RELATIONSHIP BETWEEN STRATEGIC HUMAN RESOURCE MANAGEMENT PRACTICES AND EMPLOYEE RETENTION IN COMMERCIAL BANKS IN KENYA

GEORGE MUCAI MBUGUA

DOCTOR OF PHILOSOPHY

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Relationship between Strategic Human Resource Management practices and Employee Retention in Commercial Banks in Kenya

George Mucai Mbugua

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other university.

Signature……………………………Date………………………………

George Mucai Mbugua

This thesis has been submitted for examination with our approval as university Supervisors.

Signature………………………………………..Date……………………………

Dr. Esther Waiganjo

JKUAT, Kenya

Signature………………………………………. Date …………………………

Dr. Agnes Njeru

JKUAT, Kenya

DEDICATION

I dedicate this thesis to all those who strive to improve human kind through innovation and research.

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I would like to give very special thanks to my supervisors Dr. Esther Waiganjo and Dr. Agnes Njeru for their valuable advice, guidance and support.

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LIST OF ABBREVIATIONS

CIPD	Chartered Institute of Personnel and Development.
GOK	Government of Kenya
HR	Human Resource
HRD	Human Resource Director
JKUAT	Jomo Kenyatta University of Agriculture and Technology
SHRM	Strategic Human Resource Management

DEFINITION OF TERMS

Contingency	The argument that HRM must be adaptable to what is relevant or fits best with an organization's strategic and operational requirement (Boon, 2011)
Human resource management	All the activities associated with the management of employment relationships in an organization. (Purcell 2003).
Strategic Human Resource Management	The interface between HRM and strategic management. It involves taking a broad and long term view of where the business is going and ensuring the strategic thrust is maintained Boxall (2003).
Strategic Recruitment	Linking recruitment strategies to the business goals of an organization. (Beardwell 2007)
Staff Retention	Ability of an organization to engage valuable staff for a long period. It is a voluntary move by an organization to create an environment which engages employees for a long term (Armstrong, 2008).

Training	It involves the application of formal process to impart knowledge and help people to acquire the skills necessary for them to perform their jobs satisfactorily (Armstrong, 2010).

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ABSTRACT

The relationship between strategic human resource management practices and employee retention in commercial banks in Kenya was the focus of this study. Banks depending on their size may need to exercise greater control over a defined set of variables in order to maximize profits and/or minimize costs. There was the global recession in 2008 which affected the growth rate leading to its decline. There was improved economy growth in the year 2010 due to improved global commodity prices and this lowered the interest rates offered by commercial banks. The purpose of the study was to examine how strategic human resource management practices influences the employee retention in commercial banks in Kenya. The objective of the study was to determine the relationship between strategic recruitment, strategic training, strategic performance management and employee retention in commercial banks in Kenya. A survey design was used to gather the information needed to achieve the objectives. Qualitative and quantitative techniques were used. A census was carried out in fourty four commercial banks in Kenya which had operating licenses from the Central bank of Kenya. Open ended and closed ended questionnaires were used to collect the data. Pilot testing of the questionnaires to ascertain their validity and reliability was done in four commercial banks before the actual study after which they were revised and rolled out to the respondents. The data was analyzed using statistical package for social science. Factor analysis was used to retain the indicators which had a factor loading of above 0.4 for further study. The reliability of the data gathered from the field was measured using the cronbach's Alpha to give an unbiased estimate of the data generalizability. Correlation and regression analysis were used to test the relationship between the variables. Descriptive statistics mainly percentages and frequency distribution were used for data presentation. The study established that by practicing strategic human resource management practices, organizations are able to retain their key talent and remain competitive. The study established that the organizations employed strategic training through developed skills of staff in accordance with job requirements, trainings to enhance quality and standards of product and services. The organizations offered training to enhance employee participation to higher grade. They used strategic performance management through clear action value plan, target setting, setting of the realistic budgets, forecasting, performance measurements and review and finally compensation based on performance. The use of associations, psychometric tests, websites, targeting specific professionals, employing head hunting strategies, offering incentives, ranking of potential candidates and utilization of internet and other technologies influenced the employee retention. The study recommends that the management of all financial institutions should embrace strategic recruitment with the view of retaining their key talents and thereby cutting the cost of recruitment and the loss of talents which are valuable to the organization competitiveness. The management of the financial institutions should also embrace strategic training with the aim of ensuring that its employees remain in the organization. It also recommends that the management of commercial banks should employ more strategic performance management practices with the view of enhancing employee retention.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Organizations are open systems operating in turbulent environment (Johnson & Scholes, 2002). They can also be conceived of as complex networks of relationships between workers and managers of different grades within and between teams (Wright 2003). Globalization and its forces have also led to increased awareness and made customers to put pressure for better value products and services thus necessitating development of service quality strategies through the understanding of quality as perceived by the consumers of the services and products.

The banking sector in Kenya is governed by the Companies Act, the Banking Act, the Central bank of Kenya act and the various guidelines issued by the Central Bank of Kenya (GOK). The Central bank of Kenya which falls under the Ministry of Finance docket is responsible for formulating and implementing monitoring policy and fostering the liquidity, solvency and proper functioning of the financial system. The banks have come together in Kenya under the Kenya Bankers Association which serves as a lobby for the banking sector interests. This forms a forum to address issues affecting the members (Central Bank report, 2008). Various studies have been carried out on this area, for example Munyoki (2010) researched on the various human resource practices in Commercial banks in Kenya, Kiptugen (2003) carried out a study on human resource management practices in Kenya commercial banks but not in all the registered commercial banks. Ngethe (2013) carried out a study on the determinants of academic staff retention in Public Universities in Kenya where she concluded that leadership style, remuneration, training and promotion influenced the intention to leave an organization. The commercial banks in Kenya have experienced increased competition for staff over the last few years resulting from increased innovations among the players and new entrants into the market (GOK). A circular from the Central Bank of Kenya highlights that due to the need for business continuity management and to ensure that business operations are not adversely affected in the event of a major operational disruption, there is the minimum standards all supervised banking institutions must implement. Most banks in Kenya have embraced online community banking because of the developing interest in buying and selling goods online. Online banking such as visa have given reason for the bank managers to rethink their strategies in taming the on line market.

There has been a stiff competition in Kenyan banking industry in order to serve an informed generation. Most of the banks in Kenya have embraced their strategies in targeting Kenyans in the diaspora because they are believed to send a lot of money to the banks in Kenya. The strengthening of the Kenyan economy for the last ten years due to the changes in governance has seen a major transformation in the banking industry. Commercial banks have been opened throughout the country to provide financial services. Chiboiwa (2010) asserts that the main purpose of retention is to prevent competent employees from leaving the organization as this has a diverse effect on service and productivity. According to Wright (2004), (HRM) practices are key agents in building and maintaining trust and they permeate an organization and shape the employment relationships. Employees interpret human resource practices and the trustworthiness of management as indicative of the personalized organization's commitment to them. Perception of an organization's fairness and trustworthiness can be shaped through human resource policies and practices .Within each organization the choices of strategies and policies offer statements of intent and the nature of their implementation and delivery provides tangible evidence of the extent to which management's intentions are genuine and can be trusted(Skinner 2004). Implementation of the various (HR) policies and the consistency of their implementation are important as they provide tangible evidence of the fairness of the organization Armstrong (2002).

According to Tzafrir (2005) trust in senior management is more likely to be based on the outcomes of organizational decisions and less on their interpersonal attributes meaning that it is not just the outcomes of organizational decisions that are important but also the way the said decisions are communicated.

Porter (2007) highlighted that a set of high performing human resource practices such as recruitment, training, job design, participation, teamwork, work life balance and rewards were noted as important aspects in attainment of job fit and this in the long term implies that people experience better fit with the job and the organization when more extensive human resource practices are in place. Storey (2000) asserts that after organizational entry, in the training, performance appraisal, recognition and reward stages of the human resource cycle, organizations continue to manage fit levels. Training and development practices are used not only for enhancing skills and knowledge needed to perform well in the job but also for strengthening the desired values. Ashleigh (2007) noted that the safety of the training environment is crucial for team members to learn about each other and develop trust. The supportive environment also fosters positive feelings about working with other team members. According to Dimba (2010), management of performance within organizations' is widely accepted as being crucial in the achievement of various significant outcomes related to organizational success, including the productivity and quality of employees, their commitment and job satisfaction and consequently forms a key component of human resource management strategy and practice. Performance appraisal is a system that assesses the quality and quantity of an employees work.

According to (CIPD, 2005) human resource strategies reflect the philosophy of senior management with regard to the treatment of human resources and address the various activities related to their management, meaning that the HR function supports corporate goals by developing and implementing people management practices which engage employees and encourage them to direct their efforts towards the achievement of organizational goals. Dimba (2010) gives that strategic human resource management practices that best predict high performance are training and development and compensation practices coupled with motivation. Luthans (2005) noted that the strategic human resource management practices for competitive advantage are: information sharing, job design, programmes, job analysis methods, participation programmes and incentive based compensation, benefits, training, grievance, selection and staffing and performance appraisal. Stavrou (2005) found that the best human resource management practices are: training, share options, profit sharing, group bonus, merit pay, joint HR management bundle, communication (on strategy, finance, change work organization) career, and wider jobs. Ulrich (2005) identified the need for the HR professionals to move away from traditional HR specialisms and create a range of new roles which focus on business outcomes and organizational performance. He identified the need for Human Resource professionasl to become business and strategic partners who are crucially involved with senior managers and line managers in strategy execution and value delivery and driving change together with being an employee champion and a functional expert. The discussion of strategic human resource management and human resource strategies emphasizes the role of the human resource practitioner as a business partner (CIPD 2005). Chew (2004) asserts that retention tools are of two categories: Human resource factors which include remuneration, personal fit, training, development, career opportunities and organizational factors which includes leadership behavior, team work relationship, company culture, work environment and communication.

Capelli (2001) noted that the human resource practices for competitive advantage and staff retention are job rotation, self-managed teams, team work training, cross training pay for skill/ knowledge, profit/gain sharing, meetings and total quality management. Batt (2002) came up with human resource management practices for competitive advantage which are: improved skill level (education and training), job design (discretion and team work) human resource incentives (supportive human resource training, feedback, high pay and security).Wright (2004) came up with various human resource management practices: Employee selection, pay for performance training, and participative management. According to Dessler (2008) human resource strategies refers to the specific human resources management courses of action the company pursues to achieve its strategic aims which may include: using various tools to build a two way communication, screening potential managers, fair treatment and security of all employees, promotion internally to give employees opportunity to attain their full potential, high compensation and flexible work assignments.

Scullion (2000) asserts that there is growing evidence that human resource strategy plays a more significant role in implementation and control in organizations. Armstrong and Baron (2002) argues that the main futures of strategic human resource management are; integrating business and human resource strategies, to the achievement of competitive strategy, commitment to organizational mission and values, culture of trust and commitment, people seen as an investment not a cost, top management driven, HR policies and practices are mutually supportive, line managers are responsible for implementing HR policies and practices and unitaristic relations. Lynch (2003) noted that strategic decision making consist of various key elements that give an organization ability to add value and compete effectively. These include; sustainable, competitive, and deliverable, exploit linkages between the organization and its environment and finally it must be visionary. He describes the planned approach to strategy as a sequential implementation of the three core areas of strategy; analysis, development and implementation. A planned strategy includes strategic fit with stable external environment. Rees (2006) noted that in larger organizations it may be easier to take an incremental approach giving opportunities for confidence building as the strategy is implemented and greater freedom to alter cause. According to Dockel(2003) top retention factors include supervisor support, training and development, skills variety, work life policies, job autonomy and job challenge and salary.

1.2 Statement of the problem

According to Central Bank of Kenya report (GOK) there are forty four licensed commercial banks. Commercial banks in Kenya are governed by the Companies Act (Cap, 486) and the Central Bank of Kenya Act (Cap, 491). The Central Bank of Kenya, which falls under the treasury docket, is responsible for formulating and implementing monetary policy and proper operations of the commercial banks in Kenya. The Kenyan government has a substantial stake in three of Kenya's commercial banks. The remaining local commercial banks are privately owned.

Commercial banks in Kenya accept deposits from individuals and turn a profit by using the deposits to offer loans to businesses with high interest rates (GOK). Commercial banks in Kenya face many challenges in today's dynamic market place and in a global economy that has become increasingly competitive requiring development of products and services that can satisfy a more demanding customer base and building long term customer trust (Munyoki, 2010). According to Kiptugen (2003), in Kenya commercial bank's proactive rather than reactive strategies form the basis of strategic planning. Commercial banks in Kenya are in very stiff competition for customers and also for staff and these are coupled with the task of retaining the right talent (GOK). Ngethe (2013) concludes that a mixture of intrinsic and extrinsic variables influence intention to leave an organization. This is exemplified by leadership style and promotion. Current trends such as employer branding, employee value proposition and employer of choice need to be well embraced. Mello (2005) highlights that successful organizations are increasingly realizing that of the number of factors contributing to performance and staff retention , human resource is the most critical. There are many ways an organization can retain its employees and gain sustained advantage over their competitors among them being the development of comprehensive human resource practices (Narsimha, 2000). According to Abeysekera (2007), employee turnover is a major challenge for organizations but companies implementing effective human resource management practices can reduce the rate of employee turnover and increase in competitiveness due to the fact that by retaining staff an organization is able to keep its key asset. It is important to critically examine the actions of competitors as it directly or indirectly affects the organization. According to Hausknecht (2009) there is so much literature information on employee turnover which gives the factors that cause employees to leave an organization.

As a result of globalization the whole world have become single markets where companies have crossed their country of origin and opened their operations in other countries and this has created a challenge for organizations in terms of management of human resources (Tiwari, 2012). Caliskan (2010) acknowledges that human resource practices are one main source of competitive advantage and retention of staff. Developing countries are now considering effective human resource management more crucial component and important role in the country's economy and also in the realization of the goals of the vision 2030 (GOK). A key factor on performance according to Tessema and Soeters (2006) is the human resource practices in particular, promotions. According to Armstrong (2000), taking a strategic approach to human resource management practices may mean making strong changes in how employees are compensated. According to Charles (2002) the various job characteristics have an impact on individual's attitudes and recognize that human needs acts as motivational forces. According to Fisher (2005) people are the sum of employees' efforts that create wealth to allow organizations' to achieve their vision.

