

The contribution of a developed Reward system on employee Retention; a case of Kisii Bottlers Limited: Kenya

Dr. Charles Kombo Okioga bwokioga@yahoo.co.uk Kisii University College

Abstract

The purpose of this study was to investigate the influence of Reward on employee retention in the manufacturing sector by focusing on the case of Kisii Bottlers Limited. The research was conducted from the entire population of employees working in Kisii Bottlers Limited. The total workforce comprised of 170 employees and the researcher sampled 60 of them as respondents. Data was collected using questionnaires and analyzed with the help of the Statistical Package for Social Sciences (SPSS) computer program which involved computation of descriptive statistics. A six-likert scale was used to determine the extent of relationship between variables. Factor analysis was used to determine the contribution of each variable on employee retention. Results were summarized and presented in frequency tables and pie charts. The findings of the study were that; all the employees were aware of the existence of Reward. About half of the number of employees in Kisii Bottlers Limited would leave their employer if they were given an opportunity of a higher rank in another organization. The conclusion of the study is that the rewards have a great influence on employees' retention and are the major reasons why former employees left the organization. The study recommends that employees should be involved in the formulation and revision of Reward system so that they may feel that their needs are taken care of. It recommends that employee retention in other industries should also be studied. Further research on other factors that influence employee retention, (other than employee reward) should also be studied.

KEY WORDS; Reward, Retention, Policy

1.0 Background of the Study

Organizations are formed with the aim of achieving a particular purpose; the achievement will lead to realization of the organization vision. A vision describes the intent of the formation and sustenance of an organization. The vision cannot be realized in general; therefore the means of realizing the vision is in form of objectives which are carefully crafted and defined. The objectives are assigned resources in form of individuals, materials and finances in pursuit of realizing the main vision within the specified time frame. The smooth running and success of an organization can be ensured through an appropriate management of the three resources. This study specifically focuses on the effective management of the human resources in an organization in pursuit of organizational success. In order to ensure effective human resource management, an organization should develop a tool that governs human resource practices which serves as a reference point when decisions are being made about the rewards of people who are employed in the organization.

Inverting the management Pyramid applies to non bureaucratic style of functioning by the managers. They must recognize and reward talent, if they hope to keep the people responsive to organizational aims and objectives. If there is a bull run in which managers can not differentiate the wood from the trees, mediocrity, sycophancy and demotivation of the excited employees would take place to the detriment of the organization. The managers must learn to wear all the six hats while encouraging their teams to do the same constantly. Any organizational model that does not reward creativity and originality of thought is doomed (Sterman, 1994)

Organizations look up to the leadership for a large number of things. The foremost is the manager's supportive role in providing the overarching vision, coherence and capacity to operate see aimlessly through the chaos of the work and market place. This translates into leadership's extreme tolerance for ambiguity and capacity to absorb Ristakes (Risk plus Mistakes) in the environment around them both in and out of the organization. That develops faith which simplifies the manager led equation where teams continue to surprise the managers by their initiative and proactive adaptation to change.

Kreitner (2004), defined rewards as the material and psychological payoffs for performing tasks in the workplace. Rewards is also defined as anything perceived valuable that is given to an employee as recognition for good contribution made and once well chosen can be good motivators. On the other hand, Hornby (2000) defines rewards as something given or received in return of doing something good and working hard. The working definition of rewards for this study was adapted according to Kreitner (2004). Reward refers to material and psychological payoffs given to an employee as recognition for good contribution and for performing tasks well in the workplace.

Daft L.R (2002), says that rewards given by another person, typically a manager and includes promotions and pay increase. Extrinsic rewards attract and retain competent performers. Employees who are motivated by these rewards execute their duties as expected hence boosting their performance.

Armstrong (2006) suggests that financial rewards are defined as indirect motivators that enhance employee's financial wellbeing as they provide tangible means of recognizing achievements. For instance bonus and profit sharing. Financial

rewards motivate employees in doing their jobs better than before and with less supervision, especially when profits are shared to employees hence improving their performance.

Ivancevich (2001), reported policies on wages and salaries of employees are typically adjusted at some point during the year, historically; the adjustment has resulted in pay increase. In his view, most employees expect to get at least one raise annually. However, when the general economy is not health or in the case of increased foreign competition in some industries, employees have actually accepted a constant pay. Pay is usually adjusted upward through four types of increase which include general across the board that is, increase for all employees', merit increase paid to some employees based on some indicators of job performance, cost living adjustment based on the consumer price index and seniority.

Rewards are given to employees by another person typically a manager on the performance of a specific tasks or behavior. Example of rewards includes money, employee benefits, promotions, status symbol recognition and praise. Mitchel, (2001) argues that accidents are the means of venting anger and frustration and getting attention. The higher the job satisfaction the lower the accidents and vice versa. The employee would not be careless or negligent and could encounter less possibilities of running into accidents. The more favourable attitude towards job would make him more positive inclined to his job and there would be a lesser possibility of getting unexpected, incorrect and uncontrolled event in which either his action or the reaction of the object or person may result in personal injury.

Dissatisfaction among the workers may be a major reason for missing work. The fact however remains that the absence from work irrespective of the reasons, adds considerable cost of retaining a large number of employees that is required to meet the consequences arising out of the phenomena of absenteeism

Retention on the other hand refers to the employees' willingness to stay in a particular organization and the ability of the organization to maintain its employees in service. Organizations that retain their high performers are bound to be successful in performance and at the same time avoid expenses that are incurred in advertisement of vacant positions, recruitment and selection, induction and training new employees that follow when an employee is lost. It is therefore advisable that every organization should maintain its best performers especially in today's competitive economic arena where competitors are observed to 'poach' employees from each other.

