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**THE RELATIONSHIP BETWEEN PERFORMANCE MANAGEMENT AND
RETENTION OF MILLENNIALS IN STARTUPS IN KENYA**

SANTA WANDA

MCOM/145191

**A RESEARCH THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF
COMMERCE**



STRATHMORE UNIVERSITY BUSINESS SCHOOL

NAIROBI, KENYA

MAY 2023

DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made in the thesis itself.

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Name of Candidate: Santa Wanda

Approval

The thesis of Santa Wanda was approved by the following:

Name of Supervisor: Dr. Ben Ngoye

School/Institute/Faculty: Strathmore University Business School

Dr. Caeser Mungai

Executive Dean

Strathmore University Business School.

Dr. Bernard Shibwabo

Director, Office of Graduate Studies

ABSTRACT

Performance management and employee retention have attracted interest among scholars. Research reveals that companies that do not employ retention strategies when managing their human resources face challenges with employee turnover. In order to sustain competitive advantage in the private sector, startups need to take on key aspects of performance management. This research aimed at determining the relationship between performance management and retention of millennials in startups in Kenya. The specific objectives were to determine the relationship between performance appraisal and retention of millennials, to establish the relationship between rewards and retention of millennials, and lastly; to establish the relationship between training and retention of millennials. The researcher focused on startups because they are growing at a fast rate and are technology-based entities making them a good fit for millennials who are tech-savvy. To underpin the study, the researcher adopted the organizational justice theory and Herzberg's two-factor theory. The research design was correlational in nature. Study participants were selected using simple random sampling focusing on millennials employed in startups in Nairobi. The study's sample was 134 startup companies. Data was collected through a questionnaire in Google Forms and 127 responses were received. Statistical Packages for Social Sciences was employed to analyze the data collected while applying simple and hierarchical regression models, and Spearman's correlation coefficient to establish the relationships and associations among the study variables. Before data collection, the researcher obtained Strathmore University's Ethical Clearance and a research license from NACOSTI. The findings from the correlation results established a positive and significant association between each of the four variables. Results from the simple regression model depicted a significant relationship between the independent variables and the dependent variable. However, the hierarchical regression results established that only rewards had an actual significant influence on retention of millennials in the presence of the other two variables of performance appraisal and training. Therefore although high retention is observed in circumstances of high improvements in the identified performance management aspects, it is only rewards that keep millennials on the job. Hence, the researcher recommends startups consider increasing rewards whether financial, non-financial or social rewards in order to retain their millennial employees. Also, startups should conduct detailed focused research on why performance appraisal and training have little influence on retaining millennials when the variables are all combined. Further areas proposed for study are exploration of specific types of rewards; whether, financial, non-financial or social rewards and to ascertain which is significant in motivating millennials and increasing their retention.

Keywords: Performance management, performance appraisal, rewards, training, employee retention, startup.

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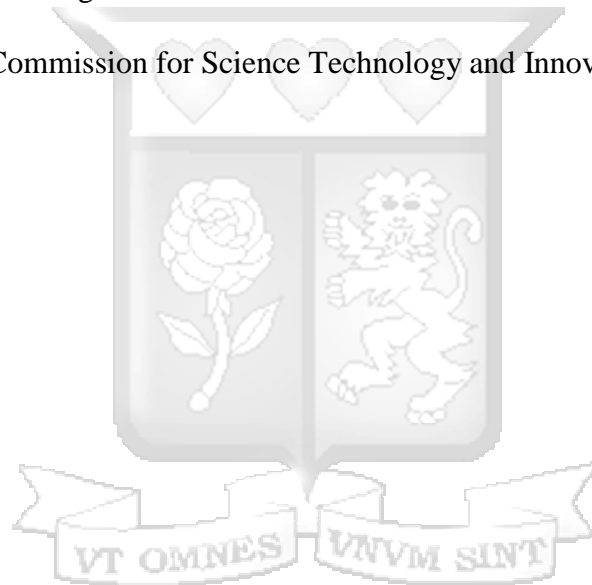
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DEFINITION OF KEYWORDS

- Performance management:** The range of activities engaged in by an organization to enhance the performance of a target person or group, with the ultimate purpose of improving organizational effectiveness (DeNisi, 2000).
- Performance appraisal:** Process of judging how well employees perform their tasks compared to a set of placed standards (Fahim, 2018).
- Rewards:** A scheme or a program which gives incentives for those individuals or groups who perform well in the firm (Armstrong, 2007).
- Training:** Planned learning experiences that teach employees how to perform current and future jobs (Tahir, Yousafzai, Jan & Hashim, 2014).
- Employee retention:** The many steps done by firms to motivate their staff and keep them on board for a longer period of time, the main justification of this is to keep its talented personnel from departing (James & Mathew, 2012).
- Startup:** A technology-based innovative entity, legally recognized by the laws of Kenya, with strong growth potential and a disruptive economic model (GOK, 2022).

LIST OF ABBREVIATIONS

HR:	Human Resource
SD:	Standard Deviation
HRM:	Human Resource Management
KPIS:	Key Performance Indicators
SHRM:	Strategic Human Resource Management
KMO:	Kaiser Meyer Olkin
SPSS:	Statistical Package for Social Sciences
NACOSTI:	National Commission for Science Technology and Innovation



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DEDICATION

I dedicate this master's thesis to everyone that pushed me and made this journey a success. First and foremost, my dad Dr. Fred Wanda Masifwa and my mom, Mrs. Sarah Masibo Wanda. My sister Fiona Wanda and her husband Danilo Frison, my other siblings Annet Musibikha, Joshua Muhama and Kenneth Raffer Wanda. My nephews Alessandro, Guido and Leonardo plus all my other nieces and nephews not forgetting a dear friend Elizabeth Mugabi.



CHAPTER ONE

INTRODUCTION

This chapter presents the background of the study, the problem definition, research objectives, research questions, scope, the significance of the study and finally a chapter summary.

1.1 Background to the study

Strategy is an integrated set of choices that place a business in a superior position compared to competitors in its industry over a long period of time (Ramon, Herman & Sunru, 2014). Furthermore, Barney & Hesterly (2010) define strategy as choices on how to gain competitive advantage. With this viewpoint, Emeagwal & Ogbonmwan (2018) hold that in this dynamic and competitive commercial world of today, a sustainable competitive edge is more established in a firm's human resources than in its other assets. According to Chukwuka (2016), HRM is crucial since people make up every organization, therefore, acquiring their services, polishing their skills, inspiring them to greater levels of performance, and ensuring that they continue to be committed to the organization are prerequisites to achieving organizational objectives. This is in line with behaviorists' emphasis of the importance of the human element as the key mover of all business activities human (Stańczyk, 2013).

Additionally, interactions and management in the workplace are inevitably hampered by generational disparities (Al-Asfour & Lettau, 2014). According to Mannheim (1970), a generation is a group of people that share similar beliefs, ideals, preferences, and lifestyles as well as having shared historical experiences that have an impact on societal change and behavior. It is however noted that the majority of the industrial world is currently experiencing a demographic challenge from workers of the millennial age (Mutaqin & Chaerudin, 2020). In Kenya, both the public and private sectors are facing a large turnover of employees from the millennial age who are looking for better opportunities abroad (GOK, 2014).

With this, supervisors must have a thorough and organized strategy to managing and evaluating millennial employees in the current environment of ever-increasing employee turnover. Managers must take steps to foster work settings where millennial employees can perform and enjoy their jobs to the fullest (Bartz, Thompson & Rice, 2017). Deloitte (2022) proposes strategies that will

help employers attract and retain millennial talent and these are; better pay, greater flexibility, improved work-life balance, more opportunities for learning and development, better support for mental health and wellness, and a stronger commitment from businesses to have a positive impact on society.

1.1.1 Performance management

Hofstede (1999) elucidated that management is about people. DeNisi (2000) holds that performance management refers to the range of activities engaged in by an organization to enhance the performance of a target person or group, with the ultimate purpose of improving organizational effectiveness. Additionally, Aguinis (2009) postulates that performance management is a continual process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the business. According to Cascio (2006), 91% of formal businesses have performance management systems. In order to manage employee performance, performance management is considered as a more comprehensive collection of ongoing actions (Williams, 1997).

Armstrong & Baron (1998) emphasize the strategic and integrated character of performance management, which in their opinion focuses on "raising the performance of the people who work in them and by expanding the skills of teams and individual contributors to increase the efficacy of organizations." They regard performance management as a continuous process involving performance reviews focusing on the future rather than the past. Employee efforts are managed as part of the performance management process based on quantified performance results. Therefore, it is essential to define good performance and how the many components of high performance may be measured when designing an efficient performance management process.

1.1.2 Employee retention

Former Citibank Chairman Walter Wriston stated that human capital moves to where it is desired and settles in places where it is properly cared for, and it can only be attracted but not be driven as highlighted in Sawaneh & Kamara (2019) study on effective employee retention policies. Employee retention indicates the many steps done by firms to motivate their staff and keep them on board for a longer period of time, the main justification of this is to keep its talented personnel from departing (James et al., 2012).

Prakash (2022) proposed three most crucial elements for keeping personnel in a company, and these were; work environment, leadership, and training and development. In Nigeria, traditional employee retention strategies were highlighted as, job satisfaction, training, reward strategy and supervisory support. Because of globalization, emerging trends in sustainable employee retention strategies were proposed , these were; establishment of a strategic retention plan, employee participation in decision-making, personalized compensation plan, career planning, training and development programs, creation of work flexibility and outsourcing strategy (Nwokocha & Iheriohanma 2012).

Mbugua, Esther, Agnes (2015) identified performance management as a human resource aspect that can successfully aid a company in achieving both its retention goals and other crucial business objectives. Companies with more modern human resource policies and a work environment that strongly values employee involvement, empowerment, and accountability tended to be more successful and competitive, which means that employees will be delighted to stay with them.

1.1.3 Millennials

Also called generation Y, they were born from 1981 to 1997 (Fry, 2016). Millennials are tech-savvy, family and team oriented, and attention-seeking. Compared to previous generations, they often join the industry with high expectations and less respect for organizational structure (Helyer & Lee, 2012). They exhibit conviction in the potential of collective action and a desire to change the customs of the past while not participating in unions. Similar to this outlook, they frequently respect authoritative figures and appreciate leaders who can unite diverse groups of people (Al-Asfour et al., 2014). Money incentives, assistance with career planning and progress, work-life balance, fostering relationships, and the overall corporate culture, goal, and vision are the things that millennials seem to value most in the workplace. Even if financial rewards rank at the top of their list of values, they are prepared to leave a business that serves no greater purpose than profit (Deloitte, 2019).

It is predicted that by 2025, millennials will make up 75% of the global workforce (Deloitte, 2014). Twenge, Campbell & Freeman (2012) found in a cross-temporal study that the importance of extrinsic values, such as money and fame, has tended to increase among millennials. Millennials are less engaged at work than the preceding generation was, and they need physical, psychological, and emotional resources to stay that way. If those resources aren't available, their likelihood of

leaving the organization rises noticeably (Park & Gursoy, 2012). Furthermore, they are raised by overly protective parents or guardians who constantly attend to their emotional, educational, and physical requirements, millennials are emotionally vulnerable to social trends (Chudzikowski, 2012). Also, millennials started the globalization of technology, which has geographically scattered modern employment and reduced the demand for particular occupations, like typewriters and as such they have an awareness that their employment and employers may not be dependable, thus they tend to shift about a lot and don't fully commit to their jobs and employers (Muthui, 2020).

Millennials demand for shorter employment terms may already be leading them to participate more frequently in temporary employment as opposed to long-term employment. This also supports the idea that millennials rarely settle down, instead of seeing their professions as a ladder to ascend inside a single organization, they view them as portfolios of experiences. Millennials are entering an era of gig workers, where they choose the potential of flexibility and take on gigs to make money rather than holding down one full-time position for a long time (Stephenson, 2017). These gig-like positions often comprise of short-term freelance employment (Kuhn, 2016). While millennial workers seem to desire to work on a range of projects, the idea of having a career with one company has become less popular in recent years. Therefore, because of their experience and familiarity with the company, employees who have the potential to lead the organization in the future are less likely to be retained if millennial workers desire short tenures with their employers (Roloff, 2021).

1.1.4 Startup companies in Kenya

In simple terms, a Kenyan startup would be founded by a Kenyan, have its headquarters in Kenya, be established in Kenya, and have Kenya as its main market. This isn't always the case as non-Kenyans have started some startups with a Kenyan focus (Disrupt Africa, 2022). A startup includes a technology based innovative entity, legally recognized by the laws of Kenya, with strong growth potential and a disruptive economic model (GOK, 2022). According to Disrupt Africa (2022), there are 308 active startups in Kenya. 93 are Fintech which is 30.2% making it nearly three times more than other industries. Agri-tech and e-health together account for 10.1% of Kenyan startups. E-commerce and retail-tech, recruiting and HR, and ed-tech are the third, fourth, and fifth most popular sectors, respectively. Kenya's startup ecosystem is incredibly diverse, with businesses

operating in fields as diverse as fintech, logistics, Agri-tech, marketing, prop-tech, legal-tech, waste management, and energy.

According to the 2022 global startup ecosystem index, Kenya dropped one position to 62nd place globally, making it the top-ranked nation in East Africa and third in Africa after Nigeria overtook it for second place. Nairobi no longer ranks among the top 150 cities in the world, it is now 163rd. It is noted that Mombasa is listed in the top 1000 cities in the world at the 891st position, far below Nairobi (StartupBlink, 2022).

The Ministry of Information, Communications and the Digital Economy stated that the government is fostering innovation by working with the private sector to establish incubators and startup accelerators (GOK, 2018). A startup incubator means partnership, non-profit, or limited liability partnership; whose main goal is to support the creation and growth of startups, innovation, and activities related to the transfer of technology, research and development, and innovation processes by providing special physical spaces and services (GOK, 2022). According to Cohen, Fehder, Hochberg & Murray (2019) startup accelerators are limited-duration programs lasting roughly three to six months that help cohorts of startup ventures with their entrepreneurial processes and aspirations. This support may include a small amount of seed capital, co-working space, and a plethora of networking, educational and mentorship opportunities from program directors, founders of peer ventures and a range of external participants commonly referred to as mentors. 45.5% of Kenyan startups are accelerated (Disrupt Africa, 2022).

Disrupt Africa (2022) estimates about 30 private and public incubator and accelerator programs available to companies in Kenya, most of which are concentrated in Nairobi, and some are spread across the country. While many of these programs are offered independently, some are operated by or in collaboration with various hubs and venture capital firms. Also, top international accelerators like Y Combinator, Techstars, 500 Global, Google for Startups, and Facebook Accelerator frequently accept Kenyan startups.

1.2 Problem Definition

One of the major challenges facing organizations today is retaining the millennial generation in workplaces. Even with competitive compensation packages and organizational policies, low retention rates of millennials are still experienced (Thompson & Gregory, 2012). A continuous

increase in turnover will leave a gap that will take time and more money to fill (Chukwuka, 2016). An employee who quits a company takes its knowledge, experience, culture, and value system with him. These elements could be mined and exploited against the company. A high turnover rate is detrimental to the company's reputation since it could provide the wrong impression to potential customers and employees (Singh, 2019).

