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**Determinants Of Employee Turnover And Its Effect On Organisational
Performance: A Case Of Airtel Kenya Limited**



Masters in Business Administration

2018

**Determinants Of Employee Turnover And Its Effect On Organisational
Performance: A Case Of Airtel Kenya Limited**

BANSRI JAYESH PATTNI

Submitted in partial fulfilment of the requirements for the Degree of Masters in
Business Administration at Strathmore University



JUNE, 2018

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Bansri Pattni
June 2018

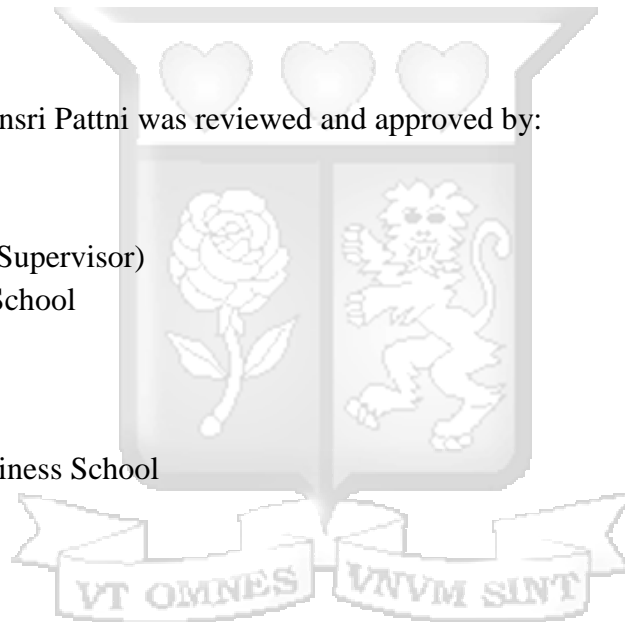
Approval

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ABSTRACT

Employee turnover is a vital element in the survival and success of an organization and should be considered when developing strategies and business plans to ensure a competent and skilled workforce that delivers the organizational objectives and goals. The departure of key staff can have a drastic impact on the performance of the organization. The determinants of employee turnover and their effect on organisational performance at Airtel Kenya Limited is a complex area of study. Numerous studies have been published about employee turnover and job satisfaction however there is a paucity of information in literature about the determinants of employee turnover and its effect on organisational performance at Airtel Kenya Limited.

With rising globalisation, accelerated use of technology and pressure to innovate and remain competitive in the Kenyan telecom industry, it is becoming increasingly important for Airtel Kenya Limited to attract and retain rich human capital. The study was guided by the following objectives; to determine the extent to which management styles contributes to employee turnover; to establish the role of work environment as a contributing factor to employee turnover and to evaluate the extent to which reward management contributes to employee turnover.

The research employed case study approach and the methodology was quantitative. The target population for the study comprised a total of 135 employees working at Airtel Kenya Limited in Nairobi with a sample size of 54 employees. The data collection instrument was a questionnaire. Stratified sampling technique was used to divide the sample into lower, middle and senior level employees and random sampling was used thereafter to give employees an equal chance at selection.

The findings indicate that management styles, the work environment and reward management play a key role in employee turnover at Airtel Kenya Limited. Employee turnover affects organisational performance by touching on all the four perspectives of the Balance Scorecard; customer, financial, internal business process and learning and growth. The highlighted recommendation was that Airtel must regularly conduct employee-manager reviews and provide feedback, must align the working environment with the changing, dynamic and culturally diverse workplace, there is need to have employee friendly policies and procedures that provide an enabling environment that allows creativity and innovation. Finally, reward packages should be more favourable and in line with employee needs and the organisation should establish modern retention strategies to enhance retention.

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LIST OF ABBREVIATIONS

Airtel	Airtel Kenya Limited
CCK	Communications Commission of Kenya
KMO	Kaiser-Meyer-Olin
PCA	Principal Component Analysis
SPSS	Statistical Package for Social Sciences



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DEDICATION

This thesis is dedicated to God Almighty without whom I am nothing. I also dedicate it to my wonderful mother, Hasmita Pattni and fiancé, Krishan Solanki for their prayers and support during this study.



CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Employees are increasingly viewed as invaluable resources in the execution and management of business plans and strategies across global organisations. Any decline in productivity or departure from the organizations has been seen to result in significant impact on the organisation's performance (Kwenin, Muathe & Nzulwa, 2013). As such, employee retention is crucial to the long-term future growth and success of an organisation. Employees' satisfaction and retention also ensures parallel customer satisfaction and effective succession planning for management (Meyer & Smith, 2000).

Employee turnover is the rate at which employees leave organisations and how long the staff tend to join and leave the organization (Armstrong, 2006). Organisations are increasingly becoming conscious in reducing this rate, turning it into a major organisational concern. Many factors such as leadership and management styles, work environment, training and developmental needs, reward and performance management amongst others contribute to employee turnover; some stemming from the company while others from the employees themselves and the external work environment (Izzack, 2010).

Measuring organisational performance is vital in any organisation and serves as a tool to understand where the organisation stands vis-à-vis measures to take it to the next level. It is crucial to keep this focus in mind to enable the organisation to better service employees, owners and customers (Johnson, 2010). The balanced scorecard performance management approach gives a complete picture of the employee as well as the organizational performance. It guides users in determining the critical success factors and performance indicators; strategic review or analysis of the organizational capabilities and performance; focusing the whole organization on the few key things needed to create breakthrough performance and integrating as well as directing the performance and efforts from the lowest levels in the organization to achieve excellent overall performance. When an organization loses its talented employees it leaves a negative impact on innovation, customer satisfaction and knowledge gain during the past years and on the profitability of the organization. More over replacing cost of another employee is considerably substantial to the organization (Gadot, 2007).

Magd (2003) explains that high turnover can be a serious bottleneck to organisational performance, quality and efficiency for firms of all sizes. Richard (2008) emphasises that high turnover can pose challenges to small companies to the extent of not having adequate staff to fulfil daily functional duties more than the issue of quality of work done when the staff are available. This however, poses no smaller problem to larger enterprises that spend millions on turnover-related costs. High staff turnover in service related professions such as management consulting and the telecom sector can lead to customer dissatisfaction and customer turnover because clients prefer a working relationship with a consistent contact that is known to their history (Blume, Ford, Baldwin & Huang, 2010).

Kenya ranks among the top five countries in growth in telecommunications, infrastructure and mobile money innovations. The country has seen a mobile revolution caused by the increase in use of mobile services of the telecom sector. The telecommunications sector in Kenya enjoys a market penetration of 82.6% with 33.6million active subscribers, indicating the rapid growth the sector has been facing in transforming lives. The dominant players in the telecom sector in Kenya are Safaricom, Airtel Networks Kenya and Telkom Kenya Orange (Ondieki, 2011).

Increasing competitive pressures are forcing Airtel Kenya Limited in the Kenyan telecom sector to continuously push employees to achieve higher levels of organisation performance. Performance plays a pivotal role in the telecom industry which is heavily service based. To such businesses, it is crucial to satisfy customer needs through delivering high quality services. The performance of organisations is determined by the performance of service employees for delivering high quality value to customers and generating revenue (Chen, Silverthorne & Hung, 2006).

Armstrong (2006) argues that talent will always be in high demand, and many talent groups will be attracted by the prospect of short periods of employment with a large number of employers. Airtel Kenya Limited is no exception to these challenges. The uniqueness of the nature of services and products, industry newness in the Kenyan economy and low supply of skilled personnel increases competition for talent. Further, liberalization of the market has increased the number of participants in the industry creating job openings against a shortfall of supply. Consequently, mobile service providers suffer huge losses in terms of high turnover of specialized staff such as network engineers lured by lucrative pay offers from

rival firms. Finding qualified people to fill gaps left by turnover is difficult and the cost of providing specialized engineering training to new recruits is high. Under these circumstances, firms are better off engaging their employees with the objective of retaining them for long term growth and survival.

Over the last decade, employee turnover rates have become a nationwide epidemic. Increase in corporate mergers and acquisitions in the telecom industry have left employees detached from their organisations leading to lowered customer loyalty and increased focus on job hunting especially where overall job security is threatened. This has had damaging effects on the organisational performance. With a heightened concern on employee turnover in the telecommunications industry, the realisation of growth and expansion in the sector remains questionable. This calls for greater attention in employee retention and critical analysis on what factors motivate employees to stay back and how telecom firms can achieve this (Ndungu, 2013).

1.1.1 Employee Turnover in the Telecom Industry

Researchers in the human resource fields have always been intrigued by employee turnover and retention issues. Steel, Griffeth & Hom (2002) furthers the research by observing employee turnover as “the voluntary terminations of members from organisations.” This carved a new angle to the debate of employee turnover being voluntary or involuntary. Voluntary turnover refers to situations where termination is prompted by the employee whereas involuntary turnover is usually initiated by the employer and may be due to long-term sickness, inconsistent performance and death amongst other reasons (Ongori, 2007). Numerous terms have been coined to define this phenomenon such as attrition, mobility, succession, and exits (Morrell, Loan-Clarke & Wilkinson, 2004).

Through conducting extensive research, Abdullah (2006) observed that employee turnover has become a critical issue in Pakistan’s Telecom industry, as is the growing trend in other countries. Shortage of skills in this particular market is quite apparent and used to the employee’s advantage, shifting the power balance from employers to employees. Numerous opportunities, low switching costs, enticing salaries and high demand for skilled workers trumps reasons for the high turnover. The human resource pillars in the telecom sectors have been tasked to heavily explore sub-prime reasons for employee turnover that allows

employers to manage the push and pull factors that cause it and conduct studies on retention schemes through corrective measures at grass root level.

Low employee turnover is considered healthy for organisations as it promotes opportunities to offset stagnancy, reduces poor performers, spurs innovation and invites the entry of new blood into the organisation (Ahsan, Ho & Khan, 2013). Conversely, William (2006) argues that high turnover can adversely affect the functioning of an organisation through loss of team integration, cohesion and morale. It also incites in-group conflicts and breakdown in communication with customers. A significant turnover rate is known to create considerable dissonance and negatively impact organisational performance.

Maxwell (2010) advises that employee turnover can be very expensive for organisations. It involves a wide number of direct and hidden costs that can be considered as silent but significant profit killers. Some of these costs include recruitment and training costs, productivity and efficiency costs and finally replacement costs. Proprietary knowledge is also lost as employees leave with knowledge of the firm that may be difficult to replace. Replacement costs also include costs of errors as the new entrant learns the systems, lost sales and costs of customer dissatisfaction. This also affects organisational productivity, product and service quality and profitability. From his study, Luft & Shields (2002), state that employee replacement can cost as high as 50 to 60 percent of an employee's annual salary, with total cost of turnover reaching as high as 90-200% of the employee's annual salary. Indirect and intangible costs include time and effort spent in conducting interviews, separation processing, advertising and agency costs, reduced morale of the existing staff, time spent on training and job errors. Employee turnover also results to a drain in management time and creates a lot of pressure on workforce planning.

1.1.2 Organisational Performance Measures

Organisational performance is an important construct in management research especially with firms increasingly competing for customers, capital and inputs. It plays a central role in modern industrial activity and determines the success and survival of businesses. Gaps between theory and practice have made organisational performance a difficult art to master. Organisations across industries normally measure organisation performance through outcomes. For this, measures such as productivity, efficiency and quality are used to gauge performance (Agrela, Carr, Veyra, Dunn, Ellis, Gandolfi & Troutman, 2008).

With increasing complexity to measure the subjective measures above, Kaplan (2001) 'Balance Scorecard' has assisted businesses in establishing measures to better gauge their performance. He emphasized that businesses need to look beyond the traditional financial measures for measuring performance, none the less their importance cannot be overemphasized. The Balanced Scorecard Framework is a multidimensional approach that aims to measure performance by linking performance measures to the strategies of the business (Otley, 1999). It can be used by organisations of all sizes to evaluate business strategy, monitor operational efficiency and communicate processes and related changes required to align performance to strategy. The Balance Scorecard particularly focusses on four dimensions; the financial perspective; the customer perspective; the internal business perspective and the learning and growth perspective (Strebler, Robinson & Bevan, 2001).

The financial perspective indicates the value that the company's strategy and operations add to the shareholders and/or contribute to improvement of the organisation's health. This can be measured through the bottom line performance of the organisation, average and total revenue generated by each employee and cost structure of the organisation amongst other measures. The customer perspective focusses on the customer and the value that is added to this special category as a result of the organisation's strategy and operations. It can be assessed through a variety of measures such as customer dissatisfaction, loss of customers, brand loyalty, time taken to revert to customer complaints amongst other parameters. The internal business and production perspective measure the value that internal business processes add to customers and the shareholders. This can be measured through the length of time it takes to produce new products and services, quality optimisation and capacity utilisation amongst other measures. The learning and growth perspective aims to indicate the strength of the organisation's infrastructure for innovation and long-term growth. This can be measured through the number of innovations in a given year, trainings and seminars for employees and performance management scores (Johnsen, 2001).

According to Chew (2004), organisational performance is highly dependent on employee performance which is fuelled by employee commitment to the organisation. Human resource policies and practices affect individual and organisational performance. His research suggests that where employees are not committed and satisfied, the results drill down to organisational performance.

Hytter (2008) states that today's workplace is in metamorphosis with issues such as customer and employee satisfaction, revenue and expenses, organisational structure and culture, globalised markets, competitive advantages, technological advancements, diverse customer demands and a workforce that has a global mind-set. An effective workforce is the key to achieving goals and delivering service. Many companies are equipping their workforce to gain a competitive advantage in the work place as it is the only variable that is difficult to keep motivated and retain (Luft *et al.*, 2002).

1.1.3 Airtel Kenya Limited

Airtel Kenya Limited (Airtel) is a subsidiary of Bharti Airtel Limited, based in India. It is a leading telecommunications company with a global footprint in 19 countries across Asia and Africa. The company offers a wide range of services such as mobile voice and data services, high speed internet access, international roaming services and directory queries amongst others. Airtel is the fifth largest integrated operator in the world and has over 250million customers globally. The organisation is amongst the six biggest and best performing technology companies in the world and has been recognised for its role in catalysing reforms in all territories it operates in and has been an active contributor to its economic resurgence (Roller & Waverman, 2001).

Airtel Kenya has undergone a revolution characterised by changes in ownership, name and management. The organisation first penetrated the Kenyan market as Kencell Communication Ltd and was later sold off to Celtel in 2004. Shortly after, Celtel was bought by Zain which was eventually sold to Bharti Airtel Limited. The organisation is a leading network operator in Kenya and one of the fastest growing operators in the telecommunications industry in Africa (Paul, 2009).

A constant change in ownership at Airtel has left employees feeling less secure and detached from the organisation which has culminated into larger organisational issues. Policies regarding career development, unfair treatment of employees by management, poor working environment, poor reward packages amongst others trump the reasons for pushing employees out of the Airtel premises. The organisation has seen some of the largest retrenchments in Kenyan history with 184 staff required to leave in a series of 3years, creating insecurity and instability within the workforce and posing questions on the organisation's sustainability.

Additionally, there appears to be no concerted efforts to motivate innovation and creativity, keeping in mind the dynamic environment within which the organisation operates (Roller *et al.*, 2001). These determinants will therefore form the basis of employee turnover and their effect on organisational performance will be further analysed.

Robbins (2008) opines that all these reasons make Airtel a second choice in the Kenyan telecom market. The organisational changes have affected the bottom line gravely and led to numerous customer complaints despite intervention from the more stable parent company. Retrenchments and rehiring have cost the company more than ten times the savings expected through the same activities and signalled improper and negligent strategizing.

1.2 Problem Statement

As envisaged by the Kenyan government, the telecommunication industry is expected to be a key player in fostering economic growth and acceleration of the achievement of Vision 2030. Exponential growth in the telecom sector has attracted intense competition and rivalry, forcing mobile service providers such as Airtel Kenya Limited to compete on the basis of temporary and unsustainable factors that can easily be aped such as price. This generates low returns for firms with comparatively low sales volume. It is essential to redefine competitive advantage for firms in the telecommunication industry based on sustainable and firm specific factors such as skilled and committed employees (CCK, 2012).

Employee turnover has become a global phenomenon. Leaders are witnessing serious talent management challenges with majority of them recognising the need for evaluating organisation strategies for attracting and recruiting talent. Despite this realisation, many leaders have failed to implement proper steps and this can be attributed to not knowing what and how exactly to go about these radical changes (Rawat, 2013).