Research on employee retention has been carried out (Pizzam, A.1999, Salamin A., 2005, Sightler K.,1999 and Stalcup L.,2001) and published in leading academic journals in the hospitality industry, education industry, food processing industries, banking industry but little attention has been given to the manufacturing sector which portrays a lacuna. This study therefore focuses on the manufacturing sector, a case of Kisii Bottlers Limited -.

1.1 Problem Statement

The existence of Reward system in an organization provides a framework upon which the right decisions relating to employee rewards are made. This is in pursuit of ensuring that employees are treated equitably, consistently and in line with labor legislation of Kenya. However, the organization still experienced a high employee turnover rate of 26%. It was however not known exactly what the is the cause of the high turnover. However, from the literature reviewed rewards aspects have been largely isolated as major causes of turnover in various industries. This study aimed at investigating the influence of rewards on the problem of turnover at Kisii Bottlers Limited .

2.0 Theoretical background

Successful accomplishment of organizational objectives is always the goal of any organization. For it to be achieved, the organization must carefully invest wisely on material, financial and human resources. This study focuses on the human resource aspect and means of retaining the talented workforce in the organization to enhance greater productivity. Milman (2003) concluded that the most significant retention predictors included intrinsic fulfillment and working conditions rather than monetary rewards. A variety of management techniques can be used to reduce the relative rate of turnover.

2.1 The Extrinsic rewards.

Movement within an organization to a position in which responsibilities and presumably prestige are increased is ordinarily labeled as promotion. Promotion possibilities influence the behavior of individuals in the organization and stimulate individuals to greater abilities to move ahead. (Prasad, 2001).

Promotion is used as an reward and an inducement to better work performance and other organizationally approved forms of behaviors. People will work harder if they feel this will lead to promotion. They have little motivation if they feel that better jobs are reserved for outsiders (Prasad, 2004). The system of promotion permits organizations to match its need for competent personnel with the employees desire to apply the skills they have developed (Gomez, 2002). There is a significant correlation between opportunities for advancement and high level of job satisfactions. An effective system of promotion can result to greater organizational efficiency and high level of employees' morale (Gomez, 2002).

Daft (2002) observes that the extrinsic rewards given by another person, typically a manager. Rewards are payoffs granted to the individual by other people (William, 2005); rewards are tangible and visible to other and are given to employee's

continent on the performance of specific task or behavior. Working definition of rewards is adapted from Daft (2002) and Williams (2005). Rewards are tangible and visible rewards given to employees by another person typically a manager on the performance of a specific tasks or behavior. Example of rewards includes money, employee benefits, promotions, status symbol recognition and praise.

Armstrong (2006) the aim of promotion procedure of a company should be to enable management to obtain the best talent available within the company to fill more senior posts and to provide employees with the opportunity to advance their careers within the company, in accordance with the opportunity available and their own abilities.

Most people have a need for high evaluation of themselves and feel that what they do should be recognized by others concerned (Prasad, 2001). Recognition means acknowledgment with a show of appreciation. When such appreciation is given to the work performed by employees, they feel motivated to perform work at a similar or higher level (Prasad, 2001). Cascio (1998), indicate that rewarding a behavior with recognition immediately following that behavior is likely to encourage its repetition. Status in general terms is the ranking of the people in the society. In the organizational context, status means the raking off positions, rights and duties in the formal organization structure (Prasad, 2001) the status system is an instrument of motivation because it is extremely important for most of the people. For this reason, status system should be closely related to the abilities and the aspirations of people on the organization (Prasad, 2001).

Money is a powerful motivator of those who seek security through material wealth, but the promise of money many mean little to a financially secure person who seeks ego gratification from challenging work. People's needs concerning when and how to be paid also vary (Kreitner,2004) if rewards are to motivate job performance effectively, need to be administered in ways that satisfy operative needs, foster positive expectations ensure equitable distribution and extrinsic reward results. Companies need rewards to get people motivated to do things that they would not otherwise do. (Williams, 2005) commented that reward must be linked to performance. Ideally there should be a relationship between task performance and rewards

Employee mobility involves both turnover and retention, which may be considered as different sides of a coin. A worker's turnover indicates her/his separation from a given employment relationship. Conversely, retention means the existence of an ongoing employment relationship. However, most mobility studies focus on turnover (Lazear, 1999; Farber, 1994); and little has been done on retention. Meanwhile, due perhaps to difficulties in data collection or unintentional human errors, they focus on staying workers' "propensity to turnover" (Schnake, 2000) instead of the length of time those who left actually kept their jobs. Most studies have also relied on individual-based data, including worker demographics and attitudes (Eisenberger *et al.*, 2002). They do not typically permit an examination of the worker's status in his current firm (Maertz A, 1998). In spite of its importance, only few studies have examined the topic of retention. Benchmarking approaches adopted by previous promising studies (e.g. Mitchell *et al.*, 2001; Spreitzer, 2002; Steel *et al.*, 2002; Eisenberger *et al.*, 2002; Glass, 1998), this research refer to literature about turnover and indirectly deduct factors relevant to the issue of retention. It also aims at determining the Reward that influences the employees' decision to quit or stay in employment.