Furthermore, as the globe seems to be spinning faster, managers must always strike a balance between keeping up with technology advancement and understanding how to manage the new generation of workers (Ravichandran, 2019). However, because of the different work ideals and characteristics of each generation, establishing a successful management-millennial working relationship might be difficult at times (Okosi, 2017). It is noted that, there aren't enough professional members of generation x available in the workforce to fill the upcoming openings caused by the enormous number of baby boomer retirees. This will increase the need to find, hire, and keep more millennial workers in the workforce (Fry, 2015). Following this insight, millennials must be considered in all future workplace designs and decision making in order for an organization to sustain success (Caraher, 2015).

Unfortunately, the millennial generation is thought to be capable, yet they don't seem interested (Ravichandran, 2019). Deloitte (2022) surveyed 8,412 millennials across 46 countries, and 24% stated that they would like to leave their jobs within two years, also, 32% would leave even though there is no other job lined up. This signals significant dissatisfaction levels hence the great resignation may continue for some time. Louw & Steyn (2020) posit that millennials typically leave their jobs within three years in the United States, while South African millennials only spend two years. In South Africa still, intergenerational conflict is too hard to overcome, and it goes without saying that this might also be as a result of millennials exaggerated aspirations for their careers. In Nigeria, millennials are an irresistible segment of this workforce and yet they are thought to be undermining the established system since it is firmly rooted in the principles of formal entities. In Lagos Business School, a survey was done, and impatience was ranked the highest millennial trait. 218 out of 337 responses representing 64.7%. Also, their older managers who might be the performance appraisal raters, may not always understand these traits (Onukwuba, 2020).

In Kenya particularly, retention strategies for millennials are minimal in the private sector. This has resulted to high turnover of millennials from within the private sector as well as other sectors; in the telecommunication sector, young middle managers quit their jobs with a promise of higher managerial roles in other sectors of competitors (Muthui, 2020). Kenyan millennials are characterized by turnover because they have developed a vast range of skills that are transferable from one sector to another (Gichuhi & Mbithuka, 2018). Also, public and private sectors are facing a large turnover of employees from the millennial age who are looking for better opportunities abroad (GOK, 2014).

While limited studies have been carried out in Africa, scholars like Makarov (2016) claimed that African millennials makeup approximately 37% of the world millennial population, putting Africa as the leading youthful population globally. Moreover, it is highlighted that millennials within the African sphere are a much more different group of individuals in comparison to their counterparts worldwide (Chang, 2011), thus necessitating the current study. Furthermore, studies have been carried out in this area; Mbugua et al. (2015) researched on the relationship between strategic performance management and employee retention in commercial banks in Kenya. Ng'ethe (2014) studied about staff retention in public universities in Kenya. Kiptugen (2003) carried out a study on HR practices in commercial banks in Kenya a case study of Kenya commercial bank. These studies covered staff retention in public universities and commercial banks in Kenya but did not research on the relationship between performance management and retention of millennials in startups in Kenya.

1.3 Research Objectives

The main objective was to establish the relationship between performance management and retention of millennials in startups in Kenya.

1.3.1 Specific Objectives

- i. To establish the relationship between performance appraisal and retention of millennials in startups in Kenya.
- ii. To establish the relationship between rewards and retention of millennials in startups in Kenya.

- iii. To establish the relationship between training and retention of millennials in startups in Kenya.

1.4 Research Questions

- i. What is the relationship between performance appraisal and retention of millennials in startups in Kenya?
- ii. What is the relationship between rewards and retention of millennials in startups in Kenya?
- iii. What is the relationship between training and retention of millennials in startups in Kenya?

1.5 Scope of the study

This study focused on determining the relationship between performance management and retention of millennials. The researcher targeted startups in Nairobi because the county leads the way for Kenya's startup ecosystem. As of November 2022, the Kenya Ecosystem report declared that there are 308 active startups in Kenya of which 202 of these startups are based in Nairobi (Disrupt Africa, 2022). Participants who are millennials were selected using simple random sampling to give opportunity to everyone in the target population. The researcher collected data using a questionnaire in Google Forms for a period of three weeks from 17th April 2023 to 1st May 2023 from the identified sample size.

1.6 Significance of the study

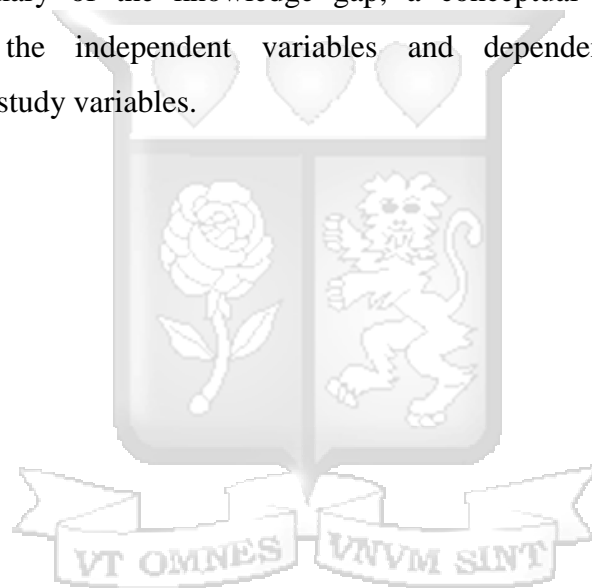
The study findings will be significant to the decision-making process by policymakers in the private sector. Conclusions drawn from this study will help to update and create innovative rules and standards that support employee retention hence improving stable and continuous operations in the private sector, specifically startups.

In addition, the study's conclusions will be important for startup founders and HR managers when making future decisions concerning how to best conduct performance management of their millennial dominated workforce. This will support in developing a pool of young professionals that are committed to their employers.

Lastly, the study will be important to academics due to its contribution to the body of knowledge and theory on performance management and employee retention. To this also, publishing in peer reviewed publications and articles as well as potential speeches at academic conferences will make this a reality.

1.7 Chapter summary

The background of the study, the problem definition, research objectives, research questions, scope and the significance of the study have been discussed above. In the following chapter two, researcher will review literature focusing on the theories that will underpin the study, past empirical studies, summary of the knowledge gap, a conceptual framework showing the relationships between the independent variables and dependent variable and lastly operationalization of the study variables.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The second chapter presents the reviewed literature that applies to the topic of study. The researcher started with a theoretical review followed by an empirical review. Summary of the knowledge gap, conceptual framework, operationalization of variables, and a chapter summary are also included.

2.2 Theoretical Review

These are the theories that will underpin performance management and employee retention. For purposes of this paper, the researcher will apply the Organizational Justice Theory and Herzberg's Two Factor Theory.

2.2.1 Organizational Justice Theory

Organizational justice theory was developed by Greenberg in the 1980s. This is an employee's perception of the fairness of resource allocation in an organization (Greenberg, 1987). The theory provides different responses to the question "What is fair?" The study of organizational justice has centered on two main issues; how people react to the fairness of the results they receive, this is; whether someone gets an increase in their pay or whether a person is laid off, and secondly, how people react to the fairness of the means by which these results are obtained, this is; whether people are given the chance to voice their opinions about significant decisions, whether someone is treated politely and with respect (Van, 2001).

Distributive justice is the perceived fairness of outcomes that an individual receives (Cropanzano & Folger, 1991). Distributive justice served as the main focus for researching fairness in companies for a long time. It was derived from Homans' 1961 sociological understanding of fairness and later validated by Adams' equity theory in 1965 (Greenberg, 1987). A person who judges distributive justice evaluates the perceived fairness of resource allocations among participants in a social interaction. In line with this viewpoint, individuals consider result distributions like; performance appraisal ratings, rewards allocations and training opportunities, to

be fair to the extent that they are proportionate to individual job contributions. To determine fairness, employees compute the ratio of their contributions to their outcomes and compare it to the ratio of their other coworkers (Hofmans, 2012).

Procedural justice is the perceived fairness of the processes used to make decision outcomes (Folger & Konovsky, 1989). For a practice is deemed to be procedurally reasonable, it should; be consistent over time and between individuals, unaffected by personal self-interest, based on accurate information, altered when shown to be unfair, reflect the interests of all parties, and take moral and ethical principles into account (Leventhal, 1980). Lind & Tyler (1988) claimed that when workers believe they have some degree of control over the process, they experience procedural justice. The voice effect: providing employees with opportunities to share their thoughts and opinions. Greenberg (1987) found a lot of these elements do affect people's opinions of the fairness of the methods used to conduct performance appraisals and reward allocations. This is just one of several initiatives to apply procedural justice principles to organizations (Folger & Greenberg, 1985). Further studies have revealed that these elements also play a role in the perceived fairness of organizational procedures like staff selection for training (Gilliland, 1995).

Interactional justice was piloted by Bies & Moag (1986) and showed how fairness in interpersonal communications about organizational procedures is viewed. This concept also included a fourth concept, that is; informational justice. People are more likely to perceive interpersonal justice when their superiors treat them with respect, decency, and dignity. Clear and sincere clarifications and explanations, as well as sufficient justification of acts, lead to perceived informational justice (Gelens, Dries, Hofmans & Pepermans, 2013). Since the majority of firms do not inform their employees about talent management techniques, pursuing perceptions of informational justice may be challenging in the context of talent management (Fresina, 1987). When people think they have received explanations that are partial and missing in detail (informational injustice) and/or are delivered to them in a manner that lacks dignity and respect, they feel as though they have been unfairly treated (interpersonal injustice). When people hold such ideas, they experience moral outrage and righteous indignation, which leads them to seek revenge on the people who held them (Aquino, Tripp, & Bies, 2006). Interactional justice is crucial because it reduces employees' negative reactions to distributive and/or procedural inequities when it is believed to be present at high levels (Greenberg, 2006). Also, the ability of managers to create interactional justice,

although they might only have a little amount of control over the organizational processes for performance appraisal, reward systems and training procedures, they undoubtedly have the opportunity to provide their employees with full explanations and to deliver these with dignity and respect (Greenberg, 2009).

The organizational justice theory has been adopted in many studies concerning schools of thought, talent management, conflict management and generally organizational behavior. George & Wallio (2017) ascertained the relationship between distributive justice, procedural justice, and turnover intentions for millennial employees working in the public accounting environment, Madurani & Pasaribu (2022) determined the direct effect of talent management on employee retention and the indirect effect mediated by organizational justice and the talent perception congruence and Harun & Ahmad (2022) investigated the moderating roles of both organizational justice and generational diversity on administrator's retention in Malaysian Private Universities.

2.2.2 Herzberg Two Factor Theory

Herzberg published the two-factor theory in 1959. Also known as the theory of work motivation, it provided a foundation for other theories and framework in the human resource development field (Herzberg, 1987). According to the theory, job satisfaction is affected by two factors, which are; hygiene factors (dissatisfiers) that surround doing the job and motivation factors (satisfiers) that lead to positive job attitudes since they fulfill the need for self-actualization. Hygiene factors are supervision, interpersonal relations, physical working conditions, salary, company policy and administration benefits, and job security. Motivational factors include achievement, recognition, the work itself, responsibility, and advancement (Herzberg, Mausner, & Snyderman, 1959).

Herzberg et al. (1959) evaluated the effect of the hygiene and motivational factors on performance, turnover, attitude toward the company, and mental health. In regard to turnover, negative attitude contributed to some degree of physical or psychological withdrawal from the job. An organization can anticipate that employee loyalty will differ depending on how satisfied they (employees) are at their jobs. A satisfied employee is motivated by him or herself to work hard and to remain in the organization (Mbugua et al., 2015). A motivated employee will be willing to be around the company longer. In this scenario, factors such as rewards and training are aimed to incentivize and drive an employee's behavior toward greater productivity (Chiat & Panatik, 2019).

This theory was adopted in various studies concerning employee retention and turnover. Mbugua et al. (2015) to evaluate the relationship between strategic performance management and employee retention in commercial banks in Kenya, Chiat et al. (2019) to expound on the perceptions of employee turnover intention, Holston-Okoe & Mushi (2018) to evaluate employee turnover in the hospitality industry, Ahmad & Azumah (2012) to determine employee retention strategies in Australia and Nanayakkara & Dayarathna (2016) applied the theory to identify turnover intention of the non-executive level employees in selected super markets in Colombo, Sri Lanka.

2.3 Empirical Review

This section presents past empirical studies conducted on the study variables. The presentation of the reviewed literature is in international, regional, and local contexts.

2.3.1 Performance appraisal and employee retention

The cornerstone of performance management systems is performance appraisal (Bernardin, Hagan, Kane, & Villanova, 1998). As put forth by Dangol (2021), once or twice a year, a traditional performance appraisal takes place. Between setting goals and assessing them, there would be lengthy gaps of months, and goals that are decided upon at the start of the year are typically only drawn-out during assessment time. DeNisi & Murphy (2017) explain that performance appraisal is a formal process, which occurs infrequently, by which employees are evaluated by some judge (typically a supervisor) who assesses the employee's performance along a given set of goals, assigns a score to that assessment, and then usually informs the employee of his or her formal rating. Employers may successfully plan and implement resource planning through performance appraisal, and fair performance appraisal helps employees improve their performance permanently by raising levels of motivation and commitment. Therefore, any firm that offers open and thorough performance appraisal can guarantee employee retention (Kalyanamitra, Saengchai & Jermsittiparsert, 2020).

Leon & Murphy (2016) carried out a study in global regions (Europe, Asia, North America, South America, Australia, New Zealand and Africa) on companies that are doing away with performance management system and having no ratings while understanding what has been learnt, whether there are early indications of results and if there are any unintended consequences. A survey was carried out and 21% of 300 HR leaders said they have either already or are planning to remove

ratings from their performance. Among the companies that were under study were Adobe, which launched a new "Check-in" performance management system and got rid with their ratings-based approach. The new approach was created to give continuous, real-time feedback, give managers more discretion in setting employee goals, and lessen direct comparisons between employees and their peers. The result was that voluntary turnover rate dropped by 30% as a result of increased performance appraisal openness.

A study was carried out by Kalyanamitra et al. (2020) with a purpose of evaluating the efficiency of HR processes in Thailand's pharmaceutical business, including training facilities, benefits and compensation, and performance appraisal on employee retention. The mediator between HR strategies and employee retention was thought to be job satisfaction. Data was gathered by distributing a questionnaire through purposive sampling to 6 pharmaceutical companies and analyzing information from previous studies. 281 questionnaires were responded to, and it was discovered that; employee retention is more impacted by compensation that is slightly higher than the value of the services provided and by the availability of occasional benefits than by performance appraisal. Also, training employees fosters the development of new goals and careers, which increases employee satisfaction and retention within the same organization.

