An Evaluation of Remuneration Scheme in Relation to Staff Turnover in Kenyan Private Universities: Case Study of the Kenya Methodist University

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Abstract
The study evaluated employee perception on remuneration scheme on staff turnover in Kenyan Private Universities with the Kenya Methodist University as the case study. The objective of the study was to evaluate remuneration scheme in relation to staff turnover in Kenyan Private Universities and to ultimately come up with appropriate recommendations that would facilitate the reduction of staff turnover in private universities. It is hoped university administration, government and other human resource policy makers and employees will greatly benefit from the findings. The descriptive research design was used to obtain data from the targeted and accessible population which comprised of teaching and non-teaching staff at the Nairobi and Nakuru Methodist University campuses. 136 respondents were selected purposively. Self-developed questionnaires were administered personally to respondents to gather the information. The data collected was analyzed using tables, frequency distributions and percentages. The statistical package for social sciences (SPSS) was used to assist in the analysis process. Remuneration is key in retaining workers in any organization and it must be the purpose of any human resource management to design a competitive remuneration package which will serve to attract, retain, and motivate staff so as to ensure the ultimate organization's commercial and financial viability.
Keywords: Employee Turnover; Morale; Remuneration

1.0 INTRODUCTION

1.1Background

Organizations invest a lot on their employees in terms of induction and training, developing, maintaining and retraining them in their organization. Therefore, managers at all costs must minimize employee's turnover. Although, there is no standard framework for understanding the employees turnover process as a whole, a wide range of factors have been found useful in interpreting employee turnover (Kevin et al 2004). Therefore there is need to develop a fuller understanding of their employee turnover, more especially, the sources-what determines employee turnover, effects and strategies that managers can put in place to minimize turnover.

With globalization which is heightening competition, organizations must continue to develop tangible products and provide services which are based on strategies created by employee. These employees are extremely crucial to the organization since their value to the organization is essentially intangible and not easily replicated (Meagher et al, 2003). Therefore, managers must recognize that employees are major contributors to the efficient achievement of the organization's success. Abbasi et al (2000). Managers therefore should control employee turnover for the benefit of the organization success.

Employee turnover is a much studied phenomenon, Shaw et al (1998). But there is no standard reason why people leave organizations, Employee turnover is the rotation of workers around the labour market, between firms, jobs and occupations, and between the states of employment and unemployment, Abbasi et al (2000). The term "turnover" is defined by Price (1977) as the ratio of the number of organizational members who have left during the period being considered divided by average number of people in that organization during the period . Frequently managers refer turnover as entire process associated with filling vacancy; each time apposition is vacated, either voluntary or involuntary anew employee used to be hired or trained. This replacement cycle is known as turnover. (Woods,1995). Although a moderate level staff of turnover is good for business, every organization needs to have a strategy in place to retain the high performers that give it a competition edge. The cost of not doing so can be severe, as high employee turnover can be very costly. It lowers internal morale and it could harm an organizations external reputation and costs it business.

Turnover costs for many organizations are very high and can significantly affect the financial performance of an organization. Direct costs include recruitment, selection and training of new people. Much time and expense go into this process. Indirect costs include increased workloads and overtime expenses for coworkers as well as reduced productivity associated with low employee morale. There are many potential causes for turnover. Area economic conditions and labour market conditions affect general turnover rates and can be very difficult to manager. However, certain causes associated with turnover in any specific job or organization can be managed. These causes include non-competitive compensation, high stress, poor working conditions, monotony, poor supervision, poor fit between the employee and the job, inadequate training, poor communications, and organization practices

A certain degree of turnover maybe desirable, expected and accepted since it creates opportunities to induce wider experience, new ideas to the organization and reduce inbreeding as well as providing career development opportunities/ paths for existing workers. However, persistently high levels of labour turnover are costly to both individual organizations and to the economy of a country as a whole as it adversely affects efficiency, productivity and morale. High labour turnover has impacts on organizations in relation to organizational costs, morale, training and customer services.

The analysis of labor turnover is a vital role of the Human Resource Development as the data may be used to forecast future recruitment and training requirements and also assist an organizations retention strategy. By measuring labour turnover on a regular basis (Usually annually) organizations can immediately recognize a change in levels and implement strategies for dealing with this. Once employees leave an organization, there is need to replace them with new recruits. Hall (2006) identifies the main reasons that make workers leave an organization as: resignations (both voluntary and due to incapacity pregnancy and ill-health, dismissal (including redundancy), retirement, inadequate wage levels leading to employees moving to competitors, poor morale and low levels of motivation within the workforce, recruiting and selecting the wrong employees in the first place, meaning they leave to seek more suitable employment, a buoyant local labour market offering more (and per harps more attractive) opportunities to employees.

Hall (2006) further noted that voluntary resignations which are not foreseen by management can have particular cultural disruptive effects. He also adds that management has varying degrees of control over other reasons for leaving, for example an unusually high proportion of dismissals, calls for an examination of selection, disciplinary and planning procedures.

Torrington (2005) also noted that turnover always rises when the economy is strong and jobs are plentiful because there are more opportunities available for people to charge employers. In Kenya, the era of industrialization and liberalization of the economy resulted in the emergence of many institutions of higher learning. Today, Kenya is home to 7 Public Universities, 24 Public University Colleges, 1 chartered private Universities, 4 Private University constituent colleges, 11 Universities with letters of interim authority, 2 registered private universities (CHE, 2012). This state of affairs has led to authority competition for students as well as employees. As a result of this competition, staffs keep on moving from one employer to the other. Many organizations have now resolved to the poaching technique as a way of recruiting their staff. Staff turnover is indeed a tricky phenomenon that demands attention.