Turnover is costly for both employers and workers. Employers find replacement cost and hidden organizational cost high (Mitchell *et al.*, 2001); workers find monetary and psychological costs taxing. Human capital theory (Becker, 1962) considers voluntary turnover as an investment in which costs are borne in an earlier period in order to obtain returns over a long period of time. Therefore, the decision to stay in or leave an employment relationship involves evaluating cost and benefits. If the present value of the returns associated with turnover exceeds both monetary and psychological costs of leaving, workers will be motivated to change jobs. If the discounted stream of benefits is not as large as costs, workers will resist changing jobs (Ehrenberg, 1994). The explicit and implicit benefits associated with staying/retaining a job will be reduced if a worker is unhappy in the current job, if the immediate cost of leaving is low, if the utility from the new job is great, or if the new job offers a comparable compensation package.

2.3 The Employee Retention

Careful investment in human resources entails the acquisition, management and maintenance of a talented workforce in an organization. It is appropriate that every new employee who reports to an organization should be adequately trained during orientation and induction process in order to be well versed with the necessary knowledge and skills to undertake the responsibilities of the position in pursuit of accomplishment of the organizational objectives. The training or induction process costs the organization a good amount of resources in terms of finances, time and equipments. However, the organization must at some point invest in this exercise. This means that the loss of an employee from an organization is a direct loss to the organization incurred, not only during the recruitment but also during replacement. Since employers replace seasoned employees with inexperienced personnel, the remaining employees' work schedules are disrupted as they pick up the slack for employees in training (Rowley 2001).

Organizations should therefore maintain their workforce in employment to minimize on cost. This maintenance of employees in an organization is termed as retention. Turnover on the other hand refers to a phenomenon where an organization fails to retain its employees or loses its employees to other organizations. When retention rates are low, extra time and money are spent on recruiting, selecting, and training new employees that could have been spent on other activities like performance improvement or career development of employees (Abbasi, 2000). Additionally, organizations may experience a decrease in performance, efficiency, and morale, and an increase in the disorder of social networks, group cohesion, and communication (Sightler 1999). As Day (2000) argued, if companies cannot retain their employees, “the economic results could be devastating for an organization. A substantial amount of value could potentially end up employed by a competitor, or ... become the competition”. Hinkin (2000) determined that the most costly element of employee turnover, representing 60 percent, is that of lost productivity

Employees on the other hand have a role to play as far as retention or turnover is concerned. This is because they make the decision on whether to remain in their current organization or to move to other organizations. However, there are a number of factors that influence these decisions. These factors may either be from the employee’s current organization or the next potential employer and they range from the terms and conditions of service, the work environment, the reward scheme, the individual career goals, the benefits, the line of command, employee management and any other factor perceived by the employee enough to influence the decision to move out. Thus the awareness of the importance of employees staying with an organization is evident (Cho et al., 2006). Scholars advocate that hospitality executives who understand the value of human capital and adopt organizational policies and management practices in pursuit of employee retention will outperform the competition. Indeed, tenured workforces not only reduce the separation, recruiting, selection and hiring costs associated with the churning of employees, but also become more productive over time, resulting in higher competitiveness and added profitability (Cho et al., 2006 ; Hinkin 2000). Effectively designed and well implemented employee retention programs that increase employee tenure more than pay for themselves through reduced turnover costs and increased productivity (Simons 2001). Moreover, financially successful hospitality firms (e.g. Starbucks and Southwest Airlines) have attributed their strong performance to their emphasis on employee retention and development (Hinkin 2000).

Most organizations have taken measures to ensure that their team of employees is retained in the organization. Since the mid-1990s, scholarly research investigations have been focusing not only on determining why employees leave organizations but also concentrating on those factors positively influencing employees to stay (Hoisch, 2001). It is appropriate for organizations to have a human resource department which adheres to their terms, needs, benefits and handles all issues pertaining to the workforce and in whose docket the formulation and implementation of Reward that guides the management of employees in the organization is bestowed. This in most countries in the world is more of a legal requirement. The Reward informs the manner in which the employees are to be treated in the organization, their rights and rewards. They also state the manner in which employees are expected to conduct themselves in the organization as well as steps to be followed when decisions about employees are made. Lastly, the policies should also address the review and revision procedures of the policies themselves. Katou and Budhwar (2006, p. 1241), in their research based on a sample of 178 organizations in the Greek manufacturing sector, concluded that “managers should recognize that changes in employee skills, attitudes and behaviour that are caused by Reward precede changes in organizational performance”. Purcell (1995) argued that “the challenge of human resource management is to show a link between policy, practice, and organizational outcomes that is meaningful to the corporate board.”

2.4 The Problem of Employee Turnover

A study by one researcher, (Hendrie, 2004) purposed to identify the main drivers of labour turnover found that the average labour turnover in the firm was much higher than the national average in the mid-1990s at 44 per cent and it rose to over 80 per cent as the business expanded. The highest rates were found amongst part time, younger employees who had worked less than six months, and these also exhibit lower levels of performance. The method used in this work was a postal survey of employees and the main reasons cited by respondents for leaving the firm were: not enough working hours, poor pay, no career prospects, employees were expected to work too many extra hours and unsocial hours; there was poor training, poor staff facilities, a fear of redundancy and staff views were not listened to.

All of the causes of leaving mentioned by the employee responses concerned employee policies and were a matter of strategic or tactical management discretion. This suggests some questions that could be tested in a wider context. For example, issues such as poor pay and rewards, poor training, lack of career prospects and not being listened to, may be more widely cited as a cause of labour turnover. Such matters could be seen as management issues, and it would be useful to see if Hendrie's findings find support from studies of other companies and specifically in the manufacturing sector. Deery (1996) examined the employee turnover phenomenon and found that high turnover rates resulted in a concomitant loss of revenue. They also argue that excessive rates of turnover contribute to employee morale problems. Manley (1996) posits the

concept of the “subliminal” effects of turnover. These include a lack of recognition from new staff members for regular clients and the clients who follow favourite staff to another organization.