In light of changes in current trends of socio-economic growth, macro-environmental factors and the dynamic labour markets, every organisation is facing the challenge of employee turnover. Depending on employees as basic operational units, telecom industry players are investing heavily in attracting, recruitment, training and development of these individuals. This involves incurring large costs in terms of time and money to ensure a flawless transition and adaptation to the organisation's working environment and demonstration of the required skills and experience (Maxwell, 2010).

Further to the above Philip (2008) states that employee turnover involves allocation of tasks to less skilled and inexperienced employees who may not have the technical know-how on how to execute the required services, leading to the realisation of lower customer satisfaction. This has ripple effects on decline in sales revenue and hence further loss in organisational efficiency by affecting internal business processes. Airtel Kenya Limited in the telecommunications industry in Kenya has been facing stiff competitive pressures in their products markets forcing them to achieve competitive advantage through cost leadership strategies and yet be able to offer unmatched quality. Tighter labour market conditions are mounting more pressure for these employers in the recruitment and selection process in addition to motivation without necessarily improving the pay levels (Paul, 2009).

However, organisational ability to retain employees is dependent on many functional factors. Studies conducted on employee turnover particularly on countries in the West have revealed conflicting results on the factors leading and contributing to employee turnover (Mungumi,2000). Previous findings concluded that labour is related to a wide array of factors ranging from industrial, economic and demographic factors to factors such as education, sex, age and duration of service amongst others (Roller *et al.*, 2001).

On this premise, this study sought to fill the gap in knowledge on the prime determinants of employee turnover and its effect on organisational performance at Airtel Kenya Limited.

1.3 Research Objectives

1.3.1 Overall Objective

The overall objective is to establish the determinants of employee turnover and its effect on organisational performance: Case Study of Airtel Kenya Limited.

1.3.2 Specific Objectives

The study was guided by the following objectives;

- i. To determine the extent to which management style contributes to employee turnover.
- ii. To establish the role of work environment as a contributing factor to employee turnover.
- iii. To evaluate the extent to which reward management contributes to employee turnover.

1.4 Research Questions

- i. To what extent does management style contribute to employee turnover?
- ii. What is the role of work environment as a contributing factor to employee turnover?
- iii. To what extent does reward management contribute to employee turnover?

1.5 Scope of the Study

This study sought to establish the determinants of employee turnover and its effect on organisational performance with specific reference to Airtel Kenya Limited. The variables covered include management styles, work environment, reward management and organisational performance. The target group in this study were 135 employees comprised of low, middle and top management at Airtel Kenya Limited.

1.6 Significance of the Study

With rising globalisation, accelerated use of technology and pressure to innovate and remain competitive in the Kenyan telecom industry, it is becoming increasingly important for Airtel Kenya Limited to attract and retain rich human capital. Airtel Kenya has recognised that their competitive advantage in organisational performance lies in sustainable factors such as employees and hence all efforts should be dispensed to strategize how to retain these resources. Many reasons have been cited for the heavy turnover but career development, management leadership, the work environment and reward packages trump the reasons for this phenomenon at Airtel. These determinants will therefore form the basis of employee turnover and its effect on organisational performance.

To the management of Airtel, the findings will fundamentally assist in answering questions on why employees leave and help the organisation to formulate strategies and policies to enhance employee retention and organisational performance. The outcome will further serve as secondary data for future research on the topic. The findings and results of the research will also provide an in-depth understanding of the various factors influencing employee turnover and its effect on organisational performance at Airtel. This can in turn help shape the future policy formulation of the industry, thus facilitating the objectives of the Kenyan Government in enhancing the reliability and efficiency of telecommunication services.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section aims at serving as the foundation for the development of the study. It critically evaluates literature on the prime determinants that lead to employee turnover and its related effect on organisational performance with specific reference to Airtel Kenya Limited in the Kenyan telecom industry. Extant literature on management styles, work environment, reward management and their effect on employee turnover and its ultimate effect on Airtel's organisational performance will be discussed and analysed. It will focus on a mix between theoretical and empirical views in an effort to highlight a clear relationship between the variables. The chapter also provides a conceptual framework that indicates the relationship between the variables.

2.2 Theoretical Framework

A theoretical framework is defined as a reasoned set of prepositions, which are derived and supported by data or evidence and explains a phenomenon (Michael, 2009). This research viewed Maslow's Hierarchy of Needs Theory and Herzberg Theory in establishing the determinants of employee turnover and its effect on organizational performance at Airtel Kenya Limited. The theories are discussed and linked to the study as explained below.

2.2.1 Maslow's Hierarchy of Needs Theory

Maslow's hierarchy of needs theory is a five-tier model of human needs, often presented as hierarchical levels within a pyramid. In his 1943 report, Maslow stated that people are motivated by certain needs and once a certain category of needs are satisfied, the individual is motivated to fulfil needs in the next level of the pyramid and so on (Maslow, 1970). This knowledge can be used by management to understand an employee's career growth needs and what kind of retention strategies should be appropriately employed at the different levels to keep employees motivated and satisfied enough to perform optimally (Harper & Stills, 2003).

According to Maslow (1970), human beings have a set of five needs, that is, basic physiological, safety, love and belongingness, self-esteem and finally self-actualisation needs. The first set of basic needs, placed at the bottom of the pyramid indicating its broad category include needs for food, water, air, sleep, clothing, physical comfort etc. The second

level concerns safety and security needs which comprise avoidance of danger, freedom from fear, threat and deprivation. This stage also includes job and physical security. The third level of needs is social needs which involve the need for affection, belonging and social contact. This also explains why employees desire social interactions and networks which build cohesion for teamwork and friendship outside of work. The fourth stage is self-esteem which involves respect and recognition from others and appreciation. The fifth and final stage is self-actualisation. At this stage employees realise their personal potential and self-fulfilment and seek further personal growth and peak experiences.

Human resource practices and management find it difficult to provide an environment appropriate for employees at this final stage, presenting the biggest leadership challenge. Maslow believes that needs higher in the hierarchy such as social and self-esteem needs determine behaviour only after lower level needs have been satisfied. However, convincing empirical evidence for this satisfaction progression is lacking. This means workers can be at different levels and move up and down during their employment experience (Walsh, 2011).

The study will focus on linking the five essential needs in the pyramid to employee turnover and organisational performance. This theory implies that organisations need to understand the stages at which different employees are at and what motivates them in terms of management styles, work environment and reward management, in order to devise programs or policies that satisfy unfulfilled and emerging needs since many lower level needs are felt time and again. Maslow's hierarchy of needs can help leaders hone their styles to suit the needs of their followers. High levels of performance occur when leaders establish motivational styles that inspire followers to achieve objectives. Using the hierarchy concept, managers are also responsible for creating an environmental climate where employees can develop their full potential. Inability to provide such an environment would leave many employees dissatisfied and frustrated, leading to poor performance and withdrawal from the organisation. Poor reward systems fail to recognize each employee's unique motivators. As a result, managers give employees raises or promotions, when in fact that is not always what would best motivate a given employee or cause them to want to perform at their highest levels or to stay. Maslow's Hierarchy allows management to establish what kind of reward packages appeal to employees at different levels to ensure they are paid competitively and in line with their motivation to avoid exit. The management of these three aspects could determine the

employee turnover rates and its eventual effect on organisational performance (Cunha, Clegg & Kamoche, 2006).

2.2.2 Herzberg Two Factor Theory of Motivation

According to Herzberg's two factor theory of job satisfaction, work situations can either lead to employee satisfaction or dissatisfaction. Aspects related to achievement and advancement, growth and responsibilities, recognition and the work itself lead to job satisfaction and were commonly referred to as motivators. Characteristics related to dissatisfaction involved company policy and administration, working conditions, supervision and interpersonal relationships were referred to as hygiene factors (Kuyaas, 2006).

This theory provides an important frame of reference to managers who are interested in gaining an understanding of job satisfaction and job performance issues. Weatherly (2003) asserts that Herzberg's theory highlights two important aspects of all jobs, i.e. the job content which comprises the job tasks and the job context, which is the setting in which people perform their work. Weatherly, further advises that management should always seek to minimise hygiene sources of dissatisfaction in the work environment and build satisfier factors into job content to maximise opportunities for job satisfaction.

Herzberg's theory is significant to this study as it states that while negative hygiene factors (such as unsupportive management, low pay, poor working conditions or lack of job security) cause job dissatisfaction, positive hygiene factors (such as status, good ergonomics and worker-friendly policies) simply satisfy basic employee needs, causing movement, in the sense of work flow, but exerting no effect whatsoever on motivation. Motivation factors are the positive, either extrinsic or intrinsic, influences that cause an employee to want to do a better job. Extrinsic motivating factors (such as recognition, advancement, flexible hours, good culture, supportive management and increasing levels of responsibility) and intrinsic motivating factors (such as achievement, growth and interest) are equally motivating (Kuyaas, 2006). Airtel should introduce employee friendly policies that encourage motivating factors related to management style, work environment and reward management to empower employee performance and in turn organisational performance. These motivating factors will also play a role in keeping employees engaged to organisations, thus reducing turnover.

2.3 Empirical Review

2.3.1 Management style

Employees are the drivers of service delivery and production processes in any given industry. Their knowledge, skills, job roles, engagement and overall satisfaction at the work place shape the competitive edge a firm possesses within the industry. For reduced employee turnover and optimal organisation performance, it is essential for employees to be satisfied, motivated and managed in ways that enhances their engagement with the management. Organisations need to create and foster a conducive working environment and implement policies which encourage employee engagement through learning and growing. The extent to which organisational members contribute to effective harnessing of organisational resources correlates with how well managers understand and adopt appropriate management styles as part of their performance as managers and leaders. Management style significantly influences resource mobilisation, allocation, utilisation and enhancement of business processes (Chemers, 2000).

This objective will discuss the different management styles and the influence that leaders and managers have over the work environment, organisation structure and reporting roles, an all-inclusive work climate and the culture of organisations. It concludes by identifying leadership qualities that are crucial to reduce turnover and improve organisational performance.

Management or leadership style is the manner in which a manager or leader leads. This is reflected in the day to day activities they carry out; such as communication, exercising power and authority and the effects of these on employees. Management style maybe described as the way a leader influences employees to achieve goals and objectives through motivation (Jyoti & Venketesh, 2006). Rawat (2013) opines that there are different leadership styles that managers use to keep employees engaged and achieve organisational targets. Dubrin (1998) explains the autocratic leadership as a style where the manager retains power and authority and makes decisions autonomously. They are more focussed on completion of tasks rather than the employees. Since autocratic leaders typically do not allow input from team members, employees start to feel dissatisfied, stifled, demotivated, loose commitment and may even push them to exit organisations where their thoughts and suggestions are not considered important. This in turn is reflected in delayed business functions or gaps in business processes that affect overall organisational functioning where commitment is lost or an

employee leaves. This is further witnessed in improper or no service delivery to customers, affecting the customer perspective.

In sharp comparison to autocratic leadership is democratic leadership. Blanchard, Hersey & Johnson (2001), view this kind of leadership as an important aspect of collaboration, teamwork and empowerment. Employees are highly involved in the decision making processes and managers encourage employees to participate and every individual strives to improve the organisational climate and performance. This management style reports the lowest employee turnover and allows for a good working relationship between employees and management and employees exhibit high degrees of responsibility and commitment which drives organisational performance. Overall employee productivity is high, leading to a higher financial return per employee and creates an innovative forum where employees and their managers exchange ideas, all improving the learning and growth perspective of the Balance Scorecard.

According to Amos, Hayward & Baxter (2008), the laissez-faire style is used by leaders who prefer to avoid interaction and conflict. They prefer to remain at an arm's length from the work affairs of subordinates and they do not invest in efforts to build relationships. Their research indicates that this style is associated with dissatisfaction, ineffectiveness and employee departure especially where employees value a good working relationship with managers. This decreases the working efficiency of employees where managers are not easily available for direction. The average product labour output can potentially be on an all-time low and justification for this can be easily overseen.

On the other hand, Victor & Hoole (2017) assert that transactional managers are focussed on the physical and security needs of employees. The relationship between the manager and employee is based on bargaining exchanges and reward systems. In sharp contrast, transformational leaders invest in efforts to go beyond what the employees feel in order to retain them for the long term (Mwangi, 2011). In her studies on utilisation of transformational leadership style, she found out that this style has a huge effect on employee and organisation performance through elements of inspirational motivation, idealised influence, intellectual stimulation and individual consideration. Employees who witness this sort of leadership exhibit loyalty, admiration, trust and respect towards their leaders and are motivated to perform extra-role behaviours through a prolonged stay with the organisation. This reduces

hiring and recruitment costs, training and development costs, improves brand image of the organisation and leads to satisfied customers served by satisfied employees. All this increases the sales volume for the services and organisations are able to generate more marginal revenue per motivated employee.

The success of Airtel depends on human capital because competing companies offer identical products and services. Airtel has been rolling out strategies to increase its competitiveness in the industry and this has forced them to highlight the importance of the level of management engagement of its employees (Weatherly, 2003). Local studies carried out by Mutunga (2009) on the relationship between management style and employee turnover in the telecommunications industry concluded that work benefits and career development are not solely effective as drivers of employee retention. Leadership emerged as a significant factor that contributed to employee turnover and its related impact on organisational performance.

Further to the above, Mbwiria (2010) also established through her study that the influence of principles of management style on teacher's performance in secondary schools has a strong correlation with teachers' turnover. The study concluded that leadership of high school principals influenced teachers and overall school performance through viewing number of students passing their exams, the ratio of student to teacher ratio in classes and the execution of productive teaching sessions that are required to complete the syllabus within the stipulated school year.

Numerous surveys point to exceptional leadership by management as the driving force for employee retention and organisational performance. Work environment factors such career development, training and development, family- work life balance amongst others are all affected by the quality of leadership in an organisation. Management have the power and influence to serve as catalysts for higher level employee performance, not only in one area of the organisation but all in all aspects. These include hiring, promotions, performance management, internal controls and systems, training and development and compensation amongst others. Where these elements are aligned to employees' needs, the organisation can be assured of lowered employee turnover and in turn experience a consistent cash flow supported by high sales volume and lowered marketing expenses experienced through a strong brand image and customer loyalty. In aggregate these individual aspects provide a firm with grounding which can accelerate performance (Ingham, 2007).

Mutunga (2009), emphasizes that management should aim to build a sense of purpose in all employees in order to reinforce alignment with organisational goals. The organisational structure and reporting roles should be designed to create an environment of openness, dialogue and easy access to forums and tools where employees can express themselves without fear of reprisal. Employees who voice their opinions should in turn be rewarded with action by management for their inputs. It must be noted that a lot of learning and growth is seen through such interactions and employees are able to better see the bigger organisational picture through guidance from managers. This alignment of employee and organisational goals creates a mutual win situation where both stand to benefit through improved process structures, higher revenues, reduced employee turnover, better knowledge flow and possibly better remuneration.

Nowack (2006) claims that effective leadership is required for employees to realise their full potential and value. Managers who can build an all-inclusive work climate have an invaluable effect on employee commitment to an organisation and the productivity generated. This decade has seen a rise in popularity of intangible rewards and managers are a vital component in delivering rewards such as flexible work hours, recognition and career growth, job enablement (Boswel,2006). He further argues that most employees thrive in organisations because of their relationship with their immediate managers and yet it is the single biggest reason most employees leave the organisation. He further adds that good managers are a catalyst for improved employee performance, a brand image for the organisation, the reason for customer loyalty and consistent financial results year on year.

Management through its leadership is known to shape and change culture in organisations. This is done through day to day actions and decisions demonstrating the values the organisation stands for. This is also done through mentoring and continuous measures that are put into place to maintain the organisational culture. All these dimensions cumulatively create a culture of performance because employees identify themselves with the mission, vision, ethical organisational decorum, organisational values and human resource policies. Where the organisational culture is not in line with employees' values and work ethics, employees may hesitate to remain with the organisation for a lengthy period. When good employees continuously depart from these organisations they take away knowledge and customers, intangibles which may be very difficult to replace (Kee, 2003).

Hung *et al.*, (2006) suggest that leadership styles used by managers have a strong influence on the level of employee performance and turnover. His research further explains that leaders need to possess five essential skills to achieve this enhanced performance; these include building trust, mentoring, inclusion, team development and alignment. An organisation's leadership sets the tone for the atmosphere in the organisation. An organisation's ability to develop strong relationships between employees and the management will result in a supportive people culture which reduces employee turnover. Strebler *et al.*,(2001) state that an integrated corporate culture and high employee engagement is key to organisational success. This level of engagement encourages more innovativeness, productivity and profitability for the organisation.

