

**EFFECT OF ORGANIZATIONAL FACTORS AND EMPLOYEE  
DEMOGRAPHIC CHARACTERISTICS ON EMPLOYEE TURNOVER  
AT LAKE BASIN DEVELOPMENT AUTHORITY, KENYA**



**BY**

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## ABSTRACT

Employee turnover is the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment. Veldsman's theory has it that the propensity to stay or leave an organization is influenced by both organizational factors and employee demographic factors. Today, changes in technology, global economics and trade agreements are directly affecting employee/employer relationships thus leading to high employee turnovers. High labour turnover challenges are still raising concern among many organizations in Kenya and the world at large. This phenomenon is reflected in light of usual impending shortage of highly-skilled employees who possess the requisite knowledge and ability to perform work, meaning that organizations that are failing to retain high performers will be left under staffed that will ultimately hinder their ability to remain competitive. Studies have merely investigated the effect of organizational factors in isolation of turnover. However, no known study has looked into the composite effect of these organizational factors on turnover. Further, Other studies have also shown that employee demographic characteristics have an effect on turnover giving varied and conflicting results but no such study has been carried out in Kenya, so this remain unknown. The purpose of the study was to establish the effect of organizational factors and employee demographic characteristics on turnover at Lake Basin Development Authority. A cross sectional survey design was adopted. The target population was 174 employees taken through proportionate stratified random sampling out of which 19 were used in a pilot study and the remaining 155 represented a response rate of 89.08%. Primary data was collected by use of structured tested for validity using Cronbach's alpha coefficient which yielded alpha scores above 0.6 implying that the instruments for the study were reliable and can be used to predict the relationship of the study variables with certainty. Secondary data was obtained from personnel records and document review. The results indicated that the mean rating of level of motivation, job satisfaction and organizational commitment were 3.2774, 3.0710 and 2.9510 respectively. On a scale of 1 to 5, these mean scores are high indicating that the firms' practices in the three areas were high.  $R^2$  for organizational factors was 0.562, meaning that organizational factors account for 56% of the variance in the employee turnover. On the other hand,  $R^2$  for employee demographic characteristics was 0.304 and was significant. This means that employee demographic characteristics account for 30.4% of turnover at LBDA. Further, Respondent's age and level of education emerged as positive predictors of employee turnover at LBDA and of the two, age with a beta coefficient of 0.65 had a higher prediction of turnover than level of education (0.208), This means that the more educated the employees become, the more likely they are to leave their current jobs and that increase in their ages also propels them to look for better jobs due to experience. The study concludes that organizational factors and employee characteristics are strong predictors of employee turnover at LBDA. It is recommended that the firm continue to emphasize on employee motivation as it lowers the likelihood of workers leaving the organization.

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## CHAPTER ONE

### INTRODUCTION

This chapter addresses the key aspects that lay the foundation to the study. Among them include background of the study, statement of the problem, research objectives, research questions, scope, conceptual framework and justification of the study.

#### 1.1 Background of the Study

According to Hebenstreit (2008) employee turnover is a concern and expense for every organization, with the expense of recruiting and retaining a new worker costing anywhere from half to 200% of the departing employee's annual salary. Depending on the employment level, the many costs associated with employee turnover are co-worker burden, recruitment and training costs, lost productivity, loss of clients and loss of intellectual capital (Rion, 2009).

Employee turnover is the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment (Abassi *et al.* 2000). The term "turnover" is defined by Price (1977) as the ratio of the number of members who have left an organization during the period being considered divided by the average number of people in that organization during the period. Frequently, managers refer to turnover as the entire process associated with filling a vacancy. Each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained. Woods, (1995) describes this replacement cycle as turnover. This term is also often utilized in efforts to measure relationships of employees in an organization as they leave, regardless of reason.

Rion (2009) defines employee turnover as a ratio comparison of the number of employees an organization must replace in a given time period to the average number of total employees. He further states that; there are a number of factors originating from both the employer and the employee that significantly impact employee turnover, Hebenstreit (2008) emphasized that it is essential to create a variety of options and alternatives for a total employee retention programme to address areas that matter to the employees as well as

focusing on certain others that may be ignored, unconsidered or underutilized. Withers (2001) argues that finding and keeping great employees has never been so critical, but the way to get the job done has also changed dramatically. This is because employees view their work differently than they used to previously, a fact that has given rise to an increased demand on organizations to invest in employee retention programmes. Organizations need approaches to acquire, motivate, and retain valuable employees. In today's competitive environment employees leave their organization for various reasons. As the knowledge of employees have become highly important in gaining competitive advantage in today's business environment (Hall, 1993). The organizations are trying to retain the best employees.

Organizations today face formidable employee turnover challenges and this is a major concern for many organizations. High employee turnover can have a devastating effect on an organization, especially if the lost employees are high performers. Bluedrn, (1982); Kalliath and Beck. (2001); Kramer *et al.*(1995); Peters *et al.*(1981); Saks, (1996) have attempted to answer the question of what determines peoples intention to quit. To date, there has been inconsistency in the findings partly due to the diversity of employees included in the research and that the researches have been done in various countries. There can be many reasons for employees leaving an organization. These reasons are related to different factors like job description, salary, organizational culture, level of motivation, job satisfaction, organizational commitment and personality among others. Job dissatisfaction makes employees to quit (Firth *et al.* 2007).

Employee demography can be defined as "the study of the composition of a social entity in terms of its members' attributes" (Pfeffer 1983). Demographics include such factors as gender, age, ethnicity, occupation, seniority, salary levels, marital and family status. The reviews of literature of demographic factor variables that have been found to have stable relationship with retention and turnover intentions are age, gender, tenure, education and income levels. These have influenced employee retention and turnover overtime. Demographic factors have been chosen because they have an influence on employee retention strategies. Several studies in which demographic factors have been employed to investigate job satisfaction and job attitudes have shown that they are strong predictors of

turnover (Furnham *et al.* 2009; Kavanaugh *et al.* 2006; Ng and Sorensen 2008; Schroder 2008).

Graham (1982) defined job satisfaction as the measurement of one's total feelings and attitudes towards one's job. Greenberg and Baron (1997) define job satisfaction as an individual's cognitive, affective, and evaluative reactions towards his or her job. Locke (1976) provides more specific definition on job satisfaction as the state where one's needs and one's outcomes match well. Cranny *et al.* (1992) concluded that job satisfaction is a contribution of cognitive and affective reactions to the differential perceptions of what an employee wants to receive compared with what he or she actually receives. The effect of job satisfaction on turnover is one of the most investigated topics in the turnover literature with mixed findings. Some studies have reported a consistent and negative relationship between job satisfaction and turnover (Cotton 1986; Arnold and Feldman, 1982; Bluedorn, 1982; Mobley, 1982; Price, 1977), as dissatisfied employees are more likely to leave an organization than satisfied ones. According to Cranny, Smith and Stone (1992) job satisfaction is a combination of cognitive and affective reactions to the differential perceptions of what an employee wants to receive compared to what he or she actually receives. Other studies have reported positive relationship between turnover and job satisfaction (MacIntosh and Doherty 2010, Samad (1995)).

Organizational commitment on the other hand was defined by Mowday and Steers (1979) as the relative strength of an individual's identification with and involvement in a particular organization. It is characterized by three factors namely a strong belief in and an acceptance of the organization's goals and values, willingness to exert considerable effort on behalf of the organization and a strong desire to maintain membership in the organization. Lee *et al.* (2001) conceptualized commitment in terms of three distinct psychological states which influence whether the employees remain or leave the organization. These states are outlined as affective commitment which is emotional attachment to the organization, continuance commitment which refers to recognition of the cost associated with leaving the organization and normative commitment which refers to the perceived obligation to remain with the organization.

Studies have shown that organizational commitment is one of the most important predictors of intention to leave. Meyer, Becker and Vandenberghe, (2004) and Sommers (1995) argued that affective commitment emerged as the most consistent precursor of turnover intent. Traditional studies argued that organizational commitment develops from job satisfaction (Price and Mueller, 1981) and concluded that commitment takes longer to develop and thus is more stable than job satisfaction as a predictor of turnover intention. Studies that were carried out in the developed countries to establish the link between organizational commitment and turnover were inconclusive and gave results that may not be generalized to developing countries. Such studies included the ones conducted by Kaiser(2006) who examined the relationship between orientation and training programmes and employee turnover rate in Wisconsin Organizations. The findings showed that orientating workers have a significant effect on workers turnover at all levels of the organization. However, Saritas (2007) who investigated the effect of training and development activities on employee turnover in Turkish insulation found that training reduces turnover in low level and mid-level employees but has no significant effect on top level management. There were also mixed results in the relationship between organizational commitment and turnover. Such included the works of Muller *et al.*(1994) who found in their study that organizational commitment is a better predictor of intention to stay and that higher levels of organizational commitment are associated with lower levels of turnover. Other studies that supported these findings include the works of Lumet *al* (1998),Tang *et al.* (2000),Wasti (2003) and Griffeth *et al.* (2000), Morrson (2004) and Koruka *et al.* (2005). On the contrary, Sjoberg *et al.* (2000) proved in his study that turnover is a mediating variable in the relationship between organizational commitment and turnover. Taunton also reported an indirect relationship between organizational commitment and turnover. Guimaraes and Igbaria (1992) also reported a different finding that organizational commitment is an intervening variable in the relationship between turnover and satisfaction. These conflicting results have not been validated by carrying out a current study on the effect organizational factors on turnover in the Kenyan context specifically at the Lake Basin Development authority. Further, the studies also failed to investigate how employee demographic characteristics affect employee turnover.

According to LBDA staff establishment, there has been high staff turnover at LBDA as for the last five years, the trend of employees leaving jobs has been 3%, 4.8%, 5.8%, 7 % and 8% respectively (Staff Establishment, 2009-2013) and this has raised concern to the Organization. Globally, studies have been carried out on employee turnover and a number of factors have been identified to affect turnover. Fitz-enz (1990) recognized that only one factor is not responsible in employee's turnover which needs to be managed congruently. Outstanding employees may leave an organization because they become dissatisfied, under paid or unmotivated (Coff, 1997). Previous researchers have also shown several factors which play pivotal role in employee turnover. This notwithstanding, the unknown was what contributed to high employee turnover at Lake Basin Development Authority (LBDA). Previous studies have not addressed this phenomenon adequately evidencing lack of Knowledge. First and foremost, it is costly to replace personnel, and the proprietary knowledge that they take with them when they leave is impossible to replace. A ripple effect often occurs as well. When employees depart, they impact morale, spur rumors, and often open the door for others to leave the organization. According to the Saratoga Institute, which specializes in quantitative human resources measurement systems, the average company loses about one million dollars for every 10 professional employees who leave. The world of work has changed during the last few decades because of globalization, technological advances, new ways of doing business and even forms of organizations to meet the changing market demand (Ibeche, 2009; Vittoli, 2007). It is therefore important for regional authorities like Lake Basin Development Authority to understand why employees stay or leave organizations, since as Armstrong, (2009) asserts that proper retention strategies are based on the understanding of organizational factors that affect whether or not employees leave or stay.