Storey (2007) says that competitive advantage model tend to apply ideas of strategic choice and are directly related to staff retention. Porter identified three key bases of competitive advantage; cost leadership, differentiation through quality and service and focus on niche markets. Business performance will improve when human resource practices mutually reinforce the organization's choice of staff retention strategy. The organization mission and values are expressed through their desired staff retention strategy. The cost reduction human resource strategy is likely to focus on the delivery of efficiency through mainly hard HR techniques, whereas the quality enhancement and innovation led HR strategies to focus on the delivery of added value through softer HR techniques and policies. According to Boxall (2003) the big question will be which HR policies and practices are more likely to contribute to sustainable competitive advantage and in particular staff retention as organizations go through their life cycle. Purcell (2003) noted that there are two kinds of mature organizations that manage to survive industry development; the one that succeeds in dominating the direction of the industry change and the firm that manages to adapt to the direction of change. Various studies have been carried out on this area, for example Munyoki (2010) researched on the various human resource practices in commercial banks in Kenya, Kiptugen (2003) carried a study on human resource practices in commercial banks in Kenya a case study of Kenya commercial bank. Kamoche (2004) carried out a study on staff retention in public universities in Kenya. Ngethe (2013) carried out a study on the determinants of academic staff retention in public universities in Kenya. These studies covered the staff retention in Kenyan universities but did not cover the staff retention in commercial banks in Kenya. This study investigated the relationship between the strategic human resource management practices and staff retention in Kenyan commercial banks.

1.3 Objectives of the Study

The study had the following objectives:

1.3.1 General Objective

The general objective of this study was to investigate the relationship between strategic human resource management practices and employee retention in commercial banks in Kenya.

1.3.2 Specific Objectives

1. To determine the relationship between strategic recruitment and employee retention in commercial banks in Kenya.
2. To establish the relationship between strategic training and employee retention in commercial banks in Kenya.
3. To determine the relationship between strategic performance management and employee retention in commercial banks in Kenya.
4. To examine the moderating effect of employee commitment on the relationship between strategic human resource management practices and employee retention in commercial banks in Kenya.

1.4 Research Questions

1. What is the relationship between strategic recruitment and staff retention in commercial banks in Kenya?

2. What is the relationship between strategic training and employee retention in commercial banks in Kenya?

3. What relationship exists between strategic performance management and employee retention in commercial banks in Kenya?

4. Does employee commitment has a moderating effect on the relationship between strategic human resource management practices and employee retention in commercial banks in Kenya?

1.5 Research Hypotheses

Hypothesis 1

H_{01} There is no significant relationship between strategic recruitment and employee retention in Kenyan commercial banks

Hypothesis 2

H_{O2} There is no significant relationship between strategic training on employee retention in commercial banks in Kenya.

Hypothesis 3

H_{O3} There is no significant relationship between strategic performance management and employee retention in commercial banks in Kenya.

Hypothesis 4

H_{O4} There is no significant moderating effect on the relationship between strategic human resource management practices and employee retention in commercial banks in Kenya.

1.6 Significance of the Study

The commercial banks in Kenya policy makers could benefit from the findings of this study in understanding the current strategic human resource management practices and how best they could apply them in their organizations in order to retain its employees. They could able to compare their strategic human resource practices with those of their competitors and thus may be a pointer for them to improve the said human resource practices if they are to retain their key staff.

The government of Kenya could benefit from the findings of this study in understanding the various human resource practices in place in commercial banks in the country hence could help them in formulating applicable regulations and policies in the Banking Sector which could aimed at developing the banking sector in the country. The findings of this study could enable the Kenyan government policy makers in monitoring of the commercial banks in the country and act as a tool for future rankings and drawing of ranking tools. The central bank of Kenya could use the data collected from this research to be able to make informed decisions regarding the management and control of the banking industry in the country.

The findings of this study could be useful to other scholars and researchers as they may use the results of this study as a source of reference. Future scholars could use the findings of this study to expand the body of knowledge in this area of strategic human resource management and employee retention. The findings of this study could compared with relationship between strategic human resource management and employee retention in other sectors of the economy to draw conclusions on various ways an organization can use Strategic human resource management to retain its employees. It could also benefit consultants who endeavor to provide assistance to successful running of organizations in developing strategic Human resource management for employee retention.

1.7 Scope

The study focused on the 44 commercial banks in Kenya which have been licensed by the Central Bank of Kenya. According to Central Bank of Kenya report there are forty three licensed commercial banks and one mortgage finance company. Thirty one of these commercial banks are locally owned and thirteen are foreign owned. Citibank, Habib bank and Barclays banks are among the foreign owned financial institutions in Kenya. The Kenyan government has a substantial stake in three of Kenya’s commercial banks. The remaining local commercial banks are largely family owned. Commercial banks in Kenya accept deposits from individuals and turn a profit by using the deposits to offer loans to businesses with high interest rates (GOK).

1.8 Limitations of the Study

The limitation which underpinned the study includes:

i). Due to fear of victimization, some respondents were not willing to open up and provide the much needed information. However the researcher sought to create a good rapport with them and ensured that they voluntarily gave the information.

ii). The fact that the respondents were busy due to tight schedules, getting information was a major challenge as it took several weeks to get the information. The researcher was persistent until he got the information from the respondents.

iii). The fact that the data was collected using questionnaires may have provided inaccurate data as the researcher had no control over the respondents. The researcher however had several open ended questions to probe the respondents deeper on the issues.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Organizations achieve sustained high performance through the systems of work they adopt and this entails improving performance through the people they have employed and also through the development and implementation of a high performance culture. Today's organizations must consider how human resources function can create value to the business if they want to retain them and this means clearly knowing the human resource practices which have the greatest contribution to employee retention. This chapter gives the strategic human resource management practices and its various theories together with a conceptual framework that seeks to explain their diverse links to employee retention. The various related literature on strategic human resource management practices and their influence on employee retention together with related past studies done and their various gaps are critically analyzed.

2.2 Theoretical Framework

Mathooko (2007), highlights that a theoretical framework is the foundation in which the entire project research is based and this is where major theories and concepts that exist on tackling the problems are explained. According to Njue (2011) theoretical framework is a set of assumptions about the nature of phenomena. Various theories have been advanced in an attempt to explain the importance of strategic human resource management practices and their link to competitive advantage. The researcher narrowed down on the following models and theories:

2.2.1 Hertzberg Two Factor Theory

The study used the Hertzberg Two Factor Theory to explain the effect of strategic human resource management and employee retention. According to Samuel (2009) an employee who is not motivated is likely to leave the organization. This theory implied that a satisfied employee is motivated from within to work hard and to remain in the organization. It looks at two classes of factors associated with employee motivation; satisfiers and dis-satisfiers. Armstrong (2010) gives the satisfiers as achievement, recognition, responsibility, advancement and growth. The disatisfiers are salary, relationship with supervisor, work conditions, status and security. According to Michael (2008), extrinsic factors such as good working environment, job security and intrinsic factors such as development and training have a major contribution to employee retention in organizations.

Hughes (2010) employees value both the internal and external factors in an organization to make a decision on whether to remain or leave the employment since they are doing so in exchange of their services to the organization. The above implies that both intrinsic and extrinsic factors influence the employee retention in an organization and so must always be put in to consideration as these factors are likely to influence retention.

2.2.2 Universal or best practice school

This theory proposes that strategic human resource is composed of a single set of HR policies and practices that is suitable for all organizations in all circumstances. According to Porter (2008) universal or best practice human resource management also known as high-commitment or high performance was originally identified in the early US models of human resource management many of which mooted the idea that the adoption of certain best practice HR practices would lead to improved organizational performance, through improved attitudes and behaviors, lower levels of absence and turn over, higher levels of skills and thus improved quality and efficiency. The model may take many forms and there is no consensus on the correct bundle of HR policies and practices since it is difficult to demonstrate the link between best practice HRM and improved organizational performance.

The universal theory may not reflect reality because what works well in one organization will not necessarily work in another. HR techniques adopted may not fit the local customs, organizational or social traditions about the role of managers and their relationship with employees will determine which HR strategies are likely to be effective and also the relationship between employees attitude to work in their lives. Social factors may need to be taken into account at the technical design stage to avoid demoralized working arrangements with the motivational problems that may arise as a consequence (Porter 2008). Storey (2000) argues that although an organizational HRM policies and practices should be coherent in all its operations, companies operating in more than one country need to decide whether this is possible and sensible. Samuel (2009) argues that there are various advantages for organizations adopting universal/best practice since this is applying the practices within which they are most familiar with, and which appear to promise high returns in the performance regardless of the location of their subsidiary. Practice discovered in one location can be spread across the world, without the costly and often ineffective need for each subsidiary to re-invent the wheel and also due to the fact that global alignment of systems will facilitate an internal labor market and make expatriation and other forms of cross border movement of personnel easier (Almond 2003).

2.2.3 Contingency or best- fit school theory

According to Porter (2008) an organization needs to decide what may be relevant and what can be adopted to fit the organization own particular strategic and operational requirements. Boxall (2003) argues that various factors can influence human resource choices which includes the best fit between the organization internal as well as external environment, where knowledge of the human resource professionals need to be considered before making strategic decisions. According to Purcell (2003), economic and technological factors inside and outside the firm which influence management choices in HR strategy include; choice of sector and competitive strategy, nature of the firm and stage in the industry life cycle, quality of business capital and general economic conditions. The social and political factors inside and outside the firm include; degree of labor scarcity, expectations and power of employees, managerial capabilities, labor laws and general educational levels.

Bingham (2008) argues that there may a tension in balancing external and internal environments as organizations seek to meet their objectives and a need to integrate organizational and employee needs, especially in highly competitive labor markets. The best strategic human resource management approach in the situation may not be the best approach in other business systems given that institutional forces and structural factors are very different between countries and organizations (Zhu, 2007).

Critiques of this theory point at its reliance on determinism and the resulting lack of sophistication in its description of generic competitive strategies (Purcell, 2003). According to Wilkinson (2002) it lacks emphasis on the internal context of individual businesses within the same sector and the unique characteristics and practices that might provide its main source of competitive advantage and it lacks flexibility.

2.2.4 Resource based approach

This theory argues that the organizations should not try to achieve strategic fit with the external environment but aim to maximize its resources to create and dominate future opportunities porter (2008). This approach assumes that the core competencies in the organization are unique; people are viewed as an investment and not a cost, learning knowledge sharing innovation and experimentation are encouraged and employees are involved in decision making. According to Porter (2008), the resource based approach argues for an exclusive form of ‘fit’ based on the theory that an organization’s resources are the key sources of competitive advantage and this means that organization should not try to achieve strategy fit with the external environment but aim to maximize its resources to create and dominate future opportunities. This approach assumes that the core competencies in the organization are unique. People are viewed as an investment and not a cost, that learning, knowledge sharing, innovation and experimentation are encouraged and that employees are involved in decision making (Bingham 2008).

Armstrong (2008) argues that a resource based approach to strategic human management focuses on satisfying the human capital requirements of the organization. Purcell (2003) suggest that the values and human resource policies of an organization constitutes an important non-imitable resources and this is achieved by ensuring that; - the firm has higher quality people than its competitors, organization learning is encouraged, organization-specific values and a culture exist which bind the organization together (and) gives it focus, and the unique intellectual capital possessed by the business is developed and nurtured. The aim of a resource based approached is to improve resource capability achieving strategic fit between resources and opportunities and obtaining added value from the effective deployment of resources. Critiques of this theory argue that the effectiveness of the resource based approach is inextricably linked to the external context of the firm (porter 1991). The resource based approach provides more value when the external environment is less predictable.

2.3 Conceptual Framework

A conceptual framework describes the interconnections among variables and the elaboration of these variables addresses the issues of why or how we expect relationships to exist (Mathooko, 2011). In this research the dependent variable was employee retention. The independent variables were: strategic recruitment, strategic training, strategic performance management and employee commitment as a moderating variable

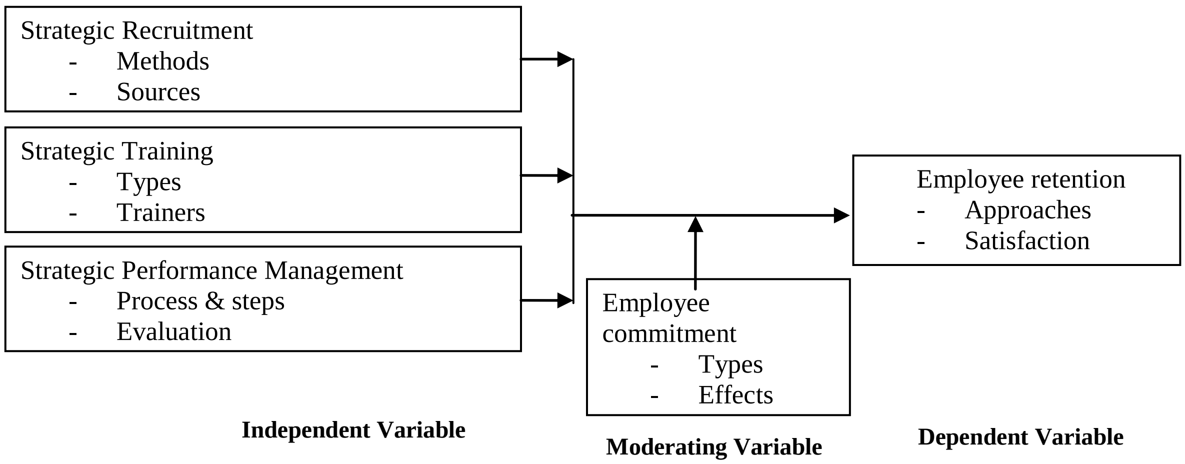

Figure 2.1 Conceptual Framework

2.3.1 Strategic Recruitment

Armstrong (2008) gives the overall aim of recruitment as to obtain at minimum cost the and quality of employees required to satisfy the human resource needs of the company and involves defining requirements (preparation of job description and specifications) and attracting candidates through reviewing and evaluating alternative sources of application inside and outside the company. Boxall (2000) gives a competency based approach to recruitment that where competencies for a role are delivered and are used as the framework for the selection process. He says that a competency approach to recruitment as person-based rather than job-based. Wright (2004) points out that recruitment and selection are processes concerned with identifying, attracting and securing suitable people to meet and organizational human resource needs. Recruitment is concerned with identifying and attracting suitable candidates.