In Ireland, Murphy (2020) carried out a qualitative study using secondary data on performance evaluation with a notion that performance evaluation will not die but it should. The study sought organizations to think about abandoning the practice of routinely evaluating each employee's performance in favor of concentrating on the limited number of situations in which performance evaluations and performance feedback are actually helpful. As this would be a better use of time and resources than continuing to make changes to the performance management system. Furthermore, building commitment should be the supervisor or manager's main objective and involvement with the organization and its overarching aims, as well as to help and support staff members who are having trouble performing their specific duties during the execution of this process. Some performance issues are probably the result of the worker's lack of drive and dedication to the company's strategy. It was recommended that organizations have a lot to gain from a performance management system that is based on coaching and includes the two essential behaviors that leaders must possess; attention and establishing structure which trickle down to retention of employees.

In Iran, Fesharaki & Sehat (2018) found that performance appraisal is a mere formality. They used Qard al-Hasan bank as their case study with a purpose of presenting and supporting the unique idea of Islamic HRM and evaluating the impact it has on two organizational attitudes, namely perceived justice and employee commitment. Their variables were recruitment & selection, training & development, remuneration & compensation and performance appraisal. The research was quantitative, and data was collected using a questionnaire, 128 employees of Resalat Qard al-Hasan Bank in the city of Tehran were selected by the Cochran formula and simple random sampling technique. The findings were that employers can increase their perception of organizational justice by implementing an Islamic approach to recruiting, training and development, compensation, and performance appraisal. The impact of three components of; recruitment, development and remuneration were significant, but the impact of appraisal was not. This was because candidates who are hired in accordance with Islamic principles, trained, developed, and fairly compensated tend to stay in their positions for a longer period of time and feel more emotionally and spiritually bonded to the company. On the other side, despite the fact that performance appraisals are essential, some employees could disagree with the findings, therefore there isn't a strong correlation between performance appraisal and organizational commitment. This can be explained by the fact that in certain organizations, like Resalat Qard al-Hasan Bank, performance appraisals are seen as procedure that simply has to be adhered to.

In Northern Cyprus, Ibeogu & Ozturen (2015) sought to determine the perception of justice in performance appraisal and effect on satisfaction in banks. Data collection was by survey and the findings showed that there are two main uses for performance appraisal in companies. One; is to assess performance in order to decide whether to award staff or take other administrative actions. Depending on these ratings, there may be promotions or layoffs and the enhancement of individual potential is a further use. In that capacity, the manager is frequently portrayed more as a mentor than a judge, and the atmosphere is often different. Furthermore, job level and performance appraisal satisfaction have no relationship. The consequence is that even if all of the respondents' groups agreed that the performance appraisal system in their individual organizations received favorable ratings, measures that indicate great satisfaction with the performance appraisal system were statistically insignificant and low. This might possibly be due to the fact that the ratings' outcomes have no discernible beneficial impact on their careers and thus performance appraisal outcomes do not affect employee retention.

In Pakistan, Gulzar, Advani & Jalees (2017) sought to find out the impact of performance appraisal on employee retention. The focus was on the banking sector, mainly answering the question, “What is the effect of performance appraisal practices on employee retention?” The researchers developed a conceptual framework where the dependent variable was employee retention and independent variables were performance appraisal, job satisfaction, reward system, career development, empowerment and management’s feedback. The target population were the employees of head office and data was collected from 39 branches and 316 respondents of a leading private bank in Pakistan. The findings indicated that performance appraisal may affect employee retention.

Fairness on how performance appraisal is carried out led to some studies being carried out to ascertain its impact on employee retention. Salleh, Amin, Muda & Halim (2013) examined the perception of public servants towards the fairness of performance evaluation and its effect on organizational commitment in Malaysia. The researchers used satisfaction in performance appraisal, fairness in performance appraisal and organizational commitment as the variables. The study focused on public servants working in the federal departments appointed by the Public Service Commissions and identified 48 public departments to form a cluster. A total of 805 questionnaires were randomly distributed to selected respondents in 27 federal departments and 425 usable questionnaires representing 25 departments were used for analysis. The findings were that the satisfaction of performance appraisal acts as a mediator in the relationship between the fairness of performance appraisal and organizational commitment, and the fairness of performance appraisal influences organizational commitment. When an employee agrees or is happy with the system and how it is being implemented, performance appraisal can be a beneficial tool for altering attitudes towards organizations, specifically organizational commitment. This therefore means that prioritizing the satisfaction of public servant and fair performance management inside the organization will increase the effectiveness of performance evaluation in influencing organizational commitment.

In Taiwan, Cheng (2014) sought to ascertain the mediating role of organizational justice on the relationship between administrative performance appraisal practices and organizational commitment. The target population were employees working in manufacturing electrical and electronic products. The researcher used salary adjustments, promotion decisions and performance

standards as the independent variables. The 3 aspects of organizational justice were the moderating variables (distributive, procedural and interactional justice) while organizational commitment was the dependent variable. With the support of HR managers, 623 questionnaires were distributed to the employees and 395 were responded to. The findings were that salary adjustments and promotion decisions can predict perceived distributive justice; promotions and performance standards can predict perceived procedural justice; and performance standards can predict interactional justice. The outcomes also demonstrated that employee levels of organizational commitment can be predicted by perceived organizational justice. Most importantly, this study discovered that the link between administrative performance appraisal practices and organizational commitment is mediated by perceived organizational justice.

Fahim (2018) carried out a study in the Egyptian public sector using the National Bank of Egypt as the case study. The purpose of the research was to explore the dynamics of using SHRM which strongly influence the decision of employees to stay. The scholar randomly selected a sample of 150 participants for the survey and used SPSS for data analysis. The independent variables used in the study were recruitment and selection, training and career development, performance appraisal, compensation and benefits while employee retention was the dependent variable. The findings showed that performance appraisals significantly increase employee retention and, in all institutions, public or private, employee retention could be achieved primarily through SHRM policies.

In East Africa, Mwema & Gachunga (2014) undertook research on select World Health Organizations with an aim of determining the influence of performance appraisal on employee productivity. The target population was the Kenya Country Office, Garissa sub office, Somalia and Sudan offices based in Kenya. A descriptive research design was adopted, and regression analysis was employed to ascertain the findings from a sample size of 105 participants. A questionnaire was used to get quantitative data while interviewing top management and obtaining secondary data from the World Health Organization website and manuals were used to get qualitative data. The study discovered that performance appraisal systems affect employee performance and serve as a motivating tool to improve employee performance, which in turn improves organizational performance. The way an employee performs, let alone organizational performance will also affect retention.

In Kenya, Mbugua et al. (2015) sought to ascertain the relationship between strategic performance management and employee retention targeting 44 commercial banks licensed by the central bank of Kenya. The target population for this study was the heads of human resources, a survey design and census approach were used to gather the information needed to achieve the objectives. A questionnaire consisting of both open- ended and closed- ended type of questions was used to collect primary data while secondary data was collected by review of published literature such as the various bank publications, central bank of Kenya reports and publications and textbooks. The findings were that; organizations used strategic performance management through clear action value plan, target setting, setting of the realistic budgets, forecasting, performance review, check-ins and finally compensation-based performance influenced employee retention.

In Kenya, Nyanjom (2013) undertook to establish the factors influencing employee retention in the state corporations in Kenya. The target population of the study included all the 155 state corporations in Kenya and a sample of 54 was used for data collection. Primary data was collected using a self-administered questionnaire. From the findings, it was discovered that employee commitment, empowerment, compensation, performance appraisal, training and career development all had an impact on how long a person stayed on the job. Furthermore, it was established that employees' retention is influenced by readily available loan facilities, guaranteed job security and stress management programs. Availability of possibilities for professional growth, well stated goals and objectives, and detailed job descriptions influenced employee retention, to this also, feedback from performance appraisals led to enhanced employee development. The presence of opportunities for professional growth, well defined goals and objectives and job descriptions contribute to the retention of employees in state corporations. While readily available loan facilities, guaranteed job security and stress management programs is moderate, and that adequate working equipment does not influence employee retention in their organization. Thus, the study showed that performance appraisal is among many other factors that affect employee retention.

Similarly, Wanguku (2016) carried out a study in Kenya to determine the influence of human resource practices on medical officers' retention in Nairobi County in Kenya. The independent variables of the study were on boarding process, performance management process, talent motivation and HR development while staff retention was the dependent variable. The population

of the study was the permanently employed medical officers in level 5 and 6 hospitals in Nairobi County. Primary data was obtained by use of two different questionnaires for the medical officers and supervisors to be able to get feedback from both perspectives. The data was collected through scheduled interviews with the respondents. From the findings, it was observed that even though there is a relationship between all the independent variables, when they are all combined, there is no effect on staff retention. But the independent variables have an effect on staff retention when separated, possibly two by two, and that they function as a drive of each other to influence staff retention.

2.3.2 Rewards and employee retention

According to Oxford Learner's Dictionary (n.d.), a reward is a thing that you are given because you have done something good or worked hard. Herzberg noted that the absence of rewards could lead to issues because they frequently grow into expectations or even entitlements (Hansen, Smith & Hansen, 2002). Moreover; Scott, McMullen & Royal (2012) hold that business performance is significantly impacted by turnover, which is expensive, especially when the economy is recovering. As a result, reward specialists face greater pressure to increase counteroffers, increase new hire offers, offer exceptions to reward policies and programs more frequently, and try to handcuff key employees to the company by giving them stock options and other programs that make it difficult for them to leave.

Tangthong, Trimetsoontorn & Rojniruntikul (2014) carried out an empirical study to explore HRM practices and employee retention in Thailand's foreign direct investment industry. Independent variables were compensation and benefits management and reward system, training and development. The mediating variable was employee engagement, and the dependent variable was employee retention. 400 top managers, HR leaders and line managers provided data for analysis. The researchers discovered that the reward system can affect the performance of the employee and their desire to stay with the organization. Furthermore, the researchers concluded that even if training and development does not fully determine employee retention for direct effect, both salary and benefits management and reward system, and training and development have a direct and indirect effect on employee retention.

The decision of employees to stay has an indirect effect on their understanding of the reward system. This is based on a study by Treuren & Frankish (2014) in Australia where they looked at

the relationship between pay and leaving intentions in the not-for-profit sector and found that employees' awareness of their pay arrangements indirectly affects their intention to leave. A survey was done, and 153 questionnaires were used for data analysis, and it was discovered that businesses should enhance the way they convey salary to employees in order to decrease turnover. Organizations must hire and keep talented workers in light of the developments in technology if they want to remain competitive. It's important to comprehend the organizational elements that affect employee retention. The results showed that seniority, leadership abilities, and personal characteristics all positively correlated with employee retention.

Hee & Rhung (2019) undertook to determine the relationship between intrinsic and extrinsic motivation that influence employee retention among millennials in Malaysia. Extrinsic motivation was operationalized as compensation, career development, and workload and work environment. Intrinsic motivation was operationalized as sense of purpose, challenging work, freedom to choose and recognition. A quantitative survey approach was used, and a questionnaire were distributed to millennial workers in Johor Bahr. The researchers concluded that although previous studies shed light on many aspects of employee retention, little is known about the variables that motivate millennials to stay at their jobs in the Malaysian environment. Knowing the extrinsic and intrinsic factors that influence employee retention, particularly for millennials, may assist managers and organizations identify adjustments that must be made in the near future.

In Jordan, Alhmoud & Rjoub (2019) carried out research with a main objective of determining how total rewards and employee retention were related to one another in the setting of Islamic banks. A questionnaire was used for data collection from a sample consisting of 500 employees and after analyzing the data, the researchers concluded that extrinsic, intrinsic, and social rewards are all significant elements in achieving employee retention. Interestingly, social rewards were found to have the greatest impact on employee retention. They recommended efforts to decrease turnover in Jordan's Islamic banks which included carefully coming up with total reward strategies made up of extrinsic, intrinsic and social rewards.

In Sri Lanka, Mendis (2017) undertook to determine the impact of reward system on employee turnover intention focusing on the logistics industry. Components of a total reward system included, financial rewards of base pay, variable pay, share ownership and benefits; while non-financial rewards included recognition, development of skills, opportunities and quality of life This

study examined the relationship between five independent variables which were; remuneration, cash incentives, work life balance, supervisor support and employee recognition while the dependent variable was the intention of non-executives to leave their current positions. The findings showed that remuneration, cash incentives, work-life balance, supervisor support, and employee recognition have a negative and significant correlation with the intention to leave one's job. Focusing on the reward system variable influence on turnover intention, it was revealed that it is a potent predictor of labor turnover in Sri Lanka's logistics sector.

In India, Das & Baruah (2013) carried out a descriptive study using entirely secondary data from already existing books and various research journals. The objectives were to; to find out the various research works that have been done in the area of employee retention, to highlight the various factors which affect retention initiatives in an organization and to explore the relation between various factors and job satisfaction. Diverse elements were discovered to affect employee retention, these include compensation, reward and recognition, promotion and opportunity for growth, participation in decision making, work-life balance, work environment, training and development, leadership and finally job security. Furthermore, the researchers also concluded that there is still a great deal of room for research in the area of employee retention, especially when it comes to variables like pay practices, management and supervision, career planning and development, flexible work schedules, alternative work schedules and working environments. It goes without saying that HR specialists should be in charge of these activities.

In Taiwan, Chen, Wu, Chang, Lin, Kung, Weng & Lee (2015) undertook a study on organizational justice, trust and identification and how they affect organizational commitment in hospital nursing staff. A cross-sectional research design was used, and 386 valid questionnaires were used for data analysis in SPSS. The findings showed that retaining nursing staff has less to do with raising compensation and more to do with non-financial aspects. The sense of organizational justice is likely to have an impact on nurses' organizational trust and identity, which could motivate the nurses to voluntarily stay in their positions.

In South Africa, a study was carried out by Terera & Ngirande (2014) with specific objectives of; to ascertain the effect of rewards on employee retention, to ascertain whether there is a relationship between rewards and job satisfaction, to ascertain the relationship between job satisfaction and employee retention, and to provide recommendations to the organization's policy makers on

potential methods/strategies to improve employee retention in light of the research findings. A quantitative research design was used, and a questionnaire was self-administered to 180 nurses who were randomly selected. Data was analyzed using SPSS and it was concluded that there is a positive relationship between rewards and employee retention and that an employee is more inclined to stick with a company the more they are rewarded. This demonstrates that most workers remain with the same employer for a considerable amount of time due to the financial benefits they derive from it.

In Ghana, Kwenin, Muathe & Nzulwa (2013) took to evaluate how existing HR and employee retention strategies at Vodafone affected employee retention based on work satisfaction. A questionnaire was employed in the descriptive research to gather information from 142 randomly chosen employees. Additionally, secondary data from organizational reports and business periodicals were reviewed. The findings were that adequate rewards programs resulted in pay equity and higher staff retention. The study also discovered that as part of the reward management system, employees were rewarded for outstanding performance. The relevant policies considered both growth and development programs, giving the beneficiaries a sense of value.

In Uganda, Sejjaaka & Kaawaase (2014) sought to examine the extent to which professionalism, rewards and job satisfaction are used as valid predictors of organizational commitment. The scholars hypothesized that rewards were positively related to organizational commitment. Secondary data was used and responses from 277 accountants with professional affiliation in Uganda. The conclusions from the study were that job satisfaction is the best indicator of organizational commitment and rewards by themselves do not guarantee increased organizational engagement in developing markets.

