states that there are non-job-related factors that can cause dissatisfying experiences for employees. These factors are known as hygiene factors and include company policies, salary, co-worker relations, and style of supervision (Steers & Porter, 1991).

In his theory, Herzberg sought to explain that human resources can be retained through minimizing factors that lead to dissatisfaction and maximizing those that increase satisfaction. Herzberg used the two factors to identify the turnover intentions of employees. According to Hoppock (1935), employees who are satisfied with their job are more likely to stay in the organization. This agrees with Herzberg’s two factor theory which reflects on employees’ motivation and motivational factors. According to Deery (2008) conflict between work and family can lead to job dissatisfaction and family conflicts and hence intention to leave an organization. Maxwell (2005) states that a flexible work environment increases job satisfaction.
which in turn enhances employee retention. For an organization to attain job satisfaction, it has to continuously invest in training and development of staff to enhance the employees’ knowledge and skills. Further, management has to give employees reasonable pay based on their performance to maintain their job satisfaction (Kehinde et al., 2012).

The Herzberg theory clearly indicates an unbroken link between HRM practices and job satisfaction which lead employee retention (Corine, 2019). Job satisfaction requires an organization to manage its HR practices and organize them to address the needs and demands of the employees as well as those of the organization. This alignment will reduce employee turnover in the organization. In line with this statement job satisfaction and turnover affect each other negatively. This model clearly indicates the HRM factors that are practiced in the organization will not only assist in attracting new employees, but will play an important part in retaining the existing human resources in the organization. Satisfaction derived from working in an organization increases the chances of employee retention. In other word job satisfaction can be described as the pleasure employees feel about their jobs.

### 2.1.2 Social Exchange Theory

This theory holds that human connections are shaped by the use of subjective cost-benefit analysis, which is rooted in three vital areas: economics, psychology and sociology (Homans, 1958; Blau, 1964). The theory defines social exchange as a process of negotiated exchanges between parties in which both parties involved in the exchange take responsibility for one another and strongly depend on each other. In addition, the interactions between parties are usually seen as mutually dependent and contingent on the actions made by the other persons (Blau, 1964). Cropanzano & Mitchell (2007) discovered that social exchange relationship in a typical work setting determines the continuous retention or termination of contract from either party. Employees are likely to continue the relationship with their employer when they perceive that the relationship is worthwhile for them, and terminate the relationship when the costs are more than the rewards that they gain from the relationship.

In relation to HRM practices and employee retention, the exchange theory perceives that the employment relationship consists of social or economic exchanges (Aryee, et al., 2002). An
economic exchange relationship involves the exchange of economic benefits i.e. rewards and incentives in return for employees’ efforts. Insufficient and unfair rewards by an organization are more likely to result decreased levels of retention (Meyer & Smith 2009). On the other hand, social exchanges are voluntary actions which may be instigated by how the employees are treated by the organization with the assumption that the employees will be compelled to repay the good deeds of the organization (Gould & Davies, 2005). It is based on the fact that human beings are social animals who seek to improve their quality of life (Meyer & Smith 2009). Perceived favorable working conditions have a great effect on employee motivation, team morale and job satisfaction leading to employees operating in ways benefitting fellow employees and the organization. Equally, employees rebel against unfair conditions which lead to negative energy that is manifested in undesirable work attitudes such as lateness, absence from work or preparing to leave the organization. According to Sumner (2017), characteristics of an ideal work environment includes training and development, work life balance and rewards and compensation.

2.2 Concepts of the Study

2.2.1 Human Resource Management Practices
A firm’s HRM greatly contributes to attaining and sustaining a competitive advantage (Hundley, 2008). HRM is a blend of policies, practices and systems that influence employees’ behavior, attitudes, and performance (Khadka, 2009). Many organizations are looking into more unconventional sources through HR practices so as to gain competitive advantage (Sparrow et al, 1994). Human resource management practices can therefore be described as the management of human resources in the modern organization based on the understanding that the most critical resource that any organization must provide itself of is the human resources (Werbel & DeMarie 2005). Schuler & Jackson (2000) defined HRM practices as a system that attracts, develops, motivates, and retains employees to ensure the effective implementation and the survival of the organization and its members.

According to Armstrong (2009), Human Resource Management practices emphasize the need for the HR plans and strategies to be formulated within the context of overall organizational
strategies and objectives and to be responsive to the changing nature of the organization’s external environment. This is an approach that needs to be interpreted and adapted by HR specialists so as to make sure that there is a suitable fit between the organization strategic plans and human resource management strategies. The HRM department would therefore develop practices which would encourage teamwork and flexibility and makes the employees feel that they contribute to the general growth of the organization (Wright, 2005). These practices are meant to generate a positive reaction from the employees as a way of improving their commitment and performance. The essential HRM practices includes human resource planning, compensation and reward, recruitment and selection, job analysis, performance appraisal, training and development, employee relations, career management and employee welfare (Matthis & Jackson, 2010). They are founded in the human resource management function to provide a connection between the organization and the individual employee’s values.

According to an article by Azeez (2017) there is a relationship between the best HR practices and reduced turnover and increased employee productivity. As such, using human resource management practices for employee retention is critical in the financial sector as it helps in attracting, developing and retaining highly qualified personnel who can deliver superior performance.

The study will focus on three practices, training and development, work life balance and compensation management. These practices are chosen because they are known to have the most impact on an organization’s general performance.

### 2.2.2 Training and Development

According to Cascio (2016), training consists of planned programs which are undertaken to improve the knowledge, skills, attitude, and social behavior of the employees so that the overall performance of the organization improves considerably. Gravan (1997) describes training as a practical education through which knowledge and skills develop, experience and inefficiencies are overcome and closer approximation can be achieved. Training is generally related to the currently assigned tasks and ongoing situations while development concerned with developing for future jobs.
According to Landsman (2004), training is a worthy activity used to enhance employee skills and improve performance. Landsman also suggested that training can address some of the factors contributing to staff retention. Through training, employees acquire new skills which they can apply to their jobs, share the same knowledge with their colleagues and apply it outside the organization (Noe, 2009). Pare & Tremblay (2002) were of the opinion that employees willingly stay in organizations that offer challenging tasks, provide reasonable chances for growth and pay well. In addition, Walsh & Taylor (2007) found out that an employee’s decision to stay is not only tied to good salary and benefit packages but also the extent to which an organization responds to their employee’s professional growth.

Training clearly defines roles to be carried out by employees thereby reducing job stress and maximizing the employee’s capabilities to effectively carry out their job duties. It is for this reason that most organizations seek to engage their new employees through training programs so as to enhance their skills as indicated by (Goldstein 2001). A study conducted by Lauri et al, (2006) found that while some organizations train their new employees, others delay this program to ensure that their workers personal value matches with the organization culture. Many companies fear spending time and resources training and developing people only for them to take the newly acquired skills to another company (Freifeld, 2013). However, when a suitable and relevant training is offered to employees, they will end up feeling valued as they are offered opportunities to advance professionally and this contributes positively to employee retention (Kyndt et al, 2009). Armstrong (2009) indicated that for training programs to have a desired effect, they have to be aligned with the employees’ goals and needs. Armstrong (2009) also goes ahead to state that by investing in the appropriate training programs, a company will gain benefits such as increased productivity, reduced employee turnover, and decreased need for constant supervision.

A comparison made by (Barringer et al. 2005) between the firms with rapid growth and slow growth firms revealed that the organization with a rapid growth greatly relies on the abilities of their employees. These employees put their efforts to uphold the growth oriented strategies of the organization. To achieve strategic objectives, growing firms widely use training programs for their employees. They emphasize upon employee development as compared to their non-growing competitors. Hence, training and employee development programs are quite common in growing
organizations. Miller (2006) is also of the same view and suggests having more focus on the policies and practices contributing to staff retention. Organizations that concentrate their efforts on investment in training and development end up retaining their key employees. This allows for a motivated workforce, which results in greater productivity. In line with this statement, professional training and career development plans should be part and parcel of the organization policies. The organization has a duty to encourage their staff to take part in the training programs.