Kamoche (2004) notes that Kenya is losing its skilled human resources, especially professional and organizations that retain their high performers are bound to be successful in performance and at the same time avoid expenses that are incurred in advertisement of vacant positions, recruitment and selection, induction and training new employees that follow when an employee is lost. Harting (2010) explains that it is therefore advisable that every organization should maintain its best performers especially in today's competitive

economic arena where competitors are observed to 'poach' employees from each other. Currently, most organizations have treated their people as the most important resource of an organization. Guma (2011) explains that poor job retention among employees leads to costs associated with employee turnover which include additional burden on the remaining staff, recruitment and training costs. Kenya currently faces significant challenges in overcoming employee shortages due to low retention, as well as difficulty attaining equitable distribution of human resources. Employee turnover is today being more critical to ensure the competitiveness of any organization for the long term for proper management in Kenya (Athanne, 2012). This being fundamental, seek to provide reason for the study of LBDA in its uniqueness and further determine and establish the effect of organizational factors and employee demographic characteristics on employer turnover.

### **1.2 Statement of the Problem**

High employee turnover challenges are still raising concern among many organizations in Kenya and the world at large. This phenomenon is truly reflected in light of usual impending shortage of highly-skilled employees who possess the requisite knowledge and ability to perform work, meaning that organizations failing to retain high performers will be left with an under staffed, less qualified workforce that ultimately hinders their ability to remain competitive. Studies have indicated that career development, leave policy, leadership style, work environment, remuneration and rewards, organization justice, and performance appraisal, job security, employee promotion, training and development, support culture, work life balance, cost effectiveness, benefits and employee motivation as some of the organizational factors that have effect on employee turnover. The same studies have merely investigated the effect of organizational factors in isolation on turnover. However, no known study has looked into the composite effect of these organizational factors on turnover especially in the Kenyan context where employee turnover have caused a major crisis in most organizations. Further, other studies have also shown that employee demographic characteristics have an effect on turnover giving varied and conflicting results. No such study has been carried out in Kenya so this remains unknown. The study therefore intends to form a basis of empirical evidence on the above stated effect which still unclear in the Kenyan context.



### **1.3 Objectives of the study**

The main objective of the study was to establish effect of organizational factors and employee demographic characteristics on employee retention at Lake Basin Development Authority. Specific objectives were to:

- i. Determine effect of organizational factors on employee turnover at Lake Basin Development Authority.
- ii. Establish effect of employee demographic characteristics on employee turnover at Lake Basin Development Authority.

### **1.4 Research Questions**

- i. What is the effect of organizational factors on employee turnover at Lake Basin Development Authority?
- ii. What is the effect of employee demographic characteristics employee turnover at Lake Basin Development Authority?

### **1.5 Scope of the Study**

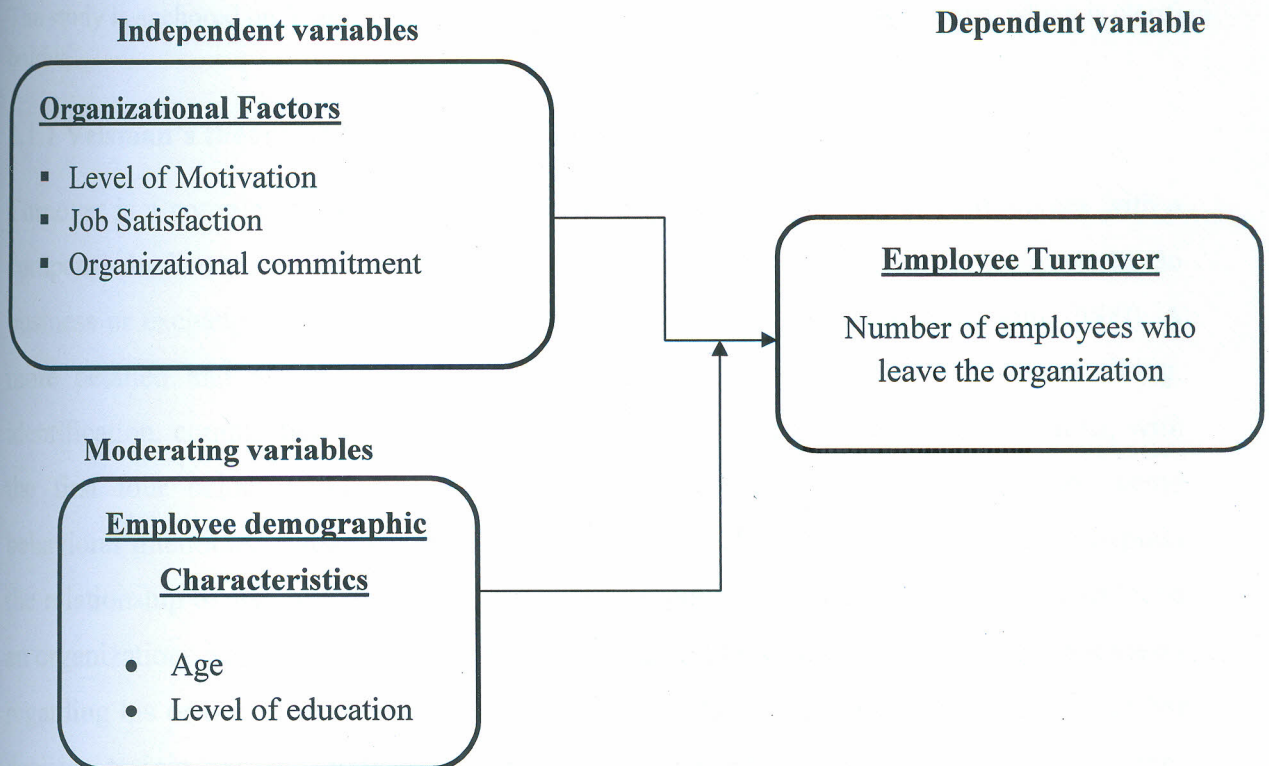
The study covered the concept of employee turnover and specifically analyzed how organizational factors like employee level of motivation, job satisfaction, and organizational commitment affect employee turnover at Lake Basin Development Authority. It also focused on effect of employee demographic characteristics such as their age and level of education on employee turnover at Lake Basin Development Authority.

### **1.6 Significance of the study.**

The study provides useful information for decision making not only to the managers of Lake Basin Development authority but also county government. It gives insight to the managers of this organization towards a shift from less effective to more effective upstream managerial practices and could help them retain their skilled and experienced employees so that the problem of workers leaving their jobs to other organizations is minimized. The study also provides a forum for scholarly attention forming a basis for further research in the area of employee retention and organizational factors.

### 1.7 Conceptual Framework.

The study was based on the belief that a number of factors have effect on turnover of employees at Lake Basin Development Authority. Based on the Veldman's employee commitment model, a basic turnover model is developed for this study. This a modification made to Veldman's employee commitment model. This gives a clearer and more lucid pictorial framework of both the employee demographic characteristics and some of the major organizational factors resulting in employee turnover as below:



**Figure 1.1 Employee turnover model.**

**Source: Modified from Veldsman's model (2003)**

The relationship above shows the dependent variable, employee turnover as affected by the independent variables organizational factors and employee characteristics as moderating variables. Organizational factors have the elements; level of motivation, job satisfaction and organizational commitment. Employee characteristics comprises of the elements; Age and level of education. The above independent and moderating variables elements are believed to have a composite effect on employee turnover.

## CHAPTER TWO

### LITERATURE REVIEW

#### Introduction

This chapter reviews issues and factors that have been explored and studied in the existing literature on employee retention and examine the existing gaps.

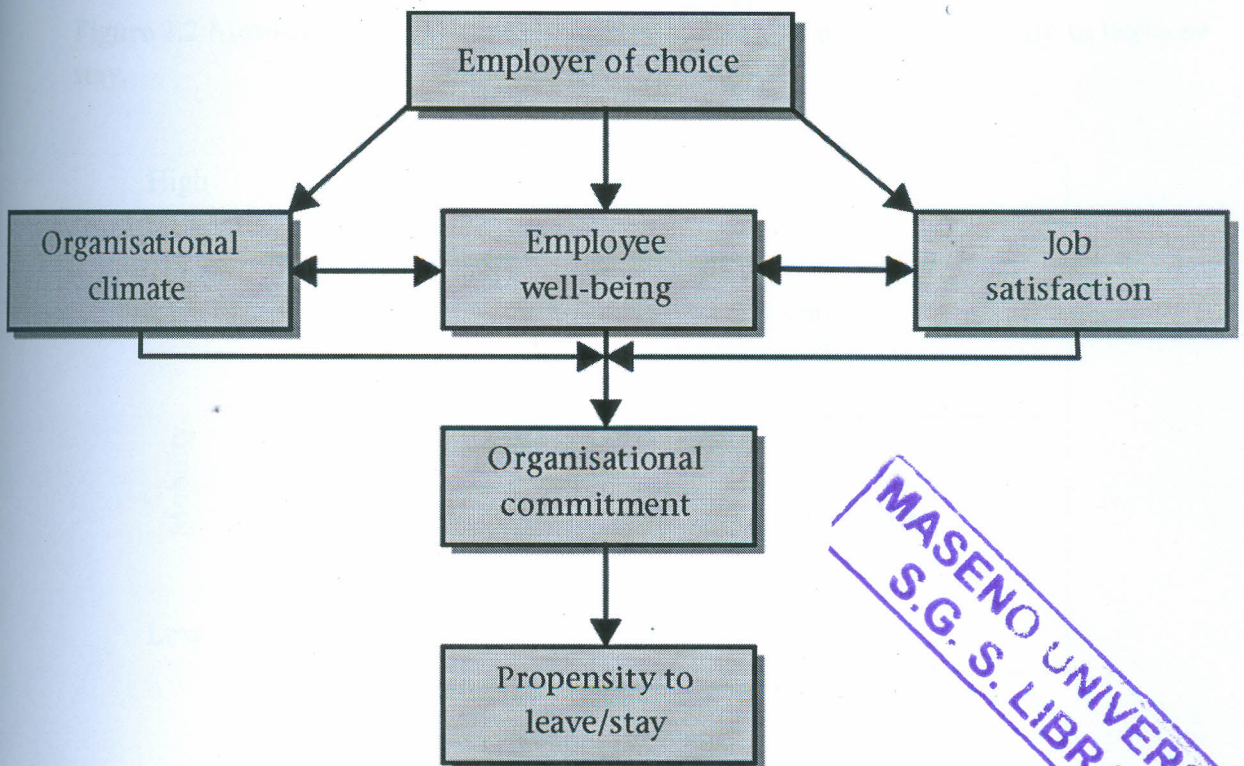
#### 2.1 Theory of the Study

The study is anchored on Veldsman's employee turnover theory and the Image theory which is clarified below;

##### 2.1.1 Veldsman's theory of Employee Turnover

Turnover is a complex concept and there is no single recipe for keeping employees with a company. In literature, retention has been viewed as "an obligation to continue to do business or exchange with a particular company on an ongoing basis" (Zineldin, 2000). A more detailed and recent definition for the concept of retention is "customer liking, identification, commitment, trust, readiness to recommend, and repurchase intentions, with the first four being emotional-cognitive retention constructs, and the last two being behavioral intentions" (Stauss *et al.*, 2001). Veldsman (2003) proposed a model to explain the relationship of various factors that affect the propensity of an employee to stay or leave an organization. According to Veldsman, an individual in the first instance has certain views regarding his or her organization as an Employer of Choice (EoC) which affects his or her decision to join and stay with the company. The propensity to stay or to leave is further affected by Organizational climate and culture, Job Satisfaction, and Employee Well-being. Organizational Climate and culture reflects how the individual engages with the macro work set factors pertaining to job satisfaction.

