Determinants of Employee Turnover in Kerio Valley Development Authority in Kenya

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Abstract
Organizations worldwide are experiencing frequent employee turnover as per the number of studies that exist. The employee turnover rates in organizations in Kenya have drawn a lot of concern from the scholars in Human Resource Management and in the behavioral science due to its effects on organizational performance. While various factors have been observed as to why most employees are leaving organizations on voluntary or involuntary there seem to be a gap as to why this trend still continue to persist in developing countries and more so in organizations in Kenya. This study sought to establish the determinants of employee turnover in Kerio Valley Development Authority (KVDA) and to explore the possible remedies to the prevailing problem of high turnover rates in KVDA. Equity theory by John Stacy Adams which advocates that individuals will be better motivated if they are treated equitably and demoted if they are treated inequitably was used. The study adopted descriptive research design to generate data from the respondents of the study. A sample size of 120 employees was selected from the targeted population of 600 employees using the stratified random sampling method. Questionnaires, interview schedules and observation checklists were used to collect data for this study. The collected data was subjected to methods of qualitative and quantitative analysis. From the study findings, poor compensation structures, lack of Human Resource Career Development Policies and low job satisfaction were the key factors that contributed to employee turnover at KVDA. The study therefore, recommends that the organization needs to review its compensation structure, formulate and implement Human Resource Career Development Policies and put strategies in place to enhance employee job satisfaction. The study suggests further studies should be carried out in other institutions in the public service in Kenya to ascertain whether similar findings are obtainable of turnover.

Key words: Employee Turnover, Kerio Valley Development Authority

1. Introduction

In the Kenyan public sector, employee retention is one of the most critical issues facing organizational managers as result of skilled manpower, economic growth and high employee turnover (Michael, 2008). The success of any organization depends on its human resource for the organization to perform effectively and efficiently. It is because of this background that employees are very critical to the success or failure of any organization for this case the Kenyan public sector.

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 & Hollman 2000). Turnover is defined as a ratio of the number of organizational members who have left during the period being considered divided by the average number of people in the organization during the period (Price 1977).

The turnover means that an organization may gain a new knowledge employee who can become its competitive advantage. The loss of knowledge is a threat for the organization which increases the significance of knowledge continuity. There is dire need to encourage employees to remain in the organizations and to increase productivity beyond that which is at a minimum accepted standard using scarce resources (Kimanthi, 2000).

Employee turnover rates are considered to be one of the persistent problems in organizations (Armstrong, 2009). Pine (2000) has observed that “The most serious issue for employees today in all industries is hiring and keeping qualifies and capable employees”.

The employees are crucial to the organization since their value to the organization is essentially intangible and not easily replicated (Meaghan & Nick,2002).Thus managers must recognize that employees are major...
contributors to the efficient achievement of the organizations’ success (Abbasi & Hollman, 2000). Managers in organizations should control employee turnover for the benefit of the organizations’ success.

On the other hand, Mullins (2000) has observed that staff turnover can lead to increased direct costs including advertising, interview time and administrative expenses and supervision and training. It also has a disruptive effect of the use of managerial time. Another intangible cost is the effect of high employee turnover on the morale, motivation and job satisfaction of staff and on the level of organizational performance and customer satisfaction. Many organizations are concerned with the process of recruitments and selection which is not only time consuming but very expensive in terms of advertising costs, agency fees, screening, testing assessment, background checks, interviews, and travel and relocation costs (Khatri, Fern & Budhwar, 2001) have observed that high turnover has been found to be a major source of poor morale among the employees in many organizations and this shows that there is an association between high turnover and the level of morale of staff in an organization.

While health turnover is good for an organization as it is likely to introduce new ideas and techniques that can move the organization to greater levels of success. Turnover on the other hand, can be costly for an organization (Hellman, 1997) as employees who leave the organization can cause disruptions in the operations, work team dynamics and unit performance. In Japan the turnover rate differs with that of America because the Japanese organizations are unwilling to terminate jobs of employees who in return become loyal to their own firm (Yoder & Staudohar, 1982). Africa case is that unemployment levels have been on high increase. Nigam & Singer (1974) pointed out that people may not have alternatives of employment opportunities and not easy to give up their jobs and employees leaves their jobs for various reasons some which include organizational and social aspects like marriage where an employee leaves to join his or her family.

The impact of employee turnover has received considerable attention by senior management, human resource management professionals, and industrial psychologists. Scholars agree that the impact of staff turnover varies from organization to organization. To some extent there are also arguments that can be made in favour of a certain level of staff turnover. Torrington, Hall & Taylor (2005) has observed that organizations need to be rejuvenated with “fresh blood” from time to time if they are to avoid being stale and stunted. They have observed further that a degree of turnover helps managers to keep firm control over labour costs more especially organizations which are subject to regular and unpredictable changes in business levels.