In light of stiff competition and high shareholder pressure for better returns, Airtel has in the past resorted to easy and short-sighted reaction based responses of retrenching hundreds of employees, with the hopes that employee costs will be minimised and that should turn out a decent sizeable profit. These retrenchments cause psychological damage and job insecurity, reduced productivity, reduced survivor morale and decreased loyalty and commitment to the telecommunications giant (West, 2000). Kinyanjui (2015) advises that downsizing organisations do not usually achieve the expected outcomes in the long run but instead experience an escalation in negative consequences such as increased customer complaints, lower rate of new product and service introductions, reduced innovativeness and delays in service delivery. Management of such organisations acknowledge that such events reduce employee performance and increase turnover amongst the survivors because of heightened job insecurity

2.3.2 Work environment

The work environment is the immediate environment in which people operate. This includes the physical setting such as the office layout , design and broader organisational features such as the culture, history and policies concerned with employment conditions. It also encompasses psychological factors such as job profiles, role congruity, social support, working conditions and goes as far as including aspects of the external organisational setting such as work-life balance, firm and industry factors and market conditions (Tripathi,2014). Briner(2000) claims that all these aspects are interlinked and have an impact on employee productivity and overall organisational performance. He states that employees will be more productive and content where their obligations are in tandem with their work environment.

The work environment therefore plays a large role in organisational performance through its ability to keep employees motivated.

It has long been argued that a poor work environment forces employees to disengage and leave organisations more than any other factor. Gagné & Deci (2005), argue that this disengagement has been on a steady increase and it has proven more important than ever to create a positive work environment where employees are motivated and productive.

Employees' comfort on the job, determined by workplace conditions and environment, has been recognized as an important factor for measuring their productivity and ultimate organisational performance (Tripathi, 2014). In today's dynamic and competitive business world, a healthy workplace environment makes good business sense. Managers should not just focus on the employees' pay packet with the assumption that it is proportionate to performance. Organizations deemed as a positive place to work will have a competitive edge over the others (Heath, Centeno, George, Jaluria & Bianchini, 2006).

Many employees in the competitive telecom industry struggle to achieve a work-life balance. This refers to the ability to work under flexible work options, ease of applying and acceptance of family and personal leaves and basic organisational support for dependent care (Earle, 2003). Armstrong (2006) further asserts that organisations should focus on work life balance employment practices which aim at providing scope for employees to balance what they do at work with the responsibilities and interests they have outside work. This allows reconciliation between competing claims of employer work needs and home needs.

The Kenyan telecommunications industry poses a myriad of problems for employees seeking to achieve a work-life balance. This is primarily as a result of cut throat competition that poses challenges in working hours, workplace mobility and compensation. This kind of pressure makes it difficult for employers to attract, retain and motivate employees which in turn affects organisational performance. Telecom companies like Safaricom have already identified this and are working on their human resource practices to ensure a better working environment for employees which has reflected in peak organisational performance as a result of a motivated workforce (Tripathi, 2014).

Properly articulated work life balance policies should take keen interest in reducing absenteeism and increasing employee morale that reduces the high degree of stress that these employees face in high pressure environments. Organisational performance is directly affected by employee performance and employees who are constantly juggling work and life responsibilities are known to underperform. Many researchers have emphasized the role of work life balance on the psychological well-being and overall sense of harmony in an employees' life (Chandrasekar, 2011). A balanced work- life is linked to increased job satisfaction and organisational commitment. Employees' work life experiences deepen their role-related engagement which is related to organizational performance improvement.

Contemporary literature on work environment stress typically focuses on psychosocial factors that affect employee performance, however theoretical models of stress at work include the physical environment as a prime factor (Chughtai & Buckley,2008). From research findings, Earle (2003) notes that organisational performance is affected by employees' productivity which is in turn is affected by aspects regarding storage space, quiet space, climate control, technology, personalising the workspace and its visual appeal.

Studies show a correlation between workplace satisfaction and job satisfaction. They also lean towards indicating a link between employee performance and aspects of the physical work environment such as lighting, ergonomic furniture and air quality (Chandrasekar, 2011). According to Buckley *et al.*, (2008), the office layout influences productivity. Individuals carrying out detailed and non-routine tasks perform better in private offices as opposed to an open-office plan layout. Inversely, simpler and less detailed work can be performed under any set-up. Operating in an open plan set up can however expose one to distractions and disruptions, affecting organisational performance through negative employee performance (Meyer *et al.*,2000).

High levels of employee productivity are achievable when organisations ensure the physical environment is conducive to organisational needs. This would facilitate interaction and privacy, functionality and cross-discipline and formality and informality. Subsequently, the physical environment can be leveraged upon to improve employee and organisational performance (Huang *et al.*, 2010). Safaricom Contact Centre has attempted to achieve an ideal working environment by ensuring employees are well equipped with all the tools to perform optimally. The organisation has also considered ergonomic factors, for example, the

work stations are well spaced, comfortable and of high standards and the various offices are spacious. Management supports staff through well designed human resource policies that caters for more than individual needs. Welfare amenities such as day-care, training rooms, gyms, canteen and in-house clinics are also available at no cost to employees. This allows employees to be comfortable and motivated to work under tight schedules, focussing all their attention to organisational performance. Employees are paid on an overtime basis and transport is provided for employees to make life convenient and facilitate on-time reporting. Even with a much enhanced work environment, it is argued that employees of the organisation continue to complain of the demands placed before them, particularly regarding management style, motivation, remuneration and high stress levels. This in turn has led to high turnover and stagnant or flattening company performance (Walsh,2011).

Hytter (2008) explains that work environment stress maybe as a result of role ambiguity, role conflict or judging and occupational demands. He further claims that where employees do not have clear direction on what is expected of them, confusion can arise between expected and actual outcomes leading to conflict. Employees may perform as expected and later receive negative feedback, leading to a confusing environment where instructions are not clear or being changed frequently.

Organisation support is recognised as an important work environment tool to strengthen employee and organisational performance. Westerman & Yamamura (2007), indicate that organisational performance may be affected where employees are not adequately supervised and supported, however the relationship between work environment and employee outcomes in this respect is interrelated and in need for further examination. Social support also involves the assistance that an employee receives from his/her co-workers, supervisor and colleagues to perform their work effectively (Castilla,2005). Co-workers provide a sense of identity, support and friendship which makes the work environment a safer and more secure place to work. This makes employees more productive and drives organisational performance through teamwork (Nayeri, Nazari, Salsali & Ahmadi, 2005).

2.3.3 Reward management

Fernandes (1998) describes reward as all the components that make up a reward package. This includes direct and indirect financial rewards, the work environment and learning and development. Organisations are said to have a concrete reward package when they adopt a package that not only focusses on the monetary benefits but non-monetary benefits as well, such as learning and development, training and the general work environment (Armstrong & Brown, 2001). A total reward strategy, among other things plays an essential role in enhancing an employee's motivation, job satisfaction and performance. It also improves the image of the psychological contract and commitment to the organisation (Jiang & Kleine, 2009). They contend that a total reward strategy is a holistic approach that takes care of all the different aspects valued by employees in the employment relationship.

Mahaney & Lederer (2006) state that rewards can be intrinsic or extrinsic in nature. Intrinsic rewards are rewards attached to the inherent job itself along with the satisfaction an employee experiences as a result of completion of their tasks. In contrast extrinsic rewards are concerned with external factors such as the work environment, remuneration, career prospects, fringe benefits and job security amongst others. These rewards are considered to be tangible in nature and are usually determined at the organisation level, much out of the immediate manager's discretion.

Allen & Helms, (2001) opine the importance of aligning the reward systems, based on employee motivation and performance to the firm's strategy. It should be able to attract and retain people with the necessary skills, abilities and knowledge to realise the organisation's strategic objectives and create a supportive culture and structure. Such alignment between the reward system and firm strategy enhances organisational effectiveness. Rewards and compensation systems should be designed to motivate employees to dispense their best efforts towards their job role. These systems achieve simultaneous objectives of labor cost control, legal compliances, perceived equity towards employees and improved performance to achieve exceptional productivity and customer satisfaction. Compensation is tangible financial returns in exchange for the services provided by employees. It is an important aspect in recruitment, motivation, performance and employee turnover (Beh & Loo, 2013).

According to Robbins (2008) employers should understand the desires and needs of the different employees to drive maximum performance out of them. Employees can be driven by

financial or non-financial motivations and this information can be used to design proper incentive systems that support organisational performance. Financial incentives include salaries and bonuses, allowances and payment for overtime. Non-financial rewards on the other hand involve provision of fringe benefits such as increase in holidays, car and house allowances and increased flexibility amongst other factors. These rewards contribute towards the employee perception that their workplace is a 'supportive and caring' organisation (Chiang, Birtch & Kwan, 2010).

Babakus, Yavas, Karatepe & Avci (2003) point out that employee attitudes are shaped by the perceptions they have in regards to the rewards climate in the organisation. Employees reciprocate by increased commitment and improved 'socioemotional bonds' with other colleagues which plays out through increased productivity, lower turnover and increased organisational performance. Managers exhibit their commitment by recognising and facilitating the provision of these rewards where rightfully earned.

Recent studies undertaken to understand the relationship between rewards, employee turnover and organisational performance include employee perception of competitiveness of performance based rewards in Kenya Electricity Generating Company Limited. The study established that the use of performance based rewards by the organisation to improve employee satisfaction and encourage attainment of organisational objectives changed employee perceptions and resulted in additional interactions with management and provided new opportunities for employees to develop trust in management (Mutuku, 2012). Musyoki & Kadubo (2012) also carried out an independent research on the relationship between rewards and job satisfaction at the National Cereals and Produce Board. His research established that the organisation's employees were most motivated by a decent basic pay, medical, housing and leave allowances, training and development, career development, life insurance and retirement benefits in addition to legally required NSSF and performance related pay such as overtime bonuses. A strong positive correlation existed between employee job satisfaction and rewards.

Studies conducted by Premeaux (2000) on the effects of motivation on employee performance concluded that management can use multiple strategies to motivate employees in the banking industry. Many employees were interested in the prospects of fringe benefits, career development, and increase in base salaries to give their best performance.

Kotler & Keller (2009), posit that increase in base pay is very influential in reducing employee turnover because of the employee value attached to the salary and the things the money can purchase. While pay and benefits alone are not adequate for high employee motivation, they are an indispensable measurement in job satisfaction evaluations. Many organisations use a mix of different types of rewards to keep a diverse workforce of employees satisfied. The most prominent types include basic pay, job design, incentives and benefits, development opportunities and performance based pay.

Crossman & Abou-Zaki (2003), state that most employees report basic pay as the most important reward for their time and efforts. They measure their worth to the organisation in relation to the money the firm is willing to accord to them. Basic pay is an important competitive tool where used effectively to improve employee motivation and organisational performance. According to Noe (2007) employee compensation costs form a major part of conducting business (as far as 50-60%) and hence a poorly designed system can be a very expensive proposition in the long run, causing problems related to low employee morale and increased turnover, damaging organisational prospects.

Performance based pay depends on factors ranging from individual performance, team performance to organisational performance. The expectancy theory suggests that employees are more motivated to perform where the reward and compensation systems create a perception of strong links between performance and rewards (Gardner, Dyne & Pierce, 2004). This happens by creating a compensation system that can align employee interests to organisational goals, thereby reducing turnover and engaging a productive work force to attain high performance. Employers normally use the merit based or goal based system to effectively promote the performance pay based concept. The merit based system assesses the employee's current performance against historical objectives. The goal based system on the other hand allows for an open discussion between the employer and employee to set collective goals. Performance based systems operate where targets are clear, well-understood and measurable by all parties (Togia & Tsigilis, 2004). The reinforcement theory has been a strong supporter of performance based pay and suggests that all performance should be linked to rewards through setting targets and rewarding achievement (Paul,2009). Other theories such as the cognitive evaluation theory opposes these views and states that incentive pay negatively affects the intrinsic motivation of employees through the 'crowding-out'

effect (Deci *et al.*,2005). This once again draws attention to designing incentive systems which take care of employee motivation and performance.

Reward systems should consider pay equity, an important measure for employee judgements on their value against other co-workers and other similarities such as organisational status (Ellis, Reus & Lamont, 2009). Where unjust incentive plans are implemented, favouring one or more employees over others, it can cause encourage disruptive competition for rewards and unruly behaviour such as fighting over customers, reduced focus on quality and more on quantity and sabotaging a co-workers performance. Alternatively, incentive plans for groups normally enhance overall performance of the group, prompting more teamwork and trust amongst each other (Richard, 2008).

A very prominent non-financial reward that many employers are rewarding employees with is recognition. This involves the demonstration of achievement of set targets or contribution towards a shared objective. This can be used in confidentiality or in public and formally or informally. Employees appreciate recognition in addition to base pay as a way to celebrate and recognise their efforts in the organisational presence (Pitts, 1995). He further argues that where only base pay is used by employees to reward employee's contribution and achievement, most employees' objective will be to perform up to base pay value and nothing more, leading to an exclusive degraded culture. Recognition, when used correctly is a cost-effective tool of enhancing accomplishment and enables people to feel more involved in the organisational culture. Loquericio, Hammersley & Emmens (2006), furthers this argument by stating that as much as base pay can be sufficient as a standalone reward, recognition and celebration does not work as an alternative to base pay. Together, they form a stronger package deal that can effectively communicate to employees their contribution to overall organisational performance.

When management consciously extend efforts to fulfil physiological and psychological needs, the workforce voluntarily co-operate and contribute their best efforts towards organisational success. Increased employee satisfaction can increase organisational efficiency where employees improve their skills and knowledge and can use these tools to progress organisational goals. In an overall, such activities can increase employee productivity, reduce turnover rates and absenteeism (Carragher, 2006).

2.4 Empirical Review of Past Studies

Studies relating to human resource practices focussed on the determinants of employee turnover and organisational performance are far and wide. Many have focussed on country, economy and industry specific subsets, providing a wide range of retention strategies. Emmens *et al.*, (2006) carried out research on the role of employee turnover on the performance of Accra Breweries Limited. His findings indicated that the lack of work-life balance, lack of reward and recognition, poor salary and unclear career growth opportunities led to employee departures from the organisation. The company was highly concerned with retaining top talent and strategizing on how to enhance employee retention in such a competitive industry. Employee loss was realised through strained business processes, delays in service delivery and higher costs attached to recruitment and selection processes.

In a study conducted by Robert Half International on why employees leave their organisations, the findings stated that a large number of people leave for better career opportunities and development as opposed to concerns with compensation, as has been the traditional school of thought (Johnson, 2010). The research further indicated that career development was beneficial to both the employees and organisations as an employee retention strategy. The employee could learn new skills and competencies that would be more intrinsically rewarding. This could be used to the advantage of organisations that would have highly skilled and knowledgeable staff who can execute tasks with minimal or no errors. These staff can also contribute towards a competitive advantage for the organisation where they constantly brainstorm innovative ideas and take initiatives in projects (Wright, Gardner, Moynihan & Allen, 2005).

Through studying the relationship between human resource practices and employee turnover at the United Arab Emirates, Alnaqbi (2011) suggests that the aspects most likely to affect job satisfaction and employee retention were job descriptions, profiles and job security. Employees were also disturbed by the lengthy hierarchy, centralisation of all tasks and duties, decision making and issues concerning empowerment and accountability for work. Employee learning and growth through training and development emerged as a promising employee retention strategy from Meyer *et al.*,(2000) studies. He advises that training and development contribute to employee retention through providing employees with the tools and techniques on how to deal with job related stress and change. It creates a culture of caring and is viewed as a way of building employee commitment through provision of support where necessary to face job challenges.

From his study on employee turnover for skilled customs employees in South Africa, Carraher (2008) notes that the organisation was in a good position with employees in regards to pay and benefits, however training, development, management styles and career advancement opportunities were concerning. Most of the studies applied different reasons for employee turnover, organisational performance and various retention strategies as their variables and stratified employees within specific subsets and studied the reaction of these sub-sets to the research.

However, there is little information available on knowledge related to employee turnover and organisational performance at Airtel Kenya Limited in the Kenyan telecommunications industry. This phenomenon will further be studied through this research.