2.2.3 Compensation Management

According to (Armstrong 2005) Compensation Management is about developing and enforcing strategies and Policies that aim to compensate employees fairly, equitably and consistently in accordance with their value to the organization. Compensation Management is an important part of talent management and employee retention as it uses both the financial and nonfinancial benefits to attract recruits, increase performance, boost employee engagement and reduce turnover (Reville et al, 2003). Dessler (2009) defines compensation as all forms of pay going to employees and arising from their employment. Mercer (2003) stated that employees will stay if they are rewarded. Compensation is known to have a significant relationship with employee retention as it is used to attract and retain talented employees (Lepilale, 2009). According to Khan (2010), a good compensation and reward packages plays an important role in attracting the best talent, influence employee behavior and performance outcome as well as facilitate talent retention

In a study conducted by Parker & Wright (2002), they established an underlying notion that money and fair compensation may influence behavior and they are thought to be the foundation and basis of employment contracts between employers and employees. The use of financial inducements has been recognized as extremely important in retaining employees and motivating their behavior (Koh& Neo, 2000).Mitchell, (2001) indicated that good rewards and benefits increase employee commitment to the organization and discourages employees from seeking other job opportunities. Williams et al (2007) also found out that there were considerable high retention levels in organizations that provided competitive compensation.
Compensation management is responsible for ensuring that salary and bonuses remain competitive and benefit programs change with the needs of the workforce. According to Lewis et al., (2001), an organization can achieve employee retention by offering higher salaries to its employees. Many organizations therefore, seek to provide compensation that is above the prevailing market rates. A technique that is commonly used by many of organizations to promote employee retention is based on rewarding employees according to their individual performance (Collins & Clark, 2003).

According to Zingheim et al. (2009), as much as competitive pay and benefit package is considered to be an important factor that leads to employee retention, it is not enough to motivate an employee to stay in an organization. Murlis, (2007) states that other different factors affect this decision. The factors highlighted above play a key role in employee commitment to an organization. The management must therefore consider these factors along with remuneration. Such factors include work life balance as well as training and development.

### 2.2.4 Work-life Balance

The theory of work life balance is basically a balancing point between work life and personal life (Karthik 2013). It is mainly constituted with providing scope for employees’ to balance work along with their individual interests and responsibilities outside work. As Kodzet al (2002) explains the principle of work–life balance is that there should be a healthy balance between an individual’s work life and personal life. The concept of work–life balance is about employees attaining an adequate equilibrium between work and personal activities (Work Foundation, 2003). This will help employees to reduce the pressure obtained at the place of work and that of family life which will result in increased focus, motivation and commitment at work by understanding that both employer expectations and personal commitments are timely met. The satisfaction achieved from this balance reduces stress at the workplace leading to a mentally healthy workforce that is motivated to work.

According to Di Petro et al. (2007) one of the reasons for voluntary resignations from jobs is the inability to juggle the demands of a job and those of the family. Duxbury (2004), in her research, stated that work life balance involves role overload, work to family interference and family to
work interference. Role overload refers having too much tasks to do in a limited amount of time thus leading to a feeling of burn out and time crunch. Eventually, one may feel like they have nothing more to give. Work to family interference arises when work demands are too much that the employees are to fulfill their family obligations.

Work life balance is increasingly important for engagement and affects retention as indicated by Hyman et al. (2003) in their empirical research in the UK who found that interventions of work demands into personal life heightened stress and emotional exhaustion among the employees. Such employees are likely to leave an organization in search of greener pastures. According to Armstrong (2009) Work–life balance policies helps to deal with low morale and stress among the employees that can lead to retention problems. A research carried out by the Institute of Employment Studies (Kodzet al, 2002) identified firms that had high employee retention due flexible working arrangements. According to the IRS (2002) flexible working is considered to be the most practical solution to establishing an effective work–life balance.

The Work Foundation (2003) gave recommendations that business activities and related family needs should be given a special priority when organizations set plans on work life balance options and should be made available to staff members on individual level or on collective basis. Further individual’s special requests for a specific working should be considered.

2.2.5 Employee Retention

Employee retention refers to policies and programmes aimed at ensuring that the organization keeps its productive employees for a long period (Armstrong, 2006). They are drafted to not only ensure that employees remain committed to the organizations they work for but also ensure organizations preserve their investment of employee training, which causes lower loss of human capital and yields higher retention. Business Daily (2013) defines Employee retention as an organization’s ability to keep its employees. In order for an organization to achieve its goals, it is important to retain talented employees. Retaining them however, is not an easy task. Samuel and Chipunza, (2009) stated that retaining skilled employees would be a great concern for firms as the level of staff turnover increases globally. In the words of (Harris, 2007), retaining competent employees has become a hard task because they have a wide range of choice in the market. In
order to retain these best talents, strategies that are aimed at satisfying the employees’ needs should be implemented. A retention strategy looks into issues with retention that is facing an organization and endeavors to find ways in which they can be effectively handled (Harris, 2007). According to Cappelli (2000), the success of an organization depends on the retention of key and talented employees. Meaghan et al. (2002), employees are critical to organization since their values to the organization are not easily replicated.

A study conducted by Obiero (2011) sought to investigate the causes and consequences of employee turnover in financial institutions in Kenya. The target of the study was employees who had resigned from the identified bank and bank managers in office during the time of resignation. A review of records in their personnel files showed the major reasons for their leaving included better remuneration offered elsewhere, family issues, further studies and problems with bank administration among others. The bank understudy also had no employee succession plan that would guide the replacement of staff. Recommendation from the study included implementation of staff succession plans and retention policy so as to identify and retain staffs that are of great importance to the organization. According to (Nassor, 2013) succession planning is one of the crucial activity of an organization that enable the organization to retain best talent throughout and ensure that the organization has the skills it requires in order to maintain or improve performance. The HR manager must know how to attract and keep good employees as they are the ones to make or break the organization’s goodwill (Wisnefski, 2008; Rasli et al., 2014).

2.3 Empirical Literature

Empirical literature helps the study find the gaps that the study will finally fill. Empirical study also helps the study to understand various dynamics of the previous studies such as the methodology adopted and assessment for such methodologies and to try to cast the present research in a different light to cure the previous biases, inconsistencies and gaps.

2.3.1 Empirical Literature on Training and Development and Employee Retention

Ldama&Bazza (2015) conducted a study which sought to analyze the effect of Training and Development on Employees’ Retention in Selected Commercial Banks in Adamawa State-
Nigeria. The study adopted exploratory research design and data was collected from 197 bank staff through open and closed ended questionnaires. Regression analysis was used in the study. The study findings revealed that training and development had positive effect on staff retention in commercial banks at 5% level of significance. The study concluded that providing proper training for bank staff is major motivators that can keep bank staff on their jobs.

Waleed et al (2013) did a study on the effect of training on employee retention in the telecommunication sector in the USA. The study adopted survey design. The research was conducted on a sample scale of 100 where 100 survey questionnaires were distributed among employees and the responses were analyzed using frequencies, tables, and percentages. The study was a gender wise collection and according to the findings, it was clear that most professionals, both men and women wanted to have job training. The study found that job training was necessary for every employee. The study also found that rewards and supervisory support were the demand of employees irrespective of female or male. Hence, the study concluded that training, its types, duration, supervisory support and rewards are the key variables that lead to job satisfaction and employee retention.

Kennedy (2009) carried out a research on the effect of training and development on job performance a Case Study of the Judicial Service of Ghana. The sample size was limited to 12 courts. The target respondents were the registrar, Court Interpreter, Bailiff and Court Recorder. The researcher adopted descriptive survey design. The researcher employed the use of frequency tables, percentages and graphs for pictorial representation of the data collected and for summarizing responses from the respondents. The research findings indicated that an effective and appropriate training and development program can improve job performance of the respondents within the Judicial Service of Ghana. The study concluded that, Training and Development would enable management of Judicial Service of Ghana to better appreciate the challenges associated with staff performance.

Locally, Isabel et al (2013) did a study on the Effect of Training and Development on Employee Turnover in Selected Medium Sized Hotels in Kisumu City, Kenya. The research adopted survey design. A target of 24 medium size hotels in Kisumu City comprising a population of 350 employees was used. A sample size of six hotels comprising 187 employees and 24 management
staff was selected for the study and questionnaires were administered to both the management
staff and employees. The findings indicated that employee development significantly affected
employee turnover. The study concluded that although training is a tool that can assist Hotels in
building a more committed and productive workforce, they need to look at additional strategies
and practices that can enhance commitment.

Amandi (2014) analysed the effect of training and development on employees’ performance at
safaricom limited call centre. A descriptive survey design was adopted. Data was collected from
a sample of 340 employees using questionnaires and the responses analyzed using both
descriptive and graphical techniques. The study findings indicated that training and development
has a positive impact on both motivations of employees as well as performance. The study
concluded that there is need for continuous training and development taking into consideration
the competition, market dynamics, customer satisfaction, and net promoter score among others.

Khaemba (2017) investigated the effect of training and development on employee performance
at kakamega county general hospital. The sample population was 93 employees. The study used
Cross-sectional descriptive survey design. Semi structured questionnaires was used to collect
data and which was then analyzed using percentages and frequencies. The study found that
training and development positively and significantly related to employee performance. It
therefore concluded that training and development influences employee performance.