1.2 Statement of the problem

Employee turnover is expensive from the view of the organization. Voluntary quits which represents an exodus of human capital investment from organizations, Fair (1992) and the subsequent replacement process entails manifold costs to the organizations. These replacement costs include search of the external labour market for a possible substitute, selection between competing substitutes, induction of the chosen substitute, and formal and informal training of the substitute until he or she attains performance levels equivalent to the individual who quit John (2000). Output would be affected to some extend or maintained at the cost of overtime payment. Turnover has some significant effects on organizations (Darricco and Giridharan, 1987; Dyke and Strick, 1990; Contrell and Sararakh,1991; Denvir and Mcmahon, 1992). Many researchers argue that high turnover rates might have negative effects on the profitability of organizations if not managed properly (Barrows, 1990; Hogan, 1992; Wasmuth and Davis, 1993). Hogan (1992) opines that nearly twenty years ago, the direct and indirect cost of a single hire employee quitting was between $ 1400 and $ 4000. Turnover has many hidden or invisible costs. Phillips (1990) and these invisible costs are as a result of incoming employees, co-workers closely associated with departing employees and position being filled while vacant. And all these affect the profitability of the organization. On the other hand turnover affects customer's services and satisfaction (Kamal et al, 2002).

Catherine (2002) argues that turnover include other costs, such as lost productivity, lost sales, and managements time. She estimates that the turnover costs of an hourly employee to be $ 3,000 to 10,000 each. This clearly demonstrates that turnover affects the profitability of the organization and if it is not managed properly it would have the negative effects on profits.

Research estimates indicate that hiring and training a replacement worker for a lost employee costs approximately 50 percent of the workers annual salary (Johnson et al, 2000) but the costs do not stop there. Each time an employee leaves the firm, we presume that productively drops due to the leaving curve involved in understanding the job and the organization. Furthermore, the loss of intellectual capital adds to this cost, since not only do organizations lose the human capital and relational capital of the departing employee, but also competitors are potentially gaining these assets. Meaghan et al (2002). Therefore if employee turnover is not managed properly it would affect the organization adversely in terms of personal costs and in the long run it would affect its liquidity position. In order to manage turnover properly entails appreciating the factors that influence the turnover.

The Methodist University is a private university in a highly competitive industry. The issue of staff turnover is an ever present reality that must be coped with. The question posed in "does remuneration influence staff turnovers in Kenyan Private Universities with the Methodist University as the case study? This research study will endeavor to determine this.

1.3 Objective of the study

The aim of the study was to evaluate remuneration in relation to staff turnover at the Kenya Methodist University.

1.4 Research question

What is the influence of remuneration on staff turnover at the Kenya Methodist University?

1.5 Justification and significance of the study

The Kenya Vision 2030 and its First Millennium Term Plan (2008-2012) identify education and training as key sectors under the social pillar that would enable the country develop requisite human capital for sustainable development (GOK 2007 and 2008) University education has always been a centre piece in nation building and economic development. It is universally conceded to be a critical engine for prosperity and growth (CHE, 2012). Upon the implementation of the study recommendation it is hoped that Private universities and other organizations in Kenya will realize that measuring of staff turnover is important in strategic corporate planning and forecasting, hence these organization will adopt a proactive posture in dealing with the issue of staff turnovers. The universities management will benefit from the feedback given by the respondents as the reasons why they quit jobs. This in turn will avail then the platform from which to design strategic staff remuneration plans in order to remain competitive in the job market by making their employers of choice. The study will provide material to the Human Resource Departments at the private universities to model their remuneration policies. The study will provide material to enable the government to plan for higher education needs in the long-term. Employees will benefit because once the universities implement the recommendation arising from the study, they will enjoy improved working conditions hence improved work and hiring standards. The research findings will benefit society at large because once there is an improvement in the remuneration for employees at private universities; the workers will be in a position to invest in development projects that will result in overall societal development. Finally research findings will satisfy the researcher's curiosity to know exactly how remuneration influence staff turnover at private universities in Kenya and thus be in a position to have appropriate recommendations.

1.6 Scope of the study

The study focused on remuneration's influencing on staff turnovers in private universities. The case study of the Methodist University (KEMU) - a chartered private university founded by the Methodist Church in Kenya with the main campus in Meru. It has campuses in Nairobi, Nakuru, Mombasa and Nyeri and centers at Maua Meru Town and Marimanti, Kakamega. The study was carried out at the Meru, Nakuru and Nairobi units and will involved university management staff, teaching staff and non-teaching staff who will be selected purposively.

1.7 Limitation of the study

The findings generated from the study at the Kenya Methodist may not be applicable to public Universities or such other settings because operational circumstances are different. The environment and practices at the private Universities is generally different from those at public University.