In Kenya, Msengeti & Obwogi (2015) carried out a study on the effects of pay and work environment on employee retention targeting the hotel industry in Mombasa County. The main objective of the research was to investigate the relationship between different types of rewards (base and contingency pay) and staff retention in Mombasa's hotels. 347 employees were divided into two groups of management and non-management workers and the findings showed that rewards have a weak influence on employee retention as compared to the non-financial component of work environment. Also, it was noted that there are large wage gaps between the industry's major competitors, which drives workers to constantly look for better employment prospects and

exacerbates the problems with low staff retention. Additionally, the findings provide compelling evidence that non-financial rewards have a greater impact on employee retention than traditional financial rewards, demonstrating the need for employers to adopt holistic reward management strategies in order to ensure that they create total reward packages for their employees and do not solely focus on financial rewards.

Ng'ethe (2014) carried out research on the determinants of staff retention in public universities in Kenya. Independent variables were extrinsic factors (leadership style and remuneration), intrinsic factors (training and promotion), mediating variable was personal characteristics like age and education while the dependent variable was academic staff retention operationalized at intention to leave and intention to stay. The researcher based on equity theory, expectancy theory, McClelland theory, human capital theory and Herzberg two factor theory. Primary data was collected using a questionnaire and interviews from 496 sample population. The findings were that rewards were discovered to be a predictor of intention to leave in Kenyatta University and Moi University but not for the other universities (Jomo Kenyatta University of Agriculture and Technology, University of Nairobi, United States International University and Masinde Muliro University of Science and Technology) in the institution-based regression analysis. The findings of the general regression model study for all universities showed that rewards were associated with staff retention, but the association was not significant. There availability of leadership style, training and promotion, and remuneration do not influence academic staff retention in public universities in Kenya. Additionally, staff remained with their employers even when remuneration is not adequate and competitive as a result of their interest and passion for their work.

2.3.3 Training and Employee Retention

Training and development are defined as the planned learning experiences that teach employees how to perform current and future jobs (Tahir et al., 2014). Training and development have become one of the crucial components of the human resource department as well as an essential function in majority of organizations. Training has a significant impact on an organization's success by raising employee performance since globalization has made the world become smaller and businesses become larger. Employee training enhances motivation and leads to retention (Karim, Choudhury & Latif, 2019).

In Germany, Dietz & Zwick (2021) carried out research to analyze the effect of training participation on employees' retention in the training establishment. Underpinning on the human capital theory and monopsony theory, training parameters influence retention effect of training. In a perfect labor market, the difference between general and specific human capital determines how training affects employee retention. Monopsony theory suggests a number of frictions that help to explain why training facilities can prevent employee turnover by providing broad human capital training. Key instances of these market frictions include training institutions having greater knowledge of the aptitude of their trainees or training materials. Detailed survey information on the training history, employee market information and employer-employee panel were used for data collection from 4318 employees working in 149 companies. The researchers concluded that training has a significant positive effect on retention, but also noted that a wide variety of employee and organizational characteristics determine retention. Also, retention effects of training may be differentiated in average German companies that put less effort into training their employees.

In South Africa, Nkosi (2015) carried out a study with a main goal of examine analyzing the effects of training on employee commitment, retention, and performance in a local municipality in South Africa's Mpumalanga Province. The researcher used convenience sampling method and came up with a sample of 130 employees on representing three managerial levels at top, middle and lower levels. A questionnaire structured in a Likert scale format was used to collect data on the study variables and SPSS version 22 was used for data analysis. It was concluded that training impacts positively and significantly on the commitment of employees hence training opportunities are significantly related to organizational commitment of employees.

In Nigeria, Abba (2018) carried out research in some selected banks within Bauchi State Metropolis. The main objective of examining the relationship between training and development and employee retention. 97% of banks in the country did not allow workers to have acquired external training and development. The banks would rather an employee quit before they start their journey of training or development. The researcher used a descriptive casual survey method, a questionnaire was employed in data collection and a simple regression model was used to analyze the data. The target participants were top and middle level employees of the banks. It was concluded that the relationship between training and development and employees' retention is positive, therefore; staff retention is significantly affected by training and development.

In Egypt, Elsafty & Oraby (2022) undertook to ascertain the impact of training on employee retention in the private sector. The independent variables were training and development, job satisfaction, and job performance while employee retention was the dependent variable, effective communication was the mediating variable. Correlation statistics were used to confirm the relationship between the variables by analyzing the data. The researchers had a sampling frame of 12.6 million and random sampling was employed. The findings indicated that training and development, as well as job satisfaction, can be used to increase staff retention. An employee needs assessment method can be used to implement unique and well-organized training programs inside of any firm in accordance with each employee's needs and requirements.

In Mogadishu Somalia, Damei (2020) carried out a study about the effect of job training on employee retention in three telecommunication companies. The specific objectives were to examine the relationship between job instruction and employee retention, to assess the effect of job rotation on employee retention and to analyze the relationship between coaching and mentoring and employee retention. This led to independent variables of job instruction, job rotation and coaching and mentoring. Employee retention was a dependent variable that the researcher operationalized as rate of absenteeism, turnover rate, engagement, attendance and satisfaction rate. The target population was divided into three groups of top management, middle management and lower-level employees. The respondents were 55 from Hormuud, 50 from Somtel and 45 from National link; they were selected using non-probability sampling technique of intentional sampling. A questionnaire was the data collection instrument. There is a positive relationship between employee retention and job training. It was also apparent that the majority of men and women desire to gain advanced work training, and while they already possess some of the skills necessary to maintain their professions, they also need to develop additional skills that will enable them to keep their jobs for an extended period of time. Also, coaching and mentoring, job instructions paid well, promoted, job rotation; are important variables that lead to employee retention.

In Lebanon, Dia (2022) carried out a descriptive study to examine the effect of training on employee engagement and employee retention where training is the moderating variable between employee engagement and employee retention. A questionnaire was distributed on Google Forms were used to collect data from the 558 participants. SPSS software was used to analyze data using

multiple regression analysis. The finds showed that training has a positive effect on employee engagement or retention alone, but it plays a moderating role between the two variables.

In Ghana, Bediako (2019) sought to examine the effects of training on employee retention at St. Mary's Hospital, Drobo in the Brong Ahafo region. The specific objectives of the study were to identify the training needs of employees, to examine employees' perceptions of the benefits of training, to examine the turnover intentions of employees and to examine the effect of training on retention of employees. Training was the independent variable; it was operationalized using empowerment, skills, problem solving and motivation. Employee retention was the dependent variable; it was operationalized using number of years worked, number of employees leaving the institution, sense of belonging, punctuality at work and regularity at work. The researcher used a quantitative research approach using descriptive statistics. The total number of employees of St Mary's Hospital were 250 making the sample population 200. The researcher collected data using a questionnaire and analyzed it using SPSS, it was concluded that training benefits is a significant predictor of employee retention, employees at St. Mary's hospital had no intension of quitting. Additionally, there were strong positive assertions from majority of the respondents identifying that they require the following training skills: customer service skills training, problem solving skills training, leadership skills training, communication skills training, interpersonal skills training, and teamwork skills training.

In Malaysia, Gan & Yusof (2019) examined the relationship between training and employee retention. Secondary data was used from 2008 to 2018 because the scholars wanted to analyze data for a decade while also using Herzberg Two-Factor Theory to underpin the research. The findings showed inconsistent results because some researchers claimed there was a significant relationship while other researchers failed to establish a meaningful relationship between the study variables of training and retention. But the scholars went ahead and concluded that one of the factors that may influence an employee's retention is training. Therefore, it is essential for firms to concentrate on delivering training to selected staff if they want to retain talented personnel.

In Tanzania, Lusewa (2015), carried out a study to examine the effect of training programs on employee retention using Kilindi district council in Tanga region as the case study. Data was collected from 105 respondents using both qualitative and quantitative techniques. This was done through in-depth interviews, focused group discussions, documentation and a questionnaire. The

findings showed that there is a significant relationship between training and employee retention, thus, training is one of the basic factors that affect employee retention. The researcher also concluded that training alone is not enough to retain employees thus leading to recommendations of performance management, good relationships and career development and better leadership management to be enhanced in order for employees to stay longer with their employers.

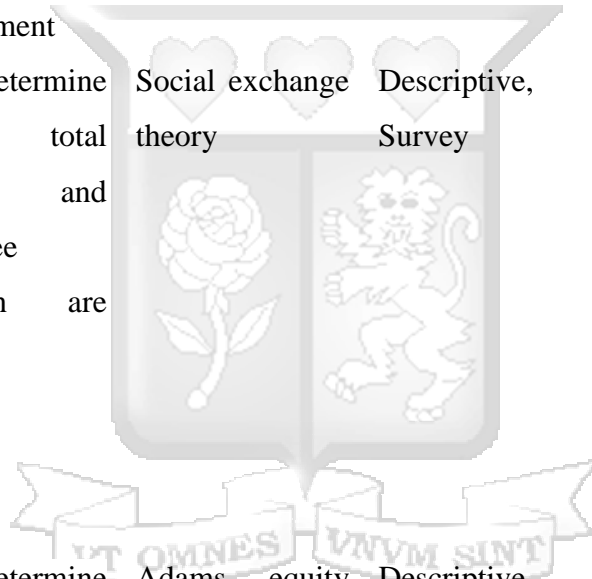
In Kenya, Mapelu & Jumah (2013) carried out a study to investigate the effects of HR practices on employee turnover in select medium size hotels in Kisumu City focusing on the extent to which training, and development of employees contribute to employee turnover. 350 employees comprising of 96 managers and 240 employees working within 24 medium sized hotels formed the study's target population. A sample of 187 respondents was attained and simple random sampling, stratified and purposive sampling techniques were applied. By the use of a questionnaire, primary data was gathered while secondary data was used to illustrate relevant issues prior to the study. This was from journals, books, newspapers, and magazines. Although training has many advantages, employing HR methods that involve a variety of organizational commitment practices and policies can have a far bigger impact. One such organizational technique that can result in higher employee loyalty and a more stable workforce is an effective training program. The majority of workers think their chances of getting promoted after training are good.

2.4 Summary of the knowledge gap

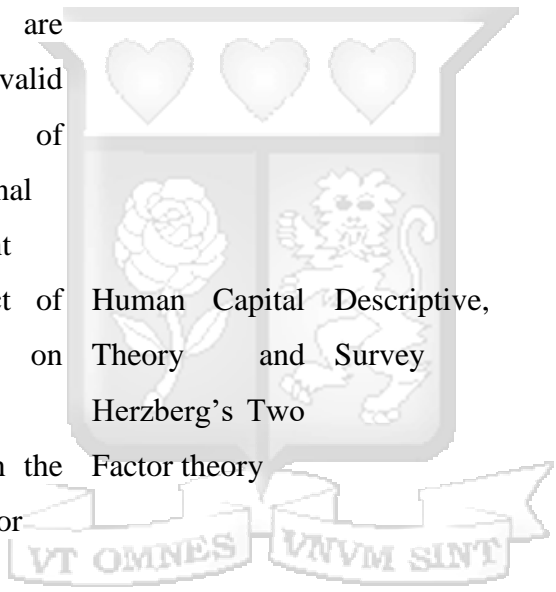
Table 2.1 Summary of Knowledge gaps

Author(s) and Year	The objective of the Study	Theory	Methodology	Findings and Conclusions	Knowledge Gap
Leon et al., (2016)	Performance evaluation will not die, but it should	None	Descriptive, Survey	Voluntary turnover rate dropped by 30% as a result of increased performance	Focus on HR leaders while current study focused on millennial employees

				appraisal openness.
Fesharaki et al., (2018)	To evaluate the impact Islamic HRM has on two organizational attitudes of perceived justice and employee commitment	Organizational Justice theory	Case study - Quantitative	There isn't a strong correlation between performance appraisal and organizational commitment
Alhmodi et al., (2019)	To determine how total rewards and employee retention are related	Social exchange theory	Descriptive, Survey	social rewards were found to have the greatest impact on employee retention
Mendis (2017)	To determine the impact of reward system on employee turnover intention	Adams equity theory	Descriptive, Survey	Reward system is a potent predictor of labor turnover
Chen et al., (2015)	Organizational justice, trust and identification	Organizational Justice	Cross-sectional	Retaining nursing staff has less to do with performance



	and how they affect organizational commitment in hospital nursing staff			raising compensation and more to do with non-financial aspects	appraisal as well as a focus on millennial employees
Sejjaaka et al., (2014)	To examine the extent to which professionalism, rewards and job satisfaction are used as valid predictors of organizational commitment	classical sociological theory	Descriptive, Survey	Rewards themselves do not guarantee increased organizational engagement in developing markets.	Current study incorporated performance appraisal as well as a focus on millennial employees
Elsafty et al., (2022)	The impact of training on employee retention in the private sector	Human Capital Theory and Herzberg's Two Factor theory	Descriptive, Survey	Training and development, as well as job satisfaction, can be used to increase staff retention	Current study incorporated performance appraisal and rewards as well as a focus on millennial employees
Damei (2020)	The effect of job training on employee retention	None	Descriptive, Survey	There is a positive relationship between employee retention and job training	Current study incorporated performance appraisal and rewards as well as a focus on



millennial
employees

Dia (2022)	The effect of Social exchange theory on employee engagement and retention	Descriptive, Survey	Training has a positive effect on employee engagement or appraisal and retention alone, but it plays a moderating role between the two variables.	Current study incorporated performance appraisal and rewards as well as a focus on millennial employees
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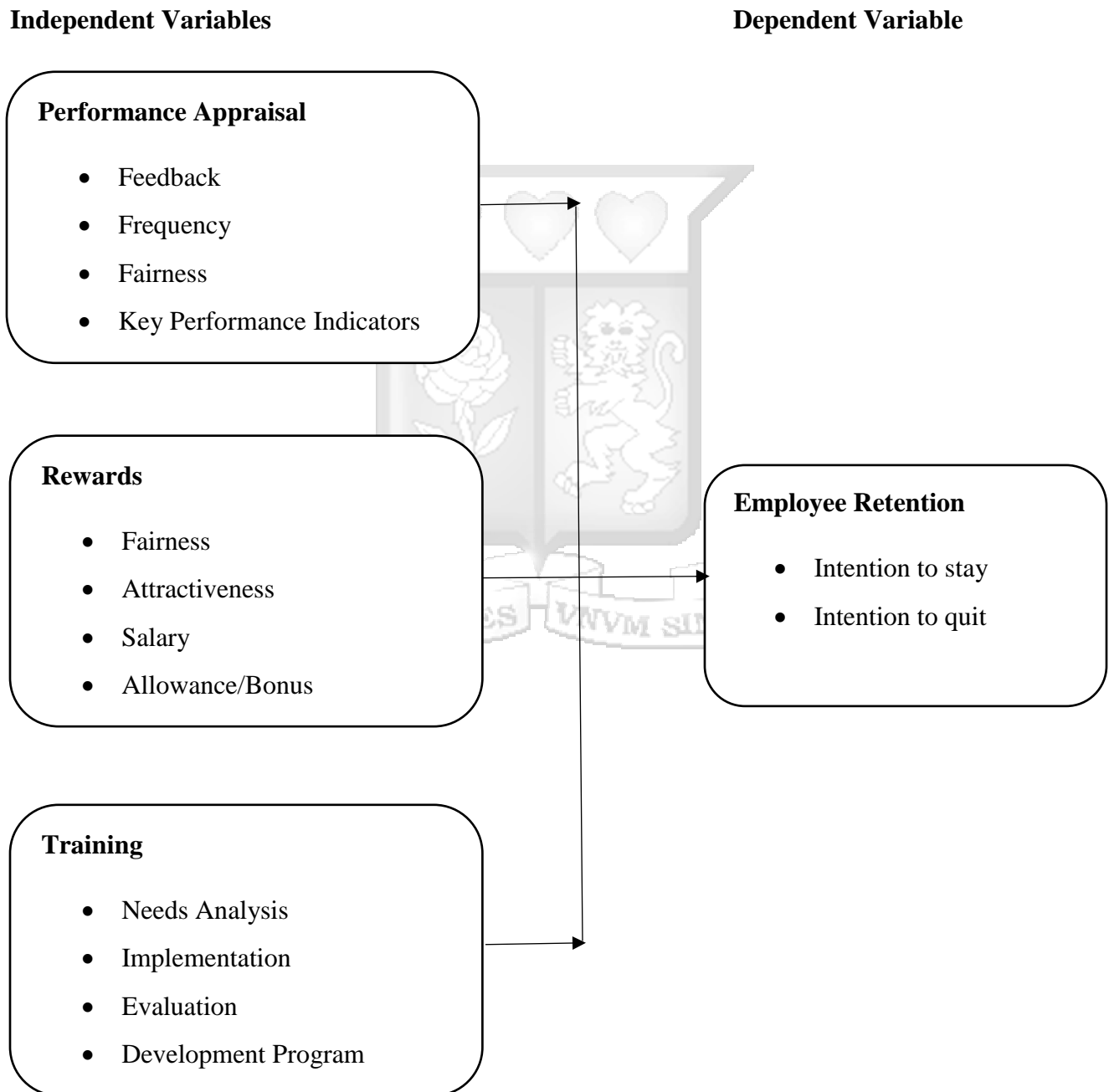
Source: Author (2023)