Degraft (2012) did a research on the effect of training and development on employee
performance at Accra Polytechnic. The methodology that was used for the study was survey.
Primary data was collected from a sample of fifty (50) senior staff. Self – administered
questionnaire was used in the collection of data for analysis. The study revealed that training and
development had positive impact on employees of the Polytechnic.

Analysis of past literature suggests that there are plausible relationships between Training &
Development and employee retention. For instance, a study by Ldama&Bazza (2015) on training
and development and its effects on employee retention revealed a positive relationship.
Similarly, a study by Waleed et al (2013) established a positive link between training and
employee retention. Elsewhere, Kennedy (2009) did a study on training and job performance and
found positive relationship between the two. This finding by Kennedy (2009) compares
favorably with those of (Amadi, 2014; Khaemba, 2017; Dregraft, 2012) who all did a study on training and employee performance and found that they are positively related. Isabel et al (2013) instead focused her attention on finding a link between training and employee turnover. However, the above studies are not without weaknesses. Studies were done in other sectors such as telecommunication, hotels, universities, hospitals and judicial courts which are not related to the micro finance sector. Moreover (Kennedy, 2009; Isabel et al, 2013, Dregraft, 2012) all used small samples ranging from 12-50 cases thereby making generalization of these findings difficult. Furthermore, majority of the above reviewed studies used descriptive survey design making it difficult to establish cause and effect relationship. Consequently, the effect of training and development on employee retention in micro finance sector remains unexplored.

2.3.2 Empirical Literature on Compensation Management and Employee Retention

Chepchumba et al (2017) did a study on the relationship between employee compensation and employee turnover in small businesses among safaricom dealers in Eldoret municipality, Kenya. A descriptive survey design was employed. Semi-structured closed ended questionnaire was used to collect data and which was then verified, coded and summarized using frequencies, table and graphs. The target population consisted of 60 employees. The study findings revealed that salary and commissions were insignificant predictors of employee turnover in small businesses although salary increments are very important in controlling employee turnover. The study further concluded that a comprehensive compensation package reduces labour turnover. And that alongside compensation packages, working environment, appreciation to employees and providing leadership controls turnover.

Obianuju et al (2017) examined the influence of compensation management on employee retention on commercial banks. The study employed descriptive research design. The findings revealed that there is a weak relationship between salary and employee satisfaction. The study concluded that if management fails to formulate, administer and implement a good compensation policies that would allow them retain their talented employees, the employees might leave their job if they find a better offer elsewhere. The researcher recommended among others that compensation structure should include new and enticing ways to motivate and retain employee with wide range of benefits other than salary.
Palwasha et al (2017), conducted a study on the impact of compensation and promotional opportunities on employee retention in academic institutions. Survey was used to collect data from 220 faculty members working in public sector universities in Pakistan. The results revealed that compensation and promotional opportunities had imperative relationship with employees’ retention. Moreover, the results also revealed that work environment moderates the relationships between compensation and employee retention.

Michael et al (2016) explored the impact of compensation package on employee retention in manufacturing industry. The population under the study was 71 employees. Questionnaires were used to collect data and the collected data was analyzed using SPSS (Mean, Standard deviation, Chi square, and Correlation). Result of the study revealed that there is a significant relationship exist between compensation package and employee retention, the more an employee is rewarded or compensated, the longer they remain in an organization.

Hameed (2014) did a research on the impact of compensation on employee performance in the banking Sector in Pakistan. A questionnaire was designed to collect the data from 200 employees spread across the 45 selected banks. Different analytical and descriptive techniques were used to analyze the data. The study findings revealed that compensation has positive impact on employee performance.

Mangale (2017) sought to explore the effects of compensation on employee productivity with specific focus on Kenya Literature Bureau. The study adopted a descriptive research design and used questionnaires as a research instrument. The target population consisted of one fifty (150) employees of Kenya Literature Bureau. Data was analyzed through the use of SPSS and then put on tables and figures. The study findings revealed that compensation was an important aspect in facilitating higher employee productivity among many respondents.

Kimani et al (2017) did a study to determine the Effect of Compensation Strategies on Employee Performance in Mombasa Cement Limited. The target population was 153 employees. The research study used questionnaires as the primary research instrument for the collection of data from the selected respondents. Quantitative data collected was analyzed, presented and interpreted using descriptive statistics. Statistical Package for Social Sciences (SPSS) was used to analyze quantitative data into descriptive statistics. The study found that reasonable salary,
benefits in form of bonuses and allowances and recognition through certification or verbally promoted employee performance. The study concluded that the basic pay provided by the company motivated employees. The study also concluded that employment benefits such as allowances, incentives and bonuses have a positive effect on employee performance.

Oden (2017) did a research on the impact of effective compensation on employee performance on general cotton. The major findings of the study were: Individual employees required different motivational strategies in order to be motivated. Incentive and fringe benefit are considered effective in improving performance. The study found out that employees are motivated to improve their performance when organization applies the integration the individual objectives with the corporate goal from the foregoing therefore, the researcher concluded that effective compensation has significant impact on workers performance.

Analysis of past research reveals that there is an important relationship between remuneration and employee retention. A study done by Obianuju et al (2017) on compensation management and its effect on employee retention, revealed a positive relationship. (Dalwasha et al 2017; Michael et al 2016) did a study on the impact of compensation and promotional opportunities on employee retention and impact of compensation packages on employee retention respectively and both revealed a positive relationship between the two. Elsewhere, Hameed (2014) did a study on compensation and employee performance and found a positive relationship between the two. The findings by Hameed (2014) compares favorably with those of (Mangale 2017; Kimani et al 2017; Oden 2017) who did a research to find out the relationship between compensation and employee performance and found that they are positively related. Chepchumba et al (2017) instead focused on finding the link between compensation and turnover and found that comprehensive compensation packages reduces labour turnover.

However, the above reviewed studies are not without weaknesses. For instance, studies (Chepchumba et al 2017; Hameed 2014; Mangale 2017; Dalwasha et al 2017) utilized descriptive research design which is deemed to have inherent methodological weakness which reflects various levels of biasness due to the absence of statistical tests. Besides, all of the above reviewed studies were conducted in other sectors such as the Manufacturing sector, Commercial bank, academic institutions and telecommunication sector whose contexts differ from and is not
related to the context Micro finance sectors. Moreover, (Oden 2017; Kimani et al 2017; Mangale 2017; Hameed 2014) looked at how compensation is related to variables like performance and productivity. As a result, the effect of compensation on employee retention in microfinance sector remains unexplored.

2.3.3 Empirical Literature on Work Life Balance and Employee Retention

Msabaa (2017) analyzed the effect of perceived work life balance on employee turnover intent among international humanitarian organizations in Kenya. The target population was 1860 employees from which a sample of 144 was selected. The study employed descriptive survey design and data was analyzed using regression and correlation analysis. The study findings revealed that the perceived work life balance practices were found to have a significant effect on turnover intent among international humanitarian organizations in Kenya. It was concluded that a strong inverse correlation existed between work life balance practices and flexible working schedules.

Garg et al (2016) conducted a research on the Impact of Work-Life Balance Practices on Employees Retention and Organizational Performance on an IT Industry. Data was collected with the help of a structured questionnaire distributed among a sample of 200 employees. The data collected from the survey was analyzed by using SPSS Software. The study revealed that the work-life balance practices have direct influence on employee’s retention and it also enhances organizational performance. The study concluded that organizations can retain talent through family friendly Work-Life Balance Policy and Practices as it is does not only make the employees happy and productive but also differentiate the organization as an employer of choice.

Wambui et al (2016) did a research on the effects of work life Balance on Employees’ Performance in Institutions of Higher Learning. Data was gathered through structured questionnaires. The target population of the study was 244 from which a sample size of 70 was determined. Data was analyzed using statistical package for social science (SPSS) then presented in table format where percentages were presented. The study revealed that work family priorities conflict affected the performance of employees. The study, therefore, concluded that work life
balance is an important aspect of work and family which should be embraced to improve employees’ performance.

Sheppard (2016) conducted a research to explore the work-life balance programs that nonprofit school leaders utilize to improve employee performance at a charter school organization in New York. The study engaged explanatory quantitative research method. Data was collected from a sample of 10 managers and 10 non-managerial employees through interviews and a qualitative analysis computer program was used to help in analyzing the data. According to the study findings, work-life balance programs could help improve organizational culture and employee overall performance. The study concluded that when effectively implemented, some work-life balance programs may be beneficial in improving employee absenteeism, reducing turnover rates, and improving employee overall performance.