Reported lower rates of managerial turnover can be attributed to the probability that managers are more dedicated to the industry as a career than the line employees (Stalcup, 2001) and as managers require more experience, education and training before starting a position the investment for both the manager and the organization is likely to be greater. Given that the average labour turnover in all industries is reported to be approximately 16 per cent (CIPD, 2000), turnover in the petroleum sector is significantly higher.

These studies highlight that high turnover is prevalent throughout the hospitality and tourism industry and that to sustain such rates would not be economically viable. Employee turnover has become particularly salient in Ireland with the relative strength of the economy resulting in a tightening of the labour market (O'Reilly, 2000). Demand for skilled employees has led to labour shortages, which in turn has given rise to widespread poaching with a concomitant increase in turnover. The study focuses on the predictors of turnover cognitions and analyzed managers' cognitions to leave or stay. These are, in the main, psychological constructs and are perceptual in nature. Turnover cognitions are behavioural intentions revealing an individual's intention to leave or stay and are considered the primary antecedent to actual behaviour (Hellman, 1997). Research testing the utility of intentions to quit as predictors of organizational turnover has consistently shown that they are one of, if not the best, predictors of this attitudinal behaviour (Hom and Kinicki, 2001).

Turnover of those top performing managers tends to result in the loss of future general managers. The retention of these managers can influence organizational effectiveness on two fronts. First, because they have a greater knowledge of organizational and customer goals and second, because costs would be significantly lower due to less hiring and training activities (Koys, 2001). Low turnover is seen as an asset in the competitive war. High turnover is seen as a problem to be managed (Glebbeek and Bax, 2004).

CONCEPTUAL FRAMEWORK

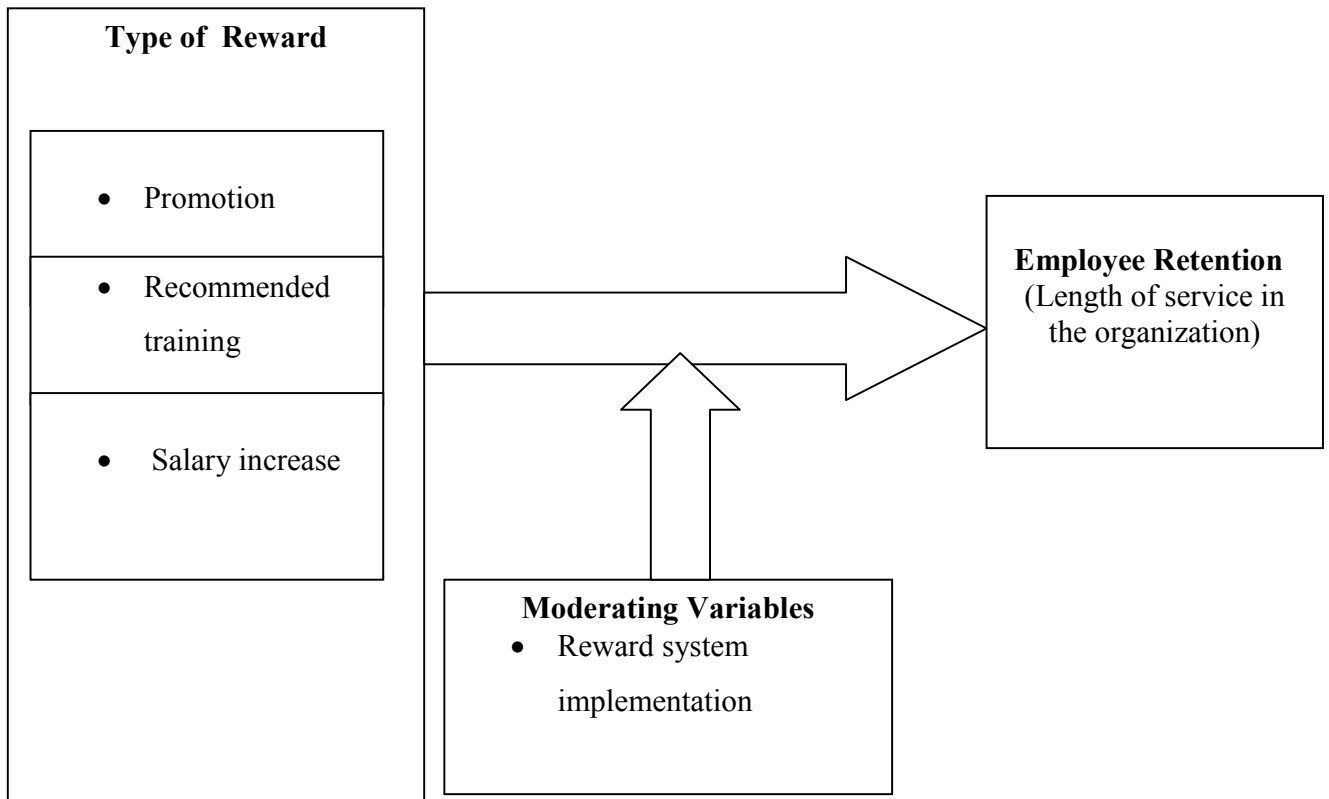


Fig 2.1 Conceptual Framework

(Source; Researcher, 2012)

3.0 RESEARCH METHODOLOGY

A survey research design was employed to collect primary data from a sample of 170 employees of Kisii Bottlers Limited. The researcher sampled 60 respondents. The primary data was collected using structured questionnaires. Data was analyzed with the help of the Statistical Package for Social Sciences (SPSS) computer program. Simple descriptive and inferential statistics was used to analyze the survey data. Study findings were represented by frequency tables, graphs, pie charts.

