DETERMINANTS OF EMPLOYEE RETENTION IN PRIVATE UNIVERSITIES IN KENYA; A CASE OF DAYSTAR UNIVERSITY

PIUS KITHUKA MUIA

A research project submitted to the Department of Business and Entrepreneurship in the School of Business and Economics in partial fulfillment of the requirement for the award of the degree of Master of Business Administration (Human Resource Management) of

South Eastern Kenya University

November, 2013

SOUTH EASTERN KENYA UNIVERSITY LIBRARY

Declaration

÷

This project is my original work and has not been presented for a degree in any other University.

Pius Kithuka Muia Signature: Date: 7th Mad 2014.
Registration No. D61/MAC/20040/2011
This project has been submitted for examination with our approval as university Supervisors.
Paul K. Sang Signature: Sorry Date: OFTH MARCEN 2019
Department of Management Science
School of Business
Kenyatta University
Regina W. Wambua Signature: Date: 10 ^{T1+} MXRCU 2014
Department of Business and Entrepreneurship
School of Business and Economics
South Eastern Kenya University

Dedication

*

I dedicate this thesis to my dear wife Elizabeth and our two sons Fred and Tim.

Acknowledgement

I thank the Almighty God for His grace and mercy that sustained me through the entire course work and research process. I also sincerely thank my supervisors Mr. Paul Sang and Ms. Regina Wambua for their invaluable contribution towards the completion of this project report. Thank you for critiquing the document positively and timely feedback despite your very busy schedules. May the Lord bless you abundantly for your tireless efforts. To the Vice-Chancellor and Deputy Vice-Chancellor Finance and Administration, Daystar University, Timothy Wachira and Jomo Gatundu respectively for allowing me the opportunity to take this course and their patience and support during the entire period of study. To all my classmates, workmates, sister Tabitha Wacera who did the typing work and friends, thanks for your encouragement and support. To Mr. John Migosi for his wisdom and guidance in fine tuning the final document to the required standard. Lastly but not least, I would like to thank all interviewees and the respondents who took their very precious time to fill in the questionnaires. I would also extent my gratitude to the management of Daystar University for giving me the permission to carry out the survey. To all, may the Almighty God bless you dearly.

Abstract

Employee retention is one of the global challenges facing organizations in both public and private sector. It has emerged to be a major strategic decision by organizations in both developing and developed countries. The study sought to understand the determinants of employee retention at Daystar University which is one of the leading private universities in Kenya. The main objective of the study was to establish the determinants of employee retention at Daystar University. The target population was the 214 employees within the critical categories of employees in the university as at 30th November 2012. The researcher used stratified random sampling to determine a representative sample from the four employee categories. The sample size was 20 % of each of the four categories; giving a sample size of 45 employees. Out of the 45 questionnaires distributed 40 of them were returned making a response rate of 88.9 %. The instrument of data collection was a questionnaire with both structured and unstructured questions to collect data from 45 employees and used Statistical Package for Social Sciences Program (SPSS) to analyze the data and present by use of pie charts, bar charts and diagrams to make the necessary recommendations and conclusions. The study found out that salaries and benefits rank first in determining employee retention followed by work environment and working conditions and then performance recognition and rewards. Training and development as well as career advancement and development ranked third and fourth respectively in their influence to employee retention and they must be taken into account by organizations since they have an effect on employee retention as per the research findings

Abbreviations

HR	Human Resources
HRM	Human Resource Management
MBA	Master of Business Administration
SPSS	Statistical Package for the Social Sciences