Veldsman (2003) proposed a model to explain the relationship of various factors that affect the propensity of an employee to stay or leave an organization. The factors that affect employees' turnover are clustered into three categories as described in the Veldsman model: factors pertaining to "organizational climate and culture"; "job satisfaction and employee well-being". This model is given in figure 1.2.



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**Figure 2.1 Veldsman's employee turnover model (2003)**

According to the figure above, an individual in the first instance has certain views regarding his or her organization as an Employer of Choice (EoC) which affects his or her decision to join and stay with the company. The propensity to stay or to leave is further affected by Organizational climate and culture, Job satisfaction, and employee well-being. Organizational climate and culture reflects how the individual engages with the macro work setting.

Job satisfaction indicates the micro (or immediate) work setting engagement of the employee. Employee Well-being is situated between Organizational Climate and Job Satisfaction. This Positioning indicates the positive and or negative responses of the employee to his or her total work setting, i.e. the macro and micro work settings, which is reflective of his or her internal experiences of his or her work engagement.

**Figure 2.2 Mobility and market or industry conditions on the propensity to leave or stay.**

Mobility	High	Medium propensity to stay	High propensity to leave
	Low	High propensity to stay	Medium propensity to leave
		Unfavourable	Favourable
		Market or Industry Conditions	

Figure 2.2 above describes the influence of mobility and market or industry conditions on the propensity to leave or stay (Veldsman, 2003).

The propensity to stay or leave according to the Veldsman model in Figure 2.2 is moderated by the individual's mobility (the ability to pursue and find alternative employment) and the prevailing market conditions facing the individual (such as a favourable or unfavorable supply or demand for labour or the prevailing economic climate). The current study modified the above Veldsman's model and focused on organizational factors namely; job satisfaction, organization commitment and level of motivation. Organization commitment, job satisfaction and level of motivation affect employee well-being subsequently his or her decision to consider an organization as **employer of choice**.

Chaminade, (2007) defined Retention as a voluntary move by an organization to create an environment which engages employees for a long term. According to Samuel and Chipunza (2009), the main purpose of retention is to prevent the loss of competent employees from leaving the organization as this could have adverse effect on productivity and profitability. However, turnover challenges have become heavy task for managers and Human Resources

(HR) practitioners. The retention of employees in an organization is very significant to the development and the accomplishment of the organization's goals and objectives making the turnover of employees a vital source of competitive advantage for any organization. Studies have indicated that employee turnover is driven by several key factors, which ought to be managed congruently: Organizational culture, strategy, pay and benefits philosophy, and career development systems (Fitzenz 1990). Issue of employee turnover affects the performance of the entire company; the ability to keep good employees is rapidly becoming a critical competitive weapon. Organizations are realizing that their people are, by far, their most important asset, and this simply means when workers are satisfied with their work and their working conditions they will be willing to stay longer in their organization to help achieve the organizational goals.

### **2.1.2 Image theory**

The image theory was created by Lee Roy Beach and it explains the way in which employees process information when making a decision through different images (Beach, 1990). The fundamental principle of this theory is that individuals leave an organization after having assessed the reason for quitting. Beach (1990) suggests that individuals do not have the cognitive ability to thoroughly analyze all incoming information. Hence, they simply compare it with more heuristic-type information – in other words, they learn from their own experience.

The image theory suggests that decision-makers use three knowledge arrangements (images) to arrange their thinking about decisions. According to this theory, some incoming facts (for example, a job offer) will be compared to these images. The first image is the value image which refers to the employee's set of significant beliefs and values concerning the job. Secondly, the employee can compare the facts or information with the trajectory image which refers to the person's particular goals that determine job behaviour. Lastly, the employee may compare the facts or information with the strategic image which refers to the strategies and methods that the person views as vital in reaching job-related goals. If the incoming information has an alternative that is attuned with the images, the person will then compare the alternative with what he or she presently has. If the individual has more than

one compatible alternative, he or she will further analyze the options. The underlying premise of this model is that people leave organizations after they have analyzed the reasons for quitting.

## 2.2 Concept of employee turnover

Employee turnover is the rotation of workers around the labour market; between firms, jobs and occupations; and between the states of employment and unemployment (Abassi *et al.* 2000). The term "turnover" was defined by Price (1977) as the ratio of the number of members who have left an organization during the period being considered divided by the average number of people in that organization during the period. Frequently, managers refer to turnover as the entire process associated with filling a vacancy. Each time a position is vacated, either voluntarily or involuntarily, a new employee must be hired and trained. Woods, (1995) describes this replacement cycle as turnover. This term is also often utilized in efforts to measure relationships of employees in an organization as they leave, regardless of reason.

Shaw *et al.* (1998) postulates that there is no standard reason why people leave an organization. Bluedrn, (1982); Kalliath and Beck. (2001); Kramer *et al.*, (1995); Peters *et al.*, (1981); Saks, (1996) have attempted to answer the question of what determines peoples intention to quit. To date, there has been inconsistency in the findings partly due to the diversity of employees included in the research and the lack of consistency in their findings. There can be many reasons for employees leaving the company. These reasons are related to different factors like job description, salary, organizational culture, local economy, workload, length of stay in the current position, personality among others. Job dissatisfaction makes employees to quit (Firth *et al.* 2007). The predominant reasons for leaving of positions are the local economy and the ratio of demand for employees and the number of employees that are looking for a job. The "Unfolding model" of voluntary turnover represents a divergence from traditional thinking (Hom and Griffeth, 1995) by focusing more on the decisional aspect of employee turnover, in other words, showing instances of voluntary turnover as decisions to quit. The model is based on a theory of decision making. The Image theory (Beach, 1990), describes the process of how individuals

process information during decision making. The underlying premise of the model is that people leave organizations after they have analyzed the reasons for quitting.

Studies have shown that turnover intention is a good measure of actual turnover behaviour, and that attitude is an immediate determinant of turnover (Fishbein and Ajzen 1975, Ajzen and Fishbein 1980, Zimmerman 2008) but relatively few studies have focused on the motivational factors underlying turnover intention, such as job autonomy and work motivation (Richer *et al.*, 2002), and how these variables are related to affective commitment. The attraction-selection-attrition (ASA) framework is used to analyze the turnover and turnover intention of employees (Schneider, Goldstein, and Smith, 1995). Attraction refers to the fit between an individual's needs, values, and personal characteristics and those of an organization. Selection involves job applicants choosing each other on the basis of this anticipated fit between the person and the characteristics of the job. Attrition refers to employees leaving the organization because they do not fit. The attraction-selection-attrition framework considers turnover to be the consequence of a misfit between job characteristics and an individual's needs and values (Moynihan and Pandey, 2008). The more general person-environment fit literature provides ample evidence of the negative consequences of misfits on Human Resource Management outcomes such as job satisfaction and turnover (Hoffman and Woehr, 2006; Kristof, 1996; Verquer, Beehr, and Wagner, 2003)

Employee turnover is expensive from the view of the employer/organization. The reason a lot of attention has been paid to the issue of turnover is because turnover has significant effects on organizations. Demicco and Grindharan, (1987); Dyke and strick, (1990); Denvir and McMahon, (1992) argue that high turnover rates might have negative effects on the profitability of the organization if not properly managed. Some of the costs associated with employee turnover include costs of searching for a suitable substitute, selection between competing substitutes, induction of the chosen substitute and formal and informal training of the chosen candidate until he/she attains performance levels equivalent to the individual who quit (John 2000) and work output which is affected or maintained at the cost of overtime payment. Additionally, there are administrative costs involved in addition and removal from the payroll and the associated final dues. Turnover has many invisible costs (Phillips, 1990) which are a result of incoming employees, morale of co-workers closely associated with the



departing employee, pressure on remaining staff, loss of social capital and filling of the vacant position.

Catherine (2002) argues that turnover includes other costs such as lost productivity, lost sales and management time. Each time an employee leaves the firm, it is presumed that productivity drops due to the learning curve involved in understanding the job and the organization. The loss of intellectual capital adds to these costs. Not only do organizations lose the human and relational capital of the departing employee, competitors are also potentially gaining these assets (Meghan *et al.*, 2002). Costly *et al.* (1987) points out that a high labor turnover may mean poor personnel policies, poor recruitment policies, poor supervisory practices, poor grievance procedures, or lack of motivation. All these factors contribute to high employee turnover in the sense that there is no proper management practices and policies on personnel matters hence employees are not recruited scientifically, promotions of employees are not based on spelt out policies, no grievance procedures in place and thus employees decides to quit. Too high employee turnover may cause organizational problems while too low or no turnover may cause a lack of idea generation and resistance to change. A 5% annual turnover is generally acceptable as healthy since old employees give experience but are resistant to change while new employees are motivated and receptive to their job demands (Kevin *et al.* 2004). If employee turnover is not managed properly, it would adversely affect the organization in terms of personnel costs and in the long run it would affect its liquidity position.

Literature has proved the importance of retaining valuable workforce or functional workforce for the survival of an organization (Bogdanowicz and Bailey, 2002). Mak and Sockel (2001) noted that retaining a healthy team of committed and productive employees is necessary to maintain corporate strategic advantage. Hence, organizations must design appropriate strategies to retain their quality employees. Literature on employees turnover again show that attracting existed employees costs less than acquiring new talents as organizations know their employees and what they want, and the initial cost of attracting the new employees has already been expended (Davidow and Uttal, 1989). The employees who stay for a longer duration are familiar with the company policies, guidelines as well as rules and regulations and thus can contribute more effectively than individuals who would not

stay long. It has been observed that individuals sticking to an organization for a longer span are more loyal towards the management and the organization; it is essential for the organization to retain the valuable employees showing potential, every organization needs hardworking and talented employees who can really come out with something creative and different. No organization can survive if all the top performers quit; it is essential for the organization to retain those employees who really work hard and are indispensable for the system.

Empirical studies (Harris, 2000; Kinnear & Sutherland, 2000; Maertz and Griffeth, 2004; Meudell and Rodham, 1998) have explained that factors such as competitive salary, friendly working environment, healthy interpersonal relationships and job security were frequently cited by employees as key motivational variables that influenced their turnover in the organizations. However, the studies did not look at the composite effect of these organizational factors on turnover but they instead studied the organizational factors above in isolation. Moreover, the factors that were cited may not in a similar way affect turnover of employees in the Kenyan context particularly at Lake Basin Development authority as working conditions in the developed countries and developing country like Kenya are different.