Suifan et al (2016) did a research on The Influence of Work Life Balance on Turnover Intention in Private Hospitals. The researcher used descriptive survey design. 450 Questionnaires were randomly distributed to the sample population. Data was analyzed using structural equation modeling (SEM). The study findings revealed the existence of a compelling relationship between work-life conflict and turnover intentions; the more work-life conflict medical staff struggle with, the more they think about quitting their jobs. The study concluded that WLB practices indeed had a significant effect on employee turnover.

Hashim et al (2014) did a research to examine the relationship between work-life balance and employee retention on middle-level management at World Vest Base in Malaysia. This research used descriptive correlation research design and data was collected through questionnaires and Survey analyzed using the SPSS. The sample population was 108. The result indicated that there was significant relationship between work life balance and employee retention among middle level management. The study concluded that neglect of organization’s work-life balance among the employees could lead to negative consequences towards the employees in which directly affect the organization itself. Thus, it is important to manage the organization work-life balance and to retain employees as the employees are the backbone of the organization.

Kithae et al (2017) looked into the effect of work life balance on staff performance in the telecommunication sector in Kenya. Descriptive research design was adopted. The target
population of the study was 390 senior staff working at Safaricom, Airtel, Telkom Kenya’s Orange and Essar Kenya’s Yu Headquarters in Nairobi. Structured questionnaires were used as method of data collection. Data analysis was done using both qualitative and quantitative methods. Based on the findings, it was evident that work life balance factors such as long working hours, overtime, lack of vacation, family responsibilities and family work conflict all negatively affects staff performance at work.

Mendis et al (2013) carried out a research on The Impact of Work Life Balance on Employee Performance with Reference to Telecommunication Industry in Sri Lanka. The target population of this research was executive level married employees in telecommunication industry and the sample size was 100. Data was collected through questionnaires and they were analyzed through SPSS software to find out the relationship between variables. Findings of the study reveal a strong relationship between work-life balance and employee performance, a strong relationship between work life balance and employee job satisfaction and a strong relationship between employee job satisfaction and employee performance. Based on the finding, the researcher concluded that better work life balance of the employees leads to increased employee performance and employee job satisfaction.

From the above reviewed empirical studies, it is evident that the concept of work life balance was studied by different scholars in different context. For instance, Hashim et al (2014) carried out a research to examine the relationship between work life balance and employee retention and found a significant relationship exists between the two. On the other hand (Msabaa2017; Sufain et al 2016) did a research on the perceived effect of work life balance on employee turnover at international humanitarian organizations and private hospitals respectively and they both found significant relationship between the two variables. On the other hand, (Wambui et al 2016; Sheppard 2016; Kithae et al 2017; Mendis et al 2013) focused on the effect of work life balance on employee performance and they all found a significant relationship between the two. Garg et al (2016) focused on finding the effect of work life balance on employee retention and organization performance and found that work life balance directly influences the two variables.

However, the above reviewed studies are not without limitations. For instance, Hashim et al (2014) focused his study on the middle level management while (Kithae et al 2017; Mendis et al
2013) focused their studies on the managerial staff. In addition, (Msabaa 2017; Garg et al 2016; Sufain et al 2016; Hashim et al 2014) adopted descriptive design. The problem with such methodology when deployed alone is that it may be affected by extreme values hence compromises the findings. Moreover, research results may reflect certain level of bias due to the absence of statistical tests and such design is not helpful in identifying cause behind described phenomenon. The above reviewed studies focused on Telecommunication sector, IT industry, learning institutions and private hospitals. None of them looked at the Microfinance sector despite numerous challenges associated with employee retention. Moreover, most of the above studies looked at how work life balance affects employee performance (Wambui et al 2016; Sheppard 2016; Kithae et al 2017; Mendis et al 2013). Consequently, the effect of work life balance on employee retention in the micro finance sector remains greatly unexplored.
CHAPTER THREE
RESEARCH METHODOLOGY

This chapter presents information on the research design, study area, target population, sample design, data collection and procedures as well as the data analysis techniques.

3.1 Research Design

The study employed correlation study design. According to Mugenda&Mugenda (1999), correlation research design can be used to study a wide range of variables and their interrelationship. It also allows the application of inferential statistics. As such it is suitable for the current study since the current study used inferential statistics to establish relationships among study variable and draw generalizations. As such it is justified for the current study.

3.2 Area of the Study

The study was conducted in Nairobi, the capital city of Kenya. It is an established business hub making it home to over 100 major international companies and organizations and thousands of Kenyan businesses, including KWFT head office. The head office makes for a suitable study area because it is where all human resource policies are formulated making it easier to get information from the source.

3.3 Target Population

Target population as described by Borg & Gall (2009) is a universal set of study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The target population has to have observable characteristics to which the researcher intents to generalize the result of the study(Mugenda&Mugenda, 2009). The study used 196 employees based on KWFT headquarters as the target population. As per KWFT’s records, there are 20 top management staff, 59 middle management staff and 117 lower management staff.
### Table 3.1: Target Population

<table>
<thead>
<tr>
<th>Management</th>
<th>Population</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top level management (Directors and General Managers)</td>
<td>41</td>
<td>21</td>
</tr>
<tr>
<td>Middle level management (Heads of Departments)</td>
<td>65</td>
<td>33</td>
</tr>
<tr>
<td>Lower management (Supervisors and Clericals)</td>
<td>90</td>
<td>46</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>196</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Source: KWFT, HR Department (2019)

### 3.4 Sample Size and Sampling Techniques

A sample size is the number of items to be selected from the population to constitute a sample (Kothari, 2004). Stratified sampling technique was used to select a sample size and classify the entire population of 196 respondents into three categories: top, middle and lower level management. The sample size was calculated by Yamane (1976) formula.

\[
n = \frac{\text{N}}{1 + \text{N} \times (e)^2} \quad \text{equation 3.1}
\]

Where $E$ is the margin of error. When this formula was applied and adjusted for a finite population $N=196$, then the sample size $n=132$. The arrival at sample size was based on 95% level of confidence and a margin of error of 5%. According to Saunders, et al, (2007), a margin of error of 3-5% is deemed sufficient to estimate the population characteristics. The resulting sample size is presented in Table 3.2 below. The arrival at the sample sizes of individual categories is based on proportionate allocation. Singh & Smith, (2006) noted that this ensures that the cases in each category had equal chance of being chosen and represented.
Table 3.2: Table of Sample Frame and Sample Size (n)

<table>
<thead>
<tr>
<th>Management</th>
<th>Population</th>
<th>Percentage (%)</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top level management</td>
<td>41</td>
<td>21</td>
<td>23</td>
</tr>
<tr>
<td>Middle level management</td>
<td>65</td>
<td>33</td>
<td>37</td>
</tr>
<tr>
<td>Lower management</td>
<td>90</td>
<td>46</td>
<td>52</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>196</strong></td>
<td><strong>100</strong></td>
<td><strong>132</strong></td>
</tr>
</tbody>
</table>

Source: Field survey, (2019)

3.5 Data Collection

3.5.1 Sources of Data

The researcher used primary data and secondary data for this study. According to Mugenda&Mugenda (2008), primary data is that data which is collected from the original source and is considered more reliable and up to date. The researcher used pre-validated questionnaire to collect primary data. Secondary data was collected from newspapers, published books, journals, magazines and company handbook. Cooper & Schindler (2003) indicated that secondary data involves collection and analysis of published material and information from other sources.

3.5.2 Data Collection Procedure

The researcher used a self-administered questionnaire to collect data. Prior to data collection, the respondents were assured of their confidentiality and were informed that the data obtained from them was for academic purposes only. At the preliminary stage, an introductory letter was acquired from the University to enable the researcher collect data from KWFT. The researcher adopted drop and pick later method and made regular follow up to checks and collect the ones that were already filled.
3.5.3 Instrument for Data Collection

Mugenda&Mugenda (2003) defines data collection instrument as a device used in research for measuring a given phenomenon or concept of interest. Mugenda&Mugenda noted that an ideal instrument results to pertinent, precise, unbiased, subtle and efficient measures. A semi-structured questionnaire was used in data collection. Questionnaire was preferred by the researcher because respondents are literate and could answer the questions adequately. The research objectives and questions guided the development of the questionnaire. The questionnaire was short and direct to the pointand it used multiple-choice selections in a Likert scale.

3.5.4 Reliability Test for Data Collection Instrument

Dillman (1978) stated that reliability refers to the consistency of measurement as it gives the internal consistency of data collected and is frequently assessed using the test–retest reliability method to ensure that the data has certain internal consistent pattern. Dillman (1978) suggested that the expected respondents conduct a piloting to ensure that there is proper clarity and interpretation of the questions asked on the questionnaire. A pilot study was carried out in KWFT with a group of 25 employees conveniently selected to test the reliability of the research instrument. According to Cooper & Schindler (2003), the pilot group can be between from 25 to 100 subjects.