2.0 REVIEW OF LITERATURE

2.1 Introduction

The paper is informed by the Expectancy and the Equity theories

2.1.1 Expectancy Theory (1964)

Expectancy Theory formulated by Vroom (1964) states that, effort to satisfy needs will depend on the person's perception that he or she can expect the effort to be followed by a certain outcome which will bring desirable rewards. According to Vroom (1964), an individual behavior will be affected by; what the person wants to happen, his or her estimate of the probability of the things happening and how strongly the person believes that the event will satisfy a need. Individuals normally base their predictions of what will happen in the future of what has occurred in the past. New situations that workers have not previously experienced like job changes or succession, new working conditions and environment cause uncertainty and thus may reduce employee motivation because the individuals involved have no prior knowledge of the likely consequences of altered circumstances. For Vroom management should make clear to employees what exactly it expects from new working practices, workers should be able to see a connection between their efforts and the rewards these efforts generates, rewards should satisfy workers needs and complicated reward schemes are unlikely to increase employee's efforts because workers cannot relate hard work to higher wages. According to Armstrong (2006), succession management makes meaning when accompanied by rewards and work excitement. Okumbe (2001), on his part believed that employees will increase their productivity with the expectation of receiving appropriate rewards from their employers. The performance of employees, therefore, depends on both their expectation that the increased productivity will lead to increased rewards and the value they attach to the rewards. Satisfaction is highest when rewards meet expectations of employees and when the value of the reward is commensurate with effort and skill expended in obtaining it. All organizational expectations is making profits which is an indicator of organizational performance.

2.1.2 Equity Theory and the Workplace (as Developed by Adams 1965)

Equity theory is concerned with the perception people have about how they are being treated compared with others. To be dealt with equitably is to be treated fairly in comparison with other group or workers. Armstrong (2006), on equity theory stated that people will be motivated well if they are treated equitably and de-motivated if they are treated inequitably. This can lead to job satisfaction and will boost morale. It is the top management's role to treat workers fairy if they expect to retain them. Okumbe (2001), noted that, compensation levels must be perceived to be fair and just to all participants. He further stated that equity is concerned with felt justice according to natural law. For compensation to be fair, it must be felt to match the level of work and the capacity of the individual to do work. It should be noted that workers have feelings of discomfort and guilt resulting from inequitably higher pay. And this in turn causes them to act in a manner that reduces dissonance. Thus, if the law of natural justice is followed, then staff turnover will not be a priority as employees will be willing to continue working at KeMU.

2.2 Costing staff turnover

When deciding what kind of measures to put in place in order to improve staff retention generally or retention of particular individuals, organizations need to balance the costs involved against those that are incurred as a direct result of voluntary resignations. Although it is difficult to cost turnover accurately, it is possible to reach a fair estimate by taking into account the range of expenses involved in replacing one individual with another. Once a figure has been calculated for a job, it is relatively straight forward to compute the savings to be gained from a given percentage reduction in annual turnover rates. Figure 2.2 below shows the approach to turnover costing recommended (Fair, 1992)

Figure 2.2 Costing Turnover

Costing turnover each year permits organizations to state with some confidence how much money is being saved as a result of ongoing staff turnover programmes. It can also be used as a means of persuading finance directors of the case for investing money in initiatives which can be shown to improve retention. An example of an organization which has done this is positive steps oldhan, a note-for-profit company set up when two local careers service organizations merged (IDS 2005). The new organization employs 205 people and at the time it was formed had an overall staff turnover rate of 38 percent over a three year period as a result of various targeted initiatives, turnover fell to a much healthier.14 percent. Not only did this make the organization much more effective, it also substantially reduced overload (Torrington 2008)

2.3 Measuring staff turnover

Graham and Bennet (2006), defined staff turnover as the movement of people into and out of the firm. They further noted that it is usually convenient to measure turnover by recording movement of staff from the firm on the assumption that a new employee fills vacancies created due to normal labour wastage (Cole, 1998). The simplest measure involves calculating the number of leavers in a period (Usually a year) as a percentage of the number of employees during the same period. This is known as the "separation rate" or crude waste rate. For purposes of this study the following formula has been adopted

$$\text{Separation rate} = \frac{\text{Number of leavers} \times 100}{\text{Average number working}}$$

2.4 Factors influencing staff turnover in organization

Armstrong (2009) stated that employee turnover should be analyzed in order in to forecast future loses and identify reasons for people leaving the organization. Plans can then be made to attack the problems causing unnecessary wastage and replace uncontrollable losses. The human resource planner, therefore has to know how to measure wastage and analyze the census of staff turnover in his/her organization.

Blunt (1990) stated that in order to estimate the organization manpower retention capacity, it's not usually sufficient to calculate current labour figures and extrapolate these into the future. An organization ability to retain its employees is a function of many factors, most of which change with the passage of time. Even in cases where today's labour turnover figures out to be the same as or similar to turnover, the underlying causes may differ.

Blunt(1990) gives the following factors as having been found influencing staff turnover in organizations leaving for higher earnings, leaving for better career prospects/career progression, leaving to reduce strains in interpersonal conflicts, the induction crisis, leaving to reduce work under load or overload and leaving for alternative roles,/change of jobs.

Taylor at al (2000) interviewed 2000 people who had recently changed employers about why they left their last jobs. They found a mix of factors at work in most cases but concluded that push factors were a great deal more prevalent that pull factors as causes of voluntary resignations. Very few people appear to leave jobs in which they are broadly happy in search of something even better. Instead the picture is overwhelmingly one in which dissatisfied employers serve alternatives because they no longer enjoy working for their current employer.