### **2.3 Organizational factors**

According to Nimalathasan and Mohamad (2011), there are a number of factors that may be affecting the employees' turnover. Each employee may have a different impact from different things at the workplace. Their attitude and behavior can play a vital role in their performance. Employees do not perform in a vacuum. There are a variety of organizational factors, such as level of motivation, job satisfaction, Organizational commitment and organization culture that may influence their decision to stay or quit the job.

#### **2.3.1 Level of motivation and employee turnover**

The term motivation is derived from a Latin word "movere" which means to move (Dhameja, 2009). It means influencing workers behaviour to achieve organizational goals and objective. It determines whether an employee will do his job properly. Motivation increases workers performance. Pay, punishment or praise are external incentives or

motivational factors that need to be internalized in order to become effective. Internal incentives on the other hand, are ego needs of the employee. It includes job satisfaction, job accomplishment and prestige (Dhameja, 2009).

Chaminade, (2007) defined Retention as a voluntary move by an organization to create an environment which engages employees for a long term. According to Samuel and Chipunza (2009), the main purpose of retention is to prevent the loss of competent employees from leaving the organization as this could have adverse effect on productivity and profitability. However, retention practices have become a daunting and highly challenging task for managers and Human Resources (HR) practitioners. The retention of employees in an organization is very significant to the development and the accomplishment of the organization's goals and objectives making the retention of employees a vital source of competitive advantage for any organization

Cristescu *et al.* (2013), posited that employees could be intrinsically or extrinsically motivated; the intrinsic factors of motivation are relations between the expectations, perceptions and feelings of an individual on the one hand, and the actual content of the individual's work and behaviour on the other hand. Extrinsic motivation is also based on individual-organization relationship and is meant to meet employee's expectations with regard to the organizational reactions in relation to employees' efforts, behaviour and results. Vroom (1964) defines motivation as the 'force' impelling a person to perform a particular action, determined by the interaction of a person's expectancy that the act will be followed by a particular outcome and the valence of that outcome, which in turn is a function of the valences of all other outcomes.

The main idea behind Maslow's needs hierarchy concerns employers responsibility to provide environment of workplace that encourages and enables employees to fulfill their own unique potential or self-actualization (Maslow, 1954). This hierarchy of needs model/theory developed in the 1940-50s remains valid till today for the understanding of human motivation, management training, and personal development (Maslow, 1943). With this theory managers understand how to motivate employees and channel motivation towards work for retention (Manion, 2005). Knowing the purpose of the job and doing

everything with that purpose in mind increases motivation. Focusing exclusively on extrinsic rewards costs more and do not increase commitment (Ayers, 2008). However, four intrinsic rewards that increase motivation are senses of meaning, choice, competence and progress. This is in line with Meyer et al (2003) argue that building effective commitment involve more than paying well, and that retention based on compensation base commitment (motivation) is of course sensitive to changes in compensation within the organization. Organizations that indulge in this form of retention strategy are often vulnerable to the possibility that competitors may use better wage offers to lure away employees. Hence, Smith (2001), states that money gets employees to the door, but does not keep them there.

Siegfried(2008) further explain that employees work with integrity and passion when employers of labour identify, engage and retain people who enjoy what they do, this is the bottom line. Siegfried (2008) added that staff turnover can better be controlled at the point of recruitment. Also, recruiters needs to identify among other preferences whether an applicant is a road warrior (just after money) or not, and to understand the kind of career path employees are looking for. Getting employees to be committed is very important to any business because, O'Malley (2000) stated that commitment is critical to organizational performance but not a panacea. There are other ingredients O'Malley explains that need to be added to mix, to achieve important organizational ends and when blended in the right complements, motivation becomes the result.

According to Barber (2009), motivation can be negative or positive, that inspiration taps into our inner good and a better day is always seen coming and it is always positive. Intrinsic motivation prevails over the extrinsic one when referring to the activity in a public institution, which deals with educational services, while the activity in a private company, which deals with car construction, is dominated by the extrinsic motivation (Marius and Radu, 2009).

According to People Management (2008), most people go to work for money, and that there are different motivators for workers with similar skills. The earlier statement was contradicted by Psychologists affirming that money is generally a powerful de-motivator and a weak long-term motivator (People Management, 2008). Rawson (2009) further argues

that there is the need to develop programmes that help workers achieve work-life balance and consequently reduce stress in the workplace, which was supported by the 2008 Human Capital Survey conducted by the Office of Personal Management (OPM). Public sector organizations have distinguished themselves and are recognized for 'best practice' and as best places to work by the workforce which appears to be one of the reasons why those that stay or last on a job do.

Ali and Ahmed (2001) examined the impact of reward and recognition programme on employee's motivation and satisfaction. The study was conducted from UNILEVER companies. They collected the data on nine variables using the questionnaire technique from 80 employees of UNILEVER. They used correlation technique to find out the effect of nine variables (work content, payment, promotion, recognition, working conditions, benefits, personal, leader or supervisor and general) on employee motivation and satisfaction. They found that the most significant factors which affect the employee motivation and satisfaction are payment, promotion and working condition. They recommended that if more focused is placed on reward and recognition it may positive impact on motivation that enhances high level of performance and retention.

Ming (2008) investigated the role of career development practices on turnover intention. He collected data from four different industries finance, information technology, engineering and education. He used correlation technique to find out the effect of variables (organizational rewards, career development opportunities, supervisory support, and promotion) on employee turnover. The results showed that the most significant factor which affect the turnover intentions depend on the nature of organization practices and these practices enhance the personal goals and motivate the work force and reduce turnover.

Shinew (1992) investigated how service oriented organization use reward technique in manufacturing sector in the United States to permute the growth or help to develop productivity and customer service and decrease the absenteeism and turnover. They used questionnaire technique to find out the effect of major theories (goal setting, expectancy, reward allocation, and equity) productivity, absenteeism and turnover through extrinsic reward (cash, travel, recognition, autonomy) and intrinsic reward (felling of personal growth

accomplishment, self-respect and worth). They established that service oriented organizations that are implementing performance based reward system for motivation reduces turnover and absenteeism.

Kaiser (2006) examined the relationship between orientation and training programs and employee retention rate. He collected the data from 20 questionnaire web based survey from 7700 members of Wisconsin. He used the technique correlation for identify relationship between training programs and turnover .He found out that orientating workers and training has a significant effect on turnover.

Doody (2007) investigated the impact of high involvement work system on employee turnover and organization performance in New Zealand organization. He collected the data on eight variables using the questionnaire technique from employees. He used regression technique, linear regression and correlation technique to find out the effect of eight variables (power, participative meeting, enrichment, information sharing, rewards, training or knowledge, conflict resolution and job rotation) on employee turnover and organization performance. He found that the high involvement in work system affects employee turnover and organization performance. He also found that the high involvement in work system can improve productivity.

Saritas (2007) investigated the effect of training and development activities on employee turnover for the Turkish insulation sector. He collected the data using questionnaire technique from 31 firm's employees and interviewing from large small firms collected wide range of data. He used correlation technique to find out the effect of training and development on employee turnover. He collected the data into three levels, low level employees training, mid-level employees training and high level employees training. He recommended that training and development be enhanced as this may reduce turn over in low level and mid-level employees. But he also observed that training and development may have no significant effect on turnover of top level management.

Borstorff and Marker (2007) investigated the turnover drivers and retention factors on affecting hourly workers. They collected the data on eleven variables using the questionnaire technique from 110 hourly employees. he used questionnaire technique to find out the effect

of eleven variables (health benefit, base pay, life/work balance, hours work environment , supervisor quality, job fit, opportunity for advance, union representation, recognition, challenging work) of turnover and retention factors . They found out that the most significant factor which effect the employee turnover are health benefit, base pay and life/work balance are more important factors for hourly workers. They recommended that supervisors must be supported and give life/ work balance to their employees as this contributes to retaining their employees.

### **2.3.2 Job satisfaction and employee turnover**

Graham (1982) defined job satisfaction as the measurement of one's total feelings and attitudes towards one's job. Greenberg and Baron (1997) define job satisfaction as an individual's cognitive, affective, and evaluative reactions towards his or her job. Locke (1976) provides more specific definition on job satisfaction as the state where one's needs and one's outcomes match well. Cranny *et al* (1992) concluded that job satisfaction is a contribution of cognitive and affective reactions to the differential perceptions of what an employee wants to receive compared with what he or she actually receives. Many studies report a consistent and negative relationship between job satisfaction and turnover (Cotton & Tuttle, 1986; Arnold *et al.*, 1982; Price, 1977), as dissatisfied employees are more likely to leave an organization than satisfied ones. According to Cranny, Smith and Stone (1992) job satisfaction is a combination of cognitive and affective reactions to the differential perceptions of what an employee wants to receive compared to what he or she actually receives.

Rue and Byar (1986) refer to job satisfaction as an individual's general attitude towards the job he/she performs. Schultz and Schultz (1998) also defined job satisfaction as the positive and negative feelings and attitude which an individual holds about his/her work. According to Ramayah *et al.* (2001); Job satisfaction explains why employees are buoyant to come to work and how they get enforced to perform their jobs. Other researchers narrate job satisfaction as being the outcome of the worker's appraisal of the extent to which the work environment fulfillment the individual's needs (Dawis and Lofquist 1984). According to (Khan2006), job satisfaction also blends with psychological and environmental effect of the job.

Job satisfaction is a collection of positive and/or negative feelings that an individual holds towards his or her job. According to Tett and Meyer (1993) high job satisfaction leads to lower turnover, while low satisfaction leads to higher turnover. However, Weitz (1952) argued that job dissatisfaction would be more predictive of turnover if it was considered in the light of an individual's predisposition to be satisfied with everyday life events. Spencer and Steers (1981) found a strong negative relationship between job satisfaction and turnover only for employees who were relatively low performers. They observed that high performing employees who became dissatisfied were encouraged to stay by receiving whatever inducements could be provided to change their feelings. Whereas, low performers received no such encouragement, therefore, job satisfaction was more likely to be related to quitting for them than for the high performers.

Strauss and Sayles (1980), claimed that one's satisfaction on his job depends on expectations, self-evaluation, social norms, social comparisons, input and output relations and commitment, and that these show the elusiveness of job satisfaction as a concept. Blum and Naylor (1988), asserted that these findings often lead to meaningful hypothesis but that these require a mixture of reality. According to them, to understand job satisfaction better we must take into consideration the opportunities it offers an individual.

Mobley *et al.* (1978) found that job satisfaction negatively effects turnover intent, and turnover intent directly impacts voluntary turnover. According to the Society for Human Resource Management journal April-June 2009, job dissatisfaction can contribute to multiple organizational problems and has been associated with increased levels of turnover and absenteeism, which ultimately cost the organization in terms of low performance and decreased productivity. Consistency of the negative relationship between job satisfaction and turnover has led the investigators to look more closely at other factors that might be related to issues of turnover and job satisfaction. Intrinsic factors of job satisfaction are those that are associated with the employee's job and are within the management's control. They include variables such as recognition, flexibility, position, career growth prospects, nature, and kind of job, job security, supervisory support, and working environment. Job stress contributes to job dissatisfaction and includes variables such as role ambiguity, role conflict, work-overload and work-family conflicts. Other factors which make employees quit from



organizations are poor hiring practices, managerial style, lack of recognition, lack of competitive compensation systems in the organization and a toxic workplace environment Abassiet *al.* (2000).