The sampling procedure

Though the study is a survey which targets the opinion of all the employees in Kisii bottlers, it may not be possible to get the opinion of every employee. The researcher will therefore sample the population according to the job groups and sample results tabulated. The job groups are classified in bands that indicate their management / operational functions as shown below:

Table 3.1 Staff Caliber

| Caliber of Staff | Population Size | Percentage |
|-------------------------|-----------------|--------------|
| Senior Management | 4 | 2.4 |
| Middle Level Management | 34 | 20 |
| Technical Level Staff | 68 | 40 |
| Lower Cadre Staff | 64 | 37.6 |
| TOTALS | 170 | 100 % |

Source; Kisii Bottlers, HR Office

4.0 FINDINGS AND DISCUSSIONS

This presents the research findings and discussion of the results with reference to the specific research objectives. The main objective of the study was to investigate the influence of Reward on employee retention in Kisii Bottlers Limited.

4.1 Impact of rewards on employee retention.

The study sought to find out the impact of rewards on employee retention by asking the employees if they apply for jobs of greater rewards in other organizations. The results obtained were as shown in figure 4 1 below.

Frequency of application of jobs of greater rewards

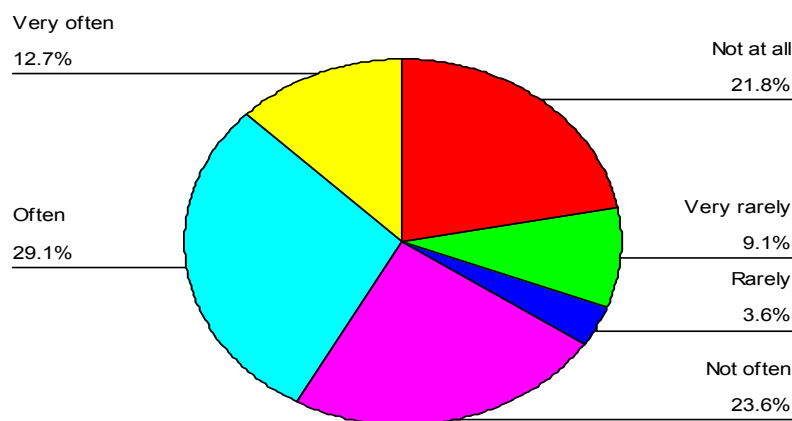


Figure 4.1

From the study, 12.7% (7) of the employees very often apply for jobs of greater rewards in other organizations, 29.1% (16) often apply for jobs of greater rewards, 23.6% (13) apply for jobs of greater rewards but not as often, 3.6% (2) rarely apply for jobs of greater rewards. However, 9.1% of the employees very rarely apply for jobs of greater rewards while 21.8% (12) do not at all apply for jobs of greater rewards from other organizations. These are the employees, 21.8 %, who can be said to be contented with the rewards they get for their service in Kisii Bottlers Limited -. The rest, 78.2%, at one point or the other feel that the rewards are inadequate thus, posing a potential turnover.

4.2 Influence of reward on employee retention

There are various types of rewards that can be given to employees for the services rendered in their organizations. The study selected three types of rewards, the base pay, the non financial rewards and the employee benefits, and sought to find out the extent of influence they each have on employee retention. A 6-likert scale was used where numbers represented different extents. i.e.

- 1 = Not at all
- 2 = to a very low extent
- 3 = To a low extent
- 4=To some extent
- 5= To a great extent
- 6= To a very great extent

The means of the response was calculated and recorded as shown on table 4.54 below;

Table 4.2 Influence of reward on employee retention

| Type of reward | 6 | 5 | 4 | 3 | 2 | 1 | Sum | Mean |
|------------------------------|----|----|---|---|---|---|-----|-------------|
| Base Pay | 26 | 18 | 3 | 2 | 4 | 2 | 274 | 4.98 |
| Non financial rewards | 13 | 30 | 4 | 2 | 4 | 2 | 260 | 4.73 |
| Employee benefits | 20 | 22 | 5 | 1 | 5 | 2 | 265 | 4.82 |

The findings indicate that respondents rated the three types of rewards with means scores of between M = 4.73 and M = 4.98. To the nearest whole number, M = 5.0. This indicates that rewards generally influence employee retention to a great extent. Influence of individual types of rewards on employee retention is as calculated below.

Influence of base pay on retention = $(26+18+3)/60 * 100 = 49 \%$

Influence of non financial rewards on retention = $(13+30+4)/60 * 100 = 78.33\%$

Influence of employee benefits on retention = $(20+22+5)/60 * 100 = 78.33\%$

Expressing retention as a function of base pay, non-financial rewards and employee benefits; i.e.

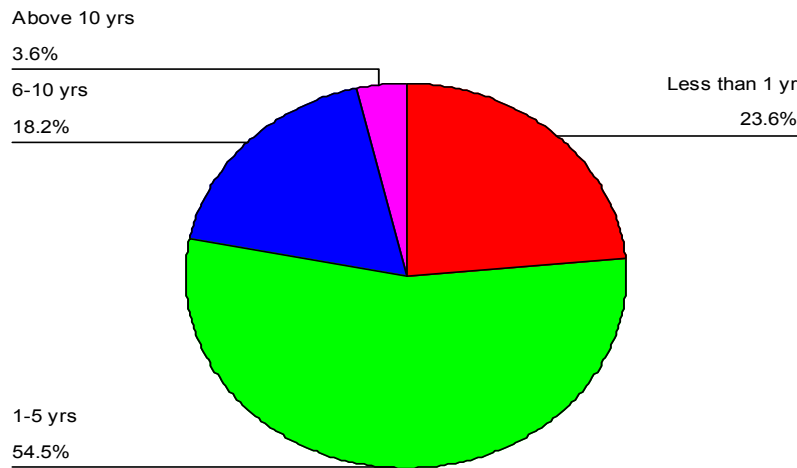
Retention = f (base pay, non financial rewards, employee benefits), the result can be expressed as;