Interestingly this study found relatively few examples of people leaving for financial reasons indeed more of the interviewees took pay cuts in order to move from one job to another than said that a pay rise was their principal reason for switching employers. Other factors played a much bigger role:

a) Dissatisfaction with the conditions of work especially hours
b) A perception that they were not being given sufficient career development opportunities
c) A bad relationship with their immediate supervisor

The third facto was by far the most commonly mentioned in the interviews, lending support to the often stated point that people leave their managers and not their organizations

Branhan (2005) drawing on research undertaken by the Saratoga institute, reached similar conclusions. His seven "hidden reasons employees leave" are the job or workplace not living up to expectations; a mismatch between the person and the job; too little coaching and feedback; too few growth and advancement opportunities; feeling devolved and unrecognized; stress from overwork and work-life imbalance; loss of trust and confidence in senior leaders

Charter fee (1992) argued that when an organization loses the services of a competent employee, it is certainly a matter of concern to the organization. He further argues that every effort should be made to look into reasons and make necessary changes in fundamental policies to improve the climate of working for the remaining staff. He says that firms which have got a well organized performance appraisal system experience low rates of turnover. The appraisal system should, therefore, include a survey of the future needs of the organization, identify the future job needs and conspire the skills and capability of different workers so as to fit them in different areas of work in due course.

According to Flippo (2008), the movement of staff into and out of the organization is an index of the stability of the workforce. However, an excessive movement is undesirable and expensive. High turnover from certain categories of staff suggests a need for improvement in working conditions and /or supervision. He concluded by stating that the reasons given for employee leaving must be analyzed carefully to ascertain their truth.

Leap (1993) noted that turnover maybe voluntary or involuntary. Voluntary turnover recurs when the employee has an option to remain with the present employee but decides to accept a job elsewhere or leaves the labor force altogether. Involuntary turnover occurs when the employee is discharged or must resign for reasons outside his/her control (Layoffs, illness, permanent disability, dismissals, retirement, redundancy, death etc.

Mobley (2003) referred to the causes of turnover as determinants of turnover,. He states that the general classes or determinants of turnover are: - The state of the economy (for example, the availability of alternative jobs); organizational variables such as leadership, reward system, job design etc and individual variables. He further noted that there are various types of cessations. "A frequently used distraction is between voluntary separation (employee-initiated) and involuntary separation (organization-initiated plus death and mandatory retirement. The US Bureau of labour statistics (1980) classifies separation in three (3) ways: "Quit", "Lay off", and "others". Mobley further summarizes the variable related to turnover as the causes and correlates or determinants of turnover. The variables are related to turnover either directly, indirectly, causally, or correlationally.

According to Tretty (2006), people are ever joining and leaving organizations all the time. But some organizations find it more difficult to keep their staff than others. There are a number of reasons why organization might suffer high staff turnover. Rates of turnover from industry to another. The main factors, therefore, influencing high staff turnover are as:- a)**Reward schemes** – Every industry has organizations that pay well and some that pay badly. There will always be a few employers who try to get away with paying as little as possible and high staff turnover is the inevitable result. Employees might stay a little longer in times of recession because no other work is available but they know they are being exploited and will be looking for a way out (Mobley 1998).

b)**Staff training policy** – asking someone to do a job but not giving them adequate training is de-motivating .Some people pick it up quickly and may even thrive on the challenge, but they are the exception. Often there are good intentions to train but others, apparently more important things keep getting in the way. Managers continually under estimate the value of training staff (Armstrong, 2009). c) **Weak leadership** – In most organizations, people work as teams alongside colleagues performing complementary roles. Between them, they run a process or deliver a solution or product, whether in a coffee shop or a bank. Teams perform at their best under clear leadership, where someone has a vision of how the team should work and the level at which it should perform. Weak leadership can lead to disagreements about purpose and direction, disharmony and employee discontent (Torrington 2008).d)**Unrealistic expectations** – Some managers expect too much from their staff, often because they don't know how to do the job themselves and don't understand why it takes longer than they think it should. Or they want an unreasonable level of commitment to unpaid overtime or working through breaks. This is often accompanied by the absence of positive feedback and encouragement (Bernstein 1998) e) **Organizational culture** – It can be difficult to break the cycle of high turnover. When new employees join an organization, they soon become aware of the culture and they quickly pick up on expectations about length of service. This will affect their own career planning and unless serious effort is put into breaking cycle, high turnover will continue. (Sigima Assessment Systems (2007)

The HR Chally group (2007) noted that a certain amount of employee turnover in a company is natural and desirable. Desirable turnover occurs when, for instance, it creates an opportunity for good candidates for managerial and leadership positions to be promoted into higher positions of responsibility. Another example is when poorly performing employees leave or one let to go, ideally to be replaced by more productive ones. Thus an acceptable amount of turnover prevents stagnation and brings in new and fresh talent.

The group further argued that undesirable turnover is another matter especially when good talents leaves, the replacement costs are often quite high due to loss of productivity, recruitment costs to find and select new candidates, training costs for new replacements that are hired. The group therefore identified the causes of undesirable employee turnover as: Job mismatch (the right people, but the wrong jobs for their talent). Poor job engagement, inadequate training in critical skills for the job, inadequate compensation plans, including incentive plans for sales people.