Job satisfaction and attrition are strongly linked (Billingsley & Cross, 1992; Gersten *et al.*, 2001; Whitaker, 2000). An employee who is satisfied with his job would perform his duties well and be committed to his job, as well as the organization (Awang and Ahmad, 2010). On the other hand, researchers like Ahuja *et al.* (2001) have opined that if employee does not feel satisfied with the job, he will blame the organization and thus possess a lower commitment to the job and is therefore, likely to leave sooner or later. This view finds ample support in the literature. Several recent researchers (Falkenburg and Scyns, 2007; Summer and Niederman 2004; Rajendran and Chandramohan, 2010) have upheld the traditional hypotheses that job satisfaction has a significant negative impact on employee turnover. Job satisfaction plays an important role in determining turnover of employees (Mudor and Tooksoon, 2011). High job satisfaction leads to low turnover. In general, dissatisfied workers are more likely to quit than those who are satisfied. Delfgaauw (2007) suggested that self-reported level of job satisfaction is a good predictor for job mobility and employee attrition. Thus, frequent satisfaction surveys act as smoke detectors and help in uncovering potential turnover intentions.

Velnampy (2008), in his study on job attitude and employees performance concluded that job satisfaction contains positive influence on the performance of the employees as it enhances job involvement and the higher performance also makes people feel more satisfied and committed to the organization. The satisfaction and performance of the employee works in a cycle and are interdependent, job satisfaction and involvement of the employee leads him to have high levels of performance.

Aswathappa (2003) examined the determinants of job satisfaction and said that the wage payment and monetary rewards are the two determinants. Different organizations employ different wage system and other rewards. Samad (1995) examined that the relationship of job characteristic, job satisfaction and turnover intention and examined the contribution of demographic variables segments of human populations broken down by age or sex or

income etc. He collected the data from 292 IT staff in telecom Malaysia. He used correlation technique to find out the variable (job satisfaction, skill variety, task identity, task significance, autonomy, feedback,) he found that demographic variables, job characteristics and job satisfaction have a significant impact on turnover intentions.

Cohen (1993); discussed the evidences from theoretical as well as empirical studies, that turnover intentions represented a reliable indicator of actual voluntary turnover and were heavily influenced by job satisfaction. Meyer and Herschovitch (2001) argued that when employees were dissatisfied with their jobs, their desire to remain in their organization started to erode. A study by MacIntosh and Doherty (2010) showed that job satisfaction strongly and inversely influenced intention to leave the organization for employees in the fitness industry; furthermore, the authors found that that, of the dimensions shown to impact job satisfaction, atmosphere appeared to be most meaningful. A positive and friendly workplace was an important indicator of job satisfaction in the study. Similarly, Schwepker (2001) found a positive relationship between professionalism in the workplace and job satisfaction. In his research, Schwepker (2001) also noted that statistically significant, negative relationships have been found between turnover intention and climates that are innovative, as well as pleasant.

Fried and Ferris (1987) in their study of job satisfaction found that job satisfaction was dependent on the nature of the job itself, which integrated job challenges, autonomy, skill variety and job scope, best predicted overall job satisfaction, and other important outcomes like job retention. Thus, to comprehend what made people to be satisfied with their jobs, nature of job itself was one of the first places for researchers to spotlighting. There was an emerging interest amongst the human resource researchers and professionals to find a degree to which employees were satisfied with their jobs, and more usually in comfort at job.

Bloch (2004) investigated the effect of job satisfaction on employee motivation and turnover intentions. He collected the data from different organizations in the United States. He collected the data on seven variables using questionnaire technique from 250 workers he used correlation technique to find out the effect of variable (physical environment, task design, reward and reinforcement, supervisory support and coaching, social norms and

organizational culture) on job satisfaction, employee motivation and turnover intentions. He found that job satisfaction results to increased motivation and reduce turnover intentions.

### 2.3.3 Organizational commitment and turnover

Mowday and Steers (1979) defined commitment as the relative strength of an individual's identification with and involvement in a particular organization. It is characterized by three factors namely a strong belief in and an acceptance of the organization's goals and values, willingness to exert considerable effort on behalf of the organization and a strong desire to maintain membership in the organization. Lee *et al.* (2001) conceptualized commitment in terms of three distinct psychological states which influence whether the employees remain or leave the organization. These states are outlined as affective commitment which is emotional attachment to the organization, continuance commitment which refers to recognition of the cost associated with leaving the organization and normative commitment which refers to the perceived obligation to remain with the organization. Studies have shown that organizational commitment is one of the most important predictors of intention to leave. Meyer, Becker and Vandenberghe, (2004) and Sommers (1995) argued that affective commitment emerged as the most consistent precursor of turnover intent. Traditional studies argued that organizational commitment develops from job satisfaction (e.g. Price & Mueller, 1981) and concluded that commitment takes longer to develop and thus is more stable than job satisfaction as a predictor of turnover intention.

Bluedorn, (1982); Mobley (1977); and Price, (1977) posited that turnover is greatly attributed to organizational commitment. Griffith *et al.* (2000) identified lack of commitment as an important precursor to employee quit process. Previous research supports the idea that attitudes related to organizational commitment are strongly associated with turnover (Dunham *et al.*, 1994; Newton, *et al.*, 2004; Somers, 1995). According to studies conducted by Addae *et al.*, (2006); Addae and Parboteeah, (2006); Goldman *et al.*, (2008); Wright & Bonnet, (1997); Zhao *et al.*, (2007) Organizational commitment was found to be strongly negatively related to both turnover intention as well as actual turnover. Lacity (2008) and Tang *et al.* (2004) concluded that organization commitment is one of the significant factors that impact turnover intention.

According to of a three-year study conducted by International Survey Research that surveyed more than 360,000 employees in the world's 10 largest economies by Buckingham and Coffman (1999), organizations with high levels of employee commitment have significantly higher operating margins and net profits than organizations with low employee commitment.

Griffeth *et al.* (2000) who identified job satisfaction as a possible antecedent of turnover noted that organizational commitment was a better predictor of turnover than even job satisfaction. Elangovan (2001) too supports this view. He opined that commitment had a very strong negative effect on turnover. Committed employees have been found to be less likely to leave an organization than those who are uncommitted (Angle & Perry, 1981). Samad (2006) also found organizational commitment to be negatively correlated with turnover intentions.

A study by Kirschenbaum and Weisberg (2002) of 477 employees in 15 firms examined employees' job destination choices as part of the turnover process. One of their main findings was that co-workers' intentions have a major significant impact on all destination options - the more positive the perception of their coworkers desire to leave, the more employees themselves wanted to leave. The researchers suggested that a feeling about co-workers' intentions to change jobs or workplace acts as a form of social pressure or justification on the employee to make a move.

Mueller *et al.* (1994) found that organizational commitment is a better predictor of intention to stay and thus turnover intentions than job satisfaction. Camp (1993) explained that both aspects of organizational commitment, commitment to the overall organization and commitment to the specific institution should have a greater effect on turnover intentions than job satisfaction. He also suggested that higher levels of organizational commitment are associated with lower levels of turnover intentions. The effects of the measures of organizational commitment are also greater than that of job satisfaction which actually turns out to be non-significant. Taunton *et al.* (1997) reported an indirect relationship between organizational commitment and turnover intentions and stated that organizational commitment was a stronger predictor of turnover intentions than job satisfaction in their

causal model. Moynihan *et al.*, (2000) examined that Job satisfaction and affective commitment would positively and continuance commitment would negatively associate with general performance and leadership.

Lum *et al.* (1998) figured that many studies have reported a significant association between organizational commitment and turnover intentions. In his study of pediatric nurses, it was supported that organizational commitment has the strongest and most direct impact on the intention to quit whereas job satisfaction has only an indirect influence. Griffeth *et al.* (2000) analysis showed that organizational commitment was a better predictor of turnover than overall job satisfaction. But Tang *et al.* (2000) comprehended through his study that there is link between commitment and actual turnover. Some researchers have established a relationship between satisfaction, organizational commitment and turnover (Mueller and Price, 1990). In addition, Guimaraes and Igbaria (1992) found that organizational commitment is an intervening variable of intentions of turnover and job satisfaction.

Allen and Meyer's study indicated that all three components of commitment were a negative indicator of turnover. In general, most research has found affective commitment to be the most decisive variable linked to turnover. A three-item scale from Michigan Organizational Assessment Questionnaire was developed by Cummann *et al.* (1979) to measure turnover intention (TI). Sjoberg *et al.* (2000) proved that turnover intention is a mediating variable between organizational commitment and turnover. Thus, it can be concluded that turnover is, in fact, outcome of the turnover intentions.

Yoon (2002) proposed a new dual-process model of organizational commitment. The model stipulates that overall job satisfaction and perceptions of organizational support are key emotional and cognitive processes that mobilize commitment in the workplace. Model also suggests that the feelings of job satisfaction and perceptions of organizational support operate through independent channels to mediate the impact of work experiences on organizational commitment.

Wasti (2003) in a research conducted in Turkey also proved that organizational commitment is a predictor of turnover intentions. In past Harrell *et al.* (1986) established that there is a significant negative correlation between turnover intentions and job satisfaction. Morrison

(2004) in his research study, which assessed all three components commitment to the organization and affected by turnover intentions of nurses, found that organizational commitment is negatively correlated with turnover intentions. This was again proved by the result of the research by Korunka *et al.* (2005).

AyubIrfan (2008) examined the impact of organization commitment on turnover intentions of employees of Askari bank of Pakistan. He identified the HR practices used to increase retention among employees and build organization citizenship behavior. He collected data on seven variables using the questionnaire technique from 70 employees of Askari bank of Pakistan. The results showed that human resource practices increase employee retention and build citizenship behavior through organization politics, feedback system, autonomy and goal clarity.

In summary, the works above were more inclined to investigating the individual elements of organizational factors and their effects on employee turnover. Moreover, the reviewed studies that examined the constructs of organizational factors against employee retention were done in developed countries like Malaysia, United States, NewZealand, Sri- Lanka and Wisconsin. The only study that was done in Kenya which discussed two of the three variables of this study(employee motivation and satisfaction) was conducted by Ali and Ahmed (2001) who examined the impact of reward and recognition programme on employee's motivation and satisfaction at Unilever companies in Kenya but he did not relate these variables to turnover.