ŧ

Table of Contents

Dedication iii Acknowledgement iv Abstract v Abbreviations vi Table of contents vii List of figures x List of figures x Ust of tables xi CHAPTER ONE 1 INTRODUCTION 1 1.1 Background of the Study 1 1.2 Problem Statement 8 1.3 Research Objectives 9 1.4 Research Questions 10 1.5 Justification of the Study 11 1.6 Scope of the study 12 CHAPTER TWO 14 LITERATURE REVIEW 14 2.1 Introduction 14 2.2.1 Equity Theory 16 2.2.2 Expectancy Theory 18 2.2.3 Herzberg's Two- Factor Theory 19 2.3 Empirical Literature 19 2.3.1 Salaries and Benefits 21 2.3.2 Training and Development 26 2.3.4 Performance Recognition and Rewards 27 2.3.5 Work Environment and Working Conditions 29	Declaration	li
Abstract v Abbreviations vi Table of contents vii List of figures x List of tables xii CHAPTER ONE 1 INTRODUCTION 1 1.1 Background of the Study 1 1.2 Problem Statement 8 1.3 Research Objectives 9 1.4 Research Questions 10 1.5 Justification of the Study 11 1.6 Scope of the study 12 CHAPTER TWO 14 LITERATURE REVIEW 14 2.1 Introduction 14 2.2 Theoretical Review 16 2.2.1 Equity Theory 16 2.2.2 Expectancy Theory 18 2.3 Herzberg's Two- Factor Theory 19 2.3.1 Salaries and Benefits 21 2.3.2 Training and Development 24 2.3.4 Performance Recognition and Rewards 27	Dedication	iii
AbbreviationsviTable of contentsviiList of figuresxList of figuresxList of tablesxiiCHAPTER ONE1INTRODUCTION11.1 Background of the Study11.2 Problem Statement81.3 Research Objectives91.4 Research Questions101.5 Justification of the Study111.6 Scope of the study12CHAPTER TWO14LITERATURE REVIEW142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory162.2.2 Expectancy Theory182.3 Herzberg's Two- Factor Theory192.3.1 Salaries and Benefits212.3.2 Training and Development242.3.4 Performance Recognition and Rewards27	Acknowledgement	iv
Table of contentsviiList of figures.xList of tables.xiiCHAPTER ONE.1INTRODUCTION.11.1 Background of the Study.11.2 Problem Statement.81.3 Research Objectives.91.4 Research Questions.101.5 Justification of the Study.111.6 Scope of the study.12CHAPTER TWO.14LITERATURE REVIEW.142.1 Introduction.142.2.1 Equity Theory.162.2.2 Expectancy Theory.182.2.3 Herzberg's Two- Factor Theory.192.3.1 Salaries and Benefits.212.3.2 Training and Development.242.3.4 Performance Recognition and Rewards.27	Abstract	v
List of figuresxList of tablesxiCHAPTER ONE1INTRODUCTION11.1 Background of the Study11.2 Problem Statement81.3 Research Objectives91.4 Research Questions101.5 Justification of the Study111.6 Scope of the study12CHAPTER TWO14LITERATURE REVIEW142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory.182.2.3 Herzberg's Two- Factor Theory192.3 Career Advancement and Development242.3.4 Performance Recognition and Rewards27	Abbreviations	vi
List of tablesxiCHAPTER ONE1INTRODUCTION11.1 Background of the Study11.2 Problem Statement81.3 Research Objectives91.4 Research Questions101.5 Justification of the Study111.6 Scope of the study12CHAPTER TWO14LITERATURE REVIEW142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory162.2.2 Expectancy Theory192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development242.3.4 Performance Recognition and Rewards27	Table of contents	vii
CHAPTER ONE1INTRODUCTION11.1 Background of the Study.11.2 Problem Statement81.3 Research Objectives91.4 Research Questions101.5 Justification of the Study.111.6 Scope of the study12CHAPTER TWO14LITERATURE REVIEW.142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory.162.2.2 Expectancy Theory.182.3.1 Salaries and Benefits212.3.2 Training and Development242.3.4 Performance Recognition and Rewards27	List of figures	x
INTRODUCTION11.1 Background of the Study11.2 Problem Statement81.3 Research Objectives91.4 Research Questions101.5 Justification of the Study111.6 Scope of the study12CHAPTER TWO14LITERATURE REVIEW142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory162.2.2 Expectancy Theory182.3.1 Salaries and Benefits212.3.2 Training and Development242.3.4 Performance Recognition and Rewards27	List of tables	xi
1.1 Background of the Study11.2 Problem Statement81.3 Research Objectives91.4 Research Questions101.5 Justification of the Study111.6 Scope of the study12CHAPTER TWO14LITERATURE REVIEW142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory182.2.2 Expectancy Theory182.3 Herzberg's Two- Factor Theory192.3 Literature192.3.1 Salaries and Benefits212.3.2 Training and Development242.3.4 Performance Recognition and Rewards27	CHAPTER ONE	1
1.2 Problem Statement81.3 Research Objectives91.4 Research Questions101.5 Justification of the Study111.6 Scope of the study12CHAPTER TWO14LITERATURE REVIEW142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory162.2.2 Expectancy Theory182.3 Herzberg's Two- Factor Theory192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development242.3.4 Performance Recognition and Rewards27	INTRODUCTION	1
1.3 Research Objectives91.4 Research Questions101.5 Justification of the Study111.6 Scope of the study12CHAPTER TWO14LITERATURE REVIEW142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory.162.2.2 Expectancy Theory.182.2.3 Herzberg's Two- Factor Theory192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development242.3.4 Performance Recognition and Rewards27	1.1 Background of the Study	1
1.4 Research Questions101.5 Justification of the Study111.6 Scope of the study12CHAPTER TWO14LITERATURE REVIEW142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory162.2.2 Expectancy Theory182.2.3 Herzberg's Two- Factor Theory192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development242.3.4 Performance Recognition and Rewards27	1.2 Problem Statement	8
1.5 Justification of the Study.111.6 Scope of the study12CHAPTER TWO14LITERATURE REVIEW142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory.162.2.2 Expectancy Theory.182.2.3 Herzberg's Two- Factor Theory192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development242.3.4 Performance Recognition and Rewards27	1.3 Research Objectives	9
1.6 Scope of the study12CHAPTER TWO14LITERATURE REVIEW142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory162.2.2 Expectancy Theory182.2.3 Herzberg's Two- Factor Theory192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development242.3.4 Performance Recognition and Rewards27	1.4 Research Questions	10
CHAPTER TWO14LITERATURE REVIEW.142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory.162.2.2 Expectancy Theory.182.2.3 Herzberg's Two- Factor Theory.192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development.242.3.3 Career Advancement and Development.262.3.4 Performance Recognition and Rewards27	1.5 Justification of the Study	11
LITERATURE REVIEW.142.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory.162.2.2 Expectancy Theory.182.2.3 Herzberg's Two- Factor Theory.192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development242.3.3 Career Advancement and Development262.3.4 Performance Recognition and Rewards27	1.6 Scope of the study	12
2.1 Introduction142.2 Theoretical Review162.2.1 Equity Theory.162.2.2 Expectancy Theory.182.2.3 Herzberg's Two- Factor Theory.192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development.242.3.3 Career Advancement and Development262.3.4 Performance Recognition and Rewards27	CHAPTER TWO	14
2.2 Theoretical Review162.2.1 Equity Theory162.2.2 Expectancy Theory182.2.3 Herzberg's Two- Factor Theory192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development242.3.3 Career Advancement and Development262.3.4 Performance Recognition and Rewards27	LITERATURE REVIEW	14
2.2.1 Equity Theory.162.2.2 Expectancy Theory.182.2.3 Herzberg's Two- Factor Theory.192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development.242.3.3 Career Advancement and Development.262.3.4 Performance Recognition and Rewards27	2.1 Introduction	14
2.2.2 Expectancy Theory.182.2.3 Herzberg's Two- Factor Theory.192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development.242.3.3 Career Advancement and Development.262.3.4 Performance Recognition and Rewards27	2.2 Theoretical Review	16
2.2.3 Herzberg's Two- Factor Theory.192.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development.242.3.3 Career Advancement and Development.262.3.4 Performance Recognition and Rewards27	2.2.1 Equity Theory	16
2.3 Empirical Literature192.3.1 Salaries and Benefits212.3.2 Training and Development242.3.3 Career Advancement and Development262.3.4 Performance Recognition and Rewards27	2.2.2 Expectancy Theory	18
2.3.1 Salaries and Benefits212.3.2 Training and Development242.3.3 Career Advancement and Development262.3.4 Performance Recognition and Rewards27	2.2.3 Herzberg's Two- Factor Theory	19
2.3.2 Training and Development.242.3.3 Career Advancement and Development.262.3.4 Performance Recognition and Rewards27	2.3 Empirical Literature	19
2.3.3 Career Advancement and Development	2.3.1 Salaries and Benefits	21
2.3.4 Performance Recognition and Rewards	2.3.2 Training and Development	24
	2.3.3 Career Advancement and Development	26
2.3.5 Work Environment and Working Conditions	2.3.4 Performance Recognition and Rewards	27
-	2.3.5 Work Environment and Working Conditions	29