If some level of staff turnover is beneficial to an organization, a high level can impact negatively on the performance of the organization. Khatri et.al. (2001) observed that high employee turnover could influence the performance of organizations and has the potential to cause high loss of human resource and low productivity levels leading to high technology loss.

In the recent past researchers have been considering the alternative ways to understand how employee turnover process is enacted and what organizations, managers and employers can do to prevent flight of competitive human capital (Harman, Tee, Mitchell, Felps & Owens, 2007). Significant amount of literature has examined the effects of employee turnover and its cost to the organization. In addition, researchers have investigated causes and consequences of employee turnover and retention (Hale, 1998; Lake, 2000; Abbasi & Hollman, 2000; Backman, 2000; Khatri et al., 2001; Hussain Asmat, Saeed & Rafiq, 2012; Khan, Rehman, Rehman, Safwan & Ahmed, 2011).

Most of the research studies have concentrated on the development of the detailed list of predictors and antecedents of employee turnover and tested employee turnover theories in Western cultural work settings by ignoring the developing countries such as Kenya. Furthermore, previous researches have missed out to look at interrelationship of Human Resource Management (HRM) practices, organizational culture, and attitude of immediate boss on employees’ intentions to quit, especially in context of developing countries such as Kenya. This constitutes a serious academic and research gap in the literature thus calling for more attention and more robust research contribution in the field of management research. The literature on the current state of employee turnover and retention in Kenya is limited. Therefore, deficiencies in the literature necessitated putting in rigorous research contribution to better understand ‘ways and means’ to manage employee turnover and retention in Kerio Valley Development Authority. Consequently, this study attempted to examine how job satisfactions determine the employee turnover at Kerio Valley Development Authority and recommended solutions to the problem.
1.1 Statement of the Problem

The current prevailing situation at KVDA as an organization is characterized by low work performance, poor service delivery and high employee turnover. Kerio Valley Development Authority performs social economic development functions to the Kenya government and the population in which it covers by improving the standards of living through irrigation, hydropower generation and conservation of the environment. High employee turnover has led to loss of skilled employees leading to job skill disruption in production and incurring of costs of hiring and training of new employees, hence affecting the organization’s performance and service delivery.

However, while limited research literature has been documented, the phenomenon of employee turnover in KVDA has continued to persist with little attention from researchers (Shaw et al., 1998). The current study endeavored to fill this research gap through seeking to determine whether compensation, career path development and job satisfaction are the causes of employee turnover in KVDA.

1.2 Research Objectives

The general objective of the study was to determine the causes of employee turnover in Kerio Valley Development Authority in Kenya. The specific objectives of the study were:-

i. To assess the effect of compensation on employee turnover in Kerio Valley Development Authority.

ii. To assess the extent to which aspects of career path development affect employee turnover rates in Kerio valley development Authority.

iii. To establish the extent to job satisfaction influences employee turnover in Kerio Valley Development Authority.

1.3 Limitations of the Study

The geographical expanse of the study area was a challenge, giving rise to time and financial resource constraints. However, the researcher requested the station managers of Kerio Valley Development Authority to allocate dedicated days during which all respondents within each station were given time to fill the questionnaires.

2. Materials and Methods

Various theories addressing employee needs have been advanced by a number of authors as a basis of retaining employees in organizations. The study was based on Equity theory as was propagated by John Stacy Adams in 1963. The theory among other things emphasizes that individuals will be better motivated if they are treated equitably and demotivated if they are treated inequitably. The theory describes the fair balance to be struck between an employee’s inputs, such as hard work, skill level, tolerance or enthusiasm and an employer’s outputs, such as salary, benefits or intangible issues (Brinkmann & Stapf, 2005). The theory puts forward that employees seek to maintain equity between the input they bring into a job such as education, time, experience, commitment and effort while the outcome they receive from it as promotion, recognition and increased pay against the perceived inputs and outputs of other employees. The current study proposes that for employees to be retained in an organization there should be a balance between what the employees give and what they get from the organization, such as compensation, clear career path development and job satisfaction. Kreitner & Kinicki (1998) provide a model for making equity comparisons.
Kreitner & Kiricki indicate that employees input for which they expect a just return that includes education, experience, skills, and effort. On the outcome side the organization provides such things as pay, fringe benefits and recognition. On the job feelings of inequity revolve around a person’s evaluation of whether he or she receives adequate rewards to compensate for his or her contributive inputs. People perform these evaluations by comparing the perceived fairness of their employment exchange to that of relevant others.