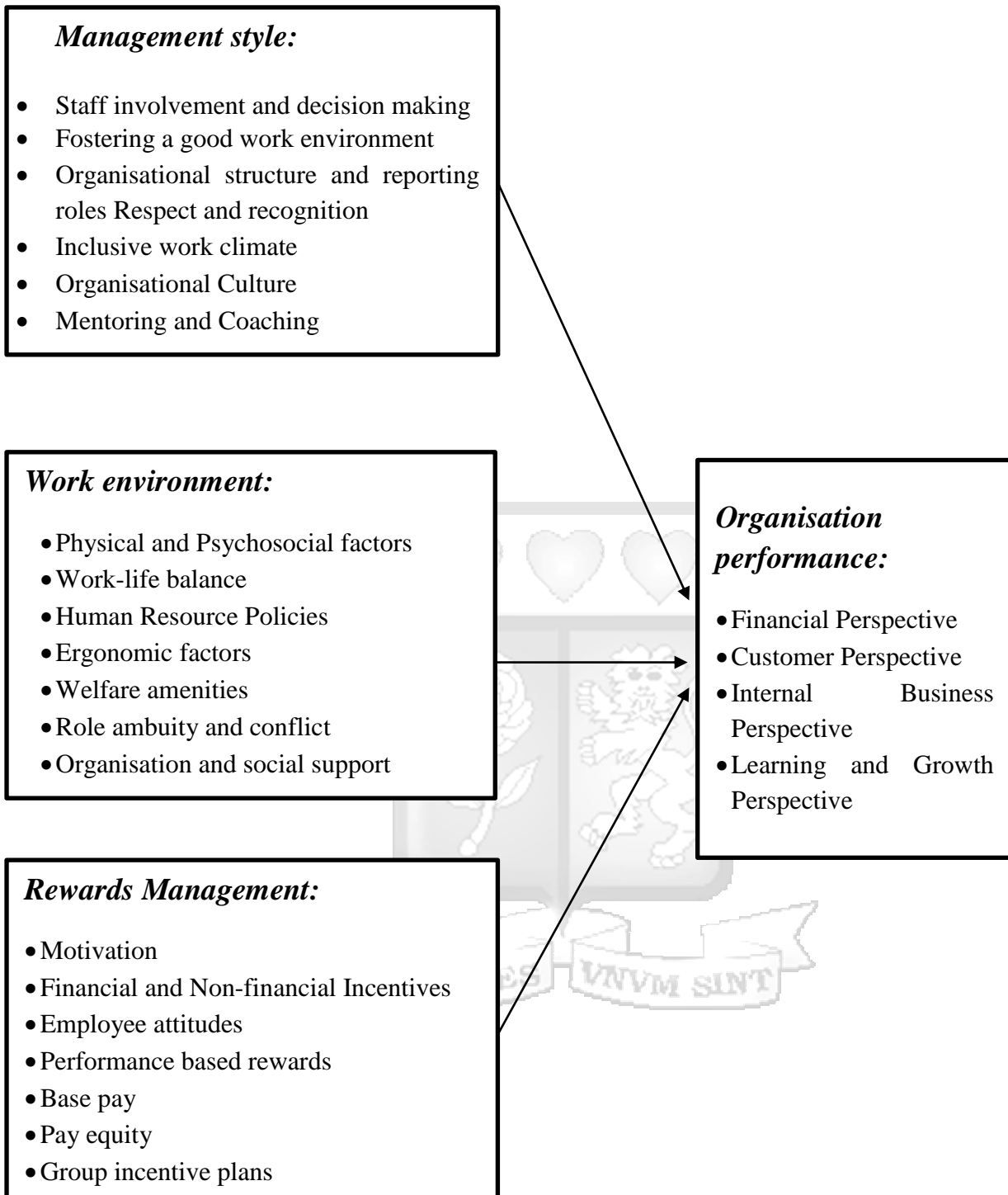
2.5 Gap of the study

Many studies conducted in the employee turnover space highlight evidence on its existence but with no practical focus on the prime determinants and how this turnover affects organisational performance. This has created a knowledge gap on the link between these variables with a specific reference to Airtel Kenya Limited. The findings obtained would influence how Airtel determines and manages the causes of turnover and in turn will be able to realise the benefits in terms of improved organisational performance.

While there is a lot of research done in this particular human resource challenge area within various sectors, there is far less literature that analyses these issues within the telecommunications sector and specifically at Airtel Kenya Limited. It would be interesting to see how these variables play out and to compare the findings with reasons in other countries.

2.6 Conceptual framework

A conceptual framework is a figure that shows the relationship between the dependent variable and the independent variable. Mugenda and Mugenda (2003) define a variable as a measurable characteristic that assumes different values among the subjects. The conceptual framework for this study was based on the following independent variables; management styles, work environment and reward management and the dependent variable; organization performance. The diagrammatic representation is illustrated in the next page :



Independent Variables

Dependent Variable

Figure 2.1: Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology refers to the approaches used in the collection, measurement and analysis of data. It comprises the development of strategy for conducting research and is done after problem identification and a review of literature (O'donoghue,2006). It involves a discussion of research design, target population, sampling procedures and sample size, data collection methods, instruments of data collection, reliability and validity of the data, analysis of the data and ethical considerations.

3.2 Research Design

A case study design approach was employed where Airtel Kenya was picked as the case. Objectives were operationalized to establish association between the variables; management styles, work environment, reward management and organisational performance. This research design allows the researcher to gather, present, summarise and interpret data for the purpose of clarification and conclusion (Oso & Onen, 2009). The proposed strategy enables the researcher to collect a large amount of data from a sizeable population in an economical manner. Saunders (2012), suggests this strategy because it allows researchers to collect quantitative data which can be analysed using SPSS version 21.0. The data was cleaned, coded, categorized and then analysed using descriptive statistics and presented in tables, charts and graphs. This method is comparatively easy to explain, understand and is generally considered as authoritative in nature.

3.3 Target Population

The target population comprised 135 employees at Airtel Kenya Limited. This population provided reliable information regarding the determinants of employee turnover and organisational performance at Airtel. The study constituted lower level, middle level and senior level management employees.

3.4 Sampling Design and Sampling Technique

Stratified sampling was used to get a proportional representation of the targeted respondents. The population was classified into three main strata's namely: lower level management, middle level management and senior level management. Considering time and budget

constraints this method was considered as an appropriate sampling strategy with representative results.

Thereafter, simple random sampling was employed to ensure that all the employees stood an equal chance at selection. This avoided sample bias and ensured some degree of accuracy through enhanced reliability when generalising.

3.5 Sampling Size

Out of the sample frame of 135 employees at Airtel Kenya Limited, a sample of 54 was chosen based on the percentage method, representing 40% of the population. According to Trochim (2006) a sample size between 5-20% is ideal to represent the entire population.

Table 3.1: Sample Determination

Strata	Population Frequency (N)	Multiple Factor as a Percentage	Sample Size (n)	Percentage of Total
Lower Level	62	0.4	25	48
Middle Level	45	0.4	18	35
Senior Level	28	0.4	11	17
Total	135	0.4	54	100

3.6 Data Collection Method

The study collected primary data using structured questionnaires which were developed and distributed to the respondents to gather data from the sample population. The questionnaire was preferred as the data collection tool for the Airtel employees because it collects information reasonably quickly from respondents in a non-threatening way (Trochim, 2006). They are easy to distribute, are relatively inexpensive to administer, the same instrument can be distributed simultaneously to a large number of people and they allow the respondent to revert at their own convenience. Additionally, large amounts of data can be collected, they (questionnaires) are impersonal and reduce bias which develops as a result of interaction between the researcher and the respondent, they can be completed anonymously and lastly the results are easy to compare and analyse (Bryman & Bell, 2007).

The questionnaire (Appendix 3) was divided into two sections. Part A consists of demographic details of the respondents to obtain personal information. Part B consists of

questions that help to answer the objectives of the questionnaire. This sections deals with close ended questions and other questions that require respondents to indicate their level of agreement to the items in the research questions. Items in the questionnaire will be measured using a five-point Likert Scale, with 1 representing ‘strongly disagree’ and 5 representing ‘strongly agree’.

The questionnaires were administered through ‘drop and pick later method’ and the process was carefully facilitated by a trained research assistant.

3.7 Data Analysis and Presentation

Descriptive Statistics was used for presenting and summarizing the bio-data. The data was cleaned, coded, categorized per each of the research variables and then analysed using descriptive statistics such as percentage tables. This method allowed the researcher to dissect, digest and comprehend large volumes of data and effectively communicate the important aspects comparatively (Bryman *et al.*, 2007).

Due to Likert scale design of the questionnaire items, the data collected was ordinal in nature, and thus a data reduction method called Principal Component Analysis was used to carryout inferential statistics. Principal component analysis attempts to identify the components of the variables that are responsible for the co-variation among the explanatory variables. This is because many variables are dumped together to represent a single concept based on high component loading and eigen values (Saunders, Lewis, Thornhill & Wilson, 2009).

Data was analysed using R, which is a powerful open-source statistical software, in combination with Statistical Package for Social Sciences (SPSS). Data was entered and processed in SPSS, extracted and imported into R statistical software where the final data analysis took place. The findings were presented using tables and graphs to facilitate comparison. This generated quantitative reports through contingency tables and frequency tables/percentages.

3.8 Validity and Reliability

Validity measures how truthful the research findings are and whether the research was able to measure what it was truly intended to (Taylor, 2000). Mugenda & Mugenda(2008) explains that validity estimates how accurately the data obtained represents a given variable or construct in the study. To enhance validity of this study, the questionnaire was presented to other experts in the research field to seek their guidance on the adequacy and representiveness of the instrument to ensure it measures the variables and as a way of reducing or eliminating content validity. Construct validity was reduced by deriving the study variables from sound theoretical models and reviewing adequate related literature. The data collection instrument (questionnaires) were pre-tested through a pilot study before the main survey. A sample of 5 questionnaires were given to respondents who were not part of the final sample population. This allowed the researcher to assess the clarity and relevance of the questionnaire so that any items that appear unclear, misunderstood or irrelevant can be amended or eliminated at the initial stages, thus improving the quality of the instrument and increasing the validity of the research.

Simatwa (2011), explains reliability as a measure of the degree to which a research instrument yields consistent results after repeated trials. Internal consistency and reliability of the research was measured using the Cronbach's Alpha. This is a reliability coefficient that indicates how well items in a set are positively correlated to one another. It measures the inter-correlations among test items, with a measure of 1 being higher in terms of internal consistency and reliability and 0.7 to 0.9 being acceptable.

The following mathematical formula for Cronbach's alpha was used:

$$\alpha = \frac{K\bar{c}}{(\bar{v} + (K - 1)\bar{c})}$$

Source: Saunders *et al.*,(2009)

Where:

K is the number of test items

V is the average variance,

C is the average of all covariance between the components across the current sample.

3.8.1 Cronbach's Alpha (α) and Measure of Reliability

To confirm the findings and reliability of the questionnaire, a reliability statistical test was carried out using the Cronbach's Alpha Test on a sample size of 5 respondents. The results from running the test indicate that all the questions were reliable and valid since the scale for all variables were above 0.7 as in the table 3.2 below:

Table 3.2: Reliability Statistics

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.789	.788	43

The Cronbach's alpha is 0.789 which indicates a high level of internal consistency for the scale with the specific sample. This score also shows that the tool (questionnaire) is reliable and consistent and indicates a high degree of correlation of test items.

The Item-Total Statistics Table 3.3 below presents the Cronbach's Alpha if Item-Deleted in the final column and can help explain the reliability.

Table 3.3: Item- Total Statistics

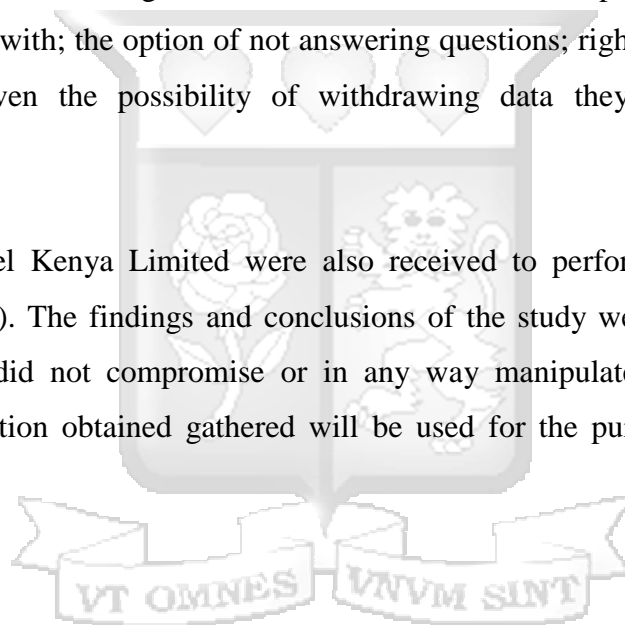
Item-Total Statistics - Demographics						
		Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
How Long worked	Long	118.60	127.300	.170	.	.788
Gender		119.00	122.000	.759	.	.777
Age		118.80	119.700	.809	.	.773
Education Level		118.00	127.500	.198	.	.787
Position		117.60	140.300	-.840	.	.810
Type Of Work		118.00	137.500	-.763	.	.805
Employees Report		117.40	163.300	-.864	.	.855

The last coloumn represents the Cronbach's alpha if the item was deteleted or ommitted from the questionnaire. From the table it can be seen that removal of any question except questions on position, type of work and number of employees reporting to a respondent will result to a low value of Cronbach's alpha.

3.9 Ethical Considerations

In this research study, issues relating to the ethical conduct of research such as informed consent, confidentiality, privacy and anonymity were upheld. Respondents were advised to provide factual information that would be held in confidence. Voluntary and informed consent was also encouraged by the researcher to allow the respondents to freely participate in the process after understanding the purpose of the study. Respondents were also advised on their rights which included the right to withdraw or decline some aspect of the research they were not comfortable with; the option of not answering questions; rights of not providing the requested data or even the possibility of withdrawing data they previously provided (Appendix 2).

Approvals from Airtel Kenya Limited were also received to perform the data collection exercise (Appendix 1). The findings and conclusions of the study were also disclosed in a factual manner that did not compromise or in any way manipulate the accuracy of the research. All information obtained gathered will be used for the purposes of the research only.



CHAPTER FOUR

PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

The purpose of the study was to investigate the determinants of employee turnover and its effect on organization performance with a case study approach of Airtel Kenya limited. This chapter presents the research findings and analyses the data to answer the research objectives and questions. The data collected was quantitative in nature and it was analyzed using Statistical Package for Social Science (SPSS version 22.0) and the results were presented in the form of percentage tables, charts and graphs.

4.2 Response Rate

A total of 54 questionnaires were distributed to lower, middle and senior level employees at Airtel Kenya Limited. Out of the 54 questionnaires, 48 questionnaires were returned duly filled as was required. This translates to a 88% response rate. Orodho (2009) observes that a response rate of above 50% contributes towards gathering of sufficient data that could be generalized to represent the opinions of respondents about the study problem.

Table 4.1: Response rates

Questionnaires	Frequency	Percentage
Distributed	54	100
Returned	48	88

A further cross analysis was done to confirm the distribution of the response rates. The analysis indicates a 88% response rate from both lower and middle level employees and a 91% response rate from higher level employees.

Table 4.2: Cross Analysis of Response Rate

Strata	Distributed Questionnaires	Completed Questionnaires	Percentage of Total
Lower Level	25	22	88
Middle Level	18	16	88
Senior Level	11	10	91
Total	54	48	

4.3 Demographic Information

The study collected demographic information on respondents such as length of service at the organisation, gender, age, highest level of education, position held at the organisation, type of work and number of reportees under the respondent. These will be further presented and discussed below.

4.3.1 Length of Service at Airtel Kenya Limited

With regard to the length of service, the study revealed that 25% of the respondents have held their current position for less than 1 year, 52% between 2-5 years, 21% between 6-10 years while only 2% have 11 years and above.

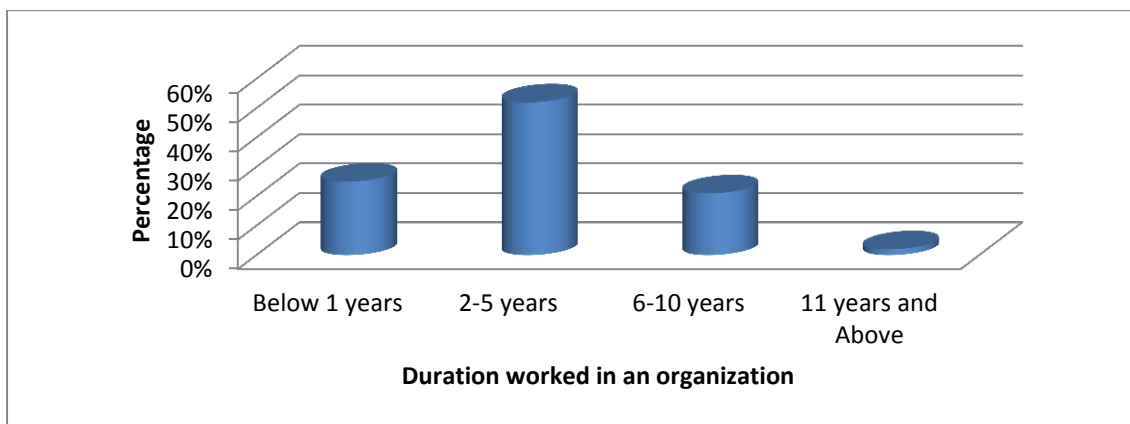


Figure 4.1: Duration worked in the organization

4.3.2 Gender of the employees

The responses from employees with regards to their gender are presented in the table below:

Table 4.3: Gender of employees

Gender	Distributed Questionnaires	Percentage of Total
Male	28	58
Female	20	42
Total	48	100

Table 4.3 indicates that 58% of the respondents were male while 42% were female.