The pilot study enabled the researcher to identify areas that required adjustments. The researcher was able to correct variances that stemmed from the instruments, which ensured that what was measured was what was intended. This reliability estimate was measured using Cronbach’s Alpha coefficient (α). Nunnally (1978) recommends that instruments used in research should have reliability of about 0.70 and above. Reliability for instrument scales were found to be all above 0.7.
3.5.5 Validity Test for Data Collection Instrument

Saunders et al., (2007) indicated that validity is a measure of the degree to which data collected using a particular instrument represents a specific domain or content of a particular concept as intended. Validation of the research instrument was therefore needed to ensure that the study collected suitable information to answer the research questions. Mugenda & Mugenda (2003) contends that the usual method used to assess the content validity of a measure is the use of a professional or expert in a particular field. To establish the validity of the research instrument, the researcher solicited for the opinions of the supervisor and lecturers. This facilitated the necessary corrections and adjustments of the research instruments thereby enhancing validity.

3.6 Data Analysis

Questionnaires were checked for completeness and consistency. This was followed by data clean-up. According to Bridget & Lewin (2005) data clean-up involves editing, coding, and tabulation so as to identify any irregularity in the responses and assign specific numerical values to the responses for further analysis. The data was then analyzed using descriptive statistical tools (SPSS and Excel) which helped the researcher to define and represent demographic data. The Likert scale was used to analyze the mean score and standard deviation. To test the hypothesis, the study employed a multivariate regression model to study the relationship between human resource management practices and employee retention. The research deemed regression method to be useful for its ability to test the nature of influence of independent variables on a dependent variable. The researcher used regression analysis to analyze the data. The regression model was as below:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon \]

**Where:**

- \( Y \) = Employee retention;
- \( \beta_0 \) = Constant Term;
- \( \beta_1, \beta_2, \beta_3 \) and \( \beta_4 \) = Beta coefficients;
- \( X_1 \) = Training and development;
X₂ = Compensation;

X₃ = Work life balance;

ε = Error term

Source: Adopted from (Draper & Smith, 1998)

3.7 Data presentation

Tables and graphs were used to present the findings while explanations were given in sequence. This generated quantitative reports through tabulations, percentages, and measure of central tendency.
CHAPTER FOUR
RESULTS AND DISCUSSIONS

This chapter presents data analysis, presentation, and interpretation of the findings. The study was designed to examine the effect of HRM practices on Employee Retention in Kenya Women Finance Trust (KWFT). Descriptive and inferential statistics have been used to discuss the findings of the study.

4.1 Response Rate

The study targeted a sample size of 132 respondents from which 110 (participants) responded which constituted 83.33% of the participants as shown in figure 4.1. According to Mugenda and Mugenda (2003), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was excellent and could be used to make conclusions for the study.

![Response Rate Chart]

Figure 4.1: Response Rate

4.2 Diagnostic Tests

The data was tested for conformity to the assumptions of the classical linear regression model by performing a reliability test, multicollinearity test and a normality test in both SPSS version 22.
4.2.1 Reliability Analysis

Reliability of this instrument was evaluated through Cronbach Alpha which is widely used to measure the internal consistency. The study findings in Table 4.1 on the pilot test showed that ‘Training and Development’ had a Cronbach’s reliability alpha of 0.855, ‘compensation’ had an Alpha value of 0.792, and ‘work life balance’ had a reliability value of 0.814. The pilot test showed high reliability on the scales used to measure the objectives and therefore no amendment on the objectives was necessary. This implied that the research instruments were adequate, objective and had reasonable internal consistency to give very reliable results. According to Zinbarg (2005), an alpha coefficient of 0.80 or higher indicates reliability on the data collected as they have a relatively high internal consistency and can be generalized to reflect opinions of all respondents in the target population about the study problem.

<table>
<thead>
<tr>
<th>Table 4.1: Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cronbach's Alpha</strong></td>
</tr>
<tr>
<td>Training and development</td>
</tr>
<tr>
<td>Compensation</td>
</tr>
<tr>
<td>Work life balance</td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

4.2.2 Pre-Requisite Tests

The study performed tests on statistical assumptions that is, test of regression assumption and statistic used. This included test of sampling adequacy, normality, linearity, independence, and homogeneity and multi-co linearity. According to Kaiser (1974), when the assumptions of the linear regression model are correct, ordinary least squares (OLS) provides efficient and unbiased estimates of the parameters.
4.2.3 Sampling Adequacy Tests

According to Cerny & Kaiser (1977), Kaiser-Meyer-Olkin (KMO) Test is a measure of how suited your data is for factor analysis. The test measures sampling adequacy for each variable in the model and for the complete model. Sampling adequacy test was done to test the relevance and suitability of the factors. Kaiser-Meyer-Olkin Measure (KMO) of sampling adequacy and Bartlett's Test of Sphericity tests were conducted to establish data’s sampling adequacy. Williams et.al (2012) stated that KMO of 0.50 is acceptable degree for sampling adequacy. Bartlett's Test of Sphericity analyses if the samples are from populations with equal variances. Bartlett's test significance of 0.05 or less indicates an acceptable degree of sampling adequacy (Williams et.al, 2012). If sample is adequate and factorable then additional analysis beyond descriptive can be done. Table 4.2 presents the results of the sampling adequacy test. The KMO measures of sampling adequacy produced a value of 0.847 while Bartlett’s test of sphericity had a consistent significance of p < .001 which depicted and confirmed sampling adequacy indicating that the selected sample for the study is appropriate and would yield reasonable results.

Table 4.2: KMO and Bartlett's Test

<table>
<thead>
<tr>
<th>KMO and Bartlett's Test</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</td>
<td>.847</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity</td>
<td>Approx. Chi-Square</td>
</tr>
<tr>
<td></td>
<td>Df</td>
</tr>
<tr>
<td></td>
<td>Sig.</td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

4.2.4 Normality Test

Normality tests are done to determine whether the sample data has been drawn from a normally distributed population. Normality assessment can be done by using a graphical or numerical procedure. The numerical procedures include inferential statistics such as Kolmogorov-Smirnov and Shapiro-Wilk. According to Razali & Wah (2011), Shapiro-Wilk test assesses whether data is
normally distributed against hypothesis whereby if statistic ranges from 0 to 1 and figures higher than 0.05 indicate the data is normally distributed. Razali&Wah (2011) further observed that Kolmogorov-Smirnov test is considered appropriate for samples larger than 2000 while Shapiro-Wilk test is deemed appropriate for samples ranging from 50 to 2000. In this study, the usable response rate was 132 and hence Shapiro-Wilk test was used. The normality was tested using the Shapiro-Wilk test, which also has power to detect departure from normality due to either skewness or kurtosis or both. The findings indicate that since the significance value is less than the alpha value (0.05 testing at 5% one tail test), then one concludes that all the results of the Shapiro-Wilk test are normally distributed (Sig 0.000 <0.05).

4.3 Socio Demographic Information of Respondent

This section analyses the demographic characteristics of the respondents. The descriptions are then presented in terms of gender, age, level of education, years of experience and profession. To present the data on these characteristics; pie charts, tables and figures are used to give a clear picture of the characteristics being reviewed.

4.3.1 Gender Composition of the Respondents

The respondents were asked to indicate their gender. Results in table 4.2 reveal that majority (61%) of the respondents were male while 39% were female. This implies that most of the employees working in Kenya Women Finance Trust (KWFT) are male.

<table>
<thead>
<tr>
<th>Table 4.3: Gender of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Frequency</td>
</tr>
<tr>
<td>Male</td>
</tr>
<tr>
<td>Female</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: Survey data (2019)
4.3.2 Respondents Age

The respondents were also asked to indicate their age. Results in figure 4.3 reveals that majority of the respondents (43%) were aged 36 – 45 years followed by (32%) those who were aged between 18 – 25 years and above indicating that the participants were people of good age who are informed with the current issues in their career since majority of the respondents were between the ages of 36 – 45 years. This agrees with Jan & Stoeldraijer (2010) who asserted that the age of a person is directly proportional to their input in the work coupled with experience hence the longer employees stays in an organization, the more experienced they become with the working environment. From this information, the researcher was also able to have confidence in the data collected since most respondent were experienced enough and had adequate relevance skills required respond to the questionnaire.