In conclusion, new starters are likely to leave; turnover is often high in expanding organizations, which have high proportions of new status. Turnover may also be high in organizations which hire staff on contract basis as workers tend to move to employers offering greater job security. Pay is perhaps most frequently assumed to be reason for workers leaving but is rarely the only reason. Where workers can compare their earnings unfavorable with those of others in the same industry, level, or the same locality, then pay levels do influence staff turnover. Even so people remain in jobs they like although higher paid work is available. Labour turnover will vary in different groups of employees and measurement is more useful if broken down by department or section or according to such factors as length of service, age or occupation.

2.5 Effects of remuneration schemes on staff turnover.

Remuneration or Reward is clearly central to the employment relationship (Torrington 2008). While there are plenty of people who enjoy working and who claim that they would not stop working even if they were to win a large lottery, most of us work because it is our only way of earning the money we need to sustain our families in the life style to which we are accustomed. How much we are paid and in what form is therefore an issue which matters largely to us.(Torrington 2008). This therefore suggest that a worker will be willing to stay in a job where the remuneration has been set at the right level otherwise they will be persuaded to leave to a better paying job.

According to Okumbe (2001), an effective remuneration system is one that enables an organization to attract, retain and motivate its employees. The base compensation ,which is the cash payment or salary paid to employees in return for their standard (optimum) performance, enables organizations to attract and retain employees(Okumbe 2001).The objectives of a well –thought –out remuneration system include to i) enable organizations to attract and retain competent career personnel; ii) motivate personnel so as to attain optimum performance; iii) enable organizations to gain maximum return in service from the employees; iv) help minimize staff turnover and v) enable the personnel to develop confidence in organizations with respect to equity and objectivity.

It is clear from the above narrative that remuneration has an effect on staff turnover especially in a situation where competitors are able to offer competitive pay.

2.5 Conceptual Framework

A conceptual framework consists of independent and dependent variable. An independent variable is the presumed cause of change in the dependent variable. It is caused or influenced by independence variables. Dependent variable(s) is the variable the researcher wishes to explain. In this study it is turnovers. This study considers remuneration to be the variable that influence turnover of staff at the Methodist University, and thereafter have recommendations to reduce the problem (turnovers). It is worth noting that staff turnover is usually influenced by a combination of various factors each one of which may vary from organization to organization. In this study we focused on remuneration.

Figure 2.5 Relationship of the Independent and Dependent Variables

Organization invests a lot in their employees in terms of induction and training developing, maintaining and retraining them in their organizations. Therefore, managers at all cost must minimize employee’s turnover (Kevin et al 2004). Turnover is measured for individual companies and for their industry as a whole. If an employer is said to have a high turnover relative to its competitors, it means that employees of that company have a shorter average turnover than those of other companies in the same industry. High turnover may be harmful to a company’s productivity if skilled workers are often leaving and the worker population contains a high percentage of novice workers (Wikipedia 2013).

In figure 2.2 staff turnover is determined by remuneration. The level of staff turnover is the dependent variable. Remuneration offered and paid can cause high or low turnover.

High turnover often means that employees are unhappy with compensation. Low turnover indicates that none of the above is true: employees are satisfied with the remuneration.

3.0 RESEARCH METHODOLOGY

3.1 Introduction.

The study sought to investigate factors influencing staff turnover in Kenyan private universities using KEMU as the case study. This chapter therefore gives a framework for conducting the research. It gives details and procedures necessary for obtaining information needed to test and answer the research questions. The chapter contains description of the study, sampling design, research instruments, data collection methods and analysis procedure and interpretation.

3.2 Research design

This study adopted the descriptive research design. This research design was used to accurately portray the characteristics of a particular individual, situation or even a group taking Kenya Methodist University as a case for this study. Descriptive research design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way (Shuttle Worth, Martyn, 2008)

Descriptive research design is advantageous due to the following reasons: Firstly, it often yields accurate results since the subject under study is always observed in a completely natural environment without affecting their normal behavior in any way.

Secondly, compared to quantitative experiments, descriptive research designs is inexpensive and less time-consuming. The case study approach was used because since private universities in Kenya are geographically scattered, the decision to use KEMU as case study was to save on costs and time bearing in mind the limited time and financial resources available for the study. However, the findings from the study could be inferred to the other private universities.

3.2 Target population

The study population is as presented in table 3.1

Table 3.2 Target Population

Population is basically the universe of units from which a sample is selected (Allan, 2007). It could be an entire group of people, events or things of interest that a researcher wishes to investigate. With regard to this study, the target population will comprise of individuals with some common characteristics from which the researcher would make a generalization of the study. The Kenya Methodist University will form the target population. The management, teaching staff and non-teaching staff at the Meru, Nairobi and Nakuru establishments will be involved in the study for the purposes of affordability and convenience.

3.3 Sampling Strategy

Sampling is the process of selecting a subset of people or social phenomena to be studied from a larger universe to which they belong. The size of a sample to be used is determined by a balance of resources available, anticipated techniques of analysis, how much variation is believed to be in the universe and the level of precision needed in the estimates to be made about the universe on the basis of data from the sample (Geoff, 2007). By selecting a studying sufficient number of elements from the population, the researcher will be able to generalize these properties and characteristics to the entire population. The sample characteristics /statistics will be used to estimate the characteristics of the population and comprises some elements from the population.

Stratified random sampling method will be used to ensure that representatives from each department within the population will be represented in the sample. This will involve grouping the population that has similar characteristics together .In this case, the

Using stratified random sampling method, the researcher worked out a sampling size of 10% selected from each category /stratum as shown in the following table.