4.3.3 Age of the employees

The responses from employees in regards to their ages are summarised in the table below:

Table 4.4: Age of the Employees

Age in Years	Frequency	Percentage
Below 30	17	35.4
30-39	19	39.6
40-50	11	22.9
51-60	1	2.1
Total	48	100.0

The table shows that 35.4% of the employees fell below the age of 30, 39.6% were in the age category of 30-39, 22.9% of the employees were aged within the bracket of 40-50 years and the lowest number of employees (2.1%) fell within the age category of 51-60.

4.3.4 Level of Education of Employees

The study sought to know the highest level of education of the respondents. The results are presented in the table below:

Table 4.5: Highest Education Level of Employees

Education Level	Frequency	Percentage
Certificate/Diploma	2	4.2
Bachelors Degree	28	58.3
Masters Degree	17	35.4
Others	1	2.1
Total	48	100.0

The table indicates that the majority (58.3%) of the employees were Bachelor's degrees holders. This was followed by 35.4% of the respondents holding a Masters degree. Certificate/Diploma holders constituted only 4.2% of the population size and only 2.1% held more qualifications than the listed education levels.

4.3.5 Management Level of Employees

The study sought to know the management level of the respondents. The results are summarised in the table below:

Table 4.6: Management Level of Employees

Position	Frequency	Percentage
Lower Level	22	45.8
Middle Level	16	33.3
Senior Level	10	20.8
Total	48	100.0

The table shows that 20.8% of the respondents were part of senior level management, 35.4% comprised middle level management while the majority (43.8%) of the respondents consisted of lower level management.

4.3.6 Type of Employment

The study also sought to know the type of employment contract that employees in the organisation held. These are summarised in the table below:

Table 4.7: Type of Employment Contract

Employment Contract	Frequency	Percentage
Casual	0	0
Permanent	36	75
Contract	12	25
Total	48	100

The findings showed that the majority of the respondents were permanently employed whilst 25% were employed on a contract basis. There were no casual labourers.

4.3.7 Number of employees reporting to respondent

The total number of employees reporting to the respondents are summarised in the table below:

Table 4.8: Number of employees reporting to the respondent

No. of Reportees	Frequency	Percentage
0	21	43.7
1 to 5	26	54.2
6 to 10	1	2.1
11 to 15	0	0
Total	48	100

In response to the number of employees that directly report to them, a majority of respondents (54.2%) had at least an employee reporting to them compared to a sizable group (43.7%) who had no role of line manager within the organization. Only 2.1% of the employees had 6-10 employees reporting to them and no employee reported to having more than 10 employees reporting to them.

4.4 Management Leadership Style Parameters

The first objective of the study was to determine the extent to which management style contributes to employee turnover. The employees of Airtel Kenya Limited were therefore asked a variety of questions in regards to the management leadership styles and their responses were recorded for further analysis as shown in the percentage table below. The employees were requested to rate the statements using the Likert scale as follows: 1-Very low extent, 2-Low extent, 3- Moderate extent, 4- Great extent and 5-Very great extent.

Table 4.9: Management Leadership Styles

Management Leadership Styles	1	2	3	4	5
Managers encourage staff involvement during decision making	10%	27%	42%	15%	6%
Managers play a key role in fostering a good work environment through encouraging work-life balance, career development, training and development	15%	42%	26%	13%	4%
The organisational structure and reporting roles create an environment of openness, dialogue and easy access to forums and tools	10%	17%	48%	21%	4%
Managers trust staff and do not rely on threats and	4%	21%	38%	25%	12%

punishment to influence employee efforts

Management treats employees fairly and accords them the due respect and recognition	10%	25%	36%	17%	12%
Managers create an all-inclusive work climate that encourages team work and higher productivity.	12%	44%	21%	8%	15%
Managers facilitate a good organisational culture and organisational values are well understood.	15%	18%	44%	15%	8%
Managers motivate and encourage innovation and out-of-box thinking for problem solving.	15%	25%	38%	12%	10%
Managers actively mentor, coach and train employees to maximise an individual's potential and organisational capability.	8%	57%	21%	10%	4%

The respondents were first asked whether managers encourage staff involvement during decision making. In their response, a majority (42%) of the employees moderately agreed, 15% agreed to a great extent whilst 6% agreed to a very great extent. On the other end of the spectrum, 37% of the employees in aggregate, agreed to low and very low extents. These findings indicate that to a larger extent managers at the organisation do engage staff during decision making and thus this aspect of management styles may not be a contributor to employee turnover.

The second question asked employees to rate the extent to which managers play a key role in fostering a good work environment through encouraging work-life balance, career development, training and development. Majority of the respondents (42%) agreed to a low extent, 15% agreed to a very low extent, with a minor 26% taking the middle ground and a further 17% in aggregate who agreed to a great and very great extent that managers did play a key role in fostering a good work environment at Airtel. This aspect of management style is concerning with majority inclining towards a low agreement and hence can be a contributing factor to employee turnover.

Thirdly, employees were asked for their rating on whether the organisational structure and reporting roles create an environment of openness, dialogue and easy access to forums and tools. Majority of the respondents were neutral with the statement at 48%. 17% of the respondents agreed to a low extent and a further 10% agreed to a very low extent. On the

same, 21% of the employees agreed to a great extent whilst 4% agreed to a very great extent. These results show that to a large extent, the organisation's structure and reporting roles are not directly linked to management related employee turnover at Airtel.

When questioned whether managers trust staff and do not rely on threats and punishment to influence employee efforts, 12% of the respondents agreed to a very great extent, 25% agreed to a great extent whilst 38% moderately agreed to this view. Finally, 21% of the respondents agreed to a low extent and a small minority of 4% were in strong disagreement. With this analysis, it is safe to say that management at Airtel do not rely on threats and punishment and this may not directly contribute to employee turnover.

On the question where management treats employees fairly and accords them the due respect and recognition, 12% of the respondents agreed to a very great extent and 17% agreed to a great extent. However, about 35% of the respondents in aggregate agreed to low and very low extents, leaving a majority of 36% to moderately agree with the statement. These results indicate that this aspect of management does not largely contribute to employee turnover.

With regards to whether managers create an all-inclusive work climate that encourages team work and higher productivity, 44% of the respondents agreed to a low extent and a further 12% agreed to a very low extent. 15% of the respondents strongly supported this statement, whilst 8% agreed to a great extent. A small minority (21%) shared a neutral view. This aspect of management style reveals that managers do not play a significant role in creating an all-inclusive work climate and this could be a factor contributing to employee turnover.

On the statement that managers facilitate a good organisational culture and organisational values are well understood, majority of the employees agreed to a moderate extent (44%) while 18% agreed to a low extent and a further 15% agreed to a very low extent. 8% of the population size agreed to a very great extent, leaving a final 15% who agreed to great extent of the same. With majority of the responses ranging from moderate to very low extent, this area of management styles could potentially be a parameter of employee turnover.

The respondents were further asked whether managers motivate and encourage innovation and out-of-box thinking for problem solving. In their response, 38% of the respondents moderately agreed. However, 25% agreed to a low extent, 15% agreed to a very low extent, 10% agreed to a very great extent and 12% agreed to a great extent. Results related to this management area indicate that managers do not motivate and encourage innovation and out-of-box thinking and this could be highly contributing to employee turnover.

In regards to whether managers actively mentor, coach and train employees to maximise an individual's potential and organisational capability, a majority (65%) of employees in aggregate agreed to a very low extent and low extent, indicating that this management aspect could be a contributing factor to employee turnover. 21% of the respondents were neutral, 4% agreed to a great extent and 10% agreed to a great extent.

4.5 Working Environment Parameters

The second objective of the study was to establish the role of the work environment as a contributing factor to employee turnover. The respondents were asked to rate various questions on the work environment at Airtel Kenya Limited using the Likert scale. The scale used the rating: -1-Strongly disagree, 2- Disagree, 3- Moderately Agree, 4- Agree and 5- Strongly Agree.

Table 4.10: Work Environment Parameters

Work Environment Parameters	1	2	3	4	5
Physical working conditions (e.g. cleanliness, lighting, heating) are good.	2%	8%	13%	42%	35%
The office layout is comfortable and well structured.	8%	29%	33%	17%	13%
Workplace policies and procedures are clear to me.	8%	40%	38%	8%	6%
Individual differences (e.g. gender, age, race, educational background) are well respected.	13%	15%	48%	21%	4%
It is easy to apply and receive personal leave days.	4%	33%	33%	25%	4%
Flexible work options are available.	29%	42%	10%	13%	6%
The work pressure and work hours are reasonable.	31%	44%	19%	4%	2%
Welfare amenities such as day-care, gym, canteen and in-house clinics are available.	38%	46%	8%	4%	4%

There is a clear direction that serves as a guide on what is expected from you in the organisation.	15%	21%	54%	4%	6%
There are staff parties, get-togethers or any other regular staff gatherings for celebrations.	4%	25%	46%	13%	13%
There is a sense of workmanship and friendship between employees at the organisation.	6%	44%	35%	6%	8%

Firstly, the researcher was required to rate whether the physical working conditions (e.g. cleanliness, lighting, heating) were good at the Airtel premises. In their response, 35% of the respondents strongly agreed, 42% agreed and 13% moderately agreed. In contrast, 8% of the respondents disagreed and a further 2% strongly disagreed. From the findings this work environment area does not appear to be a concerning issue for employee turnover at Airtel.

Secondly, the respondents were questioned about whether the office layout is comfortable and well-structured. Nearly a third of the respondents (33%) moderately agreed, 29% disagreed and 8% strongly disagreed. 17% of the respondents agreed and a final 13% strongly agreed. The findings in this work environment aspect show a substantial number moderately to strongly disagreeing indicating that most employees are not too content and this could potentially lead to employee turnover.

When asked whether workplace policies and procedures are clear to the employees, most employees displayed a neutral agreement (38%), an equal majority (40%) disagreed and a further 8% strongly disagreed. 8% and 6% of the population agreed and strongly agreed respectively. The results show a strong disagreement, making this work environment aspect a significant contributor to employee turnover.

With regards to whether individual differences (e.g. gender, age, race, and educational background) are well respected, about half the employees moderately agreed (48%). On the other hand 4% strongly agreed and a further 21% agreed. At the other end of the spectrum, 15% of the employees disagreed and a further 13% displayed strong disagreement. The analysis shows that individual differences are mostly respected and this does not pose as a major work environmental factor contributing to employee turnover.

The respondents were also asked whether it is easy to apply and receive personal leave days. In their responses, 33% of the respondents moderately agreed and another 33% disagreed. 25% of the employees agreed, leaving a 4% on each end to strongly disagree and strongly agree. This shows that applying for leave days was not easy for employees and could lead to employee turnover.

On being asked whether flexible work options are available for the employees, 42% of the respondents were in disagreement and a further 29% strongly disagreed. A small minority of 6% strongly agreed, 13% agreed and a final 10% moderately agreed. With a majority disagreeing to this work environment area, availability of work options can be a major cause of work environment related employee turnover.

With regards to whether the work pressure and work hours are reasonable, 44% of the employees disagreed and a further 31% strongly disagreed. 19% of the employees moderately agreed, leaving 4% to agree and a very minor 2% to strongly agree. The findings indicate that the work pressure and hours is unreasonable and this could drive many employees out of the organisation.

The research also sought to know whether there are welfare amenities such as day-care, gym, canteen and in-house clinics in the organization. This was supported with negative views where 38% strongly disagreed, 46% disagreed, 8% moderately disagreed, 4% strongly agreed, and another 4% strongly agreed that the organization had welfare amenities. A large negative response in this area could indicate the potential of this work environment aspect leading to employee turnover.

In response to whether there is a clear direction that serves as a guide on what is expected from the employee in the organisation, 54% moderately agreed, leaving 21% to disagree and 15% to strongly disagree. A small minority of 10% agreed and strongly agreed in aggregate. This implies that most employees appear to be well directed, leading to this area being a low contributor to employee turnover.

When questioned whether there are staff parties, get-togethers or any other regular staff gatherings for celebrations, 46% were in neutral agreement. However, 25% were in disagreement and a further 4% were in strong disagreement. 26% of the population in aggregate displayed agreement and strong agreement towards this statement. With a higher moderate to strong disagreement, this work environment aspect can lead to employee turnover.

In response to whether there is a sense of workmanship and friendship between employees at the organization, a majority of 44% of the respondents disagreed, 35% neutrally agreed, 6% strongly disagreed and 8% strongly agreed, leaving a final 6% to simply agree. This area also appears to have a majority of employees disagreeing contributing it to be an aspect leading to employee turnover.

4.6 Reward Management Parameters

The third objective of the study was to evaluate the extent to which reward management contributes to employee turnover. The respondents indicated their level of agreement with the statements on the questionnaire using a Likert scale that used the basis: 1- Strongly disagree, 2-Disagree, 3-Neither agree nor Disagree, 4- Agree, 5- Strongly agree.

Table 4.11: Reward Parameters

Reward Parameters	1	2	3	4	5
Your reward package motivates you to dispense your best efforts.	38%	46%	8%	4%	4%
The organization provides a mixture of financial and non-financial incentives.	25%	54%	10%	6%	4%
Extra bonus is provided for overtime which includes weekends, overtime, shifts and holidays, year-end bonus	25%	58%	10%	4%	2%
There is a medical and retirement benefit scheme for the employees and it is satisfactory	15%	21%	46%	13%	6%
There is payments for time not worked which include pay sick leave, paid death-in-family, and severance pay.	2%	15%	58%	13%	13%
The rewards system in the organization is systematic, predictable and based on employee performance.	33%	46%	15%	4%	2%
Performance systems are based on clear targets and that are agreed upon by all concerned parties.	38%	42%	6%	8%	6%
Base pay motivates you more than any other	4%	8%	21%	29%	38%

factor.

Comparable and competitive wages and salaries are paid to employees relative to other organisation members and the market.	19%	50%	21%	6%	4%
There are group incentive plans for team performance and overall organisational performance.	50%	40%	4%	6%	0%

Firstly, when questioned about whether their reward package motivates the employees to dispense their best efforts, most employees appeared to be lower down in the spectrum with most disagreeing (46%) and a further 38% in strong disagreement. Only 8% of the employees moderately agreed, leaving 4% each agreeing and strongly agreeing. These results indicate that the reward package could be a significant contributor to employee turnover.

Secondly, when respondents were asked whether the organisation provides a mixture of financial and non-financial incentives, a large number of employees disagreed (54%) and strongly disagreed (25%). 10% of the employees moderately agreed, 6% agreed and a final minority of 4% strongly agreed. This shows that employees are discontented with the incentive structures and this could drive employee turnover.

Thirdly, respondents were asked whether an extra bonus is provided for overtime which includes weekends, overtime shifts, holidays and a year-end bonus. 10% employees were neutral implying a moderate agreement, leaving a vast majority (58%) disagreeing and a further 25% strongly disagreeing. However, 4% of the employees agreed and the remaining 2% strongly agreed on receiving these rewards. The significant moderate agreement to disagreement points toward employee turnover.

With regards to whether there is a medical and retirement benefit scheme for employees and it is satisfactory, most employees (46%) displayed a moderate agreement, 21% disagreed and 15% strongly disagreed. In sharp contrast, 13% of the employees agreed and 6% strongly agreed. This reveals that the current medical and retirement benefit scheme may lead to employee turnover.

When asked whether there is payments for time not worked which includes pay sick leave, paid death-in-family and severance pay, the majority (58%) of the employees were neutral to

this statement, 15% disagreed whilst 2% strongly disagreed. However, 13% of the employees agreed and another 13% strongly agreed. A majority of moderate to strongly agree responses indicate that this aspect did not contribute largely to employee turnover.

The respondents were also asked whether the rewards system in the organisation is systematic, predictable and based on employee performance. There was a strong response to this question with most employees disagreeing (46%) and strongly disagreeing (33%). A minor 15% moderately agreed, leaving 4% to agree and 2% to strongly agree. These findings reveal that most employees disagreed and this could be a significant factor motivating employee turnover.