Porter (2008) says that recruitment and selection provides the conduit for staffing and resourcing the organization. An increasingly competitive and globalised business environment, coupled with need for quality and customer service has enhanced the importance of recruiting and selecting the right people. Boxall and Porcell (2000) highlights that in comparison with the physical tangible assets, an organization have will to determine its competitive advantage. Sisson and Storey (2000) gives that recruitment and selection strategy should form part of a wider resourcing strategy linked to organizational goals. Scholes (2002) gives that recruitment and selection is a systematic process and that the psychometric approach to it is closely aligned with that or rational decision making where decision are made on the basis of some kind of assessment about the suitability of individuals who might fill a vacancy.

According to Porter (2008) recruitment and selection is a systematic process which involves the following steps: - HR planning, job analysis, job description, application form, advertisement, short listing, selection and finally decision making and offers. The methods of job analysis by Ahmad (2001) includes observation of the person doing the job, getting job holders to record their activities in work diaries, interviewing the job holders, questionnaires/checklists critical incidents and repertory grid techniques. CIPD (2005) notes that the most frequent response to employers to recruitment difficulties was recruiting people who have the potential to grow but don't currently have all that is required.

Porter (2008) describes recruitment methods as a process of attracting a pool of applicants from which to begin the selection process. The type of recruitment method will depend on type of vacancy and the organization concerned and it can either be internal or external. Taylor (2002) argues that an organization may be out to attract a large number of people or a small group of people from which to select from and thus the kind of advertisement will be different. Recruitment can either be internal (intranet, notice board, team meeting or staff meeting) or external (newspapers, recruitment agency, website, specialist journal, job center plus, word of mouth, employee referral scheme, college/university links, radio, TV advertisements) Porter 2008.

Armstrong (2002) defines e-recruitment or online recruitment as the use of web-based tools such as firms' public internet site or its own intranet to recruit staff and it consists of attracting, screening and tracking applicants, selecting and offering jobs or rejecting candidates. Wilkinson (2005) gives the advantages of e-recruitment as: - reduced costs, improved corporate image, reduced administration, wide pool of applicants shortened recruitment cycle and easier for applicants. He gives the disadvantages as shortage of applicants, expense, technical problems and too many unsuitable applications. Chan (2008) points out that the goals of recruiting should not be forgotten simply because of the use of technology and it is in the best interest of the organization to provide as much job description information as possible so that the unqualified do not apply. Organizations which plan to do a lot of internet recruitment often develop dedicated sites specifically designed for recruitment and also give their values and organizational information. According to Armstrong (2002), the main types of online recruitment sites are:- job sites (which are operated by specialized firms and pay to have their jobs listed on these sites), agency sites (run by established recruitment agencies where candidates register online but may be expected to discuss their details in person before their details are forwarded to potential employers and media sites which contain a copy of an advertisement appearing in the press but may include an internal description of the vacancy and the company and provide a link to the company website).

2.3.2 Strategic Training

According to Armstrong (2008) companies can apply these different methods of training and development to any number of subjects to ensure the skills needed for various positions are instilled. Companies gear training and development programs towards both specific and general skills, including technical training, training, clerical training, computer training, communications training, organizational development, career development, supervisory development, and management development. Rees (2006) describes training as a learning experience that improves job performance. This involves changing skills, knowledge, attitudes or behavior. Thus it is changing what employees know how they work, or their attitudes towards their jobs, co-workers, managers and the organization. Training is more present day oriented and focuses on individuals' current jobs enhancing those specific skills and abilities needed to immediately perform their jobs. Training needs need to be determined by checking what the goals of the organization are, what tasks must be completed to achieve its goals, what behaviors are necessary for each job incumbent to complete his or her arranged tasks and finally what deficiencies if any do incumbents have in the skills, knowledge, or abilities required to exhibit the necessary job behaviors. Various signals can warn a manager when training may be necessary like decline in job performance through production decrease, lower quality, more accidents and higher rejection rates. Porter (2008) highlights that training is learning directly towards job performance and can modify knowledge, skills and attitudes. Training focuses upon implementation – doing things to the required standards, improvement - doing things to a new standard and innovation – doing new things. To succeed, training must be the appropriate solution to the problem, have the support of the management and the individual, meet correctly identified needs and be carried out in an environment favorable to learning. Systematic approach to training involves;- examining or identifying the training needs at the organizational, team and individual /levels, planning the training to meet the needs, implementing the training plan effectively and reviewing/assessing the results of the training.

According to Purcell (2003), there are other important functions of effective training than just conducting training sessions and these are mentoring which is helping to design and implement organizational change strategies through coaching in the workplace, leadership, managerial and administrative aspects of preparing the entire training programme. Tansley (2002) argues that a key role of the training function role of the training function is the support of knowledge management initiatives and social capital construction. The building of social capital, a widening client base and the support of knowledge management all imply a shift from the role of training providers to one of the learning facilitators.

Capelli (2001) gives that there are two types of training methods: on the job training and off the job training. On the job training methods include job rotation, apprenticeship (combining classroom instruction) and working alongside a seasoned veteran and internship (structured or unstructured) off the job training methods include:- classroom lectures, multimedia learning e.g. videos and DVDs, simulations (learning the job by actually performing the work) and vestibule training through use of same equipment that one actually will use on the job but in a simulated work environment. Armstrong (2008) gives the role of training as an endeavor to ensure trainees acquire new knowledge, or skills in various fields according to organizational needs. Managers and supervisors need to be trained on basic leadership skills in order to enable them to function effectively in their positions. The design of training programmes covers the planning and creation of training and development programmes through the use of systematic models, methods and processes of instruction system design. According to Taylor (2002), training has a complementary role to play in accelerating learning and conditional training model has a tendency to emphasize subject – specific knowledge, rather than trying to build core learning abilities.

Pollard (2001) defines e-learning as the delivery and administration of learning opportunities and support via computer, networked and web-based technology to help individual performance and development. It enhances learning by extending and supplementing face-to-face learning rather than replacing it. He gives the types of e-learning as: - self-paced e-learning where the learner is using technology but is not connected to instructors or other learners at the same time, live e-learning in which by use of technology the instructor and the learner are together at the same time but in different locations and collaborative e-learning which supports learning through the exchange and sharing of information and knowledge amongst learners by means of discussion forums and communities of practice. Hillage (2001) gives the objective of e-learning as to provide for learning that is just in time, just enough and just for you. It enables learning to take place when it is most needed and when it is most convenient.

According to Batt (2002), self paced e-learning can be taken any time and is therefore a just-in-time approach. E-learning can take place at any place and this eliminates travel needs and costs. Skill acquisition and knowledge development will take place at any place and any path, as the learning experience is solely driven by the participant and therefore very personalized. Armstrong (2008) gives the steps in developing an e-learning processes as:- initial analysis of the human resource development strategy, identification of the overall scope for developing e-learning system, development programmes (by developing and defining specification on learning need, how e-learning will meet the need, learning system to be used and how e-learning will blend with other forms of training), implementation of the e-learning and finally evaluation of the performance and the impact of e-learning.

2.3.3 Strategic Performance Management

According to Pollard (2001) effective performance management systems have a well articulated process for accomplishing evaluation activities with defined roles and timelines for both managers and employees and that it is a process consisting of five steps as follows:

Performance planning: (Occurs at the beginning of the performance management cycle and involves reviewing of the employees performance expectations including both the behaviors employees are expected to exhibit and the results they are expected to achieve during the upcoming rating cycle), ongoing feedback (during performance planning process, both behavioral and results expectations should have been set. Performance in both areas should be discussed and feedback provided on an ongoing basis throughout the rating period. Periodic feedback on day to day accomplishments and contributions should be given.

A two way communication should be adopted with joint responsibilities for both managers and employees), Employee input (involves asking employees to provide self ratings on performance standards which are then compared with the manager’s ratings and then discussed. The method most appropriate involves asking employees to prepare statements of their key result areas at the end of the rating period, Performance evaluation (competencies should be defined to reflect different levels of responsibility, complexity and difficulty that characterize employees job at different levels in the organization. A numerical rating on ranking employees is required if performance information is to be used for decision making) and Performance review (this is a recap of what has occurred throughout the rating period. Development activities with employees should be done at this review and any performance standard that is not being met agreed).

According to Narsimha (2000) there are five steps in developing an effective performance system in organizations: Creating and working with a design team, linking the system to key organizational objectives, characteristics and strategy, determining the performance management cycle, linking performance management and pay delivery and implementing the system. Tettly (2006) noted that 360 degree feedback has gained wide popularity in the corporate world and it enables organizational members to receive feedback on their performance from the different staff members they serve. This concept enlists supervisors, peers, subordinates, suppliers and customers in providing individuals feedback on aspects of their performance. This method has issues relating to privacy and also validity and effectiveness of it despite its wide usage. According to Almond (2003), there are seven key steps involved in effectively linking rewards to achievement of organizational effectiveness: deciding on purpose of measurement, deciding on types of measures, linking measures to objectives, linking measurement to feedback, linking measurement to rewards, a checklist for getting started and aiming for organizational achievement.

2.3.4 Employee commitment

According to Maheshwari (2005), the implementation of human resource practices leads to enhanced employee commitment. He suggested increased bonding and states need to reform their human resource management practices in an effort geared towards increased employee involvement and hence commitment. Smeenk (2006) examined the factors affecting organizational commitment and found that issues like compensation, training, career mobility, age organizational culture, working hours, organizational tenure and social importance all affect the employees' organizational commitment and hence overall performance.

Zhu (2007) gives that various human resource management practices significantly determine organizational commitment and that organizational commitment was affected by person-organization fit, remuneration, recognition, and opportunities to undertake challenging organizational assignments. Chan (2004) examined the impact of human resource practices on organizational commitment and found that training and career development was not significantly related to organizational commitment and challenging assignments were not related with intention to stay. Human resource management practices help the organization develop better human resource development climate in the organization. Hassan (2006) noted that organizations with better learning, development, reward and recognition systems promoted better organizational climate and overall better commitment.

2.3.5 Employee Retention

According to Abeysekera (2007), employee turnover is a major challenge for organizations but companies implementing effective human resource management practices can reduce the rate of employee turnover and increase in competitiveness due to the fact that by retaining staff an organization is able to keep its key asset. It is important to critically examine the actions of competitors as it directly or indirectly affects the organization. According to Kok (2003) there are sets of human resource practices which are influenced by the human resource profession and which are referred to as best practice and which if well implemented will ensure retention of staff. According to Chandler (2000), the main issue in human resource research is whether there is a set of policies and practice that represent a set of superior approach to managing people and which are associated with organizational performance and staff retention. There are various factors which affect human resource practices which include both internal and external factors and the same differs from one organization to another (Ozutku 2009). According to Narsimha (2000), there are many ways in which companies can gain a competitive edge or a lasting or sustained advantage over their competitors, among them the development of comprehensive human resource practices.

To gain competitive advantage firms use different competitive strategies and these strategies are more productive when they are systematically linked with human resource management practices meaning that organizations can improve their environment by making efficient choices about human resource practices that consistently support the chosen strategy (Tiwari 2012). According to Capelli (2001), human resource practices enhance organizational performance and there is a clear link between human resource practices, workplace climate and employee retention. He found that those organizations which had implemented more progressive human resource practices and which reported a work place climate that strongly valued employee participation, empowerment and accountability tended to be better performing and hence competitive meaning employees will be happy continuing to work with them.

2.4 Empirical Review

Employee retention stems from the employment process which comprise of employment processes (recruitment, selection & placement) predetermines the effectiveness of retention strategy. For employee retention to be successful, it has to be linked positively to the processes and practices of recruitment and the sources from which job candidates are recruited. Recruitment practice and empirical research suggests that employees may differ in their propensity to quit depending on the source from which they are recruited. Two rather different approaches to recruitment identified by Wanous (1975) as cited in Raub and Streit (2006) are the "traditional" approach which suggests that the ultimate goal of recruitment is to attract a maximum number of applicants to the recruiting organization. In the traditional approach, providing incomplete or even biased information about the job and/ or the organization may be an acceptable means for reaching this goal.

A review of the human resource literature seems to confirm that good retention is about more than what a company does once an employee has been hired and established within an organization. How companies recruit and how they provide orientation in the first days on the job can be of crucial importance to keeping workers over the longer term. Failure to effectively recruit and orient employees may impose significant separation and replacement costs down the road. Jackofsky, (1984) attributes 60% of undesirable turnover to bad hiring decisions on the part of the employer. "Bad hiring decisions" may cover a number of considerations, including overly hasty selection processes that fail to ensure that the job candidate really has the adequate skills and qualifications to do the job for which she or he is hired. Good employee retention is in part a result of a good "fit" between a company's workplace culture, its way of doing business and the qualities that it espouses as valuable and the interests, character, and motivations of the individuals that exist within it. In terms of recruitment, companies should therefore put an emphasis on not only evaluating formal qualifications, job-relevant technical ability, etc, but also more general types of qualifications and dispositions on the part of the recruit. If work in the company involves being part of a highly cohesive team, the company may want to recruit individuals who are interested in and capable of working in such an environment. Employees in some workplaces, particularly the smaller ones, do more than merely work together: they often share similar interests and have a very strong inter-personal rapport, and these in turn help to bind them together as a cohesive whole (Jackofsky, 1984). Indeed, the quality of interpersonal relations may contribute significantly to retention in its own right.

The other approach is the "realistic" approach which suggests that a "realistic job preview" whereby recruiters provide balanced and honest information about both the negative and positive aspects of the job and the organization is undertaken. The traditional approach was criticized by researchers such as Raub and Streit (2006) who hypothesized that its benefits in terms of attracting a large number of candidates may be more than outweighed by its negative consequences for the selection and retention of those candidates.