Retention = f (49%, 78.33%, 78.33%)

4.3 Employee Retention

The study sought to find out the length of stay the employees intended to continue working with their current employer. The results were as shown in figure 4.3 below;

Expected stay in current organization



| Statistics | |
|---------------------------------------|------|
| Expected stay in current organization | |
| Mean | 2.02 |
| Sum | 60 |

Figure 4.3

This was intended to determine retention of employees in Kisii Bottlers Limited - in terms of their intended length of stay. The mean calculated indicated that majority of employees would stay for a period of 1-5 years of service. From the organization's human resource information system, the majority of employees in Kisii Bottlers Limited - are between the ages of 30-40 years. This generation of employees is very difficult to retain in one organization as they are constantly looking for an employer who they would be comfortable to work with until their retirement. From the study findings, almost all employees have worked for less than five years but they are willing to be in the employment for a period of another five years on average. This is a clear indication that those who are currently in the organization are not be willing to stay with their employer for more than five years. This means that by the time they leave, their employer will have invested a lot of resources towards their development. It is therefore advisable that the organization review the retirement benefits policies as a means of retaining the workforce. This will go a long way towards retaining them for a longer period. The employees should be greatly involved in the review of these policies.

Retention = f (49 %, 78.333%, 78.33%)

This means that training and the promotions has got 68.55 % influence per each on employee retention, while the reward has 78.33 % influence on employee retention.

Reasons that led to exit of former employees

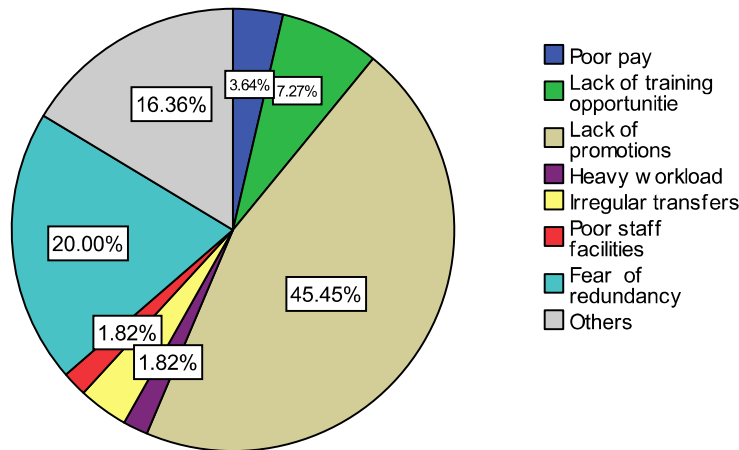


Figure 4.4

The study sought to find out from the employees the reasons their former colleagues had that led to their exit. The results obtained were as shown in figure 4.4 above. This shows that the majority of employees, 45.5% left for lack of promotions or stagnation in the same level.

5.0 SUMMARY FINDINGS, CONCLUSION AND RECOMMENDATIONS

The study formed the summary of the findings and conclusions from this study with a view to highlighting findings that are most relevant to retention of talented employees in Kisii Bottlers Limited and the entire Manufacturing sector in general and identify specific policy and recommendations that flow from these conclusions, as well as areas in which follow-up research might be most useful to confirm and elaborate this study's findings.

5.1 Summary Findings

The study sought to investigate the influence of Reward on retention of employees in the Manufacturing sector. The specific objectives guiding this study were to determine the influence of the reward on employee retention in Kisii Bottlers Limited.

On the rewards, more than half the number of the employees felt that they were not adequately rewarded for the work they do, a third felt they were adequately rewarded for their work, while the rest of the employees did not know whether or not they are adequately rewarded for their work. In that light almost half of them apply for jobs of greater rewards from other organizations. This also poses a potential turnover. The findings indicate that rewards generally influence employee retention to a great extent. However, base pay has the greatest influence, followed by employee benefits and non financial benefits.

From the findings, more than half of employees have been promoted, at least once, since they joined Kisii Bottlers Limited while the rest have never been promoted. However, it was evident that employees are only aware of vertical promotions (movements along organizational ranks). However, the promotions exercise is not viewed to be fair by the employees. Employees feel that their length of service and level of education are considered to a low extent. Employee's performance at work is considered to some extent while special training undertaken is considered to a very low extent during the promotions exercise. The findings indicate that more than a third of employees apply for jobs of higher ranks in other organizations. This poses a potential turnover

Employees retention in Kisii Bottlers Limited terms of employees' intended length of stay indicates that majority of employees would stay for a period of 1-5 years of service. The study indicates that the rewards have an influence employee retention to a great extent.

5.2 Conclusions

The study established that more than half the number of the employees felt that they were not adequately rewarded for the work they do in Kisii Bottlers Limited a third felt they were adequately rewarded for their work, while the rest of the employees did not know whether or not they are adequately rewarded for their work. Almost half of them would leave their

current employer for one who promises greater rewards. The study also established some of the suggestions the employees feel should be included in the rewards policy. It was also clear that the three types of rewards, base pay, non-financial rewards and employee benefits have a significant influence on employee retention.