In regards to whether the performance systems are based on clear targets and that are agreed upon by all concerned parties, 6% moderately agreed with a majority of 42% disagreeing and further 38% strongly disagreeing. In contrast, 8% agreed and 6% strongly agreed to this question. With a large response in disagreement, the performance systems could be a reward management area affecting employee turnover.

On being questioned whether base pay motivates you more than any other factor, many employees (38%) strongly agreed whilst 29% agreed. 21% of the employees moderately agreed leaving 8% to disagree and a further 4% to strongly disagree. These responses signify the importance that employees give to base pay and this could contribute to employee turnover where employees are dissatisfied with it.

The respondents were also asked whether comparable and competitive wages and salaries are paid to employees relative to other organisation members and the market. Most respondents disagreed (50%) with a further 19% strongly disagreed. 21% of the employees responded to a moderate extent, with 6% displaying agreement and a final 4% strongly agreeing. With a significant portion of the respondents disagreeing, this aspect of employee turnover could be an important contributor to employee turnover.

Finally, when questioned whether there are group incentive plans for team performance and overall organisational performance, a large majority of 50% strongly disagreed and a further 40% disagreed. 4% moderately agreed, 6% agreed and no individual strongly agreed to this question. The analysis on this aspect indicates high employee dissatisfaction in regards to group incentive plans and in turn highly affects employee turnover.

4.7 Organizational Performance Measures

A standard objective of this research was to study the effects of the different determinants of employee turnover on organisational performance. Employees were questioned on how organisational performance was affected when a work colleague left. A number of different criteria were assessed and employees were asked to rate their answers using a Likert scale. The scale used was: 1-Very low extent, 2- Low extent, 3- Moderate extent, 4- Great extent and 5-Very great extent.

Table 4.12: Organizational Performance Parameters

Organizational Measures	Performance	1	2	3	4	5
Disruptions to service delivery.		4%	4%	13%	38%	42%
Internal processes take longer when managed by new staff.		2%	4%	6%	38%	50%
Increase in workload for current staff where the exiting staff are not immediately replaced or replaced at all.		0%	4%	8%	33%	54%
Increase in customer dissatisfaction and complains.		2%	8%	15%	31%	44%
Loss of customers.		6%	6%	13%	29%	46%
Productivity per employee is low.		4%	4%	4%	40%	48%
Revenue for current and new products is affected.		4%	6%	15%	21%	54%
A lot of time and effort is spent in teaching new staff.		2%	2%	2%	42%	52%
Learning skills and know-how of the organisational work for new staff takes time.		0%	6%	21%	31%	42%
New employees need to be trained to learn the technical aspects of the job.		4%	6%	19%	38%	33%

Firstly, respondents were asked whether there were disruptions to service delivery. A majority agreed (42%) to a very great extent and a further 38% agreed to a great extent. 13% of the employees moderately agreed, leaving a 4% each agreeing to a low and very low

extent. These results show that employee turnover negatively affects organisational performance through disruptions in service delivery.

When asked whether internal processes take longer when managed by new staff, 50% of the employees agreed to a very great extent. 38% agreed to a great extent, leaving a minor population agreeing to a moderate extent (6%), low extent (4%) and a very low extent (2%). This analysis indicates that every time an employee leaves and is replaced, organisational performance is affected through delayed internal processes.

With regards to increase in workload for current staff where the exiting staff are not immediately replaced or replaced at all, once again a vast majority agreed to a very great extent (54%) followed by 33% agreeing to a great extent. 8% agreed to a moderate extent, leaving the final 4% to agree to a low extent. No members of the sample size agreed to a very low extent. This suggests that employees may not be able to focus on their current load as they have to take up more work, thereby compromising quality on current workload and therefore affecting organisational performance related to employee turnover.

In regards to increase in customer dissatisfaction and complains, 44% agreed to a very great extent followed by 31% agreeing to a great extent. 15% of the employees agreed to a moderate extent, 8% agreed to a low extent and a final 2% agreed to a very low extent. In this case, customer dissatisfaction is caused by employee turnover.

Where employees were asked about the loss of customers, 46% agreed to a very great extent, 29% agreed to a great extent and 13% took on the middle ground by moderately agreeing. 6% of the employees agreed to a low extent and a further 6% agreed to a very low extent. This aspect also follows on customer dissatisfaction where most respondents agreed that customers are lost through employee turnover.

Employees were also questioned on whether productivity per employee is low. 48% of the employees agreed to a very great extent followed by 40% agreeing to a great extent. Only 4% each agreed to a moderate, low and very low extent respectively. These findings indicate that organisational performance is affected through most respondents agreeing that productivity per employee is low when employees leave the organisation.

In response to whether revenue for current and new products is affected, 54% of the population size agreed to a very great extent. 21% of the employees closely followed by agreeing to a great extent, leaving 15% to agree to a moderate extent, 6% agreeing to a low

extent and a final 4% agreeing to a very low extent. This shows that the financial performance of the organisation is affected by employee turnover.

The respondents were also asked if a lot of time and effort is spent in teaching new staff. 52% agreed to a very great extent, 42% agreed to a great extent, leaving 2% of the population each agreeing to a moderate, low and very low extent. With a 94% agreement, it is evident that organisational time and effort is spent as an opportunity cost in teaching new staff when existing staff leave.

With regards to learning new skills and know-how of the organisational work for new staff takes time, a large majority agreed (42%) to this statement to a very great extent. 31% agreed to a great extent, followed by 21% moderately agreeing and a final 6% agreeing to a low extent. No employees were reported agreeing to this statement to a very low extent. Finally, when employees were asked whether new employees need to be trained to learn the technical aspects of the job, 33% agreed to a very great extent and a majority agreed (38%) to a great extent. 19% displayed moderate agreement and finally 6% agreed to a low extent and 4% agreed to a very low extent. This indicates that learning and growth takes time and new employees need to learn the technical aspects in order to reduce error rates every time there is turnover.

4.8 Analysis of the relationship between independent and dependent variables

To interpret each component of the relationship between the variables of employee turnover and its effect on organisational performance, correlation tests were conducted between the original data for each parameter and each extracted component, and furthermore on the analysis between the principal components and the original variables. PCA is a data reduction method that attempts to identify useful components that are responsible for the co-variation among the explanatory variables. It is basically exploring the loadings of original variables and the extracted factors or components. Many variables are dumped together to represent a single concept. Variables which group together with high component loading are assumed to be multicollinear and can be used to do a regression analysis on a numeric outcome. Principal component analysis identifies patterns of association across variables, expresses the variables with fewer components that retain or capture as maximum variation in data as the original variables. This method is used for data reduction in multivariate data, as is the case in this situation (Saunders, 2012).

The variance and variance loadings are explained for each component to find out the significance of each component in explaining the variance between the variables. The justification of sampling adequacy is taken care off by the Kaiser-Meyer-Olin (KMO) test for sampling adequacy (justification to conduct PCA). An KMO measure of sampling adequacy of above 0.5 is adequate to conduct PCA. The KMO test for each component is calculated in the appendix (Saunders ,2012).

To interpret each component, correlations were computed between the original data for each variable and each extracted component. Of more importance in the analysis is the correlations between the principal components and the original variables. To interpret the PCA analysis, the focus was on the findings of original variables that are highly correlated/loading with each retained or extracted component, either directly or inversely and a correlation value above 0.3 is deemed statistically significant (Trochim,2006).

4.8.1 Management Leadership styles as a determinant of employee turnover

From the dataset, the calculated KMO value was 0.9 (Appendix 4), which is sufficient to run a principal component analysis on this dataset. This indicates an high correlation among the original variables of the data.

Table 4.13: Correlation Matrix of Management Leadership Style as a determinant of employee turnover and its effect on organization performance.

	mls_a	mls_b	mls_c	mls_d	mls_e	mls_f	mls_g	mls_h	mls_i
mls_a	1.0000								
mls_b	0.7080	1.0000							
mls_c	0.7898	0.7338	1.0000						
mls_d	0.6682	0.7623	0.7229	1.0000					
mls_e	0.7183	0.8451	0.7849	0.8133	1.0000				
mls_f	0.7716	0.7481	0.7461	0.7412	0.8330	1.0000			
mls_g	0.7829	0.6896	0.8030	0.7952	0.7199	0.8110	1.0000		
mls_h	0.7837	0.6822	0.7402	0.6975	0.7276	0.8352	0.8007	1.0000	
mls_i	0.7539	0.5502	0.6759	0.5707	0.5957	0.6570	0.7150	0.8164	1.0000

Key:

- mls_a : Managers encourage staff involvement during decision making.
- mls_b: Managers play a key role in fostering a good work environment through encouraging work-life balance, career development, training and development etc.
- mls_c: The organisational structure and reporting roles create an environment of openness, dialogue and easy access to forums and tools.

- mls_d: Managers trust staff and do not rely on threats and punishment to influence employee efforts.
- mls_e: Management treats employees fairly and accords them the due respect and recognition.
- mls_f: Managers create an all-inclusive work climate that encourages team work and higher productivity.
- mls_g: Managers facilitate a good organisational culture and organisational values are well understood.
- mls_h: Managers motivate and encourage innovation and out-of-box thinking for problem solving.
- mls_i: Managers actively mentor, coach and train employees to maximise an individual's potential and organisational capability.

The matrix of correlation above paints a picture on how the individual variables are correlating to each other. The diagonal comprises of 1's since the correlation of a variable and its self is always 1. The higher the correlation between the variables, the better and easier it is to extract significant components.

The data shows the highest correlation of 0.8451 between the variables measuring; managers play a key role in fostering a good work environment through encouraging work-life balance, career development, training and development etc (mls_b) and management treats employees fairly and accords them the due respect and recognition (mls_e). This correlation indicates that collectively these aspects of management leadership styles have the greatest effect on employee turnover. The data also shows satisfactorily high correlation of 0.8352 and 0.8330 between the variables measuring managers creating an all-inclusive work climate that encourages team work and higher productivity (mls_f) and managers motivate and encourage innovation and out-of-box thinking for problem solving (mls_h) and managers create an all-inclusive work climate that encourages teamwork and higher productivity (mls_f) and management treats employees fairly and accords them the due respect and recognition (mls_e) respectively. This correlation indicates the strength of the separate aspects in affecting employee turnover.

The lowest correlation of 0.5502 is seen between the variables measuring managers play a key role in fostering a good work environment through encouraging work-life balance, career development, training and development etc (mls_b) and managers actively

mentor, coach and train employees to maximise an individual's potential and organisational capability (mls_i). These management factors collectively had the least effect on employee turnover.

Component loadings (Appendix 8) represent the correlation between the components and the original variables. Interpretation concentrates on loadings of above 0.3 and below -0.3. Variation unexplained column indicates that we can explain most of the variation in the data using the retained components (about 80%). A component is named or described based on the highest loadings.

Based on the above, managers creating an all-inclusive work climate that encourages team work and higher productivity (mls_f), managers facilitating a good organisational culture and organisational values are well understood (mls_g) and managers motivate and encourage innovation and out-of-box thinking for problem solving (mls_h) are load highly with the retained component, hence deemed significant factors for employee turnover in terms of management leadership styles.

4.8.2 Work Environment Parameters as a determinant of employee turnover

A KMO value of 0.87 (Appendix 5) was significant to conduct principal component analysis for the set of variables explaining the effect of work environment parameters on turnover of employees. The individual values are also very high indicating that the variables have much in common.

Table 4.14: Correlation Matrix of Work Environment as a determinant of employee turnover and its effect on organization performance.

	weps_a	weps_b	weps_c	weps_d	weps_e	weps_f	weps_g	weps_h	weps_i	weps_j	weps_k
weps_a	1.0000										
weps_b	0.7556	1.0000									
weps_c	0.6151	0.6750	1.0000								
weps_d	0.7118	0.7124	0.6450	1.0000							
weps_e	0.6671	0.7656	0.6173	0.7680	1.0000						
weps_f	0.5323	0.6716	0.7632	0.7034	0.8009	1.0000					
weps_g	0.2112	0.4236	0.6644	0.4806	0.4938	0.6139	1.0000				
weps_h	0.0852	0.1958	0.4463	0.3437	0.3347	0.4731	0.5665	1.0000			
weps_i	0.3872	0.4933	0.6142	0.6854	0.5821	0.6895	0.6637	0.6671	1.0000		
weps_j	0.4171	0.5596	0.6395	0.6211	0.6115	0.6459	0.6016	0.3285	0.5954	1.0000	
weps_k	0.3445	0.5664	0.6435	0.6372	0.6123	0.6728	0.7365	0.5850	0.7480	0.7698	1.0000

Key:

- weps_a: Physical working conditions (e.g. cleanliness, lighting ,heating) are good.

- weps_b: The office layout is comfortable and well structured.
- weps_c: Workplace policies and procedures are clear to me.
- weps_d: Individual differences (e.g. gender, age, race, educational background) are well respected.
- weps_e: It is easy to apply and receive personal leave days.
- weps_f: Flexible work options are available.
- weps_g: The work pressure and work hours is reasonable.
- weps_h: Welfare amenities such as day-care, gym, canteen and in-house clinics are available.
- weps_i: There a clear direction on what is expected from you in the organisation.
- weps_j: There are staff parties, get-togethers or any other regular staff gatherings for celebrations.
- weps_k: There is a sense of workmanship and friendship between employees at the organisation.

From the table above, the highest correlation (0.8009) was observed between the variables measuring it is easy to apply and receive personal leave days (weps_e) and flexible work options are available (weps_f). Considerably high correlation of 0.7698 was indicated by variables measuring whether there are staff parties, get-togethers or any other regular staff gatherings for celebrations(weps_j) and there is a sense of workmanship and friendship between employees at the organisation (weps_k).This was closely followed by a high correlation of 0.7680 between the variables measuring individual differences (e.g. gender,age,race, educaional background) are well respected (weps_d) and it is easy to apply and receive personal leave days (weps_e). These separate work environment aspects had the highest effect on employee turnover collectively.

The lowest correlation (0.0852) is witnessed between physical work conditions (e.g. cleanliness,lighting,heating) are good (weps_a) and welfare amenities such as day-care gym,canteen and in-house clinics are available. These factors had the lowest effect on employee turnover collectively.

Using component loading (Appendix 9),the concentration was on figures above 0.3 or below-0.3. Physical working conditions (e.g. cleanliness, lighting, heating) are good (weps_a) and welfare amenities such as day-care, gym, canteen and in-house clinics (weps_h) are loaded highly on component 2 while welfare amenities such as day-care, gym, canteen and in-house

clinics (weps_h) and there are staff parties, get-togethers or any other regular staff gatherings for celebrations (weps_j) are loaded highly on component 3; flexible work options are available (weps_f) and there is a sense of workmanship and friendship between employees at the organisation (weps_k) are significant on component 1. These factors had the most effect on employee turnover.

4.8.3 Reward Management Parameters a determinant of employee turnover

A KMO value of 0.77 (Appendix 6) was significant to conduct principal component analysis for the set of variables explaining the effect of reward management on employee turnover.

Table 4.15: Correlation matrix of Reward Management parameters as a determinant of employee turnover and its effect on organization performance.

	rps_a	rps_b	rps_c	rps_d	rps_e	rps_f	rps_g	rps_h	rps_i	rps_j
rps_a	1.0000									
rps_b	0.6013	1.0000								
rps_c	0.3912	0.5348	1.0000							
rps_d	0.3027	0.2276	0.4494	1.0000						
rps_e	0.2334	0.3077	0.5105	0.6868	1.0000					
rps_f	0.5771	0.3996	0.5724	0.5117	0.6083	1.0000				
rps_g	0.4635	0.4264	0.5499	0.4955	0.5485	0.8127	1.0000			
rps_h	-0.0958	-0.0361	-0.0523	-0.0474	0.2714	0.0599	0.0795	1.0000		
rps_i	0.5705	0.5679	0.3181	0.3827	0.5502	0.5968	0.5725	0.2251	1.0000	
rps_j	0.3161	0.2787	0.3949	0.5042	0.5056	0.4821	0.4084	0.0532	0.5162	1.0000

Key:

- rps_a: Your reward package motivates you to dispense your best efforts.
- rps_b: The organisation provides a mixture of financial and non-financial incentives.
- rps_c: Extra bonus is provided for overtime which includes weekends, overtime, shifts and holidays, year-end bonus.
- rps_d: There is a medical and retirement benefit scheme for the employees and it is satisfactory.
- rps_e: There is payments for time not worked which include pay sick leave, paid death-in-family, severance pay.
- rps_f: The rewards system in the organization is systematic, predictable and based on employee performance.
- rps_g: Performance systems are based on clear targets and that are agreed upon by all concerned parties.
- rps_h: Base pay motivates you more than any other factor.
- rps_i: Comparable and competitive wages and salaries are paid to employees relative to other organisation members and the market.