Therefore based on the equity theory, the study asserted that employees’ turnover rates are greatly influenced by their desire to maximize benefits and minimize costs; their levels of training which drives them to seek better returns for their qualifications and; the fact that employees are able to determine whether the distribution of resources is fair to both the employer and the employee. The study proposes that where the employees perceive lack of equity or justice they are likely to leave the organization. Failure to find equity leads to various actions one of which may have employees to leave the organization. The equity theory recognizes that individual’s inputs such as education, experience and efforts that should be recognized in a way that equity is experienced. It also shows that individual employees are part of the larger system. Thus this theory guides in understanding what may influences employee turnover in KVDA to leave in that they keep on comparing what other employees earn in the public and other comparable organizations in private sector in Kenya in order to realize a balanced state between the inputs and outputs ratios. The study was interested in establishing whether Employee Turnover in Kerio Valley Development Authority (KVDA) was driven by compensation, career path development and job satisfaction.

The study was conducted at KVDA and its stations located in West Pokot, Elgeyo-Marakwet, Uasin Gishu and Baringo Counties. The study adopted the descriptive survey design which Orodho (2003) points out that it is a method of collecting information by interviewing or administering a questionnaire to sample of individuals. It can be used when collecting data on peoples’ attitudes, opinions, habits or any of the variety of education or social issues (Orodho & Kombo, 2002). The study selected a sample of 120 respondents from the 600 employees of KVDA. The researcher used stratified and simple random methods to get a representative sample from each of the departments.

The data was edited and coded for analysis through the SPSS program. Coding was done to classify responses into meaningful categories so as to bring out a pattern. Tables, narrations and graphs were used to present data in form of frequencies, percentages and standard deviations. Spearman’s Rank Correlation was used to test the relationship between the variables of the study.

3. Results and Discussion

The study sought to establish the determinants of employee turnover in Kerio Valley Development Authority in Kenya. Specifically, the study sought to establish the influence of compensation, career path development and job satisfaction on the likelihood of turnover among employees of KVDA.
3.1 Compensation and Employee Turnover

From the findings, 74% of the respondents agreed that indeed pay contributed to turnover in KVDA. However, 22% disagreed with this opinion. Table 2 presents these findings.

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>42</td>
<td>42.0</td>
</tr>
<tr>
<td>Agree</td>
<td>32</td>
<td>32.0</td>
</tr>
<tr>
<td>Undecided</td>
<td>4</td>
<td>4.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>15</td>
<td>15.0</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>7</td>
<td>7.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The findings indicated that employees were poorly compensated and this was mainly mentioned as one of the major causes of previous employee turnover. A Spearman’s Rank Correlation test between the likelihood of the employees leaving KVDA and their opinion on whether pay contributes to turnover yielded the following results as indicated in Table 3.

<table>
<thead>
<tr>
<th>Likelihood of Turnover</th>
<th>Contribution of Pay to Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman’s Correlation</td>
<td>.194</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.054</td>
</tr>
<tr>
<td>N</td>
<td>100</td>
</tr>
</tbody>
</table>

With a positive correlation of .194, it is implied that the respondents generally agreed that pay contributed to turnover in KVDA. This means that employees who were most likely to leave the organization indicated that their pay greatly contributed towards their intention to leave. This also implied that it was likely that those employees who had left the organization most probably left due to the poor pay. These observations support Vandenberghe & Tremblay’s (2008) argument that pay is the easiest and appropriate means that organizations could employ to retain the best employees. Further, it concurs with Gomez-Mejia & Balkin’s (1992) findings that employers who offer attractive reward packages on average have lower employee turnover rates than those who pay less.

3.2 Career Path Development and Employee Turnover

The findings of the study indicated that there was no HR Career Development Policy as 60% of the respondents attested to this. However, 34% agreed that there was a HR Career Development Policy for employees. However, the managers confirmed that previously, not all employees were aware of the Career Development Policy and the Career Advancement Opportunities within KVDA. This was because managers did not communicate frequently with the employees. However, few determined employees had sponsored themselves to school in pursuit of academic excellence.

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Agree</td>
<td>7</td>
<td>7.0</td>
</tr>
<tr>
<td>Agree</td>
<td>27</td>
<td>27.0</td>
</tr>
<tr>
<td>Undecided</td>
<td>6</td>
<td>6.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>34</td>
<td>34.0</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>26</td>
<td>26.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>
Findings in this study established that employees’ career path development had an impact on employee turnover and that employees whose career path was constantly nurtured were less likely to leave the organization. On a Likert Scale, the likelihood of turnover was high as the statistical mean for this variable was 2.87 as indicated in Table 5 below. There were also fewer promotion opportunities in KVDA as the statistical mean was 3.9100.