With the emergence of the millennial generation, HR practitioners have had a challenge of managing the current workforce (Mayangdarastri & Khusna, 2020). Because of how rapidly they leave a business, millennials are viewed as a disloyal generation, leading to high turnover and high costs (Buzza, 2017). The literature reviewed shows that companies are having the challenge of retaining their employees. Research has been done all over the world concerning employee retention; in Pakistan, Gulzar et al. (2017) did a study on the impact of performance appraisal on employee retention, in Ghana, Kwenin et al. (2013) studied about existing HR and employee retention strategies at Vodafone. In Kenya, Nyanjom (2013) carried out a study with a purpose of establishing the factors influencing employee retention in the state corporations. Hee et al. (2019) concluded that although previous studies shed light on many aspects of employee retention, little is known about the variables that motivate millennials to stay at their jobs. Writers like Makarov (2016) argue that African millennials constitute about 37% of the world population of millennials, putting Africa as the leading youthful population on the global space. And yet, limited studies have been conducted around millennials within the African vicinity, and it is also conceived that millennials within the African sphere are a much more different group of individuals in comparison to their counterparts worldwide. This has necessitated the current research's main objective, which was; to determine the relationship between performance management and retention of millennials in startups in Kenya.

2.5 Conceptual Framework

The independent variables are aspects of performance management; performance appraisal, rewards and training. The dependent variable is employee retention. A conceptual framework showing the interrelationship between the variables of the study is shown below in Figure 2.1

Figure 2.1 Conceptual Framework



Source: Author (2023)

2.6 Operationalization of Study Variables

This section included the study's independent variables; performance appraisal, rewards and training, as well as the dependent variable; employee retention. Furthermore, the researcher included the indicators of each variable, measurement, data collection instrument and how data will be analyzed. These are all shown below in Table 2.2

Table 2.2 Operationalization of Study Variables

Variable	Type of Variable	Indicator	Measurement	Data Collection Instrument	Data Analysis
Performance Appraisal	Independent	Feedback	Likert Scale	Questionnaire	Descriptive
		Frequency			Correlation
		Objectives			Regression
Rewards	Independent	Key Performance Indicators	Likert Scale	Questionnaire	Descriptive
		Fairness			Correlation
		Attractiveness			Regression
		Salary			
Training	Independent	Allowance/Bonus	Likert Scale	Questionnaire	Descriptive
		Needs Analysis			Correlation
		Implementation			Regression
		Evaluation			
		Development Program			
Retention	Dependent	Intention to stay	Likert Scale	Questionnaire	Descriptive
		Intention to quit			Correlation
					Regression

Source: Author (2023)

2.7 Chapter Summary

In this chapter, the literature presented is useful to the study; theoretical and empirical. This then resulted in a conceptual framework and operationalization of study variables which was illustrated.



CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the research methodology that was adopted to accomplish the objectives of the study. This includes the research philosophy, research design, and population and sampling method that was used, the data collection instrument as well as how the data analysis techniques were employed. Furthermore, a section on quality assurance and a discussion on ethical considerations in the research is also incorporated.

3.2 Research philosophy

Sekaran (2013) defined research philosophy as a belief about how to gather, analyze and apply data about a given phenomenon under study. Drawing from Creswell (2014), research philosophies consist of; pragmatism, positivism, interpretivism, realism and constructivism. The researcher adopted a positivist philosophy because it depends on quantifiable observations that lead to statistical analyses which is appropriate for this study because it is a quantitative study that will be carried out with objectivity (Cohen, Manion & Morrison, 2018). Giddens (1976) posited that positivism suggests a specific perspective on the social scientist as an observer of social reality, and that analyses must be articulated in laws or laws-like generalizations of the same kind that have been created in regard to natural phenomena. Also, positivism refers to a clear perception of social scientists as analysts or interpreters of their field. Science gives us the most precise representation of the ideal of knowing. Burrell & Morgan (1979) elucidated that positivism is an objective approach to social science.

3.3 Research design

Cohen et al. (2018) stated that a research design is a plan or strategy that is drawn up for organizing the research and making it practicable so that research questions can be answered based on evidence and warrants. The researcher adopted a correlational research design because the study facilitated the prediction and explanation of the relationships among the study variables (Seeram,

2019). Borg & Gall (1979) advise a correlational research design to be used if the sample size is more than 30 cases and thus making it appropriate for this particular study.

3.4 Population and sampling

A population is a whole group of individuals, events, or objects with a common detectable characteristic about which information is required (Nachmias & Nachmias, 1996). The population may be large or small, and it consists of everyone who meets the criteria for the study's classification (Bryman, 2012). Morrison (1993) depicts that the quality of research stands or falls not only by the appropriateness of methodology and data collection but also by the appropriateness of the sampling strategy that has been adopted. Furthermore, a sampling frame is the set of parameter characteristics of the wider population, this is; the population that is being represented has to be clear and correct (Cohen et al., 2018).

According to the 2022 Kenyan Startup Ecosystem Report, there are 308 active startups in Kenya and 202 startup companies are based in Nairobi (Disrupt Africa, 2022). The researcher chose Nairobi for the study because it is a strategic hub and leads Kenya in the number of startups based in the country. The researcher used simple random sampling and gave all startups an equal opportunity to participate in the research (Thomas, 2020). Additionally, millennials employed in startups in Nairobi were the target participants for the study and the probability that millennials employed in a startup were chosen was unaffected by the selection of millennials in other startups meaning that each choice stood alone from the one before it. The process entailed randomly picking the necessary number of participants for the sample from a list of the population (a sampling frame). Furthermore, the researcher used the simple random sampling technique because of constraints like; time, money, stress and administrative support. (Cohen et al., 2018). The researcher determined the sample size to be 134 from the Yamane (1973) sample size formula.

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

Where:

n is the sample size

N is the total population

e is the margin of error; 0.05 for this case

$$n = \frac{202}{1+202(0.05^2)} = 134$$

Table 3.1 Sample distribution

Description	Population	Sample
Startups in Nairobi	202	134

Source: Disrupt Africa (2022)

3.5 Data Collection Method

Cohen et al. (2018) are of the view that a survey style be used if inferential statistics are to be calculated. Also, Kothari (2011) proposes a questionnaire to be used because results can be made more dependable and reliable. The questionnaire was administered using Google Forms, providing respondents plenty of time to complete and give their answers. Google Forms also have price and convenience advantages. The respondents completed the forms at the convenience of their homes and offices. The researcher self-administered the Google Link to the questionnaire to the participants for a period of three weeks.

Ordinal data include items such as rating scales and Likert scales and are frequently used in asking for opinions and attitudes (Cohen et al., 2018). Therefore, the questionnaire was broken up into sections. It consisted of five sections; the first section addressed the general information of the research participants, the second to fourth parts focused on the independent variables (performance appraisal, rewards and training), and the fifth section focused on the dependent variable (employee retention). The second, third, fourth and fifth sections' questions were Likert type, and the respondents were expected to indicate their responses on a five-point scale where 1 represented strongly disagree, 2 represented disagree, 3 represented neutral, 4 represented agree and 5 represented strongly agree.

3.6 Data analysis

According to Saunders et al. (2016), data analysis is ordering, structuring, and making sense of collected data. A potent method of study that has roots in positivism is quantitative data analysis

and it can also be used for correlational research (Cohen et al., 2018). The researcher analyzed the data using descriptive, correlation and regression analyses.

Cohen et al. (2018) posited that descriptive statistics do exactly what they say; they describe and present data, for example, in terms of summary frequencies. To this therefore, the researcher employed descriptive statistics to summarize the data collected and this included; Frequency distribution, percentages, mean, minimum and maximum scores, standard deviation, skewness, kurtosis. Such statistics make no inferences or predictions, they simply report what has been found, in a variety of ways and that's why the researcher went ahead and carried out correlation and regression analyses.

Borg et al. (1996) suggest that correlational research requires a sample size of no fewer than thirty cases. Even though descriptive statistics speak for themselves, the researcher further employed inferential statistics that are more valuable and more powerful. The SPSS software was used to analyze the data and inferential statistics were used to strive and make inferences and predictions based on the data gathered using correlations (Cohen et al., 2018). This research study used Spearman's correlation coefficient because the data gathered was not normally distributed. The correlation coefficient was used in order to ascertain the degree of association between the variables. In reporting the correlations, the researcher reported the coefficient and whether the relationship tended to be significant or non-significant.

The researcher conducted diagnostic tests after data collection to see how good or bad the regression model was in terms of fitting the sampled data (Field, 2009). Berry (1993) gave assumptions from which the researcher based on to use a simple regression model that was fit for the study's data analysis. The tests passed the assumption that all predictor variables must be quantitative given then that current study is quantitative. The test also confirmed the assumption that the error term should be equal at zero (0) where the standardized residual mean was 0.0000000 as shown in Table 3.2 below.

Table 3.2 Descriptive statistics: Error term

	N	Minimum	Maximum	Mean	Std. Deviation
Standardized Residual	127	-2.01333	3.08481	.0000000	.98802352
Valid N (listwise)	127				

Source: Primary Data (2023)

The Durbin–Watson test confirmed the assumption of auto correlation which was almost equal to two (2) at 1.763 as seen in Table 3.3 below.

Table 3.3 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					
					R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.444 ^a	.197	.177	.47162	.197	10.054	3	123	<.001	1.763

a. Predictors: (Constant), Training, Appraisal, Rewards

b. Dependent Variable: Employee Retention

Basing on Tables 3.2 and 3.3, the researcher used a simple regression model to predict the relationships between independent and dependent variables. In order to attain robustness of the research findings, the researcher went ahead and employed a hierarchical regression model to establish the influence of the independent variables on the dependent variable, where; performance appraisal was the first to be included, then rewards were included and finally training. The hierarchical regression model showed whether the relationships between the independent variables and the dependent variable were significant or insignificant. The equations in analysis were as below.

$$\text{Model 1 - } EMR = \alpha + \beta_1 \text{ PEA} + e$$

$$\text{Model 2 - } EMR = \alpha + \beta_2 \text{ PEA} + \beta_2 \text{ REW} + e$$

$$\text{Model 2 - } EMR = \alpha + \beta_3 \text{ PEA} + \beta_3 \text{ REW} + \beta_3 \text{ TRA} + e$$

EMR represents employee retention, PEA denotes performance appraisal, REW denotes rewards, TRA is training, Alpha (α) is the constant term, β is the unstandardized coefficient that tells if the

independent variable is a significant predictor of the dependent variable and e represents the error term.

3.7 Research Quality – Validity and Reliability

3.7.1 Validity

Threats to validity and reliability can never be eliminated totally as it is impossible for research to be perfect, but they can be lessened by paying attention to the effects of these threats throughout the research (Cohen et al., 2018). Validity measures the appropriateness of the tools, processes, and data used (Lawrence, 2015). In most cases, content and construct validity are used in evaluating the meaningfulness of the research findings (Greene, 2012). Content validity sought to establish the degree to which items on the questionnaire represented aspects of performance management, which were; performance appraisal, rewards and training which were being studied, and employee retention. Additionally, construct validity sought to establish the extent to which the research instrument could be interpreted as meaningful to some characteristics. To address these two aspects of validity, the research instrument used in this study was adapted from widely used and acknowledged tools. Furthermore, such adaptation was further validated by seeking the research supervisor's expert opinion which was provided.

3.7.2 Reliability

Reliability is the extent to which the research instrument is dependable, including stability, internal consistency, and equivalence (Golafshani, 2003). Additionally, reliability is concerned with precision and accuracy (Cohen et al., 2018). To establish the researcher's data collection instrument's reliability, a pilot test was carried out using twelve participants from the identified sample. The researcher established credibility in the tool by calculating the Cronbach's Alpha, which measures the accuracy of consistency with which a set of items measure a single construct. For the current study, reliability was assessed through Cronbach's Alpha in that a value of 0.7 and higher would be desired for each of the scales used. This is because values below 0.7 are questionable, poor and unacceptable (Kotter, 2012). Table 3.4 below presents the reliability scores.

Table 3.4 Reliability scores

Variables	Cronbach's Alpha Scores
Performance Appraisal	0.829
Rewards	0.946
Training	0.960
Employee Retention	0.705

Source: Primary Data Pilot Test 2023

3.8 Ethical issues in research

The researcher observed the highest standards of ethics by informing the respondents of their ethical obligations. The researcher sought Strathmore University's Ethical Clearance and obtained a research license from NACOSTI. During data collection, the researcher sought the participants' permission to participate without using deceptive means, communicated their involvement level and freedom to withdraw their participation at any given time. Other matters that were explained include voluntary participation, study benefits, and the participants' rights to protection and privacy. Lastly, the participants' confidentiality and anonymity were upheld in highest manner.