Table 3.2 Sample size

3.4 Data collection instruments

The data collection tools that were used in this study were self-developed questionnaires, interviews and document analyses. These methods yielded two types of data collected for the study: primary and secondary data.

3.4.1 Primary data

This included raw data that was collected from teaching and non-teaching staff through randomly distributed questionnaires and interviews (both face to face for the existing staff and exit interviews). Questionnaires were used to facilitate individual opinion and specific information respectively. The questions were administered to respondents randomly by the researcher with the assistance of the line managers. The respondents were required to complete the questionnaire in one week's time after which the researcher collected them. Questionnaire validity and reliability was be determined through piloting afterward. In addition exit interviews was conducted to 6(six) employees, 2 persons from each job group, that have left KEMU since January 2010 to find out exactly the reasons that made them quit KEMU. The researcher also observed the trend of turnover especially by studying the statistics from personnel data records so as to get a rough idea of the magnitude of the problem.

3.4.2 Secondary data

This involved visiting the library to get information on literature review, browsing the internet, analyzing documents like personnel data, training manuals, welfare manuals and other KEMU publications.

3.5 Validity and Reliability of instruments

3.5.1Validity

Validity refers to the degree to which an instrument measures what it is supposed to measure for a particular purpose and a particular group (Hay, 1981). The instruments for this study were questionnaire and interview schedule that were validated through the application of content analysis determined by expert judgment. It was expected that content validity of the items in the questionnaire and interview schedule was ensured following the researcher's consultation with peers and the supervisors. Again, it was hoped that through scholarly criticism and advice on draft instruments for data collection, polished instruments which can stand validity tests was obtained.

3.5.2 Reliability

According to Coolican (1994) the reliability of an instrument is the measure of the degree of which a research instrument produces the same results when retested on the same people at different times (so long as nothing significant has happened to them between tests). A pilot study was carried out to pre-test the reliability of the instruments to be used in data collection. The researcher sought advice from experts to ensure that the tools for data collection were reliable.

3.6 Data analysis methods

The goal of data analysis according to (Ngau, 2004) is to clarify problems, identify alternatives and provide a sense of direction. Data collected from questionnaires and interviews was recorded in a diary for final tabulation and analysis using both qualitative and quantitative techniques. Editing was done to the questionnaires to check for any blank responses. Tabulation involved counting the number of cases that fell into each category.

Data analysis helped the researcher to check how well coding and entering of data was done. This was done by checking the central tendency and dispersion of data (mean, range, mode, median, standard deviation and variance of the data). Thematic approach was used to analyze qualitative data. Statistical Packages for Social Sciences (SPSS) was used for interpretation to make conclusions and finally draw effective recommendations.

4.0 DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Employee Background Information

The surveyor always wants that everyone chosen to respond to all the questions asked. Questionnaires were issued one week in advance to selected respondents and requested to complete them as soon as possible. The surveyor personally undertook to collect the questionnaires from the respondents and to engage some in a face to face interview for explanations where it was deemed necessary. Out of the 136 questionnaires that were issued out, only 10 were received back. This represented approximately 88% of the total questionnaires issued out. The surveyors considered this response rate as satisfactory. Those who did not respond to the questionnaire included 5 from management, 7 from the teaching staff and 4 from the non-teaching staff. 11 of those who did not respond cited their work schedules as the impediment but the other 5 were non cooperative. The respond rate is depicted in table 4.2.

Table 4.2. Respondents Response Rate

With regard to age, 30% of respondents reported that they were below 30 years, 45% were between 31-45 years, 20% were between 46-60 years and 5% were over 60 years. (See table 3.3 below). 72% responded that they were married while 28% were single. If turnover has been experienced at the KeMU this could be attributed to the relatively youthful workers (30% below 30 years and 45% between 31-45 years). Such workers tend to be very restless and active and will be looking to more other opportunities that present themselves elsewhere. And all KeMU campuses are within or close proximity to settings like Nairobi, Nakuru, and Mombasa which potentially can offer alternative job opportunities. Also, there has been tendency for institutions including private universities to prefer offering non-teaching staff jobs on a temporary, contract or casual terms. When this is the case that happens, the affected workers will be less attached and committed to their work because most of the time they will be looking for a quick exit to more to more secure jobs openings.

Table 4.2.1 Age of respondents

4.2.2 Number of years Worked

The number of years worked by an employee in an organization is a good and reliable measure of the staff retention policy. Staff retention is the process of ensuring that employees are kept within the departments especially employees with valued or needed skills or experience in scarce/critical fields (where recruitment is difficult). The aim of any staff retention is to prevent the loss of competent staff from the department, which could have an adverse effect on overall performance especially in a very competitive private higher education sector which boasts 14 chartered private universities, 4 private universities constituent colleges, 11 universities with letters of interim authority and 2 registered private universities. Staff retention stems from the employment process. Employment process is a crucial process that should receive careful and sufficient attention to ensure that its objectives and goals are achieved. The three employment processes (recruitment, selections, and placement) pre-determine the effectiveness of the retention strategy of the department. For staff retention to be successful, it has to be linked positively with the processes and practices of recruitment, selection, placement, training and development, remuneration and performance appraisal.

The researcher/ surveyor through the questionnaire asked respondents to indicate the period they had served at the university and the findings are tabulated in table 4.2.2.