Table 4.4: Distribution of Respondents Based on Duration at Age

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25yrs</td>
<td>57</td>
<td>32</td>
<td>32</td>
<td>32</td>
</tr>
<tr>
<td>26-35yrs</td>
<td>55</td>
<td>14</td>
<td>14</td>
<td>46</td>
</tr>
<tr>
<td>36-45yrs</td>
<td>8</td>
<td>43</td>
<td>43</td>
<td>89</td>
</tr>
<tr>
<td>46-55yrs</td>
<td>120</td>
<td>7</td>
<td>7</td>
<td>96</td>
</tr>
<tr>
<td>Over 55yrs</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

4.3.3 Highest Level of Education of the Respondents

The respondents were asked to indicate their highest level of education. Results in table 4.3 reveal that majority (42%) of the respondents had attained Bachelor degree level as the highest education level followed by the masters (34% n=72) while PhD level was the least with 1% (n=1); having majority of the respondents as Bachelor Holders as the highest education level indicate that most of the employees are graduates from universities.
### Table 4.5 Distribution of Respondents Base on Level of Education in the Kenya Women Finance Trust

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diploma</td>
<td>12</td>
<td>11</td>
<td>11</td>
<td>11</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>46</td>
<td>42</td>
<td>42</td>
<td>53</td>
</tr>
<tr>
<td>Masters</td>
<td>37</td>
<td>34</td>
<td>34</td>
<td>87</td>
</tr>
<tr>
<td>Advanced diploma</td>
<td>13</td>
<td>12</td>
<td>12</td>
<td>99</td>
</tr>
<tr>
<td>PhD</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>110</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

### 4.3.4 Respondents Years of experience

The respondents were asked to indicate the number of years they had worked in the current employment. Results in table 4.4 reveal that 30% of the respondents had worked in their current employment between 6 – 10 years followed by those who had worked for between 11 – 15 years (22%). The results therefore indicate that majority of the respondents had proper experience in the financial sector as they had worked for more than 6 years. The study results can then be relied upon as the respondents had proper experience and knowledge in the Kenya Women Finance Trust based on the duration they have worked in the industry.

### Table 4.6: Distribution of respondents Base on Years in Current Employment

<table>
<thead>
<tr>
<th>Years</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 5 yrs</td>
<td>11</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>6 – 10 yrs</td>
<td>33</td>
<td>30</td>
<td>30</td>
<td>58</td>
</tr>
<tr>
<td>11 – 15 yrs</td>
<td>24</td>
<td>22</td>
<td>22</td>
<td>80</td>
</tr>
<tr>
<td>Over 25 yrs</td>
<td>22</td>
<td>20</td>
<td>20</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>110</strong></td>
<td><strong>100.0</strong></td>
<td><strong>100.0</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)
4.3.5 Profession Position of the Respondents

Respondents were required to specify their professional position in the organization. Results are presented in table 4.5. From the research findings, 46% indicated that they worked at Lower Level Management, 33% indicated that they worked at Middle Level Management whereas 21% indicated that they worked at Senior Level Management. This implies respondents working under different capacities were well involved in this study.

Table 4.7: Distribution of Respondents Base on Work Professional Position

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior level Management</td>
<td>23</td>
<td>21</td>
<td>21</td>
<td>21</td>
</tr>
<tr>
<td>Middle level management</td>
<td>36</td>
<td>33</td>
<td>33</td>
<td>54</td>
</tr>
<tr>
<td>Lower Level Management</td>
<td>51</td>
<td>46</td>
<td>46</td>
<td>100</td>
</tr>
<tr>
<td>Total</td>
<td>110</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

4.4 Human Resource Management Practices

4.4.1 Extent of Adoption of Compensation in Kenya Women Finance Trust

In the study, while trying to address the study objectives, an attempt was made by the researcher to use descriptive statistics to address the extent to which compensation practices was prevalent in Kenya Women Finance Trust. This finding was shown in Table 4.6.
Table 4.6: Descriptive Statistics on the Extent of Adoption of Compensation in Kenya Women Finance Trust

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization offers competitive salaries and wages to its employees</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.35</td>
<td>1.071</td>
</tr>
<tr>
<td>The organization provides flexible and beneficial employee benefits</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.78</td>
<td>0.879</td>
</tr>
<tr>
<td>The organization provides flexible and beneficial employee benefits</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.32</td>
<td>0.989</td>
</tr>
<tr>
<td>Commissions are provide to performing employees in addition to their base pay</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.57</td>
<td>0.921</td>
</tr>
<tr>
<td>The organization has introduced performance relate pay such as bonuses</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.27</td>
<td>1.121</td>
</tr>
</tbody>
</table>

**Overall mean**

<table>
<thead>
<tr>
<th>N</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>110</td>
<td>3.46</td>
<td>0.996</td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

The results for descriptive statistics as shown in Table 4.6 above, with N = 110 as the total number of respondents indicate the following as the findings. Overall, compensation practices have been reported to be prevalent to a moderate extent as shown by the overall mean value of 3.46 and a standard deviation value of 0.996 in KWFT. This, therefore imply that Kenya Women Finance Trust has adopted compensation practices to a moderate extent even though more still needs to be done in its full implementation.

4.4.2 Extent of Adoption of Training and Development in Kenya Women Finance Trust

The researcher used descriptive statistics to address the extent to which Kenya Women Finance Trust engage in Training and development practices. This result is illustrated in Table 4.7.
Table 4.7: Descriptive Statistics on the Extent of Adoption of Training and Development in Kenya Women Finance Trust

<table>
<thead>
<tr>
<th>Method of Training or Development</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job rotation is adopted by the organization as a way of training and developing employees</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>2.49</td>
<td>0.960</td>
</tr>
<tr>
<td>The organization has introduced coaching/mentoring as a way of training and developing its employees</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>2.01</td>
<td>1.07</td>
</tr>
<tr>
<td>The organization has laid down clear job instructions</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>2.97</td>
<td>0.97</td>
</tr>
<tr>
<td>The organization organizes lecturers and conferences for its employees</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.17</td>
<td>0.80</td>
</tr>
<tr>
<td>The organization has introduced case study scenarios</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>2.34</td>
<td>1.01</td>
</tr>
<tr>
<td><strong>Overall mean</strong></td>
<td>110</td>
<td></td>
<td></td>
<td><strong>2.60</strong></td>
<td><strong>0.96</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

The results for descriptive statistics as shown in table 4.7 above, with N =110 as the total number of respondents indicate the following as the findings. Overall, training and development have been reported to be prevalent to a moderate extent as shown by the overall mean value of 2.66 and a standard deviation value of 0.96 among the sampled respondents in KWFT. This, therefore imply that Kenya Women Finance Trust has adopted training and development practices to a moderate extent.

4.4.3 Extent of Adoption of Work Life Balance in Kenya Women Finance Trust

In the study, while trying to address the study objectives, an attempt was made by the researcher to use descriptive statistics to address the extent to which work life balance practices were prevalent in Kenya Women Finance Trust. This finding was shown in Table 4.8.
The organization provides flexible working hours
The organization encourages job sharing among the employees
Organization has developed part time working systems
The organization has introduced home working
Employees are allowed to take a special leave to take care of their love ones
The organization has embraced compressed work schedules
The organization provides employee assistance programs to its employees

**Overall mean**

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization provides flexible working hours</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.27</td>
<td>1.121</td>
</tr>
<tr>
<td>The organization encourages job sharing among the employees</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>2.69</td>
<td>1.081</td>
</tr>
<tr>
<td>Organization has developed part time working systems</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.64</td>
<td>0.982</td>
</tr>
<tr>
<td>The organization has introduced home working</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>4.09</td>
<td>0.818</td>
</tr>
<tr>
<td>Employees are allowed to take a special leave to take care of their love ones</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.35</td>
<td>1.071</td>
</tr>
<tr>
<td>The organization has embraced compressed work schedules</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.78</td>
<td>0.879</td>
</tr>
<tr>
<td>The organization provides employee assistance programs to its employees</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.32</td>
<td>0.989</td>
</tr>
<tr>
<td>Overall mean</td>
<td>110</td>
<td>3.57</td>
<td>0.921</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

The results for descriptive statistics as shown in table 4.8 above, with N = 110 as the total number of respondents indicate the following as the findings. Overall, work life balance practices have been reported to be prevalent to a moderate extent as shown by the overall mean value of 3.57 and a standard deviation value of 0.921 in sampled respondents. This therefore implies that Kenya Women Finance Trust has adopted work life balance practices to a moderate extent.