3.9 Chapter summary

In this chapter, the researcher presents the methodology that was employed for data collection and analysis in order to achieve the research objectives. The research philosophy (positivism), research design (correlation), population and sampling, data analysis that was carried out using SPSS, the research validity and reliability and the ethical standards that were upheld throughout the research process.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF FINDINGS

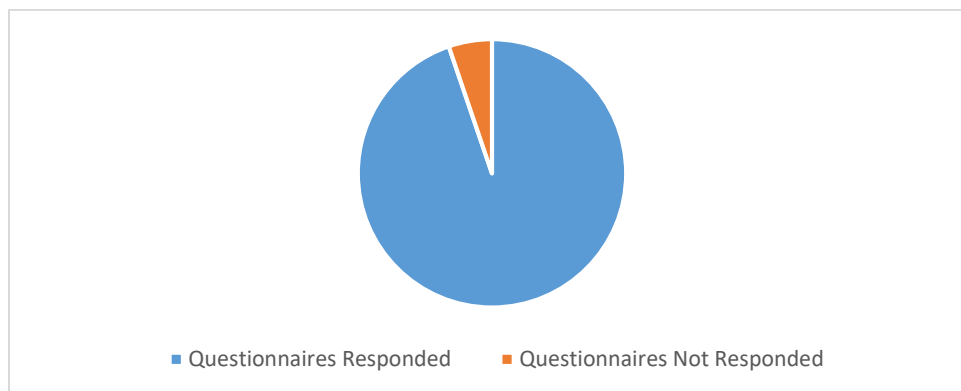
4.1 Introduction

In this chapter, the study provides descriptive and inferential analysis. In the descriptive analysis, the study describes the relevant aspects about the respondents as well as their feedback to the questionnaire. In the inferential analysis, the study measures the degree of associations between variables and as well estimates the contribution of performance appraisal, rewards and training on retention of millennials in startups in Kenya.

4.2 Response rate

The study's population was 308 active startups in Kenya. Out of these, 202 startup companies were based in Nairobi, and this led to a sample size of 134. The data collection exercise ended with 127 participants providing responses. This provided a response rate of 94.8% as shown in Figure 4.1. According to Baruch and Holtom (2008), a response rate above 70% is deemed adequate for drawing conclusions about the relationships between the study's variables. Similar studies received similar responses; Fesharaki et al. (2018) received 128 responses from employees of Qard al-Hasan bank and Mwema et al. (2014) collected data from 105 participants from World Health Organization.

Figure 4. 1 Response rate



Source: Primary Data (2023)

4.3 Demographic characteristics of respondents

Table 4.1 The Demographic characteristics of respondents

Description	Category	Frequency	Percent
Gender	Female	70	55.1
	Male	57	44.9
	Total	127	100.0
Age Group	26-30	38	29.9
	31-35	64	50.4
	36-40	19	15.0
	41-42	6	4.7
	Total	127	100.0
Years of Employment	0-5	34	26.8
	6-10	61	48.0
	11-15	26	20.5
	16-20	5	3.9
	21-24	1	.8
	Total	127	100.0
Level of Education	Diploma	7	5.5
	Bachelor's Degree	73	57.5
	Master's Degree	46	36.2
	Doctorate Degree	1	.8
	Total	127	100.0

Source: Primary Data (2023)

These results in Table 4.1 provide a basic overview of the demographic characteristics of the respondents. The results presented are the frequencies and percentages of the respondents in four different categories: gender, age group, years of employment, and level of education. In terms of

gender, there were 70 females and 57 males, representing 55.1% and 44.9% of the sample, respectively. This brings out the fact that there are more female employees compared to the male ones and that startups can leverage on having more female employees and boost employee retention strategies because generally women become stable on the job unlike the male employees who will take on the next best opportunity in pursuit to become the bread winners of their families. In regard to age group, the largest proportion of the sample (50.4%) fell in the 31-35 category, followed by 29.9% in the 26-30 category, 15.0% in the 36-40 category, and 4.7% in the 41-42 category. Therefore, basing on the feedback on age group, most of the individuals who participated in the study had experience to provide reliable responses that were useful for the study. Also, majority of the respondents are young and most likely creative enough to handle dynamic and challenging environments in startups.

Regarding years of employment, the largest proportion of the sample (48.0%) had been employed for 6-10 years, followed by 26.8% who had been employed for 0-5 years, 20.5% who had been employed for 11-15 years, 3.9% who had been employed for 16-20 years, and 0.8% who had been employed for 21-24 years. Therefore, the findings indicate that the respondents have been in employment for a reasonable period to be familiar with startup company activities thus providing important feedback used for drawing conclusions and achieving the research objectives. In terms of level of education, the largest proportion of the sample (57.5%) held a bachelor's degree, followed by 36.2% who held a master's degree, 5.5% who held a Diploma, and 0.8% who held a Doctorate degree. This means that the respondents were generally highly learned and would read and understand the questionnaire.

4.4 Factor Analysis

A principal component analysis was conducted on 28 items of the research variables in the questionnaire. The Kaiser–Meyer–Olkin measure verified the sampling adequacy for the analysis, at $KMO = 0.910$ which is considered excellent according to (Field, 2009). This means that there is confidence that the sample size is adequate for factor analysis. Bartlett's test of sphericity = 2677.936, $p < 0.001$, indicated that correlations between the items were significant since the p value was less than 0.05 as shown in table 4.2 below.

Table 4.2 KMO and Barlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.910
Bartlett's Test of Sphericity	Approx. Chi-Square	2677.936
	df	378
	Sig.	<.001

Source: Primary Data 2023

The proportion of common variance present in a variable is known as the communality. As such, a variable that has no specific variance (or random variance) would have a communality of 1; a variable that shares none of its variance with any other variable would have a communality of 0. Stevens (2002) proposes constructs >0.4 be acceptable for a cutoff and for this particular study, the lowest was; there is a link between performance management and employee retention at 0.497 while the construct; as soon as possible I will leave my company had the highest at 0.862. The values of the extraction are shown in Table 4.3 below and it is noted that the initial value was 1 for all variables.

Table 4.3 Communalities

Description	Extraction
The performance appraisal process is clearly defined	.679
The performance appraisal process is fair and transparent	.651
I receive constructive feedback on my job performance with respect, decency and dignity	.661
My performance appraisal ratings are based on accurate information	.706
Performance appraisals are scheduled and carried out frequently	.542
I know the key performance indicators	.609
The performance appraisal system provides developmental opportunities	.686
My rewards match my job performance	.767
The reward system is fair	.783
I am satisfied with the amount of remuneration I receive for my work	.766
The company offers attractive allowances e.g., leave, bonus, travel etc.	.610
The rewards in this company are competitive	.695

Financial incentives such as bonus are allocated fairly and in a transparent manner	.737
The salary I earn is adequate to meet my desired needs and aspirations	.777
Training and development policies apply to all employees	.599
What is stated in the training policy is always practiced	.734
A needs analysis is done before all trainings	.649
Training is designed to meet training needs that are identified	.678
Periodic evaluations are done to assess training outcomes	.709
My company links training and development to our corporate strategy	.691
I am satisfied with the training practices in my company	.820
There is a link between performance management and retention	.497
I plan to work at my present job for as long as possible	.685
I am loyal to my company	.803
I am actively searching for an alternative to this company	.765
I would hate to quit this job	.742
As soon as is possible, I will leave this company	.862
I am in this company for lack of an alternative employer	.783

Extraction Method: Principal Component Analysis Source: Primary Data 2023

4.5 Descriptive statistics on performance appraisal

Performance appraisal was used as an independent variable for this study. Seven statements were presented to the respondents to which they were asked to indicate the extent to which they agreed with the statements along a scale of 1-5. Where, 1 represented strongly disagree, 2 represented disagree, 3 represented neutral, 4 represented agree and 5 represented strongly agree. The findings indicate that the respondents were neutral that their perceptions on performance appraisal as shown by a mean scores ranging between 3.33 and 3.87 while scores on standard deviation were ranging between 1.034 and 1.189 as shown in Table 4.4 below.

Table 4.4 Descriptive statistics on performance appraisal

Description	Mean	SD
The performance appraisal process is clearly defined	3.61	1.169

The performance appraisal process is fair and transparent	3.33	1.189
I receive constructive feedback on my job performance with respect, decency and dignity	3.61	1.078
My performance appraisal ratings are based on accurate information	3.52	1.090
Performance appraisals are scheduled and carried out frequently	3.58	1.123
I know the key performance indicators	3.87	1.034
The performance appraisal system provides developmental opportunities	3.44	1.251

Source: Primary Data (2023)

4.6 Descriptive statistics on rewards

Table 4.5 Descriptive statistics on rewards

Description	Mean	SD
My rewards match my job performance	2.91	1.054
The reward system is fair	2.86	1.125
I am satisfied with the amount of remuneration I receive for my work	2.72	1.081
The company offers attractive allowances like; leave, bonus and travel.	3.06	1.173
The rewards in this company are competitive	3.00	1.091
Financial incentives such as bonus are allocated fairly and in a transparent manner	2.78	1.161
The salary I earn is adequate to meet my desired needs and aspirations	2.53	1.160

Source: Primary Data (2023)

Rewards was used as an independent variable for this study. Seven statements were presented to the respondents to which they were asked to indicate the extent to which they agreed with the statements along a scale of 1-5. Where, 1 represented strongly disagree, 2 represented disagree, 3 represented neutral, 4 represented agree and 5 represented strongly agree. The findings indicate that more respondents disagreed to the statements on rewards as shown by five statements having mean scores less than three (3), this is, between 2.53 and 2.91. Two of the statements were inclined to neutral (3.00 and 3.06) as shown in Table 4.5 above.

4.7 Descriptive statistics on training

Table 4.6 Descriptive statistics on training

Description	Mean	SD
Training and development policies apply to all employees	3.55	1.118
What is stated in the training policy is always practiced	3.19	1.067
A needs analysis is done before all trainings	3.31	.957
Training is designed to meet training needs that are identified	3.57	.904
Periodic evaluations are done to assess training outcomes	3.10	1.030
My company links training and development to our corporate strategy	3.43	1.073
I am satisfied with the training practices in my company	3.20	1.136

Source: Primary Data (2023)

Training was used as an independent variable for this study. Seven statements were presented to the respondents to which they were asked to indicate the extent to which they agreed with the statements along a scale of 1-5. Where, 1 represented strongly disagree, 2 represented disagree, 3 represented neutral, 4 represented agree and 5 represented strongly agree. The findings indicate that the respondents were neutral that their perceptions on training as shown by a mean scores ranging between 3.10 and 3.57 while scores on standard deviation were ranging between 0.904 and 1.136 as shown in Table 4.6 above.

4.8 Descriptive statistics on employee retention

Employee retention was used as a dependent variable for this study. Seven statements were presented to the respondents to which they were asked to indicate the extent to which they agreed with the statements along a scale of 1-5. Where, 1 represented strongly disagree, 2 represented disagree, 3 represented neutral, 4 represented agree and 5 represented strongly agree. The findings indicate that most of the respondents were neutral that their perceptions on employee retention as shown by a mean scores ranging between 3.04 and 3.51 while only one statement had a mean score of 2.85 meaning a few of the respondents disagreed with the statements as shown in Table 4.7 below.

Table 4.7 Descriptive statistics on employee retention

Description	Mean	SD
There is a link between performance management and retention	3.49	1.075
I plan to work at my present job for as long as possible	2.85	1.196
I am loyal to my company	3.51	1.119
I am actively searching for an alternative to this company	3.45	1.125
I would hate to quit this job	3.10	1.112
As soon as is possible, I will leave this company	3.12	1.276
I am in this company for lack of an alternative employer	3.04	1.318

Source: Primary Data (2023)

4.9 Distribution characteristics of four variables: performance appraisal, rewards, training, and employee retention.

These results represent the distribution of the four variables; performance appraisal, rewards, training, and employee retention in Table 4.8 below. A Kolmogorov-Smirnov test performed on the primary data gathered indicated that all the constructs were not normally distributed, due to p value < 0.05 at 95% confidence level.

Table 4.8 Distribution characteristics of variables

Variables	N	Min	Max	Mean	SD	Skewness	Kurtosis	Sig.
Appraisal	127	1.14	5.00	3.5658	.88639	-.570	.026	<.001
Rewards	127	1.00	5.00	2.8380	.93977	.024	-.826	.005
Training	127	1.00	5.00	3.3375	.85784	-.302	-.575	<.001
Retention	127	2.00	5.00	3.2227	.51998	.498	.635	<.001

Source: Primary Data (2023)

From the findings, in regard to performance appraisal, the mean score was 3.5658, with a standard deviation of 0.88639. The minimum score was 1.14, and the maximum score was 5.00. The negative skewness value of -0.570 suggests that some individuals rated their performance appraisal experiences more negatively than others. The positive kurtosis value of 0.026 indicates that the distribution of scores for the performance appraisal variable is slightly more peaked than a normal

distribution, suggesting that the scores are somewhat clustered around the mean. Under rewards, the mean score was 2.8380, with a standard deviation of 0.93977. The minimum score was 1.00, and the maximum score was 5.00. The positive skewness value of 0.024 suggests that some individuals rated their rewards experiences more positively than others. The negative kurtosis value of -0.826 indicates that the distribution of scores is flatter than a normal distribution, suggesting that the scores are relatively spread out around the mean. Furthermore, with training, the mean score was 3.3375, with a standard deviation of 0.85784. The minimum score was 1.00, and the maximum score was 5.00. The negative skewness value of -0.302 suggests that some individuals rated their training experiences more negatively than others. The negative kurtosis value of -0.575 indicates that the distribution of scores is flatter than a normal distribution, suggesting that the scores are relatively spread out around the mean. Finally, under retention, the mean score was 3.2227, with a standard deviation of 0.51998. The minimum score was 2.00, and the maximum score was 5.00. The positive skewness value of 0.498 suggests that some individuals rated their retention experiences more positively than others. The positive kurtosis value of 0.635 indicates that the distribution of scores is more peaked than a normal distribution, suggesting that the scores are relatively clustered around the mean.

4.10 Correlation analysis on performance appraisal, rewards, training and employee retention.

To establish the nature of the associations that exist among the study variables, the study employed correlation analysis using Spearman (r) correlation coefficients because the findings from Kolmogorov-Smirnov test indicated that data is not normally distributed at 95% confidence level p value < 0.05 (De, Gosling & Potter, 2016). The Spearman correlation coefficient, r , can take a range of values from +1 to -1. A value of 0 indicates that there is no association between two variables. A value greater than 0 indicates a positive association; that is, as one variable increases, so does the other variable. A value less than 0 indicates a negative association; that is, as one variable increases, the other variable reduces. It is important to note that results from correlation analysis do not possess predicting power (Cohen et al., 2018). The results of the Spearman correlation analysis are presented in Table 4.9 below.

Table 4.9 Correlation results on the relationship between performance appraisal, rewards, training and employee retention.