The study established that more than half the number of employees had been promoted at least once since they joined their current organization but they feel that the fairness of the promotions exercise is to a low extent. It also established that employees feel that when promotions are carried out, their length of service and level of education are considered to a low extent, their performance at work is considered to some extent while special training undertaken is considered to a very low extent. Given an opportunity of a higher rank, most of them would leave their current employer for the opportunity. The study established that majority of employees are still willing to be in Kisii Bottlers Limited for the next 1-5 years. The study also established the areas in the current Reward system that the employees felt were inadequate.

5.3 Recommendations

Findings from this study indicate that despite putting adequate Reward system in place, there is high employee turnover and even the employees working in the organization pose a potential increase in turnover. The low percentage of employees with a greater length of service indicates that employee retention measures should be put in place to enhance retention of talented workforce. The HR department should campaign for the importance of reading and understanding the Reward policy to the employees as well as their purpose and importance. HR department should ensure that every department should put across measures to highlight to their employees on the importance of equitable Reward system. Employees' views should be considered on areas that they feel that the Rewards are actually unfair. This could be achieved through workshops or seminars so that even the employees who do not know advocate for fair treatment may get an opportunity to understand their implications.

The promotions exercise should be communicated to employees so as to make them understand the basis of arriving at such considerations. This can be enhanced by communicating to employees the factors considered for promotions. Employees largely consider vertical promotions only. Efforts should be made by the management to help employees understand and appreciate horizontal promotions, which entail addition of responsibilities while at the same time maintaining the title, as opposed to moving through ranks as it may not be possible to be regular. This should also be tied to some little rewards and would have a positive impact on retention.

During the interviews, the management should find out from their potential employees the rewards they expect. They should also agree on the terms and whenever changes on the rewards policies are made, employees should be largely involved. Their views should also receive appropriate consideration. The organization should therefore have numerous rewards of various types tied to performance. Because every human being likes being recognized, rewards will go a long way in retaining a pool of talented workforce.

5.4 Follow-up Research

The findings of this study largely reflect the situation in the manufacturing sector. Further research should be conducted to evaluate situations in other industries.

REFERENCES

- Abbasi, S.M., and Hollman, K.W. (2000), "Turnover: the real bottom line", *Public Personnel Management*, Vol. 29 pp.333-42.
- Armstrong, M. (2006). *A hand book of Human Resource management practice* (3rd Edition). Great Britain: Bath press.
- Becker, G.S. (1962), "Investment in human capital: a theoretical analysis", *Journal of Political Economics*, Vol. 70 pp.9-49.
- Cafaro, D. (2001), "When the honeymoon ends: thinking in long-term solutions", *Works pan*, Vol. 44 No.2, pp.42-6.
- Cappelli, P. (2001), "A market-driven approach to retaining talent", *Harvard Business Review on Finding and Keeping the Best People*, Harvard Business School Press, Boston, MA, Pp.27-50.
- Cho, S., Woods, R., Jang, S., and Erdem, M. (2006), "Measuring the impact of human resource Management practices on hospitality firms' performances", *International Journal of Hospitality Management*, Vol. 25 No.2, pp.262-77.

Cascio, (1998) *Managing Human Resource* (5th Edition), New York: Mc Graw Hill.

Day, D.V. (2000), "Leadership development: a review in context", *Leadership Quarterly*, Vol.

11 pp.581-613.

- Deery, M.A., and Iverson, R.D. (1996), "Enhancing productivity: intervention strategies for Employee turnover", in Johns, N. (Eds), *Productivity Management in Hospitality and Tourism*, Cassell, London.
- Delery, J.E., and Doty, D. (2006), "Modes of theorizing in strategic human resource Management: tests of universalistic, contingency, and configuration performance Predictions", *Academy of Management Journal*, Vol. 39 No.4, pp.802-35.
- Ehrenberg, R., and Smith, R. (1994), *Modern Labor Economics*, Addison-Wesley, Wokingham.
- Eisenberger, R., Stinglhamber, F., Vandenberghe, C., Sucharski, I.L., and Rhoades, L. (2002), "Perceived supervisor support: contributions to perceived organizational support and Employee retention", *Journal of Applied Psychology*, Vol. 87 No.3, pp.565-73.
- Farber, H.S. (1994), "The analysis of interfirm worker mobility", *Journal of Labor Economics*, Vol. 12 No.4, pp.554-93.
- Glass, J.L., and Riley, L. (1998), "Family responsive policies and employee retention following Childhood", *Social Forces*, Vol. 76 No.4, pp.1401-35.
- Glebbeeck, A.C., and Bax, E.H. (2004), "Is high employee turnover really harmful? An empirical Test using company records", *Academy of Management Journal*, Vol. 47 No.2, pp.277-86.
- Gomez, M, Davis, B. B. (2002). *Management*. MC Graw Hill, New York.
- Hellman, C.M. (1997), "Job satisfaction and intent to leave", *The Journal of Social Psychology*, Vol. 137 No.6, pp.677-89.
- Hendrie, J. (2004), "A review of a multiple retailer's labour turnover", *IJRDM*, Vol. 32 No.9, Pp.434-41.
- Hinkin, T.R., and Tracey, J.B. (2000), "The cost of turnover", *Cornell Hotel and Restaurant Administrative Quarterly*, Vol. 1 No.June,
- Hoisch, M. (2001), "Organizational factors influencing longevity in professional, managerial and Administrative employee retention", *UMI Dissertation Services*, No. 3038765.
- Hom, P.W., and Kinicki, A.J. (2001), "Towards a greater understanding of how dissatisfaction Drives employee turnover", *Academy of Management Journal*, Vol. 44 No.5, pp.975-87.
- Hornby, A.S. (2000) *Oxford Advanced Learner's Dictionary of Current English (6th Edition)*. Oxford University Press.
- Ivancevich, J. M. (2001). *Human Resource management*. (8th edition) McGraw Hill. New Delhi
- Katou, A.A., and Budhwar, P.S. (2006), "Human resource management systems and Organizational performance: a test of a mediating model in the Greek manufacturing Context", *International Journal of Human Resource Management*, Vol. 17 No.7, pp.1260-76.
- Koys, D.J. (2001), "The effects of employee satisfaction, organisational citizenship behaviour, And turnover on organisational effectiveness: a unit level, longitudinal study", *Personnel Psychology*, Vol. 54 pp.101-14.
- Kreitner. (2004) *Management*. (9th Edition) Houghton Mifflin Company, New York.
- Lazear, E.P. (1999), "Personal economics: past lessons and future direction", *Journal of Labor Economics*, Vol. 17 No.2, pp.199-236.
- Maertz, C.P. Jr, and Griffeth, R.W. (2004), "Eight motivational forces and voluntary turnover: a Theoretical synthesis with implications for research", *Journal of Management*, Vol. 30 pp.667-83.
- Maertz, C.P., and Campion, M.A. (1998), "25 years of voluntary turnover research: a review and Critique", in Cooper, C.L., Robinson, I.T. (Eds), *International Review of Industrial and Organizational Psychology*, Wiley, New York, NY, Vol. 13 pp.49-81.
- Manley, H. (1996), "Hospitality head hunting", *Australian Hotelier*, No.April, pp.8-11.
- Milman, A. (2003), "Hourly employee retention in small and medium attractions: the central Florida example", *International Journal of Hospitality Management*, Vol. 22 No.2, Pp.17-35.
- Milman, A., and Ricci, P. (2004), "Predicting job retention of hourly employees in the lodging Industry", *Journal of Hospitality and Tourism Management*, Vol. 11 No.1, pp.23-41.