**4.5 Extent of Employee Retention in Kenya Women Finance Trust**

The study also sought to establish the extent of employee retention in Kenya Women Finance Trust. This was necessary as it will lay foundation for the subsequent analyses of relationship between compensation, training and development, work life balance and employee retention. The findings are in Table 4.9.
Table 4.9: The Extent of Employee Retention in Kenya Women Finance Trust

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization creates an environment that fosters open communication</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.78</td>
<td>0.879</td>
</tr>
<tr>
<td>Employees are involved in decision making</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.65</td>
<td>0.936</td>
</tr>
<tr>
<td>Policies that allow for promotion from within exist and effectively being applied</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.45</td>
<td>1.000</td>
</tr>
<tr>
<td>The organization conducts regular employee engagement surveys as a way of understanding engagement levels of its employees</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.57</td>
<td>0.887</td>
</tr>
<tr>
<td>The organization offers growth opportunities to its employees</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.77</td>
<td>0.794</td>
</tr>
<tr>
<td>The organization invests in its employees</td>
<td>110</td>
<td>1</td>
<td>5</td>
<td>3.41</td>
<td>0.979</td>
</tr>
<tr>
<td><strong>Overall mean</strong></td>
<td>110</td>
<td></td>
<td></td>
<td><strong>3.61</strong></td>
<td><strong>0.913</strong></td>
</tr>
</tbody>
</table>

Source: Survey Data (2019)

The results for descriptive statistics as shown in table 4.9 above, with N = 110 as the total number of respondents indicate the following as the findings. Overall, employee retention have been reported to be prevalent to a moderate extent as shown by the overall mean value of 3.61 and a standard deviation value of 0.913 in sampled respondents. This therefore implies that the KWFT has adopted employee retention to a moderate extent.

4.11 Regression Analysis

The regression model used in the study used the following regression model:

\[ Y = X_1\beta_1 + X_2\beta_2 + X_3\beta_3 + \epsilon \]

Where: \( X_1, X_2, \) and \( X_3 = \) Training and development, compensation, and work life balance respectively.
\( \beta_1, \beta_2, \text{ and } \beta_3 \) are the coefficient of Training and development, compensation, and work life balance respectively.

\( \epsilon = \text{Standard Error} \)

\( Y = \text{Employee retention} \)

The study finding in table 4.10, \( R^2 = .398 \). This means that the independent variable in the study explains a significant proportion of variance in employee retention, which implies that 39.8\% of the proportion in employee retention can be explained by the independent variable. Other variables not covered by the model explain up to 60.2\% of variance in employee retention.

**Table 4.10: Effect of Human Resource Management Practices on Employee Retention.**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.864</td>
<td>.240</td>
</tr>
<tr>
<td>Training and Development</td>
<td>.146</td>
<td>.072</td>
</tr>
<tr>
<td>Compensation</td>
<td>.184</td>
<td>.074</td>
</tr>
<tr>
<td>Work-life Balance</td>
<td>.414</td>
<td>.090</td>
</tr>
</tbody>
</table>

\( R \) 0.631

\( R^2 \) 0.398

\( \text{Adj.}R^2 \) 0.386

Source: Survey Data (2019)

Based on the linear regression model, \( Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon \), the model therefore becomes; \( Y = 0.864 + 0.146 X_1 + 0.184X_2 + 0.414X_3 \)

**4.11.1 The effect of Training and Development on employee retention in KWFT**

Testing at 5\% significant level, the regression analysis in table 4.10 is significant since all the p-values are less than 0.05 (p<0.05). The findings (B=.146, p=.044) indicates that every unit
change in training and development causes a change in employee retention by .146 units. This means that when efforts on training and development of employees in KWFT, employee retention increases. The null hypothesis which states that training and development has no significant effect on employee retention, was therefore rejected.

The finding above concurs with other theoretical literature as well as past empirical studies. For instance, a study by Ldama&Bazza (2015) revealed a positive relationship between training and development and employee retention. These findings are similar to that of Waleed et al (2013) and Isabel et al (2013) who found a positive link between training and employee retention. Elsewhere, Kennedy (2009) did a study on training and job performance and found positive relationship between the two. This finding by Kennedy (2009) compares favorably with those of (Amadi, 2014; Khaemba, 2017; Dregraft, 2012) who all did a study on training and employee performance and found that they are positively related. However, the above studies are not without weaknesses. Studies were done in other sectors such as telecommunication, hotels, universities, hospitals and judicial courts which are not related to the micro finance sector. Moreover (Kennedy, 2009; Isabel et al, 2013, Dregraft, 2012) all used small samples ranging from 12-50 cases thereby making generalization of these findings difficult. Furthermore, majority of the above reviewed studies used descriptive survey design making it difficult to establish cause and effect relationship. Consequently, the effect of training and development on employee retention in micro finance sector remained unexplored.

The current study however, has made enormous contribution to new knowledge in terms of hypothesizing, empirically testing and establishing the link between Training and Development practices and employee retention that remained unexplored especially in the context of Micro finance sector.

4.11.2 The Effect of Compensation on Employee Retention in KWFT

The second objective of the study was to examine the effect of compensation on employee retention in KWFT. In this regard, compensation was found to have a significant positive effect on employee retention at \( (B =0.184, p=0.014) \) thereby rejecting the null hypothesis \( H_o \), which states that compensation does not significantly affect employee retention in KWFT. This means
that a unit change in compensation practices causes 0.184-units change in employee retention and the change is significant. Therefore, this implies that compensation practice is a significant positive determinant of employee retention in KWFT.

The study findings concur with a study done by Amamo (2005), in her survey of factors affecting employee retention in FM radio stations in Kenya quoted compensation as the most important factor in employee retention. Obianuju et al (2017) did a study on compensation management and its effect on employee retention and revealed a positive relationship. This finding concurred with that of Chepchumba et al (2017) who found that compensation packages reduces labour turnover. (Dalwasha et al 2017; Michael et al 2016) did a study on the impact of compensation and promotional opportunities on employee retention and impact of compensation packages on employee retention respectively and both revealed a positive relationship between the two. Elsewhere, Hameed (2014) did a study on compensation and employee performance and found a positive relationship between the two. The findings by Hameed (2014) compares favorably with those of (Mangale 2017; Kimani et al 2017; Oden 2017) who did a research to find out the relationship between compensation and employee performance and found that they are positively related.

However, the reviewed studies were not without weaknesses. For instance, studies (Chepchumba et al 2017; Hameed 2014; Mangale 2017; Dalwasha et al 2017)utilized descriptive research design which is deemed to have inherent methodological weakness which reflects certain level of bias due to the absence of statistical tests. Besides, all of the above reviewed studies were conducted in other sectors such as the Manufacturing sector, Commercial bank, academic institutions and telecommunication sector whose contexts differ from and is not related to the context Micro finance sectors. Moreover, (Oden 2017; Kimani et al 2017; Mangale 2017; Hameed 2014) looked at how compensation is related to variables like performance and productivity. As a result, the effect of compensation on employee retention in microfinance sector remained unexplored.

The current study however, has made enormous contribution to new knowledge in terms of hypothesizing, empirically testing and establishing the link between Compensation and employee retention that remained unexplored especially in the context of Micro finance sector.
4.11.3 The effect of Work life balance on employee retention in KWFT

The third objective of the study was to determine the effect of work life balance on employee retention in KWFT. In this regard, work life balance was found to have a significant positive effect on employee retention at \( B = 0.414, p = 0.000 \) thereby rejecting the null hypothesis \( H_{01} \), which states that work life balance does not significantly affect employee retention in KWFT. This means that a unit change in work life balance practices causes 0.289-unit change in employee retention and the change is significant. Therefore, this implies that practice of work life is a significant positive predictor of employee retention in KWFT.

The finding that work life balance has exerted significant positive influence on employee performance is at variance with many other previously reviewed studies. For instance, Hashim et al (2014) carried out a research to examine the relationship between work life balance and employee retention and found a significant relationship exists between the two. This study concurs with those of (Msabaa 2017; Sufain et al 2016) who found a significant relationship between the two variables. On the other hand, (Wambui et al 2016; Sheppard 2016; Kithae et al 2017; Mendis et al 2013) focused on the effect of work life balance on employee performance and they all found a significant relationship between the two. Garg et al (2016) focused on finding the effect of work life balance on employee retention and organization performance and found that work life balance directly influences the two variables.

The reviewed studies however were without limitations. For instance, Hashim et al (2014) and (Kithae et al 2017; Mendis et al 2013) focused their studies on the middle level management managerial staff subsequently. In addition, (Msabaa 2017; Garg et al 2016; Sufain et al 2016; Hashim et al 2014) adopted descriptive design. Most of the reviewed studies focused on Telecommunication sector, IT industry, learning institutions and private hospitals (Wambui et al 2016; Sheppard 2016; Kithae et al 2017; Mendis et al 2013) while looked at how work life balance affects employee performance. Consequently, the effect of work life balance on employee retention in the micro finance sector remained greatly unexplored.