<table>
<thead>
<tr>
<th>Career Path Development Variables</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>No. of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likelihood of Turnover</td>
<td>2.8700</td>
<td>1.36814</td>
<td>100</td>
</tr>
<tr>
<td>Promotion Opportunities</td>
<td>3.9100</td>
<td>1.24799</td>
<td>100</td>
</tr>
<tr>
<td>HR Career Development Policy</td>
<td>3.4500</td>
<td>1.32097</td>
<td>100</td>
</tr>
</tbody>
</table>

A Spearman’s Rank Correlation analysis pointed out that the likelihood of turnover was related to the available promotion and career development opportunities at the workplace. This was evident as there was a significant inverse relationship between availability of promotion opportunities and likelihood of turnover with a correlation value of -.180. The study also established that employees were likely to leave the organization as there were inadequate career development opportunities. This indicated a statistically significant inverse relationship between the likelihood to leave and career development opportunities with a correlation value of -.104.

<table>
<thead>
<tr>
<th>Likelihood of Turnover</th>
<th>Spearman Correlation</th>
<th>Promotion Opportunities</th>
<th>Career Development Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.000</td>
<td>-.180</td>
<td>-.104</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.073</td>
<td>1.000</td>
<td>1.00</td>
</tr>
<tr>
<td>No. of Respondents</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

* Correlation is significant at the 0.05 level (2-tailed).

The findings concur with Harter, Schmidt, & Hayes (2002) who pointed out that employee development is inversely related to turnover and that in careers, individuals undergo several stages of career development that includes growth, establishment, maintenance, exploration and decline. Dockel (2003) also asserts that investment in training is one way to show employees how important they are. Thus, Rosser (2004) observed that development activities for employees continue to be an important aspect associated with their professional lives. In order for organizations to retain their employees, they should invest in the employees’ development.

### 3.3 Job Satisfaction and Employee Turnover

High and moderate levels of job satisfaction are similar in their impact upon employee turnover intent. However lack of job satisfaction drastically raises a moving intent among employees. The findings of this study, 35% of the respondents were dissatisfied with their work at KVDA while 37% were satisfied (Figure 1). Similarly, the managers confirmed that not all employees were satisfied with their job and the terms under which they were working. However, they also stated that while the organization was striving to improve the employee satisfaction levels, those who were not satisfied and wanted to leave were allowed to do so.
The researcher also collected data relating to employee motivation and 14% stated that they were highly motivated while 75% stated that they were not motivated for their job. Figure 2 presents this information.

While establishing the relationship between the objective variables, it was established that the likelihood to leave the organization and the respondents’ work satisfaction yielded a significant relationship with a Spearman’s correlation value of .419. Table 7 illustrates these findings.
The above findings imply that employees were likely to leave the organization based on the fact that they were minimally satisfied with their work at KVDA. This supports Glick’s (1992) studies which measured job satisfaction against pay and opportunities for promotion, supervision and work and established that there was a positive relationship between employee job satisfaction and pay and opportunities for promotion. Likewise, Glick established that employee turnover was greatly determined by the employee’s satisfaction at the work place. This is also supported by Medina (2012) citing Egan, Yang & Bartlett (2004); Lambert, Hogan & Barton, (2001); MacIntosh & Doherty, (2010); Schweper, (2001) and Silverthorne, (2004) who have argued that job satisfaction is strongly and inversely associated with employee’s intention to leave an organization. In other words, more satisfied employees are less likely to seek a new job, with a new employer.

### 4. Conclusions and Recommendations

From the findings, it was established that there was an inverse relationship between employee turnover and employee’s compensation. It was also established that there was no Human Resource Career Development Policy at KVDA. This contributed to individual employees sponsoring themselves for further studies. This led to high turnover among employees once they acquired higher academic qualifications. Also, it was found that lack of proper communication structures within KVDA contributed to dissatisfaction among employees. This created a communication gap between the top management and the employees with regards to policy formulation and implementation.

This study recommends that:

1. KVDA should offer competitive terms and conditions of service to its employees so as to minimize employee exit.
2. There is need for KVDA’s management to develop Human Resource Career Development Policies for employees so as to equip them with relevant skills, knowledge and competence for professional growth.
3. KVDA should put in place sound strategies geared towards the improvement of employees’ job satisfaction which will enhance efficiency and effectiveness in service delivery so as to deter employee turnover.

### References


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