- rps_j: There are group incentive plans for team performance and overall organisational performance.

The matrix above shows that the highest correlation (0.8127) is between the variables with the parameters; the rewards system in the organization is systematic, predictable and based on employee performance (rps_f) and performance systems are based on clear targets and that are agreed upon by all concerned parties (rps_g). This was closely followed by a high correlation (0.6868) between the variables measuring there is a medical and retirement benefit scheme for the employees and it is satisfactory (rps_d) and there is payments for time not worked which include pay sick leave, paid death-in-family and severance pay (rps_e). These reward management aspects had the most significant effect on employee turnover collectively.

On the other hand, negative correlation was observed between various parameters with the lowest (-0.0361) being seen between the parameters that the organisation provides a mixture of financial and non-financial incentives (rps_b) and comparable and competitive wages and salaries are paid to employees relative to other organisation members and the market (rps_h). This indicated that these factors had the least effect on employee turnover collectively.

On carrying out component loading (Appendix 10) it was observed that correlation between the components and original variables was quite significant. The rewards system in the organization is systematic, predictable and based on employee performance (rps_f), performance systems are based on clear targets and that are agreed upon by all concerned parties (rps_g) and comparable and competitive wages and salaries are paid to employees relative to other organisation members and the market (rps_i) loaded highly on component 1 and therefore had the largest effect on employee turnover. Whilst base pay motivates you more than any other factor (rps_h) and there is payments for time not worked which include pay sick leave, paid death-in-family, severance pay (rps_e) loaded highly on component 2. The variance unexplained indicates that with the retained component, we can actually explain over 75% variation in the dataset.

4.8.4 The combined effect of components of employee turnover and its effect on organisational Performance.

A KMO value of 0.71 (Appendix 7) was significant to conduct principal component analysis for the set of variables to determine the effect of employee turnover on different measures of organization performance.

Table 4.16: Correlation Matrix of employee turnover and organisation performance.

	opm_s_a	opm_s_b	opm_s_c	opm_s_d	opm_s_e	opm_s_f	opm_s_g	opm_s_i	opm_s_j	opm_s_k
opm_s_a	1.0000									
opm_s_b	0.5802	1.0000								
opm_s_c	0.3549	0.5969	1.0000							
opm_s_d	0.1345	0.2111	0.4373	1.0000						
opm_s_e	0.3224	0.4079	0.5314	0.7175	1.0000					
opm_s_f	0.1570	0.4156	0.5639	0.2406	0.3601	1.0000				
opm_s_g	0.2316	0.4069	0.3750	0.2709	0.4239	0.6870	1.0000			
opm_s_i	0.1565	0.1649	0.3263	0.2300	0.3530	0.4275	0.4961	1.0000		
opm_s_j	0.1312	0.2101	0.2628	0.1195	0.3636	0.4269	0.5373	0.7480	1.0000	
opm_s_k	0.2493	0.1873	0.2657	0.1755	0.4040	0.4174	0.3115	0.4968	0.6666	1.0000

Key:

- opm_s_a: Disruptions to service delivery.
- opm_s_b: Internal processes take longer where managed by new staff.
- opm_s_c: Increase in workload for current staff where the exiting staff are not immediately replaced or replaced at all.
- opm_s_d: Increase in customer dissatisfaction and complains.
- opm_s_e: Loss of customers.
- opm_s_f: Productivity per employee is low.
- opm_s_g: Revenue for current and new products is affected.
- opm_s_i: A lot of time and effort is spent in teaching new staff.
- opm_s_j: Learning skills and know-how of the organisational work for new staff takes time.
- opm_s_k: New employees need to be trained to learn the technical aspects of the job.

The correlation matrix above show a high correlation coefficient of 0.7480 amongst the variables learning skills and know-how of the organisational work for new staff takes time (opms_s_i) and new employees need to be trained to learn the technical aspects of the job (opms_s_j). Significant correlation of 0.7175 and 0.6870 was also observed between the variables measuring increase in customer dissatisfaction (opms_s_d) and complains and loss of customers (opms_s_e), productivity per employee is low (opms_s_f) and revenue for current and new products is affected (opms_s_g). These aspects collectively have a significant effect on organisational performance related to employee turnover.

The lowest correlation (0.1312) was realised between disruptions to service delivery (opms_s_a) and new employees need to be trained to learn the technical aspects of the job (opms_s_j). These factors have the lowest effect on organisational performance.

Table 4.17: Correlation Matrix of all the determinants of employee turnover (management leadership styles, work environment and reward management) and organisation performance.

Variable	Comp1	Comp2	Comp3	Unexplained
opm_s_a		0.3486	0.4433	.3674
opm_s_b		0.3967	0.4009	.182
opm_s_c	0.3426	0.3069		.3356
opm_s_d			-0.6600	.09911
opm_s_e	0.3520		-0.4189	.1811
opm_s_f	0.3521			.4311
opm_s_g	0.3536			.419
opm_s_i	0.3266	-0.3942		.2833
opm_s_j	0.3334	-0.4682		.1606
opm_s_k	0.3046	-0.3226		.4273

- opm_s_a: Disruptions to service delivery.
- opm_s_b: Internal processes take longer where managed by new staff.
- opm_s_c: Increase in workload for current staff where the exiting staff are not immediately replaced or replaced at all.
- opm_s_d: Increase in customer dissatisfaction and complains.
- opm_s_e: Loss of customers.
- opm_s_f: Productivity per employee is low.
- opm_s_g: Revenue for current and new products is affected.
- opm_s_i: A lot of time and effort is spent in teaching new staff.
- opm_s_j: Learning skills and know-how of the organisational work for new staff takes time.
- opm_s_k: New employees need to be trained to learn the technical aspects of the job.

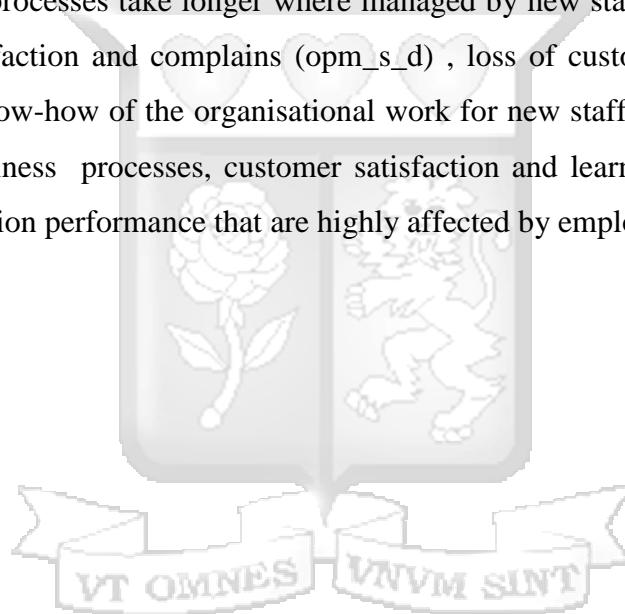
From the table above, 70% of the variation in the data can be explained by the 3 retained components.

It is observed that an increase in customer dissatisfaction and complains (opm_s_d), loss of customers (opm_s_e) and disruptions to service delivery (opm_s_a) loads highly on component 3. For this reason, the combination of factors in component 3 can be explained as

the important combination of the three parameters in causing turnover that affects the stated organizational performance concerns.

Learning skills and know-how of the organisational work for new staff takes time (opm_s_j), internal processes take longer where managed by new staff (opm_s_b), and a lot of time and effort is spent in teaching new staff (opm_s_i) loads very highly on component 2; which explains an importance of combination of the parameters in measuring organizational performance.

From the variables-component loading table, the following are the key measures that are highly affected by employee turnover, which is as a result of management leadership styles, work environment and reward parameters, these include; disruptions to service delivery (opm_s_a) , internal processes take longer where managed by new staff (opm_s_b), increase in customer dissatisfaction and complains (opm_s_d) , loss of customers (opm_s_e) and learning skills and know-how of the organisational work for new staff takes time (opm_s_j). Majorly, internal business processes, customer satisfaction and learning & growth are the measures of organization performance that are highly affected by employee turnover.



CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter focuses on the summary of findings of the study which formed the foundation for discussions. The discussions provided a firm basis upon which conclusions and recommendations were advanced to address the determinants of employee turnover and its effect on organisational performance at Airtel Kenya Limited. It also includes insights for suggested areas for further research.

5.2 Summary of Findings

The main objective of this study was to determine the extent to which management styles contributes to employee turnover; to establish the role of work environment as a contributing factor to employee turnover and to evaluate the extent to which reward management contributes to employee turnover and the overall objective was to establish the effect of employee turnover on organisational performance at Airtel Kenya. To achieve these objectives, data was collected using a structured questionnaire and the target population was lower, middle and senior level employees at Airtel Kenya Limited. The summary of the findings are presented below.

5.2.1. Response Rate and Demographic Data

The response rate was 88% which was considered well above 70% which is rated as very good (Saunders *et al.*, 2009). The response rate from a cross analysis of the different levels of employees was also impressive with the lowest rate being 88% which is considered good. At these percentages, the response rates were adequate to be representative of the population under research.

In regards to the length of the service that employees have served at Airtel Kenya Limited, more than half (52%) had worked at the organisation for between 2-5 years. This indication gave a significant level of confidence that employees had worked in the organisation long enough to have the required information and experience to adequately respond to the study. Both genders were well represented with a 58% male and 42% female orientation. This would allow an equal consideration of both genders.

Majority of the employees (39.6%) were aged between 30-39 years. This indicates that they have sufficient years of experience and knowledge of the study. Most employees (58%) held a Bachelors Degree as their highest level of education. This allowed them to easily understand the justification of the study and be able to answer the questions adequately. The study consisted mainly of lower level employees at 45.8%, followed by 33.3% of middle level and finally senior level at 20.8%. All these different levels would impart knowledge that would guide a derivation of trends in employee turnover at the respective levels and can be used to advice on the varied needs that employees seek to fulfil as they move from one level to another. A large number of employees, 75%, were permanently employed at Airtel. The needs of these employees and subsequent reasons of departure would be different from employees on contract. As for the number of reportees each employee had under them, it appeared that most employees had at least 1-5 employees report directly to them. This would make most managers have first-hand information regarding employee turnover at Airtel Kenya Limited.

5.2.2 Management Styles

The first objective of the study was to determine the extent to which management styles contributes to employee turnover.

Weatherly (2003) indicates that employees need to feel part of the decision making process in order to relate to the importance of the individual tasks and their aggregate contribution to the overall goal. About 42% of the respondents moderately agreed to these statements, implying that Airtel managers did encourage staff involvement during decision making. Work environment aspects such as work-life balance, career development and training are affected by the quality of leadership in an organisation (Ingham,2007). At Airtel, more than half the respondents disagreed that managers played a key role in fostering such an environment and thus this could lead to employee turnover.

Mutunga (2009), explains that the organisational structure and reporting roles should be designed to create an environment of openness, dialogue and easy access to forums and tools where employees can express themselves without fear of reprisal. Three quarters of the employees agreed that these structures were in place at Airtel. A large number of employees also agreed that managers did not threaten or punish them to achieve results and also respected the employees thus ruling these aspects out as a parameter of employee turnover under management leadership styles.

Scholars believe that an all-inclusive work environment drives employee motivation which provides the platform for commitment to stay with an organisation and dispense the best efforts to achieve high organisational performance (Nowack,2006). On this front, it appears that Airtel managers do not promote such an environment (with a 57% disagreement) thus disabling team work and higher productivity, prompting employees to leave the organisation. The managers at Airtel facilitated a good organisational culture and organisational values were well understood.

Hung *et al.*, (2006),explains that leaders need to possess five essential skills to maintain employee motivation and enhanced organisational performance; these include building trust, mentoring, inclusion, team development and alignment. The results revealed that the managers did not encourage innovation and out-of-box thinking. There was very low mentoring, coaching and training of employees. These aspects of management leadership styles could be contributors to employee turnover and affect all the key perspectives of organisational performance.

5.2.3 Work Environment

The second objective of the study was to establish the role of work environment as a contributing factor to employee turnover.

Briner (2000) claims that the work environment plays a large role in organisational performance through its ability to keep employees motivated. The physical environment facilitates interaction and privacy, functionality, formality and informality. High levels of employee productivity are achievable when organisations ensure the physical environment is conducive to organisational needs (Huang *et al.*,2010).Majority of the employees agreed that the physical conditions at the Airtel premises are good, however most disagreed when asked whether the office layout is comfortable and well structured. This could affect their ability to perform and long periods of association with the organisation could lead to discomfort and dissatisfaction, motivating employees to leave.

Majority of the employees disagreed when asked whether the workplace policies and procedures were clear to them but moderately agreed when asked whether individual differences were well respected. It has long been argued that the Kenyan telecommunications industry poses a myriad of problems for employees seeking to achieve a work-life balance.

This refers to the ability to work under flexible work options, ease of applying and acceptance of family and personal leaves and basic organisational support for dependent care (Estes & Maddox, 2005). This is in line with a significant number of employees disagreeing when asked whether it was easy to apply and receive leave days, whether flexible work options are available and whether the work pressure and work hours is reasonable. These aspects of the work environment could pose challenges to work-life balance and push employees to seek these by leaving Airtel and moving to other organisations that offer this work environment aspect.

Kenyan telecom managements are known to support staff through well designed human resource policies that caters for more than individual needs. This is aimed to serve as motivation for the long hours of work (Huang *et al.*, 2010). This appears to be in tandem with a significant portion of respondents agreeing when questioned on the availability of welfare amenities. Such features challenge employees to think twice when making movements. A moderate agreeable response was received about whether there was a clear direction on what was expected from employees in the organisation.

Nazari *et al.*,(2005) states that social support provides a sense of identity, support and friendship which makes the work environment a more enjoyable and productive place to work through increased teamwork. Half the respondents disagreed that there is workmanship and friendship between employees and there was moderate agreement when asked whether there are regular staff gatherings for celebrations. Lack of social support may lead to employees working in isolation and this may prove difficult in the telecom space where teams are heavily dependent on each other for performance. Employees may leave where they cannot work effectively within the team arrangements.

5.2.4 Reward Management

The third objective of the study was to evaluate the extent to which reward management contributes to employee turnover.

Victor *et al.*, (2017) asserts that reward management consists of designing packages that consist of monetary and non-monetary benefits such as learning and development trainings, additional allowances amongst other features. A total reward strategy, amongst other things

plays an essential role in enhancing an employee's motivation, job satisfaction and performance and yet it is the single most popular determinant of employee turnover.

This parameter appears to be of prime concern as results from the questionnaire on reward management reveal significant disagreement on the largest amount of fronts. This includes questions on whether the reward package motivates you to dispense your best efforts, the organisation provides a mixture of financial and non-financial incentives, extra bonus is provided for overtime which includes weekends, overtime, shifts and holidays, year-end bonus, the rewards system in the organization is systematic, predictable and based on employee performance, performance systems are based on clear targets and that are agreed upon by all concerned parties, comparable and competitive wages and salaries are paid to employees relative to other organisation members and the market and there are group incentive plans for team performance and overall organisational performance. This clearly implies that Airtel has been unable to satisfy most of the remuneration needs of its employees and this phenomenon can easily lead to employee turnover where competitors can offer slightly better pay.

A neutral response was received on questions regarding medical and retirement benefit scheme and whether there is payments for time not worked. Basic pay is reported to be perceived as the single most important reward that immediately attracts employees. It is used as a measure of their worth to the organisation (Crossman *et al.*,2003). 67% of the respondents agree with this statement to further highlight its importance.

5.2.5 Organisational Performance

A standard objective of this research was to study the effect of employee turnover on organisational performance. This looked at effects on organisational performance from the financial, customer, internal process and learning and growth perspective. Employee performance is driven by employee commitment to the organisation and where this waivers, organisational performance is affected due to its interdependency. Research suggests that whenever employees leave, the loss drills down to organisational performance (Chew,2004).

The findings from the questionnaire indicate that Airtel's performance is affected on the financial, customer, internal business process and learning and growth fronts simultaneously when employees leave. This is indicated through agreeability to great and very great extents

when questioned on disruptions to service delivery, internal processes take longer where managed by new staff, increase in workload for current staff where the exiting staff are not immediately replaced or replaced at all, increase in customer dissatisfaction and complains, loss of customers, productivity per employee is low, revenue for current and new products is affected, a lot of time and effort is spent in teaching new staff, learning skills and know-how of the organisational work for new staff takes time and new employees need to be trained to learn the technical aspects of the job.

The mutual agreement on all the organisational performance parameters proves the studies done by most scholars on the inverse relationship between organisational performance and employee turnover.