The current study however, has made enormous contribution to new knowledge in terms of hypothesizing, empirically testing and establishing the link between work life balance and employee retention that remained unexplored especially in the context of Micro finance sector.
CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter gives the summary, conclusion, recommendation and suggestions for further studies drawn from the findings. The aim of this study was to examine the effect of HRM practices on Employee Retention in Kenya Women Finance Trust (KWFT).

5.1 Summary of the Research Findings

The first objective of the study was to establish the effect of Training and development on employee retention in KWFT. The corresponding null hypothesis was that a Training and Development practice does not significantly affect employee retention in KWFT. In this regard, Training and development practices were found to have significant positive influence on the retention of employees in KWFT.

The second objective of the study was to establish the effect of Compensation on employee retention in KWFT. The corresponding null hypothesis was that Compensation does not significantly affect employee retention in KWFT. In this regard, Compensation was found to have significant positive influence on the retention of employees in KWFT.

The third objective of the study was to establish the effect of work life balance on employee retention in KWFT. The corresponding null hypothesis was that work life balance does not significantly affect employee retention in KWFT. In this regard, work life balance was found to have significant positive influence on the retention of employees in KWFT.

5.2 Conclusions

On the first objective of the study which was to establish the effect of Training and development practices on employee retention in KWFT, the study concludes that there is a significant positive relationship between Training and Development and employee retention in KWFT.
On the second objective which sought to examine the effect of Compensation on employee retention in KWFT, the study concludes that compensation is a critical aspect of employee retention in KWFT.

On the third objective of the study which was to determine the effect of work life balance on employee retention in KWFT, the study concludes that there is a positive relationship between work life balance and employee retention in KWFT.

As conclusion, the outcomes of this study have clearly shown that HRM practices (training and development, compensation, and work life balance) do have a positive significance and directly impacts on employee retention. Organizations in Kenya from all sectors need to work on these identified determinants and make effort to apply them and employee retention would certainly be fostered.

5.3 Recommendations

As revealed by this study, it is clear that Kenya Women Finance Trust (KWFT) is investing in training and development of their employees. There is need to provide trainings that are tailored to the needs of the employees instead of providing generic and repetitive ones which may not be beneficial to them and may eventually affect their intention to stay long in the organization. Supervisors should also give employees a voice so as to get their opinions on matters that concern them and eventually build constructive relationships.

Secondly, the compensation given to the employees must match their qualifications, experience and productivity. The organization should also adopt balanced, fair and competitive compensation as reward system to enhance employee retention.

Lastly, the institution must device other current HRM practices that can make substantial effect and impact on retaining talented and skilled employees. If the same HRM practices are applied over a period of time it may lose its meaning and would not achieve the intended purpose.
5.4 Suggestions for Further Studies

Use of regression analysis model was used in establishing the relationship of human resources practices on employee retention in Kenya Women Finance Trust (KWFT). It is suggested that further studies and other mixed methods both quantitative and qualitative aimed at gathering greater insights to more specific HRM practices by HR practitioners in financial firms. Such research may elicit secondary data for calculating levels of retention in financial industry.

Some suggestions for other future studies could include; research with other variables like; recruitment and selection, career management and HRM practices check to determine how they affect employee retention. This research was restricted to the Kenya Women Finance Trust (KWFT) in Nairobi, Kenya. Therefore this study proposes a research focus on industry sectors to check for variation in responses.
REFERENCES


APPENDICES

APPENDIX 1: QUESTIONNAIRE

Preamble

My name is Mercy Muthoni Ng’ang’a, currently a final year MSc. Human Resource Management student at the Maseno University. This study is being carried out in order to examine the Effect of human resource management Practices on Employee retention in KWFT and is strictly for academic purposes only. Neither you nor your business organization shall be identified with the information you provide. All information provided shall be treated with utmost confidentiality.

SECTION A: DEMOGRAPHIC PROFILE

Please tick the most appropriate answer for each of the following questions.

1. Gender: Male [ ] Female [ ]
2. Please indicate your age
   18-25 years [ ] 26-35 years [ ] 36-45 years [ ] 46-55 years [ ]
   Over 55 years [ ]
3. Highest education qualification
   a) Certificate [ ]
   b) Advanced Diploma [ ]
   c) Bachelor Degree [ ]
   d) Masters Degree [ ]
   e) PhD [ ]
   f) Others Specify…………………………………………………………………………………………………….
4. How long have you been working for KWFT?
   0-5 years [ ] 6-10 years [ ] 11-15 years [ ] 16-20 years [ ] years 21-25 [ ]
   Over 25 years [ ]
5. What is your position in KWFT?
SECTION B: HUMAN RESOURCE MANAGEMENT PRACTICES

Rate the extent to which each of the statements presented below correctly describes your organizations’ aspects of Human Resource Management Practices. The numbers represent the following:

Where 1= No Extent, 2= Small Extent, 3= Moderate Extent, 4= Large Extent, 5= Very Large Extent

COMPENSATION

Kindly tick the degree to which you perceive the following aspects.

<table>
<thead>
<tr>
<th>Employees perception on Compensation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization offers Competitive salaries and wages to its employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization provides flexible and beneficial employee benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has introduced Performance-related pay such as bonuses</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissions are provided to performing employees in addition to their base pay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The organization provides overtime pay for work done beyond the normal working hours

<table>
<thead>
<tr>
<th>TRAINING AND DEVELOPMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindly tick the degree to which you perceive the following aspects</td>
</tr>
<tr>
<td>Where 1= No Extent, 2= Small Extent, 3= Moderate Extent, 4= Large Extent, 5= Very Large Extent</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employees perception on training and development</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job rotation is adopted by the organization as a way of training and developing employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has introduced Coaching/mentoring as a way of training and developing its employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has laid down clear job instructions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization organizes lecturers and conferences for its employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Organization has introduced case study scenarios

**WORK LIFE BALANCE**

Kindly tick the degree to which you perceive the following aspects

Where 1= No Extent, 2= Small Extent, 3= Moderate Extent, 4= Large Extent, 5= Very Large Extent

<table>
<thead>
<tr>
<th>Employees perception on Work-Life Balance</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization provides flexible working hours</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization encourages job sharing among the Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organization has developed part time working systems</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Organization has introduced home working</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees are allowed to take a special leave to take care of their loved ones</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The organization has embraced compressed work schedules

The organization provides employee assistance programs to its employees

**EMPLOYEE RETENTION**

Kindly tick the degree to which you perceive the following aspects

Where 1= No Extent, 2= Small Extent, 3= Moderate Extent, 4= Large Extent, 5= Very Large Extent

<table>
<thead>
<tr>
<th>Employees perception on Employee Retention</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization creates an environment that fosters open communication</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees are involved in decision making</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Policies that allow for promotion from within exist and are effectively being applied.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization conducts regular employee engagement surveys as a way of understanding engagement levels of its employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization offers growth opportunities to its employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------------------------</td>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization invests in its employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU
APPENDIX II: WORK PLAN
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposal Writing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proposal</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Presentation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Collection</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Data Analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report Writing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Report Submission</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### APPENDIX III: RESEARCH BUDGET

<table>
<thead>
<tr>
<th>Item</th>
<th>Quantity</th>
<th>Cost (Kshs)</th>
<th>Total (Kshs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Personnel</td>
<td>1</td>
<td>@ 5,000.00</td>
<td>5000.00</td>
</tr>
<tr>
<td>2. Materials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Photocopy paper</td>
<td>2 reams</td>
<td>@ 550.00</td>
<td>1,650.00</td>
</tr>
<tr>
<td>Ball pens</td>
<td>5</td>
<td>@ 15.00</td>
<td>90.00</td>
</tr>
<tr>
<td>Foolscap</td>
<td>1 ream</td>
<td>@ 300.00</td>
<td>300.00</td>
</tr>
<tr>
<td>Calling card (Telkom)</td>
<td></td>
<td></td>
<td>1,000.00</td>
</tr>
<tr>
<td>Air time</td>
<td></td>
<td></td>
<td>2,000.00</td>
</tr>
<tr>
<td>Internet browsing</td>
<td></td>
<td></td>
<td>2,000.00</td>
</tr>
<tr>
<td>3. Travel expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 field assistant</td>
<td></td>
<td></td>
<td>14,000.00</td>
</tr>
<tr>
<td>4. Data analysis</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statistical analysis</td>
<td></td>
<td></td>
<td>6,000.00</td>
</tr>
<tr>
<td>5. Report Preparation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Typing, Printing, Binding</td>
<td></td>
<td></td>
<td>5,000.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>36,450.00</td>
</tr>
</tbody>
</table>