	Appraisal	Rewards	Training	Retention
Appraisal	1.000			
Rewards	.575**	1.000		
Training	.586**	.635**	1.000	
Retention	.324**	.320**	.349**	1.000

****.** Correlation is significant at the 0.01 level (2-tailed). Source: Primary Data (2023)

From the findings, the correlation between performance appraisal and rewards was $r = 0.575^{**}$, which indicates a significant and positive moderate correlation between the two variables. This suggests that employees who receive higher performance appraisals tend to have higher rewards. The correlation between performance appraisal and training was $r = 0.586^{**}$, which indicates a significant and positive moderate correlation between the two variables. This suggests that employees who tend to get higher performance appraisals receive more training. Furthermore, the correlation between rewards and training was $r = 0.635^{**}$, which indicates a significant and positive moderate correlation between the two variables. This suggests that individuals who receive higher rewards tend to receive more training.

In order to answer the research questions; the correlation between performance appraisal and employee retention was $r = 0.324^{**}$, which indicates a significant and positive weak correlation between the two variables. This suggests that employees who get better performance appraisals tend to stay with their employers. The correlation between rewards and employee retention was $r = 0.320^{**}$, which indicates a significant and positive weak correlation between the two variables. This suggests that individuals who get slightly higher rewards increasingly stay in their companies. Finally, the correlation between training and employee retention was $r = 0.349^{**}$, which indicates a significant weak positive correlation between the two variables. This suggests that individuals who receive more training are slightly more likely to stay in their job.

4.11 The relationship between performance appraisal and retention of millennials

Table 4.10 Regression results on the relationship between performance appraisal and retention of millennials

Model Summary^b

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.355 ^a	.126	.119	.48808	1.871

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.290	1	4.290	18.009	<.001 ^b
	Residual	29.777	125	.238		
	Total	34.067	126			



Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.480	.180		13.765	<.001	2.124	2.837
	Appraisal	.208	.049	.355	4.244	<.001	.111	.305

a. Dependent Variable: Retention

b. Predictors: (Constant), Appraisal

The study findings in Table 4.10 indicate that the value of $R = 0.355$. This represents the simple correlation between performance appraisal and employee retention. The value of $R^2 = 0.126$ indicates how much of the total variation in employee retention is explained by performance appraisal. It shows that 12.6% of the variation in employee retention is accounted for by performance appraisal. The value of adjusted $R^2 = 0.119$ represents the total variation in

employee retention, as explained by performance appraisal had the population data been used. The study findings indicate that the regression model predicts the dependent variable (employee retention) significantly well given that p-value (sig) = <.001 which is less than 0.05 (5% significance level), indicating that the regression model is a good fit for the data. The coefficients of the regression model provide the necessary information to predict retention of millennials from performance appraisal. Moreover, the results also provide information showing whether performance appraisal contribution is statistically significant to the model. The coefficients of the model are obtained from the unstandardized coefficient column (B) and the regression model given as:

$$\text{Employee retention} = 2.480 + 0.208\text{Performance Appraisal} + e.$$

The results indicate that performance appraisal contributed significantly to the model given the p-values <.001 less than 0.05 (5% significance level).

4.12 The relationship between rewards and retention of millennials

The study findings in Table 4.11 indicate that the value of R= 0.405. This represents the simple correlation between rewards and employee retention. The value of R square = 0.164 indicates how much of the total variation in employee retention is explained by rewards. It shows that 16.4% of the variation in employee retention is accounted for by rewards. The value of adjusted R square =0.157 represents the total variation in employee retention, as explained by rewards had the population data been used. The study findings indicate that the regression model predicts the dependent variable (employee retention) significantly well given that p-value (sig) = <0.001 which is less than 0.05 (5% significance level), indicating that the regression model is a good fit for the data. The coefficients of the regression model provide the necessary information to predict retention of millennials from rewards. Moreover, the results also provide information showing whether rewards contribution is statistically significant to the model. The coefficients of the model are obtained from the unstandardized coefficient column (B) and the regression model given as:

$$\text{Employee retention} = 2.587 + 0.224\text{Rewards} + e.$$

The results indicate that rewards contributed statistically significantly to the model given the p-values 0.001 less than 0.05 (5% significance level).

Table 4.11 Regression results on the relationship between rewards and retention of millennials

Model Summary^b

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.405 ^a	.164	.157	.47735	1.681

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.584	1	5.584	24.508	<.001 ^b
	Residual	28.483	125	.228		
	Total	34.067	126			

a. Dependent Variable: Retention

b. Predictors: (Constant), Rewards



Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients		95.0% Confidence Interval for B		
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	2.587	.135		19.130	<.001	2.319	2.855
	Rewards	.224	.045	.405	4.951	<.001	.134	.314

a. Dependent Variable: Retention

b. Predictors: (Constant), Rewards

4.13 The relationship between training and retention of millennials

Table 4.12 Regression results on the relationship between training and retention of millennials

Model Summary^b

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate	Durbin-Watson
1	.376 ^a	.142	.135	.48368	1.705

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.824	1	4.824	20.619	<.001 ^b
	Residual	29.244	125	.234		
	Total	34.067	126			

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	2.461	.173		14.224	<.001	2.119	2.804
	Training	.228	.050	.376	4.541	<.001	.129	.328

a. Dependent Variable: Retention

b. Predictors: (Constant), Training

The study findings in Table 4.12 indicate that the value of $R = 0.376$. This represents the simple correlation between training and employee retention. The value of $R^2 = 0.142$ indicates how much of the total variation in employee retention is explained by training. It shows that 14.2% of the variation in employee retention is accounted for by training. The value of adjusted $R^2 = 0.135$ represents the total variation in employee retention, as explained by training had the population data been used. The study findings indicate that the regression model predicts the

dependent variable (employee retention) significantly well given that p-value (sig) = <0.001 which is less than 0.05 (5% significance level), indicating that the regression model is a good fit for the data. The coefficients of the regression model provide the necessary information to predict employee retention from training. Moreover, the results also provide information showing whether training contribution is statistically significant to the model. The coefficients of the model are obtained from the unstandardized coefficient column (B) and the regression model given as:

$$\text{Employee retention} = 2.461 + 0.228\text{Training} + e.$$

The results indicate that rewards contributed statistically significantly to the model given the p-values 0.001 less than 0.05 (5% significance level).

4.14 The relationship between performance appraisal, rewards, training and retention of millennials

To attain robustness of the research findings, the researcher employed a hierarchical regression analysis to establish the influence of the independent variables on the dependent variable. The study used a hierarchical regression model because it shows the additional contribution of each independent variables as it enters the model. The model involves entering variables in the regression in a predetermined pattern. For this study, performance appraisal was the first to be included; in the second step, rewards were included and finally training. This resulted into three models as presented in table 4.13 below.

Table 4.13 Regression results on the relationship between performance appraisal, rewards, training and retention of millennials

Variable	Model 1			Model 2			Model 3		
	B	SE	Beta	B	SE	Beta	B	SE	Beta
Constant	2.480**	0.180		2.369**	0.178		2.280**	0.191	
Appraisal	0.208**	0.049	0.355	0.107	0.058	0.183	0.080	0.062	0.137
Rewards				0.166**	0.055	0.300	0.129**	0.062	0.233
Training							0.087	0.069	0.144
R	0.355			0.432			0.444		
R ²	0.126			0.187			0.197		
AdjR ²									
R ² -Change	0.119			0.173			0.177		
F	0.126			0.061			0.010		
Sig. F	18.009			14.208			10.054		
	0.000			0.000			0.000		

Dependent Variable: Retention

Source: Primary Data (2023)

The results above show that in Model 1 the coefficient of the constant term is estimated to be 2.480 and is statistically significant. Performance appraisal is a positive and significant predictor of retention with coefficient 0.208. The R-squared value for Model 1 of 0.126 indicates that performance appraisal explains about 12.6% of the variations in retention of millennials.

$$\text{Employee retention} = 2.480 + 0.208\text{Performance appraisal} + e$$

In Model 2, rewards (a second component of performance management) are included in the model and is observed to have a positive and significant influence on employee retention. The inclusion of rewards improves the explanatory power of the model by 6.1% (R²-Change = 0.061) and therefore model 2 is able to explain about 18.7% of the variations in retention of millennials.

However, performance appraisal becomes a non-significant predictor of retention of millennials in the presence of rewards.

$$\text{Employee retention} = 2.369 + 0.107\text{Performance appraisal} + 0.166\text{Rewards} + e$$

Model 3 incorporates training (a third component of performance management) together with the original components (performance appraisal and rewards). Training has a positive but non-significant influence on employee retention. Although the inclusion of training improves the explanatory power of the overall model to 19.7%, training appears to have no individual significant influence on retention of millennials in the presence of rewards and performance appraisal. Similarly, performance appraisal has a positive but non-significant influence on retention in the third model. This indicates that in the presence of rewards and training, performance appraisal does not influence retention. On the other hand, rewards have a positive and significant influence on retention in the third model. This indicates that improvement in rewards leads to improvement retention of millennials in startups. Overall, the variables explain about 19.7% of the variations in retention of millennials implying that the remaining 80.3% of the variations are explained by other factors not included in the model. This is realistic given that the model variables only relate to three aspects of performance management. The overall significance of the model indicated by the significant F-statistic ($F = 10.054$; Sig. $F = 0.000$) shows that the model variables taken together have a significant joint effect on retention.

$$\text{Employee retention} = 2.280 + 0.080\text{Performance appraisal} + 0.129\text{Rewards} + 0.087\text{Training} + e$$

4.15 Chapter summary

In this Chapter, the relationship between performance appraisal, rewards and training on retention of millennials was assessed. The results from Spearman's correlation analysis showed positive and significant associations among the study variables. The results from the simple regression model depicted significant and positive relationships between the independent variable and the dependent variable. However, the findings from the hierarchical regression model indicated that rewards were the only significant variable that influenced retention of millennials when combined together with performance appraisal and training.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents a summary of the study, discussion of the research findings, conclusion and recommendations, limitations of the study and areas of further study in relation to the study objectives.

5.2 Summary of the study

The purpose of this study was to determine the relationship between performance management and retention of millennials in startups in Kenya. The study sought to answer the following questions: what is the relationship between performance appraisal and retention of millennials in startups in Kenya? What is the relationship between rewards and retention of millennials in startups in Kenya? What is the relationship between training and retention of millennials in startups in Kenya? The study adopted a correlational research design which allowed quantitative analysis. The total population of the study was 202 startup companies in Nairobi County, this led to a sample size of 134. Data was collected using a questionnaire in google forms to give the participants ample time to respond at their convenience. The responses were analyzed for both descriptive and inferential statistics. Descriptive statistics included frequency distribution, percentages, mean, standard deviation, skewness and kurtosis. Inferential statistics entailed Spearman's correlation analysis between the study variables, a simple regression model and a hierarchical regression analysis which was carried out to determine the relationship between independent variables (performance appraisal, rewards and training) and dependent variable (employee retention).

5.3 Discussion of the research findings

This research was carried out basing on three objectives. The objectives aimed at establishing the relationships between aspects of performance management as independent variables and retention of millennials in startups as the dependent variable. The study established these relationships by testing for the nature of associations, relationships and the significance of the influence between these variables using correlation and regression analysis. The findings of the study are therefore

discussed below as well as their relevance and contribution to existing literature and addressing the existing knowledge gaps.

5.3.1 The relationship between performance appraisal and retention of millennials

The study established that knowing the key performance indicators are the most highly rated as a way of retaining millennials. The slight low mean rating on fairness and transparency of the performance appraisal process shows that most of millennial employees do not feel that their performance appraisal process was fair nor transparent. There is a significant and positive weak association between performance appraisal and retention of millennials among startups in Kenya at $r = 0.324$ as established through the correlation analysis. This implies that in general, positive improvements in performance appraisal are associated with positive improvements in employee retention. The model summary depicting performance appraisal's overall relative impact on the dependent variable presented an R square value 0.126, thereby indicating that 12.6% of the variation in employee retention was accounted for by performance appraisal. Given that the sample size was deemed sufficiently high (above 70%), the R square value was interpreted over the adjusted R square value. The significance values associated with the predictors were lower than 0.05, indicating that the coefficients were valid at a 95% confidence level. Subsequently, performance appraisal significantly influences employee retention given that p-value (sig) = <0.001 which is less than 0.05 (5% significance level).

This shows that for a startup to retain millennials, the performance appraisal process must be unbiased, authentic and altered when shown to be unfair. The voice effect as advised by the organizational justice theory should be taken into consideration (Van, 2001). Similarly, startups can base on procedural justice perspective and make the performance appraisal process fair by; being consistent over time and between individuals, unaffected by personal self-interest, based on accurate information, altered when shown to be unfair, reflect the interests of all parties, and take moral and ethical principles into account (Leventhal, 1980). Also, individuals consider performance appraisal ratings, to be fair to the extent that they are proportionate to individual job contributions (Hofmans, 2012). Following the Herzberg Two Factor theory, performance appraisal is a hygiene factor that influences whether an employee is motivated to stay or quit their company (Herzberg, et al., 1959). This is consistent with scholars like Fahim (2018) who concluded that performance appraisals significantly increase employee retention and Mbugua et al. (2015)

who zeroed down to the notion that performance review, check-ins influenced employee retention. While these scholars are consistent with the current study findings, others do not agree with these findings; Fesharaki et al. (2018) found that there isn't a strong correlation between performance appraisal and organizational commitment as well as Ibeogu et al. (2015) who concluded that performance appraisal outcomes are not significant in affecting employee retention.

5.3.2 The relationship between rewards and retention of millennials

The study established that millennials were neutral to the statement that their startup companies offered attractive allowances like leave, bonus, travel while the slight low mean rating on the salary that is earned being adequate to meet the desired needs and aspirations of most of millennial employees shows that millennials will move to companies where they earn a salary that can meet their needs and aspirations. The researcher attributed this to the current inflation and economic crisis causing an increase in cost of living in the country. Currently some startups have downsized and put salary cuts on their employees thus causing this perception of salaries not being adequate to meet the needs and aspirations of millennials. The correlation analysis indicated that there is a significant and weak positive correlation between rewards and retention of millennials in startups in Kenya as established through the correlation analysis at $r = 0.320$. The regression model summary depicting rewards overall relative impact on the dependent variable presented an R square value 0.164, thereby indicating that 16.4% of the variation in the employee retention was accounted for by rewards. Given that the sample size was deemed sufficiently high (above 70%), the R square value was interpreted over the adjusted R square value. The significance values associated with the predictors were lower than 0.05, indicating that the coefficients were valid at a 95% confidence level. Subsequently, rewards significantly influence employee retention given that $p\text{-value (sig)} = <0.001$ which is less than 0.05 (5% significance level). This shows that for a startup to retain millennials, rewards must be taken into consideration. With startups having a challenge in seed funding let alone the current economic crisis, retention of millennials can be achieved by including non-financial and social rewards for example team buildings, recognition (a highest performer can be employee of the month and his/her photo be put at the company reception), a handshake from the founder when a business development pitch has been successful and so on.