5.3 Conclusions

5.3.1 Respondents Demographic characteristics

With an impressive response rate, it can be concluded that the sample under study was adequate to have a representative view of the phenomena under study. Majority of the respondents have served in the organisation for 2-5 years, are between the age of 30-39 , have a Bachelor's degree as the highest level of education, are in lower level management, hired on permanent basis and have 1-5 reportees under them. They are therefore adequately qualified to respond to the current situation and determinants of staff turnover (particularly management styles, work environment and reward management) and the effects on organisational performance at Airtel Kenya Limited.

5.3.2 Management Styles

The findings show that majority of the employees disagreed that their managers play a key role in fostering a good work environment through encouraging work-life balance, career development, training and development etc., create an all-inclusive work climate that encourages team work and higher productivity, motivate and encourage innovation and out-of-box thinking for problem solving and whether managers actively mentor, coach and train employees to maximise an individual's potential and organisational capability. We can conclude that all these areas could potentially lead to employee turnover as they are critical to employee motivation, commitment and productivity. Where these aspects are affected, ripple effects are seen in different perspectives of organisational performance such as lowered average revenue per employee, lowered innovation rates, slower product and service

introductions amongst other reasons. These areas also prove that management styles at Airtel need to focus and improve these specific aspects to reduce turnover.

Fair responses were received when respondents were asked whether managers encourage staff involvement during decision making, the organisational structure and reporting roles create an environment of openness, dialogue and easy access to forums and tools and managers facilitate a good organisational culture and organisational values are well understood. Positive responses were received when questioned whether managers trust staff and do not rely on threats and punishment to influence employee efforts and if management treats employees fairly and accords them the due respect and recognition. We can therefore conclude that Airtel is doing well in these management aspects and these could potentially be limiting employee turnover.

5.3.3 Work Environment

The analysis shows that a majority of the respondents disagreed when asked whether the office layout is comfortable and well structured, workplace policies and procedures are clear, it is easy to apply and receive personal leave days, flexible work options are available, the work pressure and work hours is reasonable and there is a sense of workmanship and friendship between employees at the organisation. We can conclude that these aspects of the work environment play a key role in employee productivity and need to be aligned with employee needs to reduce employee turnover.

We can also conclude that Airtel is doing well in the work environment front that covers the physical working conditions, respecting individual differences (e.g. gender, age, race, educational background), availability of welfare amenities such as day-care, gym, canteen and in-house clinics are available, clear direction on what is expected from employees and other regular staff gatherings for celebrations. These aspects would have a reduced effect on employee turnover.

5.3.4 Reward Management

From the findings we can conclude that Airtel employees disagreed and strongly disagreed on a number of reward management parameters. This shows maximum dissatisfaction amongst the determinants of employee turnover and a critical area that requires focus.

Reward management, more than any other factor can easily be aped and replicated by competitors and requires Airtel to be more creative in designing competitive reward packages that will keep employees motivated and committed. It must also be taken into account, that a very high number of employees considered base pay as a factor that motivates them. We can conclude that reward management has the most effect on employee turnover and organisational performance.

5.3.5 Organisational Performance

From the findings we can conclude that all four parameters of organisational performance affect Airtel when employees leave the organisation. It was difficult to confirm which parameter was more affected but there appeared to be a general trend of agreement amongst the objectives when asked about the effects of employee turnover on organisational performance.

Good organisation performance today, dictates organisational success tomorrow (Allen *et al.*,2001). Airtel exists in a very competitive telecom space and it is of utmost importance to the organisation to manage internal factors that affect its market position. As indicated by the analysis and findings, it appears that employee turnover has an adverse effect on organisational performance through all the various parameters mentioned and it is crucial for the organisation to acknowledge the negative consequences experienced through a loss of a single resource. The ripple effects are much wider and need careful analysis.

5.4 Recommendations

The findings and conclusions regarding determinants of employee turnover and its effect on organisational performance elicited the following recommendations for Airtel Kenya Limited. Firstly, a majority of employees leave an organisation out of frustration and constant friction with their managers or other team members. A regular review of employees' office communications, relations and concern regarding colleagues and managers could help diffuse underlying frustrations and reduce frictions.

Secondly, Airtel must align the working environment with the changing, dynamic and culturally diverse workplace. Thus, understanding the relationship between work environment and employees is key to improving the company's ability to perform effectively and move forward.

Many executives cling to the outdated notion that people ‘go for the gold’, that salary dictates all their employment decisions but for the most part, people want opportunities to learn and grow, to advance in their careers and to work on challenging and interesting projects. Airtel should change the traditional retention approach to more modern strategies.

Organizational policies and procedures provide overall guidelines on how things are done in a company. There appears to be a need to have employee friendly policies and procedures that provide an enabling environment to spur creativity and innovation and promote a work-life balance. It is recommended that these policies need to be continuously reviewed and updated. Policies that are transparent and clear help to remove bias in decision making and allow employees to consider themselves as part of a fair work environment where decision making is structured and the leadership style is supportive. This kind of environment fosters commitment and retention as employee insecurity is reduced. Clear procedures on career growth and development, training, performance based systems would address employee reward needs. All these activities will reduce employee turnover.

5.5 Recommendations for further studies

Airtel should explore employee retention strategies that can be deployed to reduce and manage employee turnover. Comparative studies could also be conducted on other industry players to evaluate the similarities or differences of the determinants of employee turnover and their effect on organisational performance.

Other determinants of employee turnover such as career development, training and development can also be studied to understand their impact on turnover and consequential effect on organisational performance.

5.6 Constraints and Limitations

A major challenge faced during the research process was getting respondents to answer the questionnaires. Though the questionnaires were issued at the telecom premises, it was not easy to get employees to take some time off their day to fill the whole questionnaire. Several follow ups were made to get adequate responses. The study is also limited to understanding the effect of the determinants of employee turnover and organisational performance within the context of Airtel Kenya Limited and does not consider other organisations within the same industry or other industries.

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APPENDICES

Appendix 1: Letter of Approval from Strathmore Business School



Strathmore Business School

Wednesday, 04 April 2018

To whom it may concern

Dear Sir/Madam,

RE: FACILITATION OF RESEARCH –BANSRI PATTNI

This is to introduce Bansri Pattni who is a Master of Business Administration student at Strathmore Business School, admission number MBA/ 91312/16. As part of our MBA Program, Bansri is expected to do applied research and to undertake a project. This is in partial fulfilment of the requirements of the MBA course. To this effect, she would like to request for appropriate data from your organization.

Bansri is undertaking a research paper on-: **"The Determinants of Employee Turnover and their Effect on Organisational Performance: Case Study of Airtel Kenya Limited"** The information obtained from your organization shall be treated confidentially and shall be used for academic purposes only.

Our MBA 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 we shall be willing to provide any further information if required.

Yours sincerely,

Muriithi Njogu
Director – MBA Programs



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Appendix 2: Introductory Letter

Dear Participant,

We invite you to participate in a research study entitled :The Effect of Employee Turnover on Organisational Performance: The Telecom Industry in Kenya.

I am a student currently enrolled in the MBA program at Strathmore Business School in Nairobi, Kenya and I am in the process of writing my research project. Your participation in this research project is completely voluntary. You may decline altogether, or leave blank any questions you don't wish to answer. There are no known risks to participation beyond those encountered in everyday life. Your responses will remain confidential and anonymous. Data from this research will be kept under lock and key and reported only as a collective combined total. No one other than myself will know your individual answers to this questionnaire.

If you agree to participate in this project, please answer the questions on the questionnaire as best you can. It should take approximately 15 minutes to complete. Please return the questionnaire on completion.

YOUR SIGNATURE ON THIS CONSENT FORM INDICATES THAT YOU HAVE DECIDED TO TAKE PART IN THIS RESEARCH STUDY AND THAT YOU HAVE READ AND UNDERSTAND THE INFORMATION GIVEN ABOVE.

Thank you for your assistance in this important endeavor.

Sincerely yours,

Researcher

Signature of Participant _____

Date _____

Appendix 3: Questionnaire

This questionnaire is designed to collect information and learn more about the determinants of employee turnover and their effect on organisational performance at Airtel Kenya Limited. Your participation is very important and yet voluntary. The information obtained will only be used for academic purpose and shall be treated with confidentiality.

Part A: Demographic Information

1. For how long have you worked in this particular organisation?

- Less than 1 year [] 2-5 Years []
6-10 Years [] 11 years and above []

2. What is your gender?

- Male [] Female []

3. What is your age?

- Below 30 years [] 30- 39 years []
40- 50 years [] 51-60 years []

4. Highest level of education and training attained?

- Certificate/Diploma [] Bachelors Degree []
Masters Degree [] Others []

5. What position do you hold in the organization?

- Senior Management []
Middle level Management []
Lower level employee []

6. What type of work are you involved in?

- Casual []
Permanent []
Contract []

7. How many employees report to you?

- 0 [] 1-5 []
 6-10 [] 11-15 []

Part B: Employee Turnover

8. The management style of managers and leaders affects employee performance and turnover. How far are the statements true for your organisation?

Kindly use the scale to rate : 1-Very low extent, 2- Low extent, 3- Moderate extent, 4- Great extent and 5-Very great extent.

Management Leadership Styles	1	2	3	4	5
Managers encourage staff involvement during decision making.					
Managers play a key role in fostering a good work environment through encouraging work-life balance, career development, training and development etc.					
The organisational structure and reporting roles create an environment of openness, dialogue and easy access to forums and tools.					
Managers trust staff and do not rely on threats and punishment to influence employee efforts.					
Management treats employees fairly and accords them the due respect and recognition					
Managers create an all-inclusive work climate that encourages team work and higher productivity.					
Managers facilitate a good organisational culture and organisational values are well understood.					
Managers motivate and encourage innovation and out-of-box thinking for problem solving.					
Managers actively mentor, coach and train employees to maximise an individual’s potential and organisational capability.					

9. The work environment is a key determinant of employee turnover. How supportive is your work environment?

Please answer the questions below using the rating: -1-Strongly disagree, 2- Disagree, 3- Moderately Agree, 4- Agree and 5-Strongly Agree.

Work Environment Parameters	1	2	3	4	5
Physical working conditions (e.g. cleanliness, lighting ,heating) are good.					
The office layout is comfortable and well structured					
Workplace policies and procedures are clear to me.					
Individual differences (e.g. gender, age, race, educational background) are well respected.					
It is easy to apply and receive personal leave days.					
Flexible work options are available.					
The work pressure and work hours is reasonable.					
Welfare amenities such as day-care, gym, canteen and in-house clinics are available.					
There a clear direction on what is expected from you in the organisation.					
There are staff parties, get-togethers or any other regular staff gatherings for celebrations.					
There is a sense of workmanship and friendship between employees at the organisation.					

10. How far do you agree with the following statements regarding rewards in the organization?

Indicate your level of agreement using the scale : 1- Strongly disagree, 2-Disagree, 3-Neither agree nor Disagree, 4- Agree, 5- Strongly agree

Reward Parameters	1	2	3	4	5
Your reward package motivates you to dispense your best efforts.					
The organisation provides a mixture of financial and non-financial incentives.					
Extra bonus is provided for overtime which includes weekends, overtime, shifts and holidays, year-end bonus					
There is a medical and retirement benefit scheme for the employees and it is satisfactory					
There is payments for time not worked which include pay sick leave, paid death-in-family, severance pay.					
The rewards system in the organization is systematic, predictable and based on employee performance.					
Performance systems are based on clear targets and that are agreed upon by all concerned parties.					
Base pay motivates you more than any other factor.					
Comparable and competitive wages and salaries are paid to employees relative to other organisation members and the market.					
There are group incentive plans for team performance and overall organisational performance.					

11. How far the following factors affected when your fellow colleagues leave the organisation?

Use 1-Very low extent, 2- Low extent, 3- Moderate extent, 4- Great extent and 5-Very great extent.

Organisational Performance Measures	1	2	3	4	5
Disruptions to service delivery.					
Internal processes take longer where managed by new staff.					
Increase in workload for current staff where the exiting staff are not immediately replaced or replaced at all.					
Increase in customer dissatisfaction and complains.					
Loss of customers.					
Productivity per employee is low.					
Revenue for current and new products is affected.					
A lot of time and effort is spent in teaching new staff.					
Learning skills and know-how of the organisational work for new staff takes time.					
New employees need to be trained to learn the technical aspects of the job.					

Thank you for your time

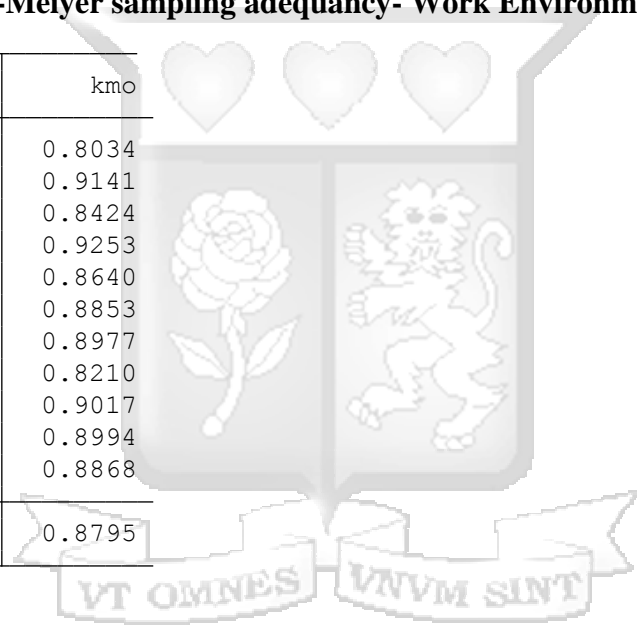


Appendix 4: Kaiyer -Meiyer sampling adequacy- Management Leadership Style Data

Variable	kmo
mls_a	0.9490
mls_b	0.9425
mls_c	0.9351
mls_d	0.9053
mls_e	0.8658
mls_f	0.8889
mls_g	0.8921
mls_h	0.9059
mls_i	0.8879
Overall	0.9071

Appendix 5: Kaiyer -Meiyer sampling adequacy- Work Environment Data

Variable	kmo
weps_a	0.8034
weps_b	0.9141
weps_c	0.8424
weps_d	0.9253
weps_e	0.8640
weps_f	0.8853
weps_g	0.8977
weps_h	0.8210
weps_i	0.9017
weps_j	0.8994
weps_k	0.8868
Overall	0.8795



Appendix 6: Kaiyer -Meiyer sampling adequacy- Reward Management Data

Variable	kmo
rps_a	0.7519
rps_b	0.7184
rps_c	0.7921
rps_d	0.7614
rps_e	0.7472
rps_f	0.7843
rps_g	0.8239
rps_h	0.3694
rps_i	0.7826
rps_j	0.8815
Overall	0.7735

Appendix 7: Kaiyer -Meiyer sampling adequacy- Organisational Performance Data

Variable	kmo
opm_s_a	0.6267
opm_s_b	0.7358
opm_s_c	0.7799
opm_s_d	0.6400
opm_s_e	0.7591
opm_s_f	0.6907
opm_s_g	0.7146
opm_s_i	0.7781
opm_s_j	0.6682
opm_s_k	0.6758
Overall	0.7112

Appendix 8: Component Loading for Management Leadership Style

Variable	Comp1	Unexplained
mls_a	0.3363	.2177
mls_b	0.3239	.2741
mls_c	0.3375	.2119
mls_d	0.3265	.2624
mls_e	0.3397	.2019
mls_f	0.3451	.1763
mls_g	0.3435	.184
mls_h	0.3414	.1935
mls_i	0.3041	.3603

Appendix 9: Component Loading for Work Environment

Variable	Comp1	Comp2	Comp3	Unexplained
weps_a		-0.5105		.1308
weps_b	0.3027	-0.3546		.18
weps_c	0.3232			.2791
weps_d	0.3239			.203
weps_e	0.3220			.2072
weps_f	0.3356			.2226
weps_g		0.3592		.2137
weps_h		0.5129	0.5648	.09119
weps_i	0.3127			.1857
weps_j	0.3014		-0.6179	.1358
weps_k	0.3225			.1487

Appendix 10: Component Loading for Reward Management

Variable	Comp1	Comp2	Comp3	Unexplained
rps_a	0.3012	-0.4400		.2438
rps_b		-0.4135	0.3088	.2646
rps_c	0.3222			.4193
rps_d	0.3122		-0.4695	.2346
rps_e	0.3457	0.4041		.1889
rps_f	0.3889			.2636
rps_g	0.3699			.3345
rps_h		0.6138	0.6160	.1001
rps_i	0.3516		0.3862	.2396
rps_j				.4928