According to Raub and Streit (2006), an unrealistic presentation of job-related information may lead to a "rude awakening" when newly hired employees discover the reality of the job. The larger the gap between what has been promised during recruitment and what the employees experience during their first weeks and months on the job, the higher the propensity to quit. The resultant effect is that the new appointees will be frustrated, dissatisfied, and unproductive and in the end they may quit rapidly.

Similarly, Lee (2006) proposes two mediators to recruitment theory as they affect turnover. These are the “realism” with which the candidate comes into the job and the job-fit, i.e. the extent to which the employee feels that the job accords with his/ her personality, ability and so on. Lee (2006) contends that if various recruitment sources can be found to have different realism and job-fit, and these in turn affect turnover, then retention strategies can be crafted around these recruitment techniques.

Griffeth, Hom, Fink, and Cohen (1997) explain that the recruitment source in which an employee enters a job may impact significantly upon work outcomes, including turnover. Broadly speaking, recruitment sources can be divided into two types, namely internal and external. According to Lee (2006), internal sources denote employees who are sourced from within the organization while external sources provide employees who come from the outside. External sources include candidates sourced through advertisements in various media, public or private employment agencies, campus recruiting, internet applications, walk-ins, and head-hunted candidates. Internal sources include promotions or demotions (vertical moves), internal job postings (horizontal moves), employee personnel records, intranet advertisements and referrals. Empirical evidence (Lee, 2006) indicates that internal candidates are expected to provide better outcomes than external candidates. In the case of turnover, Lee (2006) proposes that internal candidates are less likely to quit (or will stay for longer period) than externally recruited employees.

A large number of empirical studies have confirmed that realistic recruitment does indeed lead to a reduction in turnover. Dean and Wanous (1984), Phillips and Meglino (1987) cited in Raub and Streit (2006) explain that realistic recruitment does not mean that recruiters should communicate positive information only. Indeed, a combination of both “reduction” (i.e. negative) and “enhancement” (i.e. positive) previews seems to work best. The message source seems to play an important role in employee turnover. According to Colarelli (1984) cited in Raub and Streit (2006), information received from job incumbents is perceived as more credible than information from other sources. This has been theorized to lead to more realistic impressions of the job, thereby providing favorable work outcomes.

Literature by Taylor (1993) as reported in Lee (2006) argues that a realistic approach is proposed to lead to better outcomes for four reasons: Firstly, applicants are better able to deal with the negative aspects of the job in a mental sense. The formation of realistic expectations means dissonance and the resultant dissatisfaction are not experienced. Secondly, candidates will have had time to formulate actual strategies for dealing with negative aspects of the job. Thirdly, the honesty inherent in revealing the less desirable aspects of the job may improve trust between employer and employee, leading to greater loyalty, commitment and retention. Finally, an element of realism enables candidates to decide for themselves whether the job meets their needs and requirements.

Thus, the realistic approach leads to self di-selection of unsuitable candidates out of the recruitment system, probably reducing costs due to early exit, dismissal and so on. Lee (2006) explains that it is generally considered desirable to inject a certain level of realism into the recruitment process. Some recruitment sources are inherently more conducive to realism, as the applicant is given different information depending on where she or he comes from. For example, internal candidates may have more information about the job merely by having had the opportunity to observe their colleagues performing the job. With such job related information at the disposal of job candidates, turnover would be reasonably reduced because prospective employees would have decided whether they want to accept the job or not during recruitment process.

Employee retention should be linked with an effective recruitment and selection process. HR practitioners and recruitment agencies, while recruiting job candidates for their organizations, should consider job previews as an integral part of the recruitment process. Job previews, when honestly conducted, have the potential of reducing early turnover of employees since such employees would have had firsthand knowledge of what the job entails and the conditions of service, particularly the base salary and other financial incentives during the job preview. Though realistic recruitment and job-fit approaches provide an important element for both job satisfaction and employee retention, they must be combined with other motivational variables to form a comprehensive retention strategy that can reduce high turnover rates effectively (Olorunjuwon, 2008).

It is equally important for the individual job candidate to have a fair chance at deciding whether the company is a good fit for him or her. Meyer et al (2003) have emphasized the importance of providing "realistic job previews" to potential employees. These previews provide potential new hires with more than just a cursory glance at a company's operations, providing the candidate with enough information to make a decision about whether it is the right workplace for him or her.

Jackofsky (1984) cite the example of a number of companies that simply relate the positives and negatives of the job and the organization in an objective, non-evaluative manner and let the candidate decide whether this is an opportunity that he or she wants to pursue. In the long run, getting real maximizes the fit between candidate and organization. This is not to downplay the importance of other traditional and non-traditional recruitment methods such as structured interviews, multiple and panel interviews, pre-employment testing, biographical data analysis, simulations and work samples. The company must have at its disposal the right tools to enable it to make reasonably accurate evaluations about the type of people it might hire; and there exists a great number of evaluation tools at the employer's disposal.

Many companies place great trust in candidates referred to them by members of their own firm, and some even support this process by awarding bonuses to employees who refer a candidate who eventually gets hired by the company Milman, (2003). While less formal in nature, employee referrals seem to accomplish both of the objectives just described. The employee who provides the referral is able to provide the candidate with a realistic preview of what it's like to work in the company based on personal experience and observation. Meanwhile, because they usually know the person they refer reasonably well, and would be hesitant to refer someone whose performance would reflect badly on them, employees can often provide critical information that resumés, job applications and interviews might not reveal. Including one's employees in helping to evaluate candidates may also be particularly effective with respect to retention in workplaces where team-based work is the norm (Milman, (2003). Allowing employees to have a say in whoever they will be working with, and asking for their assistance in evaluating whether that person will be a good fit, may prove helpful in ensuring that the candidate not only has the requisite experience but will also be an effective member of the work team.

Jackofsky, (1984) unambiguously states all organizations will do a better retention job by spending more resources on training and development. A business that provides education and training will be more competitive and productive and will win the loyalty of its workforce. That training and development are so enthusiastically embraced as key factors to good retention is no doubt due to the fact that well-developed training programs are becoming ever more essential to the ongoing survival of most modern companies, whether or not retention is an important issue to that company. To the extent that operational paradigms such as "The learning organization" or the "Knowledge-based organization" continue to take hold in the contemporary business world, training is only likely to become more important.

In any event, retention reflects a desire to keep one's valued people; but it is just as much about keeping and managing the skills that a company needs to meet its goals. The provision of training is a way of developing those skills in the first place. The fact that providing it also turns out to be a benefit that is highly valued by those who receive it makes for a very powerful approach to doing business. Because training and development are so fundamental to the operation of a business, it goes against intuition to suggest that training and development are to be thought of primarily as "retention" tools. We have encountered few examples in which the development of skills at work was ever consciously introduced as a way of retaining people. Nevertheless, countless studies tend to confirm the fact that a good part of the satisfaction or dissatisfaction of workers is associated with issues related to their professional development.

Krueger and Rouse (1998) examined the effect that training and workplace education programs can have on various organizations. The study included an analysis of numerous outcome variables that may be achieved through training. Variables relating to performance, wages, productivity, satisfaction, motivation, and absenteeism were all examined. These variables are analogous too many of those that are commonly scrutinized in the training and development literature. This paper seeks to move away from the frequently assumed training outcomes and focus more on the relationship of training and employee commitment. The effect of this relationship on employee turnover will also be explored.

Through an analysis of pertinent literature and research, this paper will seek to better understand and clarify the impact that training has on employee commitment and employee turnover. The importance of ensuring employee retention following training may lie in the strategic approach that is utilized. Companies can seek to achieve organizational goals through a variety of human resource strategies and approaches. One such approach, a commitment strategy, attempts to develop psychological connections between the company and employee as a means of achieving goals (Arthur, 1994; Scholl, 2003). In an attempt to ensure that the employee remains with the company following training, employers may implement a strategy to training that fosters commitment. Training that attempts to increase employee commitment may serve to counter the numerous direct and indirect costs associated with turnover.

General training is training that provides the worker with skill development not only applicable at the present employer, but also at other firms throughout the labor market. Some examples of general training programs are apprenticeship trainings, general computer training, and learning surgical techniques that could be used in other hospitals. Educational reimbursement is also an example of general training, as the skills acquired can be of use to many different employers (Kaufman and Hotchkiss, 2006). Gary Becker’s model suggests that because general training provides skill development that can be used at other companies, the employer will not invest in it. The underlying premise is that within a competitive labor market, employees are typically paid for their level of production. With that, a company that provides general training will have to pay the employee a wage that coincides with their newly learned skills and their higher level of production.

A recent study by Duxbury and Higgins, quoted in Beauregard and Fitzgerald (2000), found that over 40 per cent of small business employees are dissatisfied with the amount of training they receive. The study also found a strong correlation between the dissatisfaction and frustrations surrounding the lack of opportunities to develop skills, and both an employee’s intention to leave as well as the incidence of absenteeism. Similarly, a 1999 Gallup poll named the lack of opportunities to learn and grow as one of the top three reasons for employee dissatisfaction (B.C. Business, 2001), and other studies have offered similar conclusions (BHRC, 2002). Furthermore, the evidence seems to confirm that the link between training and retention is even stronger for more highly skilled workers (Kaiser and Hawk, 2001; Paré et al, 2000).

Specific on-the-job training is training that increases the workers productivity and output only at the company that provides it. The training is “specific” to that particular company only. Examples of specific training may include learning to drive a tank or operating machinery that is company specific. Specific on-the-job training also differs from general training in that it is typically the company and not the individual worker that bears the cost of the training. The thought is that because training is specific to the individual company and nontransferable, the productivity of the worker increases for that particular company, but would remain the same for any other organization within the labor market. As a result, it is unlikely that specific training would result in turnover.

Gary Becker’s argument essentially states that the more specific the training the less likely turnover will occur. As the skills obtained are non-portable and non-transferable to other organizations, this type of specific training is paid for by the employer. In turn, employees typically receive less pay during the specific training period in anticipation of future wage increases. By contrasting Becker’s model with a commitment approach one can see that the employee’s investment of time and the anticipation of higher wages as potentially leading to an increase in commitment. Training in this context becomes a “side bet”. The investment of time and effort expended during the training process is one such factor that may enhance an employee’s commitment to the organization.

Meyer et al (2003) suggest that employee learning which encompasses training and development but is also related to socialization within the workplace contributes to retention by (i) building employee commitment through a show of support, (ii) providing employees with the means to deal with stress related to job demands and change, (iii) serving as an incentive to stay, and (iv) creating a culture of caring. Thus, training and development are seen as ways of building employee commitment in that they allow employees to "see a future" where they work, and provide them with the support necessary to face the on-going challenges related to their work. Many employers will of course voice the familiar concern that there is a risk that once trained; workers may be tempted to leave the company for other opportunities. This is no doubt a valid concern amongst many employers, particularly those in the brewery industry where even semi-skilled workers often operate in a high-demand labour market. As such, companies are only willing to provide training at the minimum level or to provide more extensive training on proprietary equipment and processes. The picture may be somewhat different for more highly-skilled skilled segments of the workforce, where employers appear to be more willing to make greater investments.

However, review of the literature suggests that the increased employability that is developed through employer-sponsored training does not inevitably lead to voluntary departures. In particular, it is doubtful that employees in whom the company invests training resources will simply gravitate to another employer because of modest differences in pay or benefit offered by the other employer. Investing in training can be interpreted as a strong signal that the employer values the employee and wishes to keep that individual with the firm. To the extent that employees perceive this to be the case, and provided that the company actually behaves in such a manner by 'putting its money where its mouth is' employees may in fact be more likely to stay. The training incentive is further reinforced if it falls within well-defined and adequately communicated plans for development within the company.

There is a good fit between training and a number of other retention-related practices, such as career development and planning, skill-based pay, and others. Taken together such practices can usefully complement one another. Training can be a particularly strong retention tool when it is combined with measures designed to allow people to develop and progress within a company (Butteriss, 1999; Meyer et al, 2003). It is important for employers to put in place effective internal promotion programmes that will allow even their unskilled and semi-skilled workforce to move towards positions of greater responsibility and remuneration within the company.

Lee and Bruvold (2003) have established that comprehensive training and development activities are positively related to productivity, reduce staff intention to leave, and ensures organizational effectiveness. A study by Thomsen, Jarbol and Sondergaard (2006) has also shown a positive relationship between diverse career opportunities and applicant attraction to and retention in an organization.

Similarly, Moncarz, Zhao and Kay (2009) report that in organizations where employees receive the training needed to assume greater responsibilities, turnover rates are generally lower. However, there are some limitations with their study. Regression analysis was used to examine the relationships between predictor and response variables. Although the study was looking at relationship between variables and could use regression analysis, it only had 71 responses out of 232 total surveys distributed among ten management companies. About 100 or more respondents would have been ideal for that kind of analysis. Also due to the low response rate of about 30 percent, the findings of the study cannot be generalized response variables. Although the study was looking at relationship between variables and could use regression analysis, it only had 71 responses out of 232 total surveys distributed among ten management companies. About 100 or more respondents would have been ideal for that kind of analysis. Also due to the low response rate of about 30 percent, the findings of the study cannot be generalized. Lam, Chen and Takeuchi (2009) also found that training is positively associated with intention to stay with the organization. The sample size for this study was 152 which may make applying the findings to other organizations unacceptable.

Performance appraisals are not uncommon to the brewery industry. However, what counts as an appraisal or performance management varies a great deal in sophistication and organization. Here, the researcher sought to characterize ‘performance management’ as a type of human resource practice that can effectively help an organization to meet its retention objectives, in addition to other important business goals. As such, the researcher is referring to a process of employee performance evaluation that is closely tied to strategic objectives, that provides good feedback to employees and gives them a view of their longer-term progress within the company, and is potentially married to training and other development opportunities.

Performance appraisals inform a number of human resource decisions related to compensation, training, promotion, and even termination. When closely aligned with ongoing training and career development, performance management can be a successful retention tool. According to Hom (1995) performance management aligns the goals of individual members to those of the organization with which they are associated. It requires clearly articulated and well-communicated strategic goals for the organization as a whole. As with other retention practices, employee perceptions about the performance appraisal system can have an important impact on their decision to stay with a company. Most importantly, effective performance management requires a system that is fair, and that employees trust as being fair, both in terms of procedure (for example, consistent and well-communicated evaluation criteria) and in terms of the potential benefits arising from such evaluations (for example, training, professional development). Indeed, fairness and openness about the evaluation process are of paramount importance when performance management is tied to specific rewards or advancement.