2.4 Research Gap	32
2.5 Conceptual Framework	32
CHAPTER THREE	36
METHODOLOGY	36
3.0 Introduction	36
3.1 Research Design	36
3.2 Population	37
3.4 Sample Size	39
3.5. Instruments	40
3.5.1 Questionnaires	40
3.6 Data Collection Procedure	41
3.7 Pilot-Testing	41
3.8. Data Processing and Analysis	42
3.8.1 Ethical Considerations	42
3.9 Summary	43
CHAPTER FOUR	44
RESEARCH FINDINGS	44
4.1 Introduction	44
4.2 Sample characteristics	44
4.2.1 Empirical Findings	45
4.2.2 Background Information	45
4.3 Findings and Discussions objective wise	50
4.3.1 Salaries and benefits and employee retention.	50
4.3.2 Effect of training and development on employee retention.	54
4.3.3 Extent to which career advancement and development opportunities affect retention	57
4.3.4 How performance recognition and rewards influence employee retention	60
4.3.5 Extent to which work environment and working conditions influence retention	63
CHAPTER FIVE	67
SUMMARY, DISCUSSION , CONCLUSIONS AND RECOMMENDATIONS	67
5.1 Introduction	67
5.2 Summary of research findings	67
5.3 Conclusion	71

5.4 Rec	ommendations	72
5.4.1	Possible areas for further research	75
Referen	ces	77
Appe	ndices	84
Appe	ndix 1: Questionnaire	84

List of figures

*

Figure 2.1 Conceptual Framework	34
Figure 4.1 Gender of respondents	45
Figure 4.2. Current level of position held in the University	46
Figure 4.3: Highest level of Education	47
Figure 4.4: Period served in the University	49
Figure: 4.5 Salaries and benefits	51
Figure 4.6 Training and Development	55
Figure 4.7: Career advancement and development opportunities	58
Figure 4.8: Performance recognition and rewards	61
Figure 4.9: Work environment and working conditions	64
Figure 4.10 Ranking the five variables	66

List of tables

Table 3.1: Daystar University employees by categories	.38
Table 3.2: Daystar University Employees in categories & sample size	.39
Table 4.1 Age bracket	.48
Table 4.2: Other aspects of salaries and benefits	.52
Table 4.3 Other aspects of career advancement and development	.59
Table 4.4: Other aspects of performance recognition	.62
Table 4.5: Other aspects of work environment	.65