Table 4.2.2. Response on number of years worked

The Methodist University had been in existence since 1997 when a letter of interim authority was granted by the commission for higher education. It became a fully fledged chartered university in June 2006. It is therefore a relatively young institution of higher education. It started off with a batch of 9 students in 1997 and the population had grown tremendously to over 10,000, in 2013. It had 440 staff. The university also uses adjunct/part-time staff.

From the data tabulated in table 3.4, 75 of the sampled respondents indicated that they had been in employment from 6 to over 10 years. The institution is only 16 years old. This means that most workers have remained with the university since its inception and only 5% have been employed recently in less than one year. The newly employed were mostly due to expanding universities with increased activities. That most workers have chosen to work at KeMU for long is due, according to findings to relatively good working conditions based on a relatively sufficient retention policy. Field work also suggested that the ecumenical character that the university maintains helps to create conducive working environment. Field work also suggest that the few who left cost the university indirect financial of replacing them and also other repercussions were suffered such as the loss of very skills, knowledge and experienced, description to operation and the negative effect on workforce morals. There were also increased overload on the remaining staff which tend to reduce the productivity of the institution.

4.2.3 An Appreciation of Concept of Turnover

The quality of the research finding dependent on the respondents grasp of the research topic. Therefore, the level of education was crucial. Out of the 120 respondent that participated in the exercise, all the 7 management staff had a bachelor's degree or above, all of the 55 teaching staff had a bachelor's degree or above, 18 had a diploma, and 30 had certificate qualification. This reality is depicted in table 3.5. All the respondents indicated that they appreciated what the concept staff turnover is. The researcher/surveyor had the opportunity to have a face to face interview session with three lecturers at different times whether the matter of turnover was tackled in depth. It came out very clearly from them that overall high turnover often means that employees are unhappy with the work or compensation, but it can also indicate unsafe or unhealthy conditions, or that too few employees give satisfactory performance (due to unrealistic expectations, inappropriate process or tools, or poor candidate screening). The lack of career opportunities and challenges, dissatisfaction with the job or conflict with the management were cited as predictors of high turnover.

From the interview with the three, low turnover indicate that none of the above is true: employees are satisfied, healthy and safe, and their performance is satisfactory to the employer. However, the predictors of low turnover may sometimes differ from those of high turnover. Aside from the fore-mentioned, career opportunities, salary corporate culture, management recognition, and a comfortable workforce seemed to have given the total picture on the subject of causes of high or low turnover. The respondent involved in the exercise contributed the high gravity of discourse and research findings by virtue of their academic qualification and grasp of the subject matter of them.

Table 4.2.3 Academic Qualification of respondents

4.3 REMUNERATION AND STAFF RETENTION

Respondents involved in the study were to answer question relating to the influence of remuneration on staff turnover at the Methodist university .They agreed that remuneration is helpful in reducing staff turnover and findings were as tabulated in table 4.3.

Table 4.3 Remuneration and turnover

75% of the respondents definitely agreed that a good well structured remuneration package will reduce staff turnover.

Asked whether a well administered remuneration system would boost the morale of the employees and reduce the staff turnover at KeMU, the findings in table 4.4indicated that83.3% of the respondents agreed that a well administered remuneration system enhances the morale of workers and tended to reduce the turnover of workers. Hence remuneration is central in retaining workers in an organization. Human resource management should design a competitive remuneration package which will serve to attract, retain, and motivate staff while minimizing cost so as to ensure commercial and financial viability.

Table 4.4 Remuneration and Morale

5.0 SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The results highlighted that the quality of any research findings depends on the respondents grasp of the research topic. The level of education and experience contributed immensely to the satisfactory quality of the research findings. Reward or remuneration is always central to employment relationship. The amount and form paid is therefore an issue which matters hugely. Remuneration is key in retaining workers in any organization and the human resource management needs to design a competitive remuneration package which will serve to attract, retain, and motivate staff while minimizing costs ensuring ultimately commercial and financial viability. At KeMU, the remuneration system seems to be relatively competitive and has apparently reduced employee turnover.

5.2 CONCLUSION

The Methodist University is a relatively new entity that came into being some 16 years ago. It has grown very rapidly from a population of 8 in 1997 to over 10,000 currently, because of its relatively short lifespan, and the fact that it is growing rapidly in competitive private higher education sector, it has generally adopted measures that seem to have contained turnover, at least so far. And it is important to pay attention to certain realities relating to turnover. Research has uncovered a moderately inverse relationship between satisfaction and turnover. According to T.W Lee and T. Richard (1987), high job satisfaction will not in and of itself, keep turnover low, but it does seem to help. On the other hand, if there is considerable job satisfaction, there is likely to be high turnover, obviously, other variables enter into an employee's decision to quit besides job satisfaction. For example, age, tenure in the organization and commitment to the organization may play a role. Some people remain regardless of how dissatisfied they feel. Also, when the general economy is performing well and be there can be an increase in turnover because people will begin looking for better opportunities elsewhere. On the other hand, if jobs are tough to get, dissatisfied will voluntarily stay where they are. Research findings verify that unemployment rates directly affect turnover.

Overall however, our conclusions from the review of literature and the filed study at the Methodist University indicate that remuneration influence staff turnover.

5.3 RECOMMENDATIONS

It will always be incumbent upon management to design the appropriate staff retention management policy aimed at minimizing potential staff turnover. University management needs to motivate employees to stay. It is absolutely necessary for management to compensate employees adequately. They should pay employees based on their performance and in addition, they should give employees incentives like individual bonus, lamp sum bonus, and other benefits. If these are put in place, they would minimize employee turnover.