Price and Mueller (1981) developed a causal model for voluntary turnover. They proposed seven determinants that have an indirect impact on turnover through job satisfaction. Those determinants include: repetitive work, participating in job related decisions, being informed of job related issues, having close friends as co-workers, receiving good pay, being fairly compensated and having an opportunity to obtain a better job within the organization. Price and Mueller proposed that as job satisfaction increased, employee's showed a greater intent to stay with the organization.

Watson and Wyatt International found that HR practices and trust in management had the strongest impact on building commitment (Watson Wyatt, 1999). A study conducted from the social exchange theory perspective shows that organizations which exhibit a high level of commitment to their employees through HR practices, are rewarded with increased organizational effectiveness, employee involvement and commitment to the organization (Whitener, 2001). These high commitment HR practices include items such as selective staffing, developmental appraisal, competitive and equitable compensation, and comprehensive training and development activities (Whitener, 2001). Huselid (1995) found nearly one thousand firms, which invest in high performance HR management practices, including: comprehensive employee recruitment and selection procedures, incentive compensation and performance management systems, and extensive employee involvement and training. These practices were found to have both an economically and statistically significant impact on employee turnover and productivity (Huselid, 1995).

According to Willis (2000), direct compensation serves as the most critical issue when it comes to attracting and retaining talents. Parker and Wright (2000) also assert that there is an underlying assumption that money can influence behavior hence a fair remuneration is understood to be the cornerstone of the contractual and implied agreement between employees and employers. As a result, some companies may even provide remuneration packages which are well above the market rate to attract and retain critical talents (Parker & Wright, 2000). Most managers believe that money is the prime retention factor and many employees cite better pay or higher compensation as the reason for leaving one employer for another (Mathis & Jackson, 2004). Khan (2010) argues that comprehensive compensation and rewards augmented by an effectual system of disbursement can play an effective role in attracting the best candidates, shaping employee behavior and performance outcome, and facilitating retention of talents. A number of studies have established that highly competitive wage systems promote employee commitment and thus result in the attraction and retention of a superior workforce (Becker & Huselid, 1999; Shaw, Gupta & Delery, 2005). Mathis and Jackson (2004) also argued that a balanced, fair and competitive compensation and reward system affect the retention of employees. This makes compensation and reward planning a vital dimension of effective HRM policies.

2.5 Critique of Existing Literature Relevant to the Study

According to porter (2007) the model of best practice takes many forms and there is no consensus on the correct HR policies and practices. It is difficult to demonstrate the link between best practice HRM and staff retention. It is difficult to accept that the universal theory reflects reality because what works well in one organization will not necessarily work well in another. HR techniques adopted may not fit the local customs, organizational or societal culture, management style or technology. What is important is the relationship between employees, employee attitudes to work and the family and the importance of work in their lives and finally their various reasons of staying in an organization. Kiptugen (2003) studied Kenya commercial bank and noted that proactive rather than reactive strategies are used in strategic planning. This study only narrowed down on Kenya commercial bank but did not look at the other commercial banks in Kenya which could have formed bigger and more conclusive information.

Fisher (2005) noted that the only key factor in performance is promotions and this is a narrow conclusion since there are a number of factors which influence performance and promotion in itself can- not be the only factor in this issue. The study by Munyoki (2010) on commercial banks in Kenya only narrowed down on the commercial aspect of these banks but did not go down to look at the various factors which can influence the retention of staff. There is a gap on the various studies which support the positive impact of human resource practices on organizational commitment as Chan (2008) noted that training and career development were not significantly related to organizational commitment. This conclusion may not hold in many instances since training is a key aspect of organizational commitment and staff who are given training opportunities are more committed to the organization, perform better and are more likely to remain in the organization.

2.6 Research Gaps

The reviewed literature revealed mixed results of the effect of strategic human resource management practices indicators on the employee retention the organizations which makes it difficult to make conclusion on the effect of strategic human resourced management practices on the employee retention in organizations. Secondly, the studies were mainly done in mostly the developed countries where the setup may not the same as those in the developing countries and Kenya in particular. In Kenya studies on commercial banks have not focused on strategic human resource management practices. Ngethe (2013) carried out a study on the determinants of academic staff retention in public universities in Kenya. She concluded that most public universities in Kenya did not have retention policies or strategy and had not made retention of their core staff a priority. She found that autocratic leadership style was being practiced and the academic staffs were not adequately involved in decision making. This study did not cover the strategic human resource management practices and it was only based at the public universities in Kenya. Munyoki 2010 carried out a study on Commercial banks in Kenya and found that they face many challenges in today's dynamic market place and in a global economy which has become increasingly competitive requiring development of products and services that can satisfy a more demanding customer base and building long term customer trust. Kiptugen (2003) carried out a study in Kenya Commercial Bank (KCB) and found that proactive rather than reactive strategies form the basis of strategic planning. This study looked at the relationship between strategic human resource management and employee retention in commercial banks in Kenya.

2.7 Summary

The chapter reviewed theories literature and researches done on strategic human resource management practices and staff retention. The various strategic human resource practices have been looked at and their relationship to employee retention. It is very clear from the theories discussed in this chapter and as raised by Tiwari (2012), that Human resource practices is the source of achieving staff retention because of its capacity to convert the other resources (money, machine, methods and material) into product or service. The competitor can imitate other resources like technology and capital but the human resource are unique. Thus it can be deduced that for an organization to retain its staff over its competitors it must have in place unique best human resource practices in place which will make it ahead of its competitors. Human resource practices differ from organization to organization and from country to country but good human resource practices as found above leads to employee retention.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter discusses the methods used in the study. It gives a description of the research design, the population of the study, sampling frame, sample and sampling techniques, data collection techniques and the methods of data analysis used.

3.2 Research Design

Kothari (2004) notes that a research design constitutes the blue print for the collection, measurement and analysis of data and has a great bearing on the reliability of the results arrived at and constitute the firm foundation of the research work. Njue (2011) noted that research design is the plan and the structure of the research process and provides the road map and the milestones to keep the researcher in the right direction. The main aim of this study was to determine the relationship between strategic human resource management practices and employee retention in commercial banks in Kenya. A survey research design was employed. A survey design was appropriate for this study because it allows collection of information for both independent and dependent variables using questionnaires (Orodho, 2003). This design allowed the researcher to combine both qualitative and quantitative research approaches. According to Kothari (2009) qualitative approaches provide verbal descriptions rather than numerical descriptions. Survey research design was successfully used by Ghansah (2011) on the role of employee retention on job performance in Accra Brewery Company Limited.

3.3 Target Population

The target population in this study was the forty four commercial banks in Kenya which had been given operational license by the Central Bank of Kenya. The study population for this study was the heads of human resources in the individual commercial banks in Kenya. This was due to the fact that they are the ones in charge of the human resource departments therefore owners of the strategies. According to Mugenda and Mugenda 2003, population refers to an entire group of individuals, events or objects having a common observable characteristic.

3.4 Census

The actual sample in this study was made up of forty four commercial banks in Kenya. Since the population is small, a census was used implying that all the 44 licensed commercial banks in Kenya were studied. A list of all the 44 licensed commercial banks is attached. According to Kothari 2009, there are two methods that exist for selecting samples, probability and non probability.

3.5 Instruments

The research instrument was a questionnaire consisting of both open- ended and closed-ended type of questions (Appendix 1). The closed ended questions were aimed at giving precise information hence minimizing bias. The open ended questions ensured that the respondents were given freedom to express themselves. The questionnaire in this study was divided into six sections with section one giving the identification of the respondent and the job title. The other sections had questions aimed at providing the information on the various areas of this study. Secondary data was collected through review of published literature such as the various bank publications, central bank of Kenya reports and publications and text books.

3.6 Data Collection Procedure

The researcher first contacted the individual bank with an introduction letter requesting for permission to collect data and to drop questionnaires. The heads of human resource in the individual banks were explained for by the researcher on the intention and purpose of the study. The researcher recruited and trained two research assistants in an effort to ensure that they carried out the exercise properly. The questionnaires were then delivered by the researcher with the help of the two research assistants to the respondents. The respondents filled the questionnaires and those who were not in a position to fill them out were given a maximum of two weeks to fill them after which the questionnaires were collected.

3.7 Pilot test

Piloting of the questionnaire was done before the actual data collection by using it on commercial banks in Kenya which were not included in the final study. The research instrument were pre-tested using a sample of 10 % as per Mugenda and Mugenda (2003) which says that a successful pilot study would use 1% to 10% of the actual sample size. The suitability of the questionnaire for this study was tested by first administering it on 4 heads of human resources in 4 commercial banks in Kenya which was approximately 10% of 44. The respondents who were used for the pilot test was similar to the sample to be studied and similar procedures as those to be used in the main study was applied. They were asked to evaluate the clarity, relevance and usefulness of the questionnaires. Piloting enabled the researcher to ascertain the validity and reliability of the instrument. After pilot testing, the questionnaire was revised to incorporate the feedback that was provided.

3.7.1 Validity of Data

A research instrument is said to be valid if it measures what is supposed to measure (Gall 2003). The draft questionnaires were given to a selected person knowledgeable in research to ascertain the items suitability in obtaining information according to research objectives of the study. This process assisted in eliminating any potential problems of the research instrument and provided a basis for design or structural changes. This was done to test the validity and workability of the instrument.

3.7.2 Reliability of instruments

Reliability of the instruments concerns the degree to which a particular instrument gives similar results over a number of repeated trials (Mugenda & Mugenda, 2003). The researcher pre-tested each of the questionnaires to the pilot sample. The respondents were not used in the main study. Pre-testing was conducted to check the questionnaires structure and the sequence, meaning and ambiguity of questions. Pre-testing was done in order to refine and ascertain the reliability of the research instruments before they are applied in the actual research (Cooper & Schindler, 2003). The discovered errors were corrected, ambiguous questions made clearer and relevant and the contents revised. To compute the coefficient, the researcher used the formula:

$$Re = \frac{2\mathrm{r}}{\mathrm{r}+1}$$

Where Re = reliability of the original test

r = reliability of the coefficient resulting from correlating the scores of the odd items with the scores of the even items.

The research instruments were deemed reliable if the reliability coefficient is about 0.7 and above Mugenda and Mugenda (2003).

3.8 Data management

The Researcher participated in data collection and organization and documented the role played in the process. The researcher first cleaned the data by removing the missing data treating them as spoiled. Data files were then prepared ready for analysis. A description of the data management problem and approach which was used to solve it was documented. A data and information management protocol was developed for use in future.

3.9 Data Processing and Analysis

Data was analyzed using statistical package for social science (SPSS). All the questionnaires received were referenced and items in the questionnaire coded to make data entry easy. Descriptive statistics were estimated for the various variables. Frequency tables and graphs were made for all the variables. According to Mugenda and Mugenda (2003) descriptive statistics enables a researcher to meaningfully describe distribution if scores using few indices. The data reliability was checked using the Cronbach's alpha index. Inferential data analysis was done using Pearson Correlation Coefficient, regression analysis (enter method) and multiple regression analysis (step wise method). According to Mugenda and Mugenda (2003) correlation technique is used to analyze the degree of relationship between two variables. Correlation is the measure of the relationship or association between two continuous numeric variables (Kothari, 2004).

Correlation indicates both direction and degree to which they vary with one another from case to case without implying that one is causing the other. Correlation analysis results give a correlation coefficient which measures the linear association between two variables (Crossman, 2013). The value of correlation coefficient ranges between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive linear. A correlation of -1 indicates that two variables are negatively linearly related and a correlation coefficient of 0 indicates that there is no linear relationship between two variables. This correlation was used to determine the direction of the relationship between the dependent and the independent variables.

Meaningfulness was determined by the particular objectives of the research study. Qualitative approaches to data analysis tended to focus on the descriptive or theoretical aspects of the transcript data. Content analysis is an approach aiming at analyzing communication material in a systematic way (Mayring, 2007). It seems was useful method because it tries to build on the strengths of the quantitative analysis such as its guidance by rules and following of the concepts of verification reliability and validity. The method then changes these strengths in a meaningful way for the analysis of qualitative data (Mayring 2007).

Multiple regression analysis was used to establish the relationship between the various strategic human resource practices and employee retention. Hypothesis testing using p_ value was done because it gave the strength of the decision. According to Mugenda and Mugenda (2003) a significance level of 0.05 is recommended as it represents that results are at 95% confidence level. The moderating effect of employee commitment was analysed using multiple regression analysis (Stepwise method).

The statistical models to be used for analysis was multiple regression (enter method)

$Y = ß_0 + ß_1X_1 + ß_2X_2 + ß_3X_3 + \beta_1X_1 Z_1 + \varepsilon$ Where Y is the dependent variable employee retention

B_0 is the constant

B is the coefficient of X_i for i=1, 2, 3,

X_1 is the employee recruitment

X_2 is employee training and development

X_3 is performance management

Z is the hypothesized moderator (employee commitment)

B_i $-_3$ are the regression coefficients.

ε is the error term

X_1Z_1 Is product term for the moderating variable

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

In this chapter the researcher presents the findings of the study with main aim of addressing the research objectives.

4.2 Response rate

There were a total of 44 heads of human resource in the banks were targeted from where 40 responded by completing and giving back the questionnaire after numerous follow ups. This gave a response rate of 90.9%.

4.3 Factor analysis and results

The study used factor analysis to reduce the number of indicators which do not explain the effect of strategic human resource on employee retention and retain the indicators which are capable of explaining the effect of strategic human resource on employee retention. Only the factors with loading values of above 0.4 and were used for further analysis as recommended by Hair et al. (1998) and Tabachnick and Fidell (2007) who noted that factors with factor loading above 0.4 shall be retained for further study. Hair et al. (1998) and Tabachnick and Fidell (2007) described the factor loadings as follows: 0.32 (poor), 0.45 (fair), 0.55 (good), 0.63 (very good) or 0.71 (excellent).