Other studies that were carried out elsewhere in the developed countries also gave inconclusive results that may not be generalized to the Kenyan context. Such studies included the ones conducted by Kaiser(2006) who examined the relationship between orientation and training programmes and employee retention rate in WisconsinOrganizations. However, Saritas (2007) who investigated the effect of training and development activities on employee turnover in Turkish institutions. There were also mixed results in the relationship between organizational commitment and turnover that need to be validated by a current study. Such included the works of Muller *et al.*(1994) who found that organizational commitment is a better predictor of intention to stay and that

higher levels of organizational commitment are associated with lower levels of turnover intentions. Other studies that support this finding include the works of Lumet *et al.* (1998), Tang *et al.* (2000), Wasti (2003) and Griffeth *et al.* (2000), Morrison (2004) and Koruka *et al.* (2005). On the contrary, Sjoberg *et al.* (2000) proved in their study that turnover intention is a mediating variable in the relationship between organizational commitment and turnover. Taunton also reported an indirect relationship between organizational commitment and turnover. Guimaraes and Igbaria (1992) also reported a different finding that organizational commitment is an intervening variable in the relationship between turnover and satisfaction. These conflicting results have set a ground for this study to establish and validate the unclear relationship that exists between organizational factors and turnover in the context of Lake Basin Development authority in Kenya.

#### **2.4 Effect of Employee Demographic Characteristics on Employee Turnover**

Employee demographic characteristics are also known as personal characteristics and are widely used in turnover research (Price, 1995). Despite a wealth of research, there appear to be few demographic characteristics that meaningfully predict turnover, the exceptions being age and tenure which were examined to have a direct impact on intention to leave. Cotton and Tuttle, (1986); Price, (1977); Horn and Griffeth, (1991) included tenure in demographic predictors of turnover. Tenure was found to be negatively related to turnover i.e. the longer a person is with an organization; the more likely they are to stay. The longer that an employer and employee benefit from their relationship, the more costly the ending of it will be. This is why tenure is negatively associated with turnover. In particular, the benefits of long public sector tenure in terms of wages, job security, and pension rights will decrease intention to leave.

In addition, empirical studies indicate that demographic variables are relevant with turnover intentions (William and Hazer, 1986). Age, education, income and tenure are identified as negatively related to turnover intentions (Cotton and Tuttle, 1986; Morrow, 1983 and Gregersen and Black, 1982). Although the effects of employee demographic variables on turnover intentions may differ in different international environment, empirical research in international context including in Malaysia is scanty (Naumann, 1993). Tyagi and Wotruba,

(1993) supported that very few studies have investigated the effect of employee demographic characteristics on employee turnover.

Several studies in which demographic factors have been employed to investigate job satisfaction and job attitudes have shown that they are strong predictors of turnover intentions (Furnham *et al.* 2009; Kavanaugh *et al.* 2006; Ng and Sorensen 2008; Schroder 2008).

#### **2.4.1 Age and employee Turnover**

According to Wright and Hamilton (1978), with increase in age a person has greater level of prestige and confidence. Just like the same age has direct relation with OC, if a worker is getting older then he supposes to be more committed with the organization. According to Iverson and Currivan, (2003), the positive relation between age and organizational commitment shows the personal growth or development of an employee as identification with an organization. In relation to voluntary employee turnover (VET), age factor in employee community has been negatively linked. Older employee has more probability to stay longer than a younger employee. Aged workers are more likely to have financial and familiar compulsions that dictate them to continue employment (Mitchell *et al.*, 2000). Young workers are free from these responsibilities so they are always ready to take risk.

Age is another antecedent that affects the turnover. According to Tepeci and Barlett (2002), there is a positive relationship between age and turnover in educational sector. There are several past studies have also concluded that age and turnover have an inverse relationship (Henneberger and Souza-Poza, 2007; Iverson and Currivan, 2003; Mor Barak *et al.*, 2001; Byrid *et al.*, 2000; Griffeth *et al.*, 2000; Mitchell *et al.*, 2000). Besides, some studies argued that relationship between age and turnover tends to be weak and researchers proposed that age is not essential to predict employees' turnover (Khatri *et al.*, 1999; Healy *et al.*, 1995).

Age has also been found to be negatively correlated with the probability of job turnover (Henneberger and Souza-Poza, 2007). Based on the matching theory, younger people have an experimental stage at the beginning of their professional life. A change is less attractive, since the available time to redeem the costs associated with a job turnover diminishes with



age. Emphasizing the turnover rate amongst employees, McGlaham (2006) remarks that the mobility rate is such that a young employee entering the work force after graduation can expect to have an average of twelve different jobs by the time such an employee attains the age of 40 years.

Empirically, Mathieu and Zajac (1990) did a meta-analytic study involving 41 samples and 10335 subjects. The conclusion arrived at by the study was that there was a statistically significant positive correlation between age and employee commitment. Alle and Meyer (1990) also studied the link between age and affective commitment and found a positive correlation between the two variables. Karsh *et al* (2005) in their study of 6584 nursing home employee found that unlike younger employees, older employees displayed a higher continuance commitment.

Ahuja *et al* (2007) on their study of IT industry in India found that age had a modest but significant effect on turnover. There are different perceptions of job satisfaction and motivation across the age spectrum. In their separate studies on retention of healthcare professionals, they found younger nurses had lower levels of job satisfaction while the older age group of 40 and above had higher levels of job satisfaction (Griffeth *et al.* 2000; Kavanaugh *et al.* 2006; Wilson *et al.* 2008).

A meta-analysis by Borman and Dowling (2008) in their study on teacher attrition and retention, they indicated that those who are 51 years of age or older are nearly 2.5 times more likely to quit teaching than teachers who are 50 or younger.

#### **2.4.2 Education level and employee turnover**

The relationship between training and turnover can be traced back to the Human Capital theory, which proclaimed that education is an investment in human capital which can increase the quality of an employee (Becker, 1993). It is often assumed that the level of education has a positive effect on the probability of job mobility since high education is often associated with better labor-market alternative (Royalty, 1998). Gardiner and Whiting (1997) indicate some well-established research results which indicate that the altered behaviours brought about by learning with not only improve the job performance but also

the satisfaction of employees. Pool (2000) and Hall (2001) suppose that during the process of encouraging employees to want to learn, it is necessary for the existence of an organizational culture to support the learning. Efficiency of learning can allow employees to firmly possess the skills about personnel companionship interaction and correct social manners so that it is available to boost morale and reduce the absence rate and job alternation rate. Hence the turnover rate will be low if there are training opportunities in the organization. Career advancement opportunities were reported as an important aspect to employee job satisfaction in the journal of human resource article (2005). Employees who are more highly educated are however more likely to leave because education is a form of human capital that can easily be used in other organizations. With specific human capital, the opposite is true. As education and training limit employees' opportunity of finding another job in the job market, they are regarded as significant factors affecting intention to leave (Stolzenberg, 1975).

The level of education is found to be positively linked with turnover intention where employees who are more educated are more likely to quit (Mitchell *et al*, 2000). Similar results generated by other studies conducted in different sectors such as retail sector (Igharia and Greenhaus, 1992), nursing sector (Yin and Yang, 2002) and hotel sector (Khatriet *al*, 2001). According to Iqbar (2010), employees who are higher educated will have higher expectation towards their existing employer. This is far more challenging and difficult to fulfill their needs. However, Salami (2008) argued that employees with higher education qualification and occupying higher position will have more responsibilities toward organization. Therefore, it results higher organizational commitment and lower turnover intention. The result is consistent with the study of Curry *et al*. (2005) which illustrated that negative relationship exist between the level of education and turnover intention among the social service employees. Despite from all that, there is a study has failed to associate the level of education and organizational commitment as well as turnover intention of academic staff in Pakistani Universities (Chughtai and Zafar, 2006).

While a number of researchers have tried to establish a link between the level of education and organization commitment, the results generally seem to be inconsistent and inconclusive. For instance, some researchers have arrived at the conclusion that education is negatively related to

organizational commitment, meaning that the higher the employees' level of education the lower the employee's commitment to the organization (Steers, 1977; Angle and Perry, 1981; Bateman and Strasser, 1984; Mathieu and Zajac, 1990; Eskildsen, Kristensen and Westlund, 2004). Other researchers seem however to have concluded otherwise. For example, Gallie and White (1993) found that higher educated employees have a higher task commitment. Also according to Mathieu and Zajac, (1990) Commitment levels and intentions to remain are likely to be lower for highly educated employees who have a greater number of job options. It would seem that most studies done in Europe and America linking level of education to employee organization commitment concludes that the relationship is negative.

In summary the literature on this subject of employee demographic characteristics and its effect on turnover is not clear. Most of the past studies reviewed impact of employee characteristics with turnover intentions whose measure is different from turnover. This is evidenced by the works of Price (1995) who examined the impact of age and tenure on intention to leave. Other similar studies were done by Horn and Griffeth (1991) who included tenure as predictor of turnover and concluded that tenure is negatively related to turnover. Moreover, William and Hazer(1986) in their study of the effect of age, income and tenure concluded that these variables are negatively related to turnover intentions. Studies with similar findings included those done by Henneberger and Souza-Poza, (2007); Iverson and Currivan, (2003); Mor Barak *et al.*, (2001); Byridet *et al.*, (2000); Griffeth *et al.*, (2000); Mitchell *et al.*, (2000). They all concluded that age and turnover intention have an inverse relationship. Besides, some studies argued that relationship between age and turnover intention tends to be weak and researchers such as Khatri *et al.*, (1999); Healy *et al.*, (1995) also contradict this finding by proposing that age is not essential to predict employees' turnover intention. Moreover, Ahuja *et al* (2007) on their study of IT industry in India found that age had a modest but significant effect on turnover intention. It is therefore clear that none of these studies investigated the composite effect of age and level of education on turnover. This remains unknown.

On the level of education, there are also contradicting results on the relationship between the level of education and employeeturnover. A study by Mitchell *et al* (2000), found in their study that there is a positive link between employee level of education and turnover intention. Similar results were generated by other studies of Igharia and Greenhaus(1992), conducted in

retail sector, Yin and Yang (2002) in nursing sector and Khatri *et al.* (2001) in hotel sector. But on the contrary Salami (2008) argued that the higher education qualification an employee has, the lower the turnover intention. This contradicts the findings of the above scholars. This assertion is consistent with the study of Curry *et al.* (2005) who found that there is a negative relationship between the level of education and turnover intention among the social service employees. Other studies by Chughtai and Zafar (2006) however failed to associate the level of education and organizational commitment as well as turnover intention of academic staff in Pakistani Universities. It is clear that the literature reviewed above had mixed results in their investigation of the effect of employee level of education on turnover. The works above were incomprehensive and focused majorly on the effect of level of education on turnover intentions. It is also clear that the studies did not address the composite effect of both education and age as demographic characteristics on turnover so therefore this remains unknown.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **INTRODUCTION**

This chapter provides the methodology the study adopted. It highlights the overall research paradigm and design that guided the study. It begins with presenting the research paradigm, area of study, population, sample and sampling design, data and data collection procedure and; data analysis and presentation. The diagnostic approaches to the model used in the study are also highlighted.