5.3 RECOMMENDATION FOR FURTHER RESEARCH ON TURNOVER Seminal literature on private higher education in Africa identifies Kenya to have a larger sector of private religious institutions. These institutions still account for the largest number of private universities in the country. All of them base their curricula on some ecclesiastical beliefs and teachings. Besides some like the catholic university of East Africa, Africa Nazarene University, and the Kenya Methodist University that offer both religious and secular curricula, the reset in this category offer purely religious syllabi for those of their followers who want to join the university as preachers. It is suggested that research be conducted to determine the influence of the ecclesiastical foundations at private religious universities on staff's turnover at the universities. A part from remuneration, there are many other factors that influence employee turnover. Research needs to be done on these other factors and compare their effect with that of remuneration and amongst themselves.

FIGURES AND TABLES

Figure 2.2 Costing Turnover

Enter number of employees		___________	(a)
Enter average weekly wage	£	___________	(b)
Multiply (a) x (b)	£	___________	(c)
Multiply (c) x 52	£	___________	(d) = total pay bill
Enter current turnover rate		___________	% (e)
Multiply (e) x (a)		___________	(f) = staff loss per anum
Enter average number of days to		___________	(g)
Multiply rate for overtime/turnips		___________	(h)
Multiply (b) x (h)	£	___________	(i)
Multiply (f) x (g) x (i/5)	£	___________	(j) –immediate cover
Preparation and interview time per applicant (days)		___________	(k)
Short listed applicants per position		____________	(t)
Enter average manager weekly wage	£	____________	(m)
Multiply (f) x (k) x (l) x (m/s)	£	____________	(n) = interview cost
Enter average recruitment fees		____________	% (0)
Multiple (d) x (o)	£	__________	(p) recruitment fee cost
Length of induction training (days)		_________	(q)
Frequency of this training (p-a)		_________	®
Multiply (h/s) x (q) X (t + r)	£	_____	(s)= induction training cost
Duration of learning curve (months)		________	(t)
Enter non-productive element		_________	% (u)
Multiply (d) x (e) x (t/12) x (u)	£	_________	(v) = non productive cost

Multiply (t) x (u) (months) £ _________ (w)
Multiply (d) x (e) x (h) x ((w)/12) £ _________(x)= containing cover costs

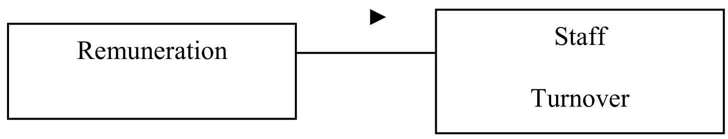
Multiply (g) (b/5) x (t) £ ________(y) salary savings
Add (j) + (n) + (p) + (s) + (v)+(x)–(y) £ ________(z) = turnover cost p.a

Potential cost saving
Enter expected turnover reduction _________% (1)
Multiply (z) x ((1)/(e) £ _____ (2) = labour turnover savings
Enter reduction in replacement time £ _______ % (3)
Multiply (j) x (3) £ ________ (4)=Added cost savings
Add: (2) + (4) £ _______ (5) = Total savings p.a

Source: H. Fair (1992)

Figure 2.5 Relationships of the Independent and Dependent Variables

Independent variable **Dependent variable**



(Source: Author 2013)

Table 3.2 Target Population

Location	Category	Frequency
MERU	Management	20
	Teaching	70
	Non- teaching	70
	Sub-total	**160**
NAIROBI	Management	10
	Teaching	65
	Non-teaching	65
	Sub-total	**140**
NAKURU	Management	10
	Teaching	65
	Non-teaching	65
	Sub-total	140
	Grand total	**440**

(Source: Author 2013)

Table 4.1 Respondents Response Rate

Category (Selected campuses)	Questionnaires given	Returned	% age
Management	12	7	5.0
Teaching	62	55	40.4
Non- Teaching Staff	62	58	42.6
	136	**120**	**88.0**

(Source: Author 2013)

Table 4.2.1 Age of respondents

Age Brackets (yrs)	Frequency	% age
Below 30	36	30
31-45	54	45
46-60	24	20
Over 60	6	5
	120	**100**

(Source : Author 2013)

Table 4.2.2. Response on number of years worked

n= 120

Years worked	Frequency	% age
Below 1 year	5	5
2-5 years	62	20
6-10 years	24	52
Over 10 years	6	23
Total	**120**	**100**

(Source: Author 2013)

Table 4.2.3 Academic Qualification of respondents

Category	No. of bachelors degree and above	Diploma holder	Certificate holder	Total
Management	7	-	-	7
Teaching staff	55	-	-	55
Non- teaching staff	18	10	30	58
Total	80	10	30	120

(Source: Author 2013)

Table 4.3 Remuneration and turnover

Response	Frequency	%Age
Definitely agree	90	75.0
Probably agree	20	16.7
Neutral	10	8.3
Probably don't agree	-	-
Definitely don't agree	-	-
	120	10.0

(Source : Author 2013)

Table 4.4 Remuneration and Morale

Response	Frequency	%Age
Definitely Yes	100	83.3
Probably Yes	20	16.7
Neither Yes nor No	-	-
Probably No	-	-
Definitely No	-	-
	120	100

(Source: Author 2013)

APPENDIX 1

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