The researcher used the Cronbach's alpha to measure the reliability of the data gathered from the field. Cronbach's alpha is a coefficient of reliability that gives an unbiased estimate of data generalizability (Zinberg, 2005). According to Zinbarg (2005), an alpha coefficient of 0.70 or higher indicated that the gathered data is reliable as it has a relatively high internal consistency and can be generalized to reflect opinions of all respondents in the target population. The results and interpretation of the factor analysis is presented in the sub-sections that follow for each of the study indicators.

4.2.1 Strategic Recruitment

In Table 4.1 the Cronbach's Alpha values for all the indicators before and after extraction with a factor loadings value of less than 0.4 is presented. Cronbach's Alpha results in the first column were computed using results of all the indicators and the Cronbach's Alpha results in the last column were computed after the reduction of indicators/factors with factor loadings of less than 0.4.

Table 4.1: Factor Analysis and Reliability of Strategic Recruitment

Cronbach's Alpha before	Indicators	Factors loading	Cronbach's Alpha after
.819	The organization utilizes psychometric testing	.935	.819
	The organization utilizes testing/examination to evaluate the potential of the target employees	.904	
	The organization offers incentives e.g. bonuses, special packages to attract potential candidates	.901	
	The organization utilizes internet and other technologies to attract potential candidates	.893	
	Organization employs head hunting strategies to attract potential candidates	.810	
	Management has been utilizing associations, universities, and professional bodies to source for its employees/talents	.793	
	Organization targets specific professionals to fill a specific need	.774	
	The organization does ranking of potential candidates according to job related requirements	.746	
	The organization utilizes websites to target large audience	.736	

The findings of the study show that there were no indicators with less that 0.4 factor loading. All the factor loadings were above the 0.71 which was described by Hair et al. (1998) and Tabachnick and Fidell (2007) as excellent. The researcher therefore retained all the indicators of strategic recruitment as recommended by Hair, Tathan, Anderson and Black (1998) that factors with factor loadings of above 0.4 should be retained for further data analysis. Therefore the Cronbach's alpha result for all the strategic recruitment before and after factor loading remained the same (0.819). The value of the Cronbach's alpha which was above the 0.70 and this corroborated with Zinbarg (2005) that an alpha coefficient of 0.70 or higher indicates that the gathered data is reliable as it has a relatively high internal consistency and can be generalized to reflect opinions of majority of the respondents in the target population.

4.2.2 Strategic Training

Table 4.2 below shows that Cronbach's alpha values of strategic training factors before and after extraction of factors with a factor loadings value of less than 0.4. The results show that the Cronbach's alpha value was 0.893. The results also show that the factor loadings ranged from 0.992 and 0.812 which is described as excellent by Hair et al. (1998) and Tabachnick and Fidell (2007). There is therefore no factor to be dropped which imply that there was no factor that was dropped. This implies that the Cronbach' alpha value remained the same as before (0.893). The fact that the value of the Cronbach's alpha was above the 0.70 indicates that the gathered data is reliable as it has a relatively high internal consistency and can be generalized to reflect opinions of majority of the respondents in the target population.

Table 4.2: Factor Analysis and Reliability of Strategic Training

Cronbach's Alpha before	Indicators	Factors loading	Cronbach's Alpha after
.893	The organization develops the skills of its staff in accordance with current job requirements	.992	.893
	The training is offered to enhance the quality and standards of the products and services provided	.985	
	Training offered to employees to promote participants into a higher grade	.985	
	The employees are given induction training	.985	
	Training offered to make the organization a learning organization	.983	
	The organization offers on the job training	.982	
	The organization has mentorship training	.981	
	The organization offers soft skills development training	.848	
	There is project based training	.848	
	Career development is encouraged	.812	

4.2.3 Strategic Performance Management

Table 4.3 presents Cronbach’s alpha value of strategic performance management values of strategic performance management factors before and after extraction of factors with a factor loading of less than 0.4. The table 4.3 presents that all the seven factors had

Cronbach’s alpha value of 0.967 and factor loading between 0.936 and 0.738. This rule out elimination of the strategic performance management factors as none of the factors had a loading of less than 0.40. The Cronbanch’s alpha value remained 0.967 since all the factors were retained. The Cronbach’s Alpha value of more than 0.7 implied that the gathered data was reliable and therefore could be used for generalization.

Table 4.3: Factor Analysis and Reliability of Strategic Performance Management

Cronbach's Alpha before	Indicators	Factors loading	Cronbach's Alpha after
.967	The management carries out performance review of its actual performance, targets and forecast for timely and corrective action	.936	.967
	The organization practices regular forecasting to evaluate whether it is still on track	.901	
	The organization sets realistic budgets	.881	
	The organization gives incentive compensation to its employees for motivation	.873	
	The organization practices performance measurement	.796	
	The organization practices target setting for all its employees.	.792	
	The organization has a clear action value plan used to measure the performance	.738	

4.2.4 Employee Commitment

Table 4.4 shows that Cronbach's alpha values of employee commitment factors before and after extraction of factors with a factor loadings value of less than 0.4. It shows that the Cronbach's alpha results of all the employee commitment factors was 0.866 and the factor loading of between 0.868 and 0.526. This ruled out elimination of any employee commitment factors as none of the factors had a factor loading of less than 0.40 as recommended by Hair, Tathan, Anderson & Black (1998). The Cronbach's Alpha value of more than 0.7 implied that the gathered data was reliable and therefore could be used for generalization.

Table 4.4: Factor Analysis and Reliability of Employee Commitment

Cronbach's Alpha before	Indicators	Factors loading	Cronbach's Alpha after
.866	Don't regret working for the organization	.868	.866
	Gain much by staying in the organization	.859	
	Efforts are appreciated in the organization	.815	
	Proudly tell others about my organization	.789	
	Feel valued at my organization	.786	
	Am satisfied working for this organization	.526	

4.2.5 Staff Retention

Table 4.5 show that Cronbach's alpha value of staff retention factors before and after extraction of factors with a factor loading of less than 0.4. It shows that the Cronbach's alpha results of all the employee retention factors was 0.927 and the factor loading of between 0.845 and 0.705. This ruled out elimination of any staff retention factors as none of the factors had a factor loading of less than 0.40. The Cronbach’s Alpha value of more than 0.7 implied that the gathered data was reliable and therefore could be used for generalization.

Table 4.5: Factor Analysis and Reliability of Staff Retention

Cronbach's Alpha before	Indicators	Factors loading	Cronbach's Alpha after
.927	If I could start over again, I would choose to work for another company.	.845	.927
	If it were up to me, I will definitely be working for this company for the next five years.	.828	
	Within this company my work gives me satisfaction.	.828	
	If I received an attractive job offer from another company, I would take the job.	.826	
	I see a future for myself within this company.	.817	
	The rate of turnover in the organization is minimal	.792	
	The work I’m doing is very important to me.	.754	
	Have no intention of leaving the organization	.715	
	I love working for this company.	.705	

4.3 Descriptive Statistics

Descriptive statistics in this study were used to describe the basic features of the data that was gathered. They provided simple summaries about the sample and the measures.

Together with simple graphics analysis, they formed the basis of virtually every quantitative analysis of data.

4.3.1 Background Information

This section presents personal information of the respondents such as age, experience working in the bank, number of years intending to work in bank and the department. The findings are presented in subsequent sections.

a) Distribution by of respondent's age

The study sought to determine the distribution of respondents by age to determine whether age had any influence on staff retention as was argued by Angle and Perry (1983) and Glisson and Durick (1988) that personal variables such as age, gender, and the level of education among others affected the employee retention in the organization. The findings are presented in Figure 4.1.

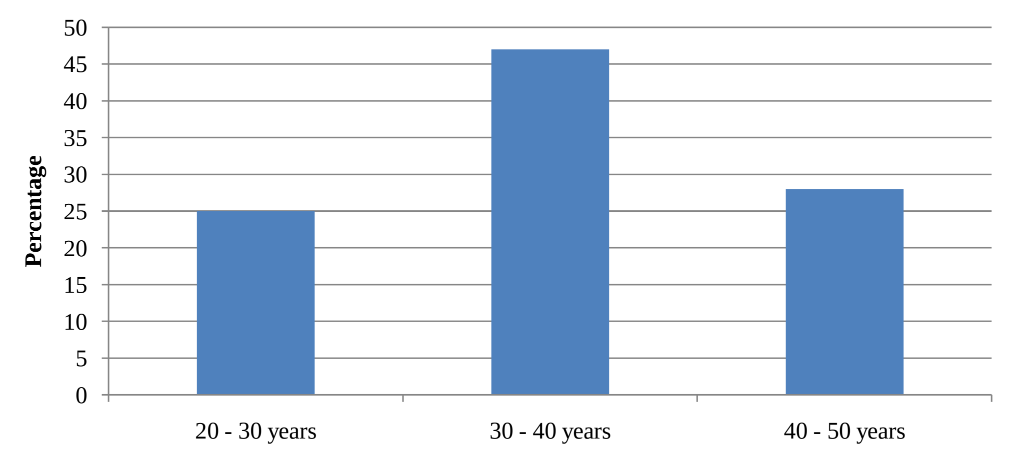

Figure 4.1: Distribution by of respondent's age

According to the findings presented in, most of the respondents (47%) were aged between 30 and 40 years. The findings also show that 28% of the respondents were aged between 40 and 50 years. The study findings mean that majority of the respondents are in their middle age (40 years and below).

b) Experience working in the bank

The respondents were asked to state the experience they have had working in the bank. This was to ascertain whether there was any link between the work experience and staff retention. The findings of the study are presented in Figure 4.2.

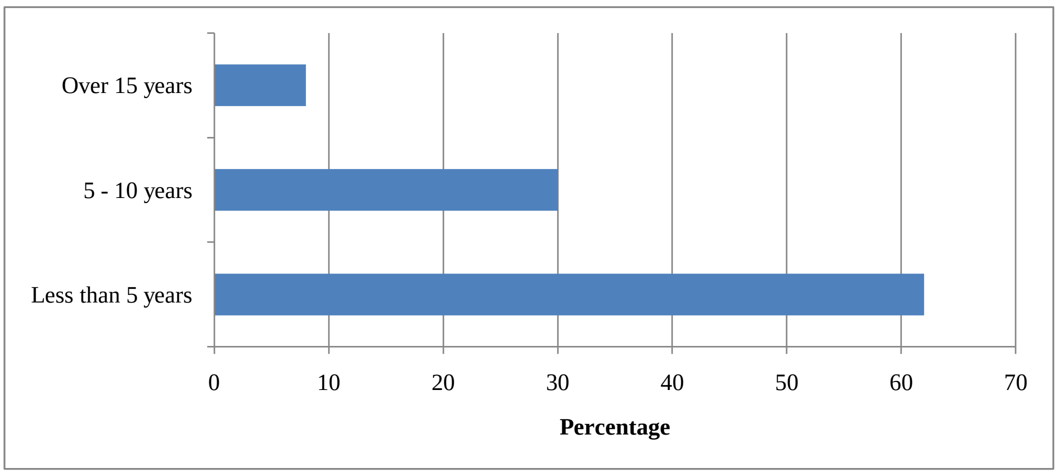

Figure 4.2: Experience working in the bank

The findings of the study show that most of the respondents (62%) have a working experience with the bank of less than five years. The findings show that 30% of the respondents have worked in the bank for between 5 and 10 years. The findings mean that most of the respondents have a short stint with the banks. This could mean a high turnover rate in the banking sector.

c) Number of years intending to work in the bank

The respondents were asked to state the number of years they intended to work in the bank. The findings are presented in Figure 4.3.

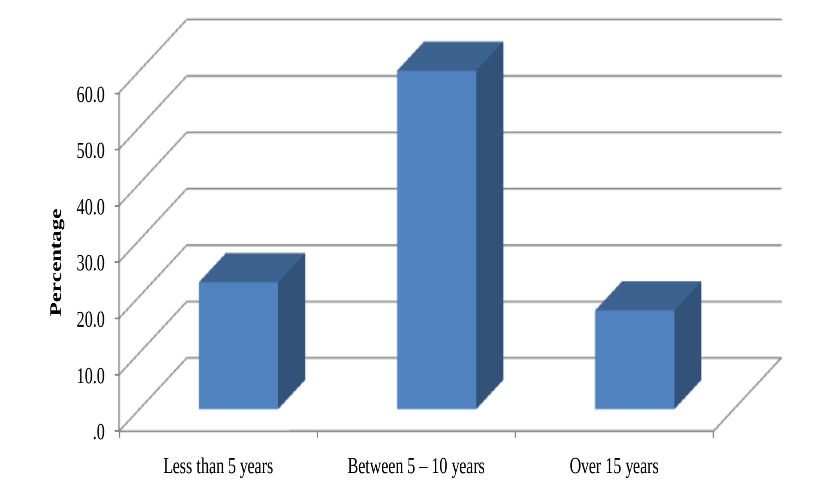

Figure 4.3: Number of years intending to work in the bank

The study findings show that most of the respondents (60%) intended to work for the banks for between 5 and 10 years. The findings also show that 22.5% of the respondents intended to work for the banks for less than five years. The findings of the study mean that most of the respondents intended remain in the organization long enough.

4.3.1 Influence of Strategic recruitment on employee retention

In this section the study sought to determine whether the strategic recruitment practices influenced the employee retention in the organization. The findings are presented in the subsequent sections.

a) Strategic recruitment practices

The respondents were asked to state the extent to which they agreed with the statements with regard to the strategic recruitment practices in the organizations. This was on a scale of 1-5 'strongly disagree' (1); 'disagree' (2); 'neutral' (3); 'agree' (4) and; 'strongly agree' (5). The key factors rated by the respondents were utilization of other institutions, psychometric testing, websites, specific professionals, head hunting, incentives, use of rankings and internet. The findings are presented in Table 4.6 below.