#### **3.1 Research Design**

This study adopted a cross sectional survey design. According to Nachmias and Nachmias (2008), a survey design is most suitable in a research aimed at establishing a problem and determining its relationship with the other variables of the study. The advantage of a survey design is emphasized in the growing tendency of ethnographers to complement their works with survey research. Correlational approach helped determine whether and to what degree a relationship exists between the quantifiable variables (Mugenda and Mugenda, 2003). This study was guided by quantitative paradigm, since it was an inquiry into a social problem and was based on testing of a theory, was composed of variables, measured with numbers, and analyzed with statistical procedures, in order to determine whether the predictive generalizations of the theory held true.

#### **3.2 Area of Study**

The study was carried out at Lake Basin Development Authority located in Kenya, along the Kisumu - Kakamega road, which has seven regional offices across 16 counties. The Lake Basin Covers an area of 39,000 km<sup>2</sup>, exclusive of Lake Victoria's surface area of 4,000 km<sup>2</sup>, which is in total 6.8% of the country's area (LBDA Service Charter). The entire region covers about 16 counties hosting a population of 16.2 million (Gok, 2009) which is 42% of Kenya's population.

### 3.3 Target Population

The population of this study comprised 30 senior managers, 100 technical staff, 40 supervisors and 140 lower cadre employees totalling to 310 employees at LBDA. The senior managers were expected to be best placed to articulate issues in the study as they have the conceptual view of Lake Basin Development authority (Elbanna and Child, 2007), a view supported by Hambrick and Mason (1984) who argued that organization strategy is shaped by perceptions and opinions of its leadership.

### 3.4 Sample size

The sample population for this study was 174 calculated using Dlen (1992) for determining sample proportion.

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

Source : Dlen (1992) Model of determining proportion sample.

Where;      n = Sample size  
              e = The level of precision  
              N = Population size

$$\text{Therefore; } n = 310 / 1 + 310(0.05)^2 \\ = 174 \text{ employees}$$

0.05 is the level of confidence at 95%

#### 3.4.1 Sampling Technique

Proportionate stratified random sampling technique was used to select respondents for this study. In this technique, each cadre of employee was taken as a stratum and the respondents were chosen proportionately from each stratum to obtain a total of 174 respondents as shown in the table below:

**Table 3.4 Proportion of the Population**

<b>Job Cadre</b>	<b>Population</b>	<b>Sample Size</b>
Management	30	17
Technical	100	56
Supervisors	40	23
Other carder of staff	140	78
<b>Total</b>	<b>310</b>	<b>174</b>

Source: LBDA's Staff Establishment Data (2015)

### 3.5 Data collection

#### 3.5.1 Data Type and Sources

Both primary and secondary data was collected for this study. Primary data was obtained using structured questionnaire and through interview while secondary data was obtained from personnel records and other relevant documents.

#### 3.5.2 Reliability Test for Data collection instrument

A pilot study was carried out on 19 respondents to pretest and validate the questionnaire. To establish the validity of the research instrument, the researcher sought the opinions of experts especially the HR experts with regard to face and content validity. Construct validity has traditionally been defined as the experimental demonstration that a test is measuring the construct it claims to be measuring; Shiken (2013). This helped in the revision and modification of the research instrument prior to the study thereby enhancing validity. To check the reliability of the instrument in this study, Cronbach's Alpha was used (Cronbach, 1951). According to suggestions by Hair *et al.* (1998), the study is deemed acceptable a reliability coefficient above 0.6 is attained. A test of the constructs of this study was done in three stages; the first with two independent variable constructs which were age and level of

education, analpha coefficient score of 0.741was attained. The second test contained all the independent variables including the age, level of education, level of employee motivation, job satisfaction and employee commitment and scores of 0.663 were realized. When employee turnover was added in the test, alpha coefficient of 0.698 was attained. Since all the alpha coefficients attained for the variables of the study were above 0.6, it implied that the instruments for the study were reliable and can be used to predict the relationship of the study variables with certainty. Mugenda and Mugenda (2003), also confirms that a high alpha coefficient above 0.6 implies consistency. The results of the reliability test are shown in the table below:

**Table 3.5: Reliability Statistics**

Cronbach's Alpha	N of Items
0.741	2
0.663	6
0.698	7

Source: Survey Data, 2015

### 3.6 Data Analysis and presentation

Data collected through interview instruments and through the interview process was synthesized and coded, attaching scores to qualitative descriptions. Data was analysed using descriptive and inferential statistics. Mean, median, mode and Standard deviation, percentages and frequencies were used to analysedemographicvariables, and extent of motivation, job satisfaction and organizational commitment. Extent and direction of relationship between organizational factors, employee demographic characteristics and employee turnover ratewas determined using Pearson correlation and multiple regression analyses. Content analysis was performed on qualitative data obtained from interviews. Output of the analyses were presented in form of tables and charts.



### **Model (1) Specification**

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y = Employee turnover

$\alpha$  = constant term

$\beta_1$  = Standardized coefficient of  $X_1$  in the additive model

$\beta_2$  = Standardized coefficient of  $X_2$  in the additive model

$X_1$  = Level of motivation

$X_2$  = Job satisfaction

$X_3$  = Organizational commitment

### **Model (2) Specification**

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where:

Y = Employee turnover

$\alpha$  = constant term

$X_1$  = Age

$X_2$  = Level of education

After analysis, data was presented using tables.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

This chapter gives the response rate, descriptive statistics and presents analyses of various responses on items of key variable constructs. More significantly it analyses results based on the objectives of the study.

#### 4.1 Response Rate

The respondents consisted of Staff drawn from four categories of LBDA. A total of 174 questionnaires were distributed out of which 19 were used for pilot testing then the remaining 155 responses were reported in the main findings.

**Table 4.1: Response Rate**

Category of Respondents	Expected number	Actual Number	Percentage of Actual Respondents
Top management	17	14	82.35%
Technical	56	54	96.43%
Supervisors	23	21	91.30%
Other carder of staff	78	66	84.62%
<b>Total</b>	<b>174</b>	<b>155</b>	<b>89.08%</b>

**Source: Survey Data, 2015**

The overall response rate was 89.08. This response rate is consistent with the argument by Fowler (2002) that the whole point of conducting a survey is to obtain useful, reliable, and valid data in a format that makes it possible to analyze and draw conclusions about the target population. Consequently, while there may be no agreed upon minimum response rate, the more responses received, the more likely it is that one will be able to draw statistically significant conclusions about the target population.

**Table 4.2: Analysis of the Respondents Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	105	67.7	67.7	67.7
Female	50	32.3	32.3	100.0
<b>Total</b>	<b>155</b>	<b>100.0</b>	<b>100.0</b>	

**Source: Survey data, 2015**

The above table indicates that there were more men than women employed at the lake Basin Development authority. The men represented 67.7% of the total workforce while the women accounted for 32.3% of the workforce population.

**Table 4.3 Analysis of Employees Age**

Age Bracket	Frequency	Percent	Valid Percent	Cumulative Percent
18-28 years	48	31.0	31.0	31.0
29- 39 years	57	36.8	36.8	67.7
40-50 years	31	20.0	20.0	87.7
51-61 years	17	11.0	11.0	98.7
Over 61 years	2	1.3	1.3	100.0
Total	155	100.0	100.0	

**Source: Survey data, 2015**

The data represented by the table above was a clear indication that a majority of the workers were between the ages of 29-39 years. This means that the organization tends to keep young people with various talents and energy to perform their assigned tasks. It is also evident that the number of employees in an age bracket decreases as their age increases from 50-60 up to the maximum age of over 60 years. This can be attributed high cost of retention, preference for

youthful people and lack of retention strategies for experienced employees who seek greener pastures after gaining hands on experience at Lake Basin Development authority.

**Table 4.4: Employees Level of Education**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Primary level	13	8.4	8.4	8.4
Ordinary level	20	12.9	12.9	21.3
Diploma	67	43.2	43.2	64.5
Undergraduate	38	24.5	24.5	89.0
Masters	17	11.0	11.0	100.0
<b>Total</b>	<b>155</b>	<b>100.0</b>	<b>100.0</b>	

**Source: Survey data, 2015**

From the 3<sup>rd</sup> column of the table above, it is noted that the individual percentage response for each of the items measuring employees' level of education was above 8%. A majority, employees had attained Diploma level as their highest level with a response rate of 43.2% followed by undergraduate at 24%. This means that the ratings in these two cases were "high" implying that a majority of the respondents were educated.

**Table 4.5: Analysis of organizational factors**

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>	<b>Std. Deviation</b>
Level of motivation	155	1.00	5.00	3.2774	1.17626
Job satisfaction	155	1.00	5.00	3.0710	1.45097
Organizational commitment	155	1.00	5.00	2.9548	1.19708

**Source: Survey data, 2015**

As indicated in the table above, the individual mean response scores ( $\mu$ ) for each of the items was 2.9548, 3.0710 and 3.2774 for organizational commitment, job satisfaction and level of motivation respectively. On a scale of 1 to 5 scored from “very low” to “very high,” this means that the ratings in both cases were “high” implying the respondents agreed that the extent of the above organizational factors was high at the Lake Basin Development Authority. The values of the standard deviations (SD) as shown in column 6 are small with all the three scores ranging between 1.17626 and 1.45097. This means that there were minimal variations in the responses on the items that were rated implying that the extent of organizational factors at LBDA were carried out with more or less the same emphasis. The items scored attracted close ratings. These results imply that employees at Lake Basin Development Authority have a high level of motivation and majority are quite satisfied with their jobs though the level of motivation and job satisfaction may vary across various departments.

**Table 4.6 Rating of Extent of employee turnover at Lake Basin Development Authority (n=155)**

Employee Turnover Activities	Low		Average		High		V. High		$\mu$	SD
	f	%	f	%	f	%	f	%		
Frequency of recruitment of new employees	0	.0	2	1.2	111	68.5	49	30.2	4.29	.48
The level of provision employee welfare facilities	0	.0	42	25.9	92	56.8	28	17.3	3.91	.65
Extent of employee performance recognition	0	.0	92	56.8	33	20.4	37	22.8	3.66	.83
The level of provision of conducive working environment	2	1.2	93	57.4	44	27.2	23	14.2	3.54	.75
Extent of rewarding creative employees in their jobs	2	1.2	74	45.7	80	49.4	6	3.7	3.56	.59

1-V.Low, 2-Low, 3-Average, 4-High, 5-V.High

Source: Survey Data (2014)

As shown in column 9, the individual mean response scores ( $\mu$ ) for each of the items was above 3.50 and the mean score for all stood at 3.792. On a scale of 1 to 5 scored from “very low” to “very high,” this means that the ratings in both cases were “high” implying the respondents agreed the practice of employee turnover was high at the lake Basin Development

authority. The values of the standard deviations (SD) as shown in column 10 are small. This means that there were minimal variations in the responses on the items that were rated implying that Lake Basin Development Authority emphasized the activities of employee turnover more or the same way. The items scored attracted close ratings. These results also imply that LBDA is proactively engaging in employee turnover on issues albeit differently.