- Mitchell, T.R., Holtom, B.C., and Lee, T.W. (2001), "How to keep your best employees: Developing an effective retention policy", *Academy of Management Executive*, Vol. 15 No.4, pp.96-108.
- O'Reilly, A. (2000), "New incentives crucial for staff retention", *Industrial Relations News (IRN)*, No.20 January,
- Pizam, A., and Ellis, T. (1999), "Absenteeism and turnover in the hospitality industry", in Lee-Ross, D. (Eds), *HRM in Tourism and Hospitality*, Cassell, London,
- Prasad, L. M. (2001) *Principles and practices of management*. (3rd edition). New Delhi: Education
- Purcell, J. (1995), "Corporate strategy and its link with human resource management strategy", In Storey, J. (Eds), *Human Resource Management: a Critical Text*, Routledge, London, pp.63-86.
- Rowley, G., and Purcell, K. (2001), "As cooks go, she went. Is labor churn inevitable?" *Hospitality Management*, Vol. 20 No.1, pp.163-85.
- Salamin, A., and Hom, P.W. (2005), "In search of the elusive U shaped performance-turnover Relationship: are high performing Swiss bankers more liable to quit?" *Journal of Applied Psychology*, Vol. 90 No.6, pp.1204-16.
- Schnake, M., and Dumler, M.P. (2000), "Predictors of propensity to turnover in the construction Industry", *Psychological Report*, Vol. 86 No.3, pp.1000-2.
- Sightler, K.W., and Adams, J.S. (1999), "Differences between stayers and leavers among part-time workers", *Journal of Managerial Issues*, Vol. 11 pp.110-25.
- Simons, T., and Hinkin, T. (2001), "The effect of employee turnover on hotel profits", *Cornell Hotel and Restaurant Administration Quarterly*, Vol. 42 No.4, pp.65-9.
- Spreitzer, G.M., Mishra, A.K. (2002), "To stay or to go? Voluntary survivor turnover following An organizational downsizing", *Journal of Organizational Behavior*, Vol. 23 pp.707-29.
- Stalcup, L.D., and Pearson, T.A. (2001), "A model of the causes of management turnover in Hotels", *Journal of Hospitality and Tourism Research*, Vol. 25 No.1, pp.17-30.
- Steel, R.P., Griffeth, R.W., and Hom, P.W. (2002), "Practical retention policy for the practical Manager", *Academy of Management Executive*, Vol. 18 pp.149-69.
- Williams, C (2005). *Management*. (3rd edition) USA: South Western, Mexico.

This academic article was published by The International Institute for Science, Technology and Education (IISTE). The IISTE is a pioneer in the Open Access Publishing service based in the U.S. and Europe. The aim of the institute is Accelerating Global Knowledge Sharing.

More information about the publisher can be found in the IISTE's homepage:

<http://www.iiste.org>

CALL FOR PAPERS

The IISTE is currently hosting more than 30 peer-reviewed academic journals and collaborating with academic institutions around the world. There's no deadline for submission. **Prospective authors of IISTE journals can find the submission instruction on the following page:** <http://www.iiste.org/Journals/>

The IISTE editorial team promises to review and publish all the qualified submissions in a **fast** manner. All the journals articles are available online to the readers all over the world without financial, legal, or technical barriers other than those inseparable from gaining access to the internet itself. Printed version of the journals is also available upon request of readers and authors.

IISTE Knowledge Sharing Partners

EBSCO, Index Copernicus, Ulrich's Periodicals Directory, JournalTOCS, PKP Open Archives Harvester, Bielefeld Academic Search Engine, Elektronische Zeitschriftenbibliothek EZB, Open J-Gate, OCLC WorldCat, Universe Digital Library, NewJour, Google Scholar