These results support the Herzberg two factor theory in showing that a motivated employee will be willing to be around the company longer. In this scenario, rewards and incentives, such as bonuses, paid time off, cash, and travel perks, are aimed to incentivize and drive an employee's behavior toward greater productivity (Chiat et al., 2019). Drawing on the organizational justice perspective, two main issues arise; how people react to the fairness of the results they receive for example whether someone gets an increase in their pay and how people react to the fairness of the means by which these results are obtained for example whether someone decides to quit or stay in the company (Van, 2001). The results of this study were consistent with studies carried out by Treuren et al. (2014) who concluded that companies should enhance the way they convey salary to employees in order to decrease turnover. Alhmoud et al. (2019) found that extrinsic, intrinsic, and social rewards are all significant elements in achieving employee retention. Mendis (2017) discovered that reward system influences turnover intentions and it was revealed that rewards are a potent predictor of labor turnover. Terera et al. (2014) found that there is a positive relationship between rewards and employee retention and that an employee is more inclined to stick with a company the more they are rewarded. Kwenin et al. (2013) were in line with the fact that that adequate rewards programs resulted in pay equity and higher staff retention. On the other hand, the study findings were not in line with research studies done by; Ng'ethe (2014) who found that rewards were associated with staff retention, but the association was not significant. Sejjaaka et al. (2014) discovered that rewards by themselves do not guarantee increased organizational commitment in developing markets.

5.3.3 The relationship between training and retention of millennials

The study established that millennials were neutral to the statement that their startup companies' training procedures were designed to meet training needs that were identified. The researcher associated this to the fact that millennials felt that their training needs were identified and sometimes met by their companies. The correlation analysis showed that there is a weak positive and significant association between training and retention of millennials in startups in Kenya at $r = 0.349$. This implies that, improvements in training are associated with positive improvements in retention. The regression model summary depicting training's overall impact on the dependent variable presented an R square value 0.14.2, thereby indicating that 14.2% of the variation in the employee retention was accounted for by training. Given that the sample size was deemed sufficiently high (above 70%), the R square value was interpreted over the adjusted R square value.

The significance values associated with the predictors were lower than 0.05, indicating that the coefficients were valid at a 95% confidence level. Subsequently, rewards significantly influence employee retention given that p-value (sig) = <0.001 which is less than 0.05 (5% significance level). This shows that training millennials should be shaped into an employee retention strategy. With the world becoming a global village, startups can improve employee retention by tapping into the corporate discounts from trainers, encouraging their millennial employees as well as other employees to attend free webinar sessions that can improve their soft and hard skills that will then be used to improve organizational effectiveness. Nairobi County usually has events where like minds meet and share ideas on how to solve national, regional and global problems, therefore; startups can also leverage on this by scheduling their employees to attend these events, this way, and the employees will feel valued by their companies thus leading to improvements in employee retention.

In line with the organizational justice view point, because the study focused on millennials who are psychologically weak, the perceived fairness staff selection for training is key so that startup companies do not experience turnover and withdraw from the job (Gilliland, 1995). Drawing on Herzberg's Two Factor theory, training falls under hygiene factors because it surrounds doing the job and is important because leads to motivation. This is important because a motivated employee will be willing to be around the company longer (Chiat et al., 2019). The study findings were in line with some scholars like; Dietz et al. (2021) who found that training has a significant effect on retention, Nkosi (2015) concluded that training opportunities are significantly related to organizational commitment of employees. Abba (2018) revealed that staff retention is significantly affected by training and development. Bediako (2019) discovered that training benefits is a significant predictor of employee retention. While Lusewa (2015) was not consistent with the study findings because of the conclusion that training alone is not enough to retain employees.

5.3.4 The relationship between performance appraisal, rewards, training and retention of millennials

The results of the hierarchical regression analysis confirmed existence of predictive power in performance appraisal towards retention, showing that improvements in performance appraisal leads to improvements in retention. However, the positive influence of performance appraisal on retention is only observed when performance appraisal is the only performance management

practice in place at $\beta_1 = 0.208$. When other practices like training and rewards are in place, performance appraisal does not significantly influence employee retention as observed in the second and third models of the study, where; $\beta_2 = 0.107$ and $\beta_3 = 0.080$ respectively. Model 2 and 3 of the regression analysis indicated a positive and significant relationship between rewards and retention of millennials at $\beta_2 = 0.166$ and model 3 at $\beta_3 = 0.129$. This implies that, in order to improve retention, there should be improvements in rewards especially in form of fairness, remuneration and competitiveness among others. In the last model 3; the regression coefficient for training was found to be non-significant at $\beta_3 = 0.087$. This implies that although improvement in training is associated with increased retention, the millennials' decision to remain on job is not influenced by the training but by other performance management practices. The results of this study are consistent with findings of previous scholars; Kalyanamitra et al. (2020) concluded that rewards are more influential on employee retention than performance appraisal and training. Nyanjom (2013) revealed that employee commitment, empowerment, compensation, performance appraisal, training and career development all had an impact on how long a person stayed on the job.

5.4 Conclusion

From the discussion of the findings, a positive and significant association of each performance management practice with the dependent variable (employee retention), has been identified, as the correlation results indicates. The results from the simple regression model predict that performance appraisal, rewards and training all have a significant and positive relationship with retention of millennials. However, the hierarchical regression model establishes that only rewards have an actual significant causal influence on retention in the presence of the other performance management practices of performance appraisal and training. This means that, although high retention is observed in circumstances of high improvements in the identified performance management practices, it is only rewards that actually keep millennials on job.

5.5 Recommendations

The researcher recommends increase in rewards because the study found that rewards are a statistically significant predictor of employee retention. Therefore, startups should consider

increasing rewards such as salary, bonuses, or benefits to improve retention rates. Because of the current economic crisis, startups can leverage more on non-financial rewards like; recognition (a highest performer can be employee of the month and his/her photo be put at the company reception), a handshake from the founder when a business development pitch has been successful. This could be particularly effective for millennials who have been with the businesses for a long time and have not received significant increases in pay or benefits.

Re-evaluate the performance appraisal process, while performance appraisal is not statistically significant in models 2 and 3, it is observed to have significant influence on employee retention as when taken alone as observed in first model of hierarchical regression and the simple regression model, implying that it is important. Therefore startups should re-evaluate their appraisal process to ensure that it is fair, transparent, and provides meaningful feedback to employees. This can help employees feel valued and supported, which can lead to increased job satisfaction and retention.

The researcher also recommends that the startups conduct detailed focused research on why performance appraisal and training have little influence on retaining millennials when the variables are all combined. Also, a review of the training approaches adopted to enable choosing those strategies that align with the overall corporate strategy.

5.6 Limitations of the study and suggested areas for further research

The study was limited to millennial employees in startups. The researcher proposes including all employees or other generations in future studies. The research also used questionnaires as the only data collection method. To enrich future findings, the researcher suggests the use of other data collection methods like interviews and focused group discussions.

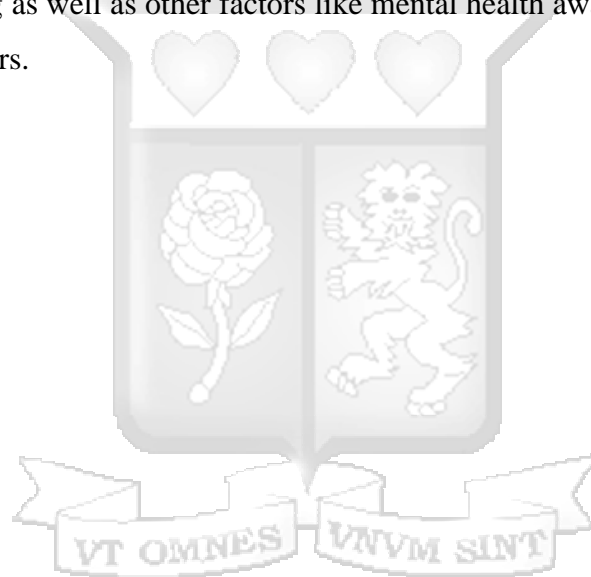
While the study found that rewards are a significant predictor of employee retention, it did not examine why rewards are effective in retaining employees. Future research could explore what specific types of rewards (financial vs. non-financial) are most effective in motivating millennials and increasing retention.

The study found that the appraisal process was not a significant predictor of employee retention when all the performance management aspects are put together, but it did not examine what specific aspects of the appraisal process (frequency, type of feedback) may be important. Future

research could explore what aspects of the appraisal process are most effective in improving employee motivation and retention.

The study did not examine what factors may mediate the relationship between the independent variables (appraisal, rewards, and training) and employee retention. Future research could explore what factors, say; job satisfaction and work-life balance, may mediate this relationship, and how organizations can leverage these factors to improve retention.

The research study was limited to three aspects of performance management, the researcher suggests exploration of how other aspects of performance management influence retention of millennial employees, like; coaching and mentoring, job descriptions, succession planning, feedback and goal setting as well as other factors like mental health awareness, work life balance and flexible working hours.



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APPENDICES

APPENDIX I: INTRODUCTION LETTER

Ole Sangale Rd, Madaraka Estate,
P.O Box 59857 00200, Nairobi, Kenya,
Cell: +254 703 414/6/7, Twitter: @SBSKenya
Email: info@sbs.ac.ke or visit www.sbs.strathmore.edu



23rd March 2023

To Whom It May Concern,

RE: FACILITATION OF RESEARCH – SANTA WANDA

This is to introduce Santa Wanda who is a Master of Commerce (MCOM) Student at Strathmore University Business School, admission number MCOM/145191. As part of our MCOM Programme, Santa is expected to do applied research and undertake a project. This is in partial fulfilment of the requirements of the MCOM course. To this effect, Santa would like to request appropriate data from your organization.

Santa is undertaking a research paper on “**The Relationship Between Performance Management and Retention of Millennials in Startups in Kenya.**” The information obtained shall be treated confidentially and shall be used for academic purposes only.

Our MCOM Programme seeks to establish links with industry, and one of these ways is by directing our research to areas that would be of direct use to industry. We would be glad to share our findings with you after the research, and we trust that you will find them of great interest and of practical value to your organization.

We appreciate your support and shall be willing to provide any further information if required.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Njoki Kiagiri".

Njoki Kiagiri
Manager – Graduate Programmes
Strathmore University Business School.

APPENDIX II: RESEARCH LICENSE

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION.
Ref No: 466950	Date of Issue: 05/April/2023
RESEARCH LICENSE	
	
This is to Certify that Miss. Santa Wanda of Strathmore University, has been licensed to conduct research as per the provision of the Science, Technology and Innovation Act, 2013 (Rev:2014) in Nairobi on the topic: The Relationship Between Performance Management and Retention of Millennials in Startups in Kenya. for the period ending : 05/April/2024.	
License No: NACOSTI/P/23/24865	
Applicant Identification Number 466950	
 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION	
Verification QR Code 	
NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.	
See overleaf for conditions	

APPENDIX III: ETHICAL REVIEW APPROVAL LETTER



21st March 2023

Ms Wanda Santa,
santa.wanda@strathmore.edu

Dear Ms Wanda,

RE: The Relationship Between Performance Management and Retention of Millennials in Startups in Kenya

This is to inform you that SU-ISERC has reviewed and **approved** your above **SU-masters** research proposal. Your application reference number is **SU-ISERC1645/23**. The approval period is from **21st March 2023 to 20th March 2024**.

This approval is subject to compliance with the following requirements:

- i. Only approved documents including (informed consents, study instruments, MTA) will be used
- ii. All changes including (amendments, deviations, and violations) are submitted for review and approval by SU-ISERC.
- iii. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to SU-ISERC within 48 hours of notification
- iv. Any changes, anticipated or otherwise that may increase the risks or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to SU-ISERC within 48 hours
- v. Clearance for export of biological specimens must be obtained from relevant institutions.
- vi. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal.
- vii. Submission of an executive summary report within 90 days upon completion of the study to SU-ISERC.

Prior to commencing your study, you will be expected to obtain a research license from National Commission for Science, Technology, and Innovation (NACOSTI) <https://research-portal.nacosti.go.ke/> and obtain other clearances needed.

Yours sincerely,

for: **Dr Ben Ngoye,**
Secretary; SU-ISERC

Cc: Mr Ambrose Rachier,
Chairperson; SU-ISERC



APPENDIX IV: RESEARCH INSTRUMENT – QUESTIONNAIRE

THE RELATIONSHIP BETWEEN PERFORMANCE MANAGEMENT AND RETENTION OF MILLENNIALS IN STARTUPS IN KENYA

All gathered information is for academic purposes and will be treated with the utmost confidentiality. During report writing, the researcher will maintain anonymity.

SECTION A: GENERAL INFORMATION

1. Gender: Female Male
2. Age Group: 26-30 Years 31-35 Years 36- 40 Years 41 – 42 Years
3. Years of Employment: 0-5 Years 6-10 Years 11-15 Years 16-20 Years 21-24 Years
4. Level of Education: Diploma Bachelor’s degree Master’s degree Doctorate Degree

SECTION B: PERFORMANCE APPRAISAL

The following statements are on Performance Appraisal.

Please rate the following statements on a scale of 1 to 5, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = strongly agree.

No.	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
5	The performance appraisal process is clearly defined					
6	The performance appraisal process is fair and transparent					
7	I receive constructive feedback on my job performance with respect, decency and dignity					
8	My performance appraisal ratings are based on accurate information					
9	Performance appraisals are scheduled and carried out frequently					
10	I know the key performance indicators					

11	The performance appraisal system provides developmental opportunities					
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SECTION C: REWARDS

The following statements are on Rewards.

Please rate the following statements on a scale of 1 to 5, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = strongly agree.

No.	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
12	My rewards match my job performance					
13	The reward system is fair					
14	I am satisfied with the amount of remuneration I receive for my work					
15	The company offers attractive allowances like' leave, bonus and travel					
16	The rewards in this company are competitive					
17	Financial incentives such as bonus are allocated fairly and in a transparent manner					
18	The salary I earn is adequate to meet my desired needs and aspirations					

SECTION D: TRAINING

The following statements are on Training.

Please rate the following statements on a scale of 1 to 5, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = strongly agree.

No.	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
19	Training and development policies apply to all employees					
20	What is stated in the training policy is always practiced					
21	A needs analysis is done before all trainings					
22	Training is designed to meet training needs that are identified					
23	Periodic evaluations are done to assess training outcomes					
24	My company links training and development to our corporate strategy					
25	I am satisfied with the training practices in my company					

SECTION E: EMPLOYEE RETENTION

The following statements are on Employee Retention.

Please rate the following statements on a scale of 1 to 5, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = strongly agree.

No.	Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
26	There is a link between performance management and retention					
27	I plan to work at my present job for as long as possible					
28	I am loyal to my company					

29	I am actively searching for an alternative to this company					
30	I would hate to quit this job					
31	As soon as is possible, I will leave this company					
32	I am in this company for lack of an alternative employer					

THANK YOU!



APPENDIX V: STARTUPS IN KENYA BY SUBSECTOR

Sector	Number of Startups	Percentage
Fintech	93	30.2%
Agri-tech	31	10.1%
E-health	31	10.1%
E-commerce	29	9.4%
Recruitment & HR	19	6.2%
Ed-tech	18	5.8%
Logistics	14	4.5%
Mobility	8	2.6%
Energy	7	2.3%
Marketing	7	2.3%
Other	51	16.6%

Source: Disrupt Africa (2022)