**Table 4.7 Analytic Model for Determining Effect of Organizational Characteristics on employee turnover**

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	T	
<sup>1</sup> (Constant)	1.427	.253		5.630	.000
-Organizational (X <sub>3</sub> ) commitment	-.343	.062	-.321	-5.541	.000
-Job satisfaction(X <sub>2</sub> )	.477	.050	.542	9.604	.000
-Level of motivation(X <sub>1</sub> )	.413	.066	.380	6.287	.000
R	0.750				
R <sup>2</sup>	0.562				

Dependent Variable: Employee turnover  
 Source: Survey data, 2015

The results show that job satisfaction and level of motivation had beta standardized coefficients and p values of  $\beta = 0.542, p < .05$ ;  $\beta = 0.380, p < .05$  respectively. These means all the beta coefficients,  $\beta$ , which are the degrees to which the independent variables each explain the dependent variable, are positive and significant. The standardized  $\beta$  coefficient of job satisfaction shows that a unit standard deviation of job satisfaction causes 0.542 standard deviations in employee turnover while a unit standard deviation of level of motivation causes .380 of standard deviations in employee turnover at Lake Basin Development Authority. This implies that when job satisfaction and employee motivation is enhanced, workers turnover intention is also enhanced. On the other hand, the standardized

coefficient and p values of organizational commitment was  $\beta = -0.321$ ,  $p < .05$ . This means that the beta coefficient was negative but significant. It shows that a unit standard deviation of organizational commitment causes -0.321 standard deviation in employee turnover. This implies that organizational commitment and employee turnover are negatively correlated meaning that the more committed the employees become, the less likely that they can leave the organization. Similarly for the un-standardized coefficients, a unit % age change in job satisfaction is likely to result in a change in employee turnover at Lake Basin Development authority by 0.477% in the positive direction while a unit % age change in level of motivation is likely to lead to change in employee turnover by 0.413% in the same direction. Lastly, a unit % age change in organizational commitment by employees at LBDA is likely to lead to a negative change in turnover by 0.343%. This implies that the more the employees become committed to their work, the less likely they are to leave the organization.  $R^2$  is 0.562 and is significant. The shrinkage in this case is 0.009 (0.562-0.553) which is below the level of 0.5 suggested by Field (2005) and means that the model is valid, has stability for prediction and predicts variance of turnover at 56.2%. This means that organizational commitment, job satisfaction and level of motivation together explain 56.2 percent of the firms' retention. The study therefore developed the analytic model shown below for predicting Lake Basin Development authority employee retention and organizational factors relationship.

$$Y = 1.427 + 0.413X_1 + 0.477X_2 - 0.343X_3$$

The findings that level of motivation is a positive significant predictor of employee turnover is consistent with the findings by Ali, Ahmed (2001) who examined the impact of reward and recognition programme on employee's motivation and satisfaction and they found out that if more focus is placed on reward and recognition it may positive impact on motivation that enhances high level of performance and retention. The results of this study were however a contradiction to the findings of the study by Shiner (1992) who investigated how service oriented organization use reward technique in manufacturing sector in the United States to permute the growth or help to develop productivity and customer service and decrease the absenteeism and turnover. They established that service oriented organizations that are implementing performance based reward system for motivation

reduces turnover and absenteeism. The findings are also consistent with the that of Kaiser (2006) examined who the relationship between orientation and training programs and employee retention rate and found out that orientating workers and training has a significant positive effect on turnover. The results however could not concur with those of Saritas (2007) who investigated the effect of training and development activities on employee turnover for the Turkish insulation sector and found that training and development can reduce turnover in low level and mid-level employees but may have no significant effect on turnover of top level management.

The other finding that job satisfaction is a positive predictor of employee retention contradicts the results of the study by Mobley *et al.* (1978) found that job satisfaction negatively effects turnover intent, and turnover intent directly impacts voluntary turnover. Several recent researchers (Falkenburg and Scyns, 2007; Summer and Niederman 2004; Rajendran and Chandramohan, 2010) have upheld the contradicting traditional hypotheses that job satisfaction has a significant negative impact on employee turnover. Doherty (2010) showed that job satisfaction strongly and inversely influenced intention to leave the organization for employees in the fitness industry. They explained that high job satisfaction leads to low turnover meaning that dissatisfied workers are more likely to quit than those who are satisfied.

The findings however agree with those of the study by Aswathappa (2003) who examined the determinants of job satisfaction and said that the wage payment and monetary rewards are the two determinants. It also agreed with Samad (1995) who examined that the relationship between job characteristics, job satisfaction and turnover intention and examined the contribution of demographic variables segments of human populations broken down by age or sex or income etc. He found that demographic variables, job characteristics and job satisfaction have a significant positive impact on turnover intentions. The study was also a contradiction to the findings of Bloch (2004) investigated the effect of job satisfaction on employee motivation and turnover intentions from different organizations in the United States and found that job satisfaction results to increased motivation and reduce turnover intentions.



The finding that organizational commitment has an inverse relationship with employee turnover agrees with the assertion by Camp (1993) who suggested that higher levels of organizational commitment are associated with lower levels of turnover intentions. Further, Allen and Meyer's study indicated that all three components of commitment were a negative indicator of turnover. Moreover Morrison (2004) in his research study, which assessed all three components commitment to the organization and affected by turnover intentions of nurses, found that organizational commitment is negatively correlated with turnover intentions. This was again proved by the result of the research by Korunka *et al.* (2005). The contradiction to this finding was a study by Guimaraes and Igbaria (1992) who found that organizational commitment is an intervening variable of intentions of turnover and job satisfaction. Sjoberg *et al.* (2000) also found a contradiction by proving that turnover intention is a mediating variable between organizational commitment and turnover.

**Table 4.8: Model for Determining the effect of Employee Demographic Characteristics on Employee turnover**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.237	.273		4.527	.000
Respondent's age	.652	.094	.484	6.945	.000
Level of education	.208	.081	.179	2.572	.011
R Square	.314				

a. Dependent Variable: Employee turnover

Source: Survey data, 2015

The model shows that, respondent's age (.652), and level of education (.208) all significantly affected employee turnover at Lake Basin Development Authority in the positive direction. The first relationships implied that the more aged the employees became, the more likely that they can leave the organization as they have gained more experience and their experience are needed elsewhere by the other competing firms that are on the lookout for such experienced employee. The second relation on the other hand

implies that the more educated the employees become, the more likely they are to leave the organization. These results mean that a unit change in age and level of education would lead to a unit change in employee turnover by 0.652%, and 0.208% respectively. The conclusion is that of the two demographic variables studied, age has a greater effect on employee turnover than level of education. The following model was therefore derived from this relationship:

$$Y = 1.237 + 0.652X_i + 0.208X_{ii}$$

The above findings are consistent with the findings of the study by Tepeci and Barlett (2002), who found that there is a positive relationship between age and turnover intention in educational sector. Ahuja *et al.* (2007) on their study of IT industry in India found that age had a modest but significant effect on turnover intention. Other studies have found that there is an inverse relationship between age and turnover intention. These include studies by Henneberger and Souza-Poza, 2007; Iverson and Currivan, 2003; Mor Barak *et al.*, 2001; Byrid *et al.*, 2000; Griffeth *et al.*, 2000; Mitchell *et al.*, 2000). Besides, some studies argued that relationship between age and turnover intention tends to be weak and researchers proposed that age is not essential to predict employees' turnover intention (Khatri *et al.*, 1999; Healy *et al.*, 1995).

Another contradiction to this finding was the results of the study by Henneberger and Souza-Poza, 2007 who established that age is negatively correlated with the probability of job turnover intent. Based on the matching theory; younger people have an experimental stage at the beginning of their professional life. A change is less attractive, since the available time to redeem the costs associated with a job turnover diminishes with age. Other studies which concur that level of education is positively related to turnover where employees who are more educated are more likely to quit include studies by Mitchell *et al.* (2000), Igharia and Greenhaus, (1992), in nursing sector, Yin and Yang, (2002) in hotel sector and Khatri *et al.*, (2001). The result is contradicting with the study of Curry *et al.* (2005) which illustrated that negative relationship exist between the level of education and turnover intention among the social service employees. Despite of that, there is a study that has failed to associate the level of education and organizational commitment as well as turnover intention of academic staff in Pakistani Universities.

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter summarizes the results of the study and reports the conclusions drawn. In addition, practical contributions of the study are discussed together with observed limitations. The chapter concludes by providing potential avenues for future research.

#### 5.1 Summary of Findings

Research objective one sought to determine the effect of organizational factors (Commitment, employee motivation and job satisfaction) on employee turnover at Lake Basin Development Authority. The results showed that job satisfaction and level of motivation positively and significantly affected employee level of turnover at LBDA with the highest effect being realized from job satisfaction. This meant that a positive change in the above two constructs would lead to positive trend in employee turnover. It was however noted that there was an inverse relationship between employee commitment and turnover meaning that the more the employees became committed to their work, the less likely they are to quit their jobs.

Research objective two sought to establish the effect of employee demographic characteristics on employee turnover. The results showed that, respondent's age and level of education were positive predictors of employee turnover at Lake Basin Development Authority. The results further showed that age had a higher prediction of turnover than level of education.

#### 5.2 Conclusions of the study

From the findings it can be concluded that job satisfaction and level of motivation positively affects employee turnover meaning that when employees are satisfied with their jobs and have a high level of motivation, they become more likely to stay on their jobs. It can also be concluded that the more the employees become committed to their duties, the less they are likely to leave.

#### 5.3 Recommendations of the Study

Based on the conclusions of the objective one and two, it is recommended that the management of Lake Basin Development Authority should continue to motivate their workforce so that they become more committed to their work so as to reduce their chances of quitting their jobs for

greener pastures elsewhere in the same industry or in different industry. It's also recommended that young and youthful employees be recruited and be inducted in strategic positions as they are likely to stay longer in their employment than experienced workforce who are always on the lookout for greener pastures that require long experience and better pay. It is also necessary to continue interrogating the relationship between level of education, job satisfaction and level of motivation with employee retention in various industries as these have been giving mixed results to different researchers in different countries. This will help clarify the effect of both employee demographic characteristics and organizational factors on turnover.

#### **5.4 Limitations of the Study**

The term limitation as used in the context of this study implies limiting conditions or restrictive weaknesses encountered in the conduct of the research (Mutua, 2006). A number of limitations were identified in the conduct of this research. First, the study used a cross sectional survey design. Cross sectional survey is limited in accuracy due to the fact that it is a snap shot at a point in time. Secondly, the study limited its investigation to one organization which compromises its global generalizability.

This study also assumed some constructs and omitted others. Certainly the omission of other constructs, organizational culture, employee gender, tenure, organizational conflict and employees' engagement detracts the overall scope of the model. These constructs are likely entwined with those of the present study and should be pursued, both separately and in concert, in future efforts.

Lastly, the study encountered a lower response rate than what was expected. This was attributed to the nature of the respondents. The study arranged repeat visits to counter this but could still not achieve the desired response rate.

#### **5.5 Suggestions for Further Research**

From the limitations above, this study establishes the foundations for numerous future conceptual and empirical research efforts. Other studies should use other moderator variables of further conceptual research to establish the nature and strengths of their interrelationships with current study variables. It also is suggested to academicians to conduct similar studies using a

different design from cross sectional survey such as longitudinal or panel designs. Other industries should also be investigated in future research endeavours.

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