Table 4.6: Strategic recruitment Practices

Indicator	Strongly Disagree (%)	Disagree (%)	Neither agree nor disagree (%)	Agree (%)	Strongly agree (%)	Total
Management has been utilizing associations, universities, and professional bodies to source for its employees/talents	2.5	10.0	25.0	62.5	0	100
The organization utilizes psychometric testing	2.5	12.5	22.5	25.0	37.5	100
The organization utilizes websites to target large audience	0	2.5	2.5	70.0	25.0	100
Organization targets specific professionals to fill a specific need	0	0	12.5	75.0	12.5	100
Organization employs head hunting strategies to attract potential candidates	0	2.5	10.0	87.5	0	100
The organization utilizes testing/examination to evaluate the potential of the target employees	2.5	10.0	50.0	37.5	0	100
The organization offers incentives e.g. bonuses, special packages to attract potential candidates	0	0	0	62.5	37.5	100
The organization does ranking of potential candidates according to job related requirements	0	12.5	62.5	25.0	0	100
The organization utilizes internet and other technologies to attract potential candidates	0	0	0	75.0	25.0	100

The findings of the study in Table 4.6 show that most of the respondents (62.5%) agreed that the management had utilized associations, universities and professional bodies to source for its employees/talents. The findings also show that about 25% of the respondents remained neutral to the question.

The findings of the study revealed that according to 62.5% of the respondents, the organization used psychometric testing in the recruitment of the staff. However, 15% of the respondents indicated that the organizations did not use psychometric testing for recruitment of its staff.

The study findings revealed that majority of the respondents (95%) indicated that their organization used websites to target large audience in its recruitments. This implies that nearly all the organizations utilized websites to target large number of applicants in their recruitment.

The study findings also revealed that 87.5% of the respondents indicated that the organizations targeted specific professionals to fill specific needs as a strategic for recruiting talents to the organization. The findings mean that most organizations used the specific professional strategy to fill the vacant positions.

The results show that some 87.5% of the respondents indicated that the organization used head hunt strategies to attract potential candidates. The findings mean that most banks utilized head hunt to attract potential candidates.

As to whether the organization did the ranking of potential candidates according to job related requirements, most of the respondent (62.5%) did not agree nor disagree with the statement meaning they were not sure whether this happened or not. Only 25% of the respondents indicated that their organizations did the ranking of the candidates according to job related requirements. The findings mean that only a few banks did ranking of the candidates.

The respondents were asked to state whether the organizations used internet and other technologies to attract potential candidates. The results show that all the respondents indicated that the organizations used internet and other technologies to attract potential candidates.

b) Whether Strategic recruitment practices influenced employee retention

The respondents were asked to state the extent to which the strategic recruitment practices influenced employee retention in the organizations. The findings of the study are presented in Figure 4.4.

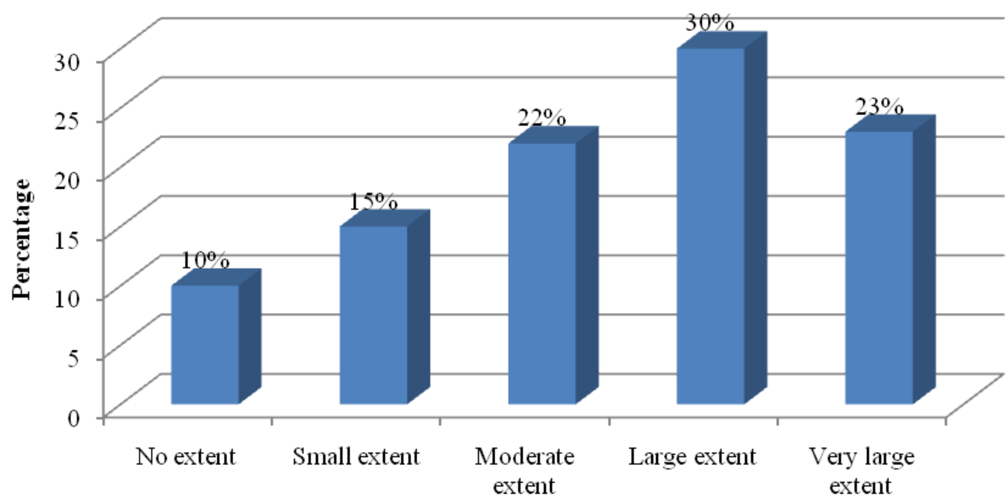

Figure 4.4: Whether strategic recruitment practices influenced employee retention

The results show that 30% of the respondents stated that the strategic recruitment practices influenced employee retention in the organization to a large extent. The findings also show that according to 23% of the respondents indicated that strategic recruitment practices influenced employee retention to a very large extent while 22% of the respondents indicated that it influenced to a moderate extent. The findings mean that the strategic recruitment influenced the employee retention.

c) Regression analysis of strategic recruitment and employee retention

The researcher conducted a regression analysis to determine the significance relationship of strategic recruitment against the employee retention. Table 4.7 show that the coefficient of determination is 0.570; therefore, about 57.0% of the variation in the employee retention is explained by strategic recruitment. The regression equation appears to be relatively useful for making predictions since the value of R^2 is slightly more than half.

Table 4.7: Model summary for strategic recruitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.755[a]	.570	.558	.601

Table 4.8 presents the results of the Analysis of Variance (ANOVA) on the strategic recruitment versus the employee retention. The ANOVA results for regression coefficients indicate that the significance of the F is 0.00 which is less than 0.05. This indicates that the regression model statistically significantly predicts the outcome variable (meaning it is a good fit for the data). There is therefore a significant relationship between strategic recruitment and the employee retention.

Table 4.8: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.177	1	18.177	50.334	.000[a]
	Residual	13.723	38	.361		
	Total	31.900	39			

a. Predictors: (Constant), Strategic recruitment

b. Dependent Variable: Employee retention

The researcher sought to determine the beta coefficients of strategic recruitment verses the employee retention in the organization. Table 4.9 shows that there was positive relationship since the coefficient of strategic recruitment was 0.806 which is significantly greater than zero. The t statistics (7.095) was also greater than zero. This demonstrated that the strategic recruitment had a positive influence on the employee retention. With the significant coefficient value of 0.000 which is less than the p-value of 0.05, we reject the null hypothesis that there is no significant relationship between recruitment and staff retention in commercial banks in Kenya. The researcher therefore accepts the alternative hypothesis that there exists a significant relationship between strategic recruitment and staff retention in commercial banks in Kenya.

Table 4.9: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.609	.412		1.478	.148
	Strategic recruitment	.806	.114	.755	7.095	.000

a. Dependent Variable: Employee retention

4.3.3 Influence of strategic training on employee retention

The study sought to determine the influence of strategic training on the employee retention in the financial institutions. The findings are presented in the subsequent sections.

a) Strategic Training

The respondents were asked to state the extent to which they agreed with the statements regarding the strategic training in the organizations. The findings are presented in Table 4.10.

Table 4.10: Strategic Training

Indicator	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Total
The organization develops the skills of its staff in accordance with current job requirements	0.0	0.0	0.0	75.0	25.0	100.0
The training is offered to enhance the quality and standards of the products and services provided	0.0	0.0	0.0	75.0	25.0	100.0
Training offered to make the organization a learning organization	0.0	50.0	50.0	0.0	0.0	100.0
Training offered to employees to promote participants into a higher grade	0.0	0	25.0	75.0	0.0	100.0
The employees are given induction training	0.0	25.0	0.0	75.0	0.0	100.0
The organization offers on the job training	0.0	25.0	25.0	50.0	0.0	100.0
The organization offers soft skills development training	0.0	25.0	50.0	25.0	0.0	100.0
The organization has mentorship training	0.0	25.0	25.0	50.0	0.0	100.0
There is project based training	0.0	25.0	50.0	25.0	0.0	100.0
Career development is encouraged	7.5	5.0	12.5	75.0	0.0	100.0

The researcher sought to determine whether the organizations developed the employee skills of their staff in accordance with the current requirements. The results of the study show that all the respondents agreed that the organizations indeed developed the skills of their staff in accordance with the requirements. The findings mean that the development of the employee skills was based on the current requirements. As to whether the training was offered to enhance the quality and standards of the products and services provided, the findings show that majority of the respondents (75%) agreed that the training enhanced the quality and standards of the products and services. The findings also show that 25% of the respondents strongly agreed with the statements. The findings of the study show that the training offered by the organizations enhanced the quality and standards of the services and products.

The study sought to determine whether the training offered was meant to make the organization a learning organization. According to the results, half of the respondents (50%) did not agree with the statement while 50% neither agreed nor disagreed with the statement. The findings of the study imply that the training offered did not make the organization a learning organization.

As to whether the training was offered to employees to promote participants into higher grades, the results show that majority of the respondents (75%) agreed that the training was offered to employees to promote participants into higher grades. The results mean that the training in the organizations was meant to promote participant into higher grades. The results concur with the views of Porter (2008) that training focuses on implementation and doing things to the required standards and doing things to the new standard and innovation.

The study sought to determine whether the employees were given induction training. The results of the study show that 75% of the respondents agreed that the employees were given induction training. The results however, show that 25% of the respondents did not agree with the statement. The findings imply that the organizations largely offered induction training to their employees.

The study sought to determine whether the organizations offered on job training. The results show that 50% of the respondents agreed that the organizations offered on the job training. The results show that 25% of the respondents disagreed with the statement. The findings imply that to some extent, the organizations offered on the job training. The study findings agree with Capelli (2001) that most organizations today offer on the job training such as job rotation, apprenticeship (combining classroom instruction) and working alongside a seasoned veteran and internship (structured or unstructured).

As to whether the organizations offered the soft skills development training to their employees, the study established that only 25% of the respondents agreed that their organizations offered the soft skills development training to their employees while 25% of the respondents disagreed with the statement. The results show that half of the respondents remained neutral to the statement. The findings therefore mean that only a few organizations offered soft skills development training.

The respondents were asked to state whether the organizations had mentorship programmes. The results show that half of the respondents (50%) agreed that the organizations had mentorship programmes. The findings mean that to moderate extent, the organizations had mentorship training programmes for their employees. These findings agree with Purcell (2003) who noted that effective training include mentoring which is helping design and implement organizational change strategies.

The study sought to determine whether the organizations employed project-based trainings. The study findings revealed that 25% of the respondents agreed that the organizations used project-based training. The results also show that 25% of the respondents disagreed with the statement. The findings mean that only a few organizations employed project-based training.

As to whether the organizations encouraged career development, majority of the respondents (75%) agreed that indeed the organizations encouraged career development. The findings mean that the organizations encouraged career development of their employees. The results support the views of Armstrong (2008) who noted that organizations are geared towards achieving both general and specific skills through career development.

b) Whether Strategic Training Influenced Employee Retention

The study sought to determine whether the strategic training influenced employee retention in the organization. The findings are presented in the Figure 4.5.

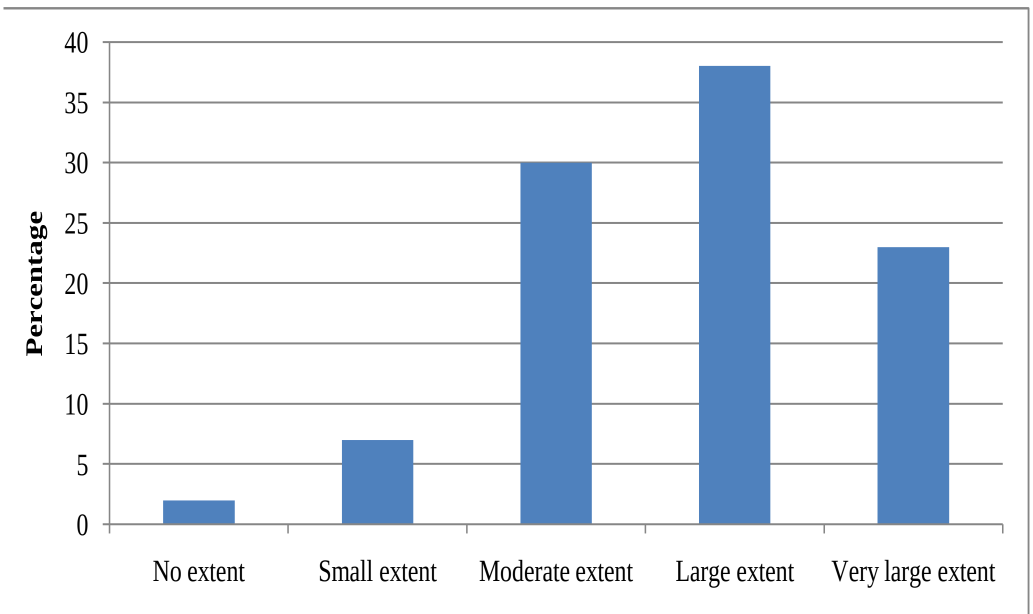

Figure 4.5: Whether Strategic training influenced employee retention

The findings of the study show that 38% of the respondents indicated that the strategic training influenced the employee retention. The results show that 23% of the respondents indicated that the strategic training influenced employee retention to a very large extent. The findings of the study mean that the strategic training influenced employee retention. The findings of the study that the strategic training influenced the retention of the employees agree with the report by Lee (2003) who noted that training was positively associated with intention to stay in the organization. The training is usually offered to the employers to enhance their skills and competencies and to equip them for the future assignments.

c) Regression analysis of strategic training and employee retention

Regression analysis was further done to determine the relationship between the strategic training and employee retention. The results show that the coefficient of determination R^2 0.626 which imply that 62.6% of the variation in the employee retention is explained by strategic training. The regression equation appears to be relatively useful for making predictions since the value of R^2 is near 1.

Table 4.11: Model summary for strategic training

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.791[a]	.626	.616	.561

a. Predictors: (Constant), Strategic training

The test for the analysis of variance (ANOVA) showed that regression coefficients indicate that the significance of the F is 0.00 which is less than 0.05. This indicates that the regression model statistically significant predictor of the outcome variable. There is therefore a significant relationship between strategic training and the employee retention.

Table 4.12: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.954	1	19.954	63.477	.000[a]
	Residual	11.946	38	.314		
	Total	31.900	39			

a. Predictors: (Constant), Strategic training

b. Dependent Variable: Employee retention

The results in Table 4.13 show a beta coefficient of 0.849 which implies a strong positive relationship between strategic training and employee retention. The findings further show that the test was statistically significant with the significance value of 0.000 which is less that the p-value of 0.05. The t statistics (7.967) was also greater than zero. This demonstrated that the strategic training had a positive influence on the employee retention. With the significance value of 0.000 which is less than the p-value of 0.05, the study rejects the null hypothesis that there is no significant relationship between strategic training and employee retention in commercial banks in Kenya. The null hypothesis that there is significant relationship between training on employee retention in commercial banks in Kenya is therefore accepted.

Table 4.13: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.849	.338		2.509	.016
	Strategic training	.776	.097	.791	7.967	.000

a. Dependent Variable: Employee retention

4.3.4 Influence of strategic performance management on employee retention

The researcher sought to determine the influence of strategic performance management on the employee retention. The findings of the study are presented in the subsequent sections.

a) Strategic Performance Management

The respondents were asked to state the level of agreement with the statements regarding to strategic performance management. The findings are presented in Table 4.14. The respondents were asked to state whether the organization had clear action value plan used to measure the performance. The findings show that majority of the respondents (72.5%) indicated that indeed the organization had clear action value plan used to measure the performance. The findings mean that the organizations have clear actions value plans for measuring performance. As to whether the organizations practiced target setting for their employees, the study findings revealed that 67.5% of the respondents agreed that indeed the organizations practiced target setting for their employees. The findings show that 10% strongly agreed with the statement. The findings imply that most organizations practiced target setting for their employees. The study sought to determine whether the organizations set realistic targets with their employees.

The findings of the study show that 72.5% of the respondents agreed that the organizations set realistic targets. The findings imply that majority of the organizations set realistic targets. The study sought to establish whether the organizations practiced regular forecasting to evaluate whether they were still on track. The findings show that 72.5% of the respondents agreed that the organizations practiced regular forecasting to evaluate their performance. The findings mean that the organizations practiced regular forecasting as a strategy to evaluate their performance. On the practice of performance measurement by the organizations, the results show that 72.5% of the respondents agreed that the organizations practiced performance measurement. The results therefore mean that the organizations practiced the performance measurement to a large extent.

Table 4.14: Strategic Performance Management

Indicator	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Total
The organization has a clear action value plan used to measure the performance	0.0	7.5	15.0	72.5	5.0	100.0
The organization practices target setting for all its employees.	5.0	5.0	12.5	67.5	10.0	100.0
The organization sets realistic budgets	5.0	10.0	5.0	72.5	7.5	100.0
The organization practices regular forecasting to evaluate whether it is still on track	7.5	7.5	7.5	72.5	5.0	100.0
The organization practices performance measurement	2.5	5.0	12.5	72.5	7.5	100.0
The management carries out performance review of its actual performance, targets and forecast for timely and corrective action	0.0	12.5	7.5	77.5	2.5	100.0
The organization gives incentive compensation to its employees for motivation	5.0	10.0	5.0	75.0	5.0	100.0

The study sought to determine whether the management carried out performance review of its actual performance, targets and forecast for timely and corrective action. The results show that 77.5% of the respondents agreed that the managements carried out performance review of their actual performance, targets and forecast for timely and corrective action. The findings imply that the organizations' management carried out performance review of their actual performance. Respondents were asked to state whether the organizations the gives incentive compensation to its employees for motivation. The results show that 75.0% of the respondents agreed that the organizations gives incentive compensation to its employees for motivation. The findings mean that the organizations motivate their employees through incentive compensations.

b) Whether strategic performance management influenced employee retention

The respondents were asked to state whether the strategic performance management practices by the organizations influenced employee retention. The findings are presented in Figure 4.6.

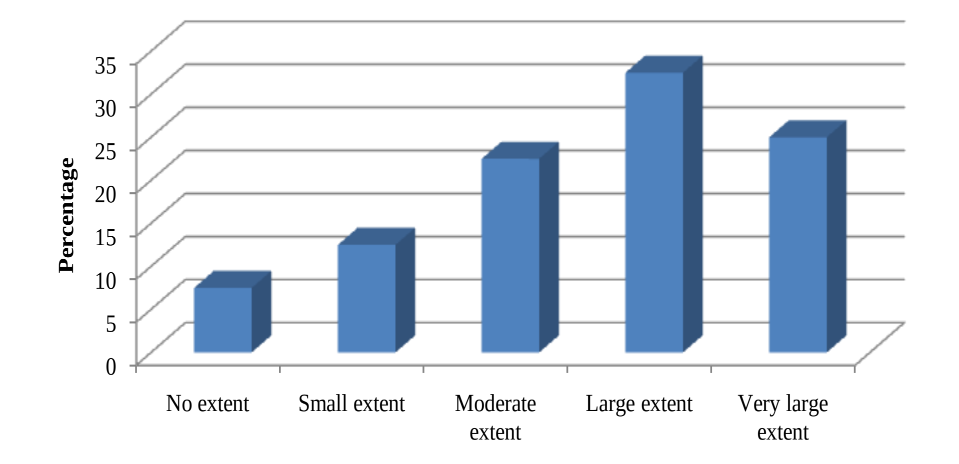

Figure 4.6: Whether strategic performance management influenced employee retention

The findings of the study show that 32.5% of the respondents indicated that the strategic performance management influenced the employee retention to a large extent. The findings further show that 25% of the respondents indicated that it influenced to a very large extent. The study findings mean that the strategic performance management influenced employee retention to a very large extent.

From the findings of the study, it was evident that most organizations practiced forecasting to evaluate their position in the business. The findings agree with the views of Grigore, Bagu and Rada (2011) that organizations do regular forecasting to predict whether they are on track or whether correction and/or predictive action are needed to solve current or predicted problems. The findings that the organizations performed performance reviews for the employee agreed that Grigore, Bagu and Rada (2011) views that organizations should periodically review actual performance targets and forecasts to ensure that timely preventive and corrective action are taken.

The findings of the study that the organization used incentive compensation to motivate its employees as a strategy for employee retention support the views of Willis (2000) and Parker and Wright (2000) who noted that compensation serves as the most critical issue when it comes to attracting and retaining talents. The fact that the organizations practiced strategic performance management where the employees are given incentive compensation for motivation for the retention of the employees, the fact that the organizations practiced target setting, setting of the realistic budgets is also supported by Walker (2001) that the employee retention was influenced by compensation and appreciation of the work performed, the provision of the challenging work, the chances to be promoted and the learning and good communication among others.

c) Regression analysis of strategic performance management and employee retention

The study conducted another regression analysis to test the relationship between strategic performance management and employee retention. The results in Table 4.15 show that the coefficient of determination (R^2) was 0.482 which means that 48.2% of the variance in employee retention in the organization is explained by strategic performance management. This though positive is a weak representation and therefore means there are equally other factors which determine employee retention in the organization.

Table 4.15: Model summary for strategic performance management

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.694[a]	.482	.468	.660

a. Predictors: (Constant), Strategic performance management

The analysis of variance shows that the significance of the F is 0.00 which is less than 0.05. This implies that the regression model is statistically a significant predictor of the outcome variable.

Table 4.16: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.364	1	15.364	35.305	.000[a]
	Residual	16.536	38	.435		
	Total	31.900	39			

a. Predictors: (Constant), Strategic performance management

b. Dependent Variable: Employee retention

The beta coefficients of strategic performance management verses the employee retention results in Table 4.17 showed that there was significant relationship between the strategic performance management and the employee retention was positive since the coefficient of strategic performance management is 0.591 which is significantly greater than zero. The t statistics (1.679) was also greater than zero. This demonstrated that the strategic performance management had a positive influence on the retention of employees in the organization. Since the significance value of 0.000 which is less than the p-value of 0.05, the study rejects the null hypothesis that there is no significant relationship between strategic performance management and employee retention in commercial banks in Kenya. The null hypothesis that there is significant relationship between strategic performance management on employee retention in commercial banks in Kenya is therefore accepted.

Table 4.17: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.382	.363		3.803	.001
	Strategic performance management	.591	.099	.694	5.942	.000

a. Dependent Variable: Employee retention

4.3.5 Moderating effect of employee commitment on relationship between strategic human resource practices and employee retention

In this section the researcher sought to determine the moderating effect of employee commitment on strategic human resource practices and the employee retention. The findings are presented below.

a) Employee commitment

The respondents were asked to state their level of agreement with the following statements regarding employee commitment. The findings are presented in Table 4.18. The study sought to determine the level of satisfaction working for the organizations by the respondents. The findings of the study show that majority of the respondents (72.5%)

agreed that indeed they were satisfied working for their organizations. The findings mean that the respondents were largely satisfied working for their respective organizations. Respondents were asked to state whether they would proudly tell others about their organizations. The findings show that 70% of the respondents would proudly tell others about their organization. The findings mean that the respondents would proudly tell others about their organizations.

Table 4.18: Employee commitment

Indicator	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Total
Am satisfied working for this organization	5.0	7.5	7.5	72.5	7.5	100.0
Proudly tell others about my organization	2.5	7.5	12.5	70.0	7.5	100.0
Don't regret working for the organization	2.5	5.0	12.5	77.5	2.5	100.0
Feel valued at my organization	0.0	12.5	12.5	67.5	7.5	100.0
Gain much by staying in the organization	5.0	10.0	35.0	45.0	5.0	100.0
Efforts are appreciated in the organization	5.0	12.5	40.0	42.5	0.0	100.0

As to whether they regretted working for the organizations, the results show that 77.5% of the respondents agreed to the statement that they don't regret working for the organization. The findings imply that majority of the respondents are highly satisfied working for their respective organizations.

The study sought to establish whether the employees of the organizations felt valued. The findings show that 67.5% of the respondents agreed that they felt valued in the organization. The findings mean that most respondents feel valued in the organizations which could a source of motivation.

As to whether they were gaining by staying in the organizations, the findings revealed that 45% of the respondents agreed that indeed they were gaining much by staying in the organization. However, 35% of the respondents neither agreed nor disagreed with the statement. These findings mean that only some employees feel that staying longer in the organization would greatly benefit them.

Respondents were asked to state whether their efforts were recognized in the organization. The results show that 42.5% of the respondents agreed that their efforts were recognized. The findings also show that 40% of the respondents neither agreed nor disagreed with the statement. The findings imply that only a handful of respondents feel that their efforts were recognized.

b) Whether employee motivation influenced employee commitment

The respondents were asked to state the extent to which their motivation has influenced their stay in the organization. The findings are presented in Figure 4.7.

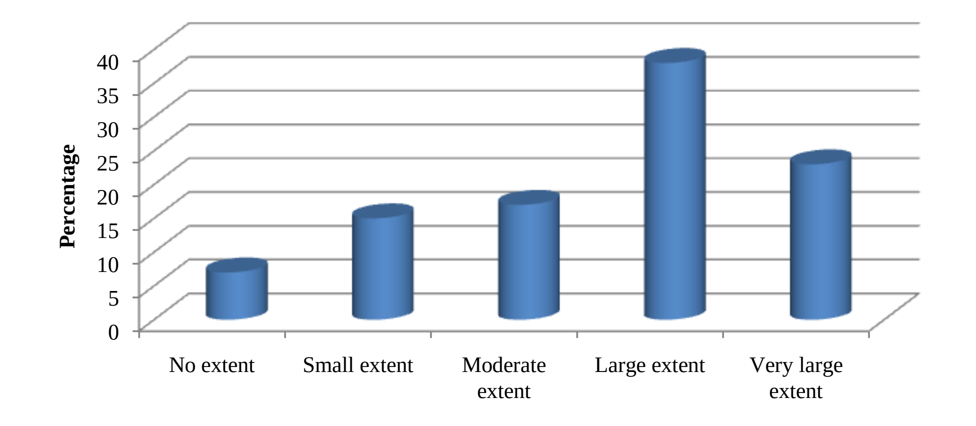

Figure 4.7: Whether employee motivation influenced employee commitment

The findings of the study show that 38% of the respondents indicated that their motivation influenced their stay in the organizations to a large extent. The findings show that 23% of the respondents indicated that motivation influenced their stay in the organization to a very large extent. The findings therefore mean that the employee motivation influenced employee retention in the organizations to a large extent.

The findings of the study that the employee commitment has influenced the decision to stay in the organization support the views of Trevor (2001) and Cotton and Tuttle (1986) that when the employees do not feel satisfied with their jobs, they are likely to leave the company. This could be attributed to the fact that the employee needs must be taken into consideration if the organization is serious in retaining its talents. The findings that the organization recognized the contributions of the employees where their efforts were appreciated support the views of Visser (2001) and Powden (2002) that recognition of the employees is likely to increase their involvement which is likely to contribute to the desirable character for the organizational development.

c) Regression analysis of relationship between employee commitment and employee retention

The regression analysis on the employee commitment show that the coefficient of determination is 0.484 which imply that 48.4% variance in the employee decision to stay in the organization is explained by employee commitment. The regression equation appears to be relatively useful for making predictions. However, not very strong which may mean that there are other variables influencing employee retention.

Table 4.19: Model Summary for Employee Commitment

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.696[a]	.484	.470	.658

a. Predictors: (Constant), Employee commitment

The ANOVA results in Table 4.20 showed that the significance of the F statistics is 0.000 which is less than 0.05. This implies that there was a significant relationship between employee commitment and employee retention.

Table 4.20: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.432	1	15.432	35.607	.000[a]
	Residual	16.468	38	.433		
	Total	31.900	39			

a. Predictors: (Constant), Employee commitment

b. Dependent Variable: Employee retention

The beta coefficients of employee commitment verses the employee retention results presented in Table 4.21 show that there was significant relationship between the employee commitment and employee retention was positive since the coefficient of employee commitment was 0.592 which was greater than zero. The t statistics was also greater than zero (0.592). This demonstrated that the employee commitment had a positive influence on the employee retention. With the significance value of 0.000 which is less than the p-value of 0.05, the study rejects the null hypothesis that there is no significant moderating effect of employee commitments on employee retention in commercial banks in Kenya. The null hypothesis that there is significant moderating effect of employee commitment on employee retention in commercial banks in Kenya is therefore accepted.

Table 4.21: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.510	.341		4.423	.000
	Employee commitment	.592	.099	.696	5.967	.000

a. Dependent Variable: Employee retention

4.3.6 Employee Retention

The study sought to determine the employee retention in the organizations. The respondents were therefore asked to state the extent to which they agreed with the statements regarding employee retention in the organizations. The findings are presented in Table 4.22. The respondents were asked to state the rate of turnover in the organization was minimal. The results show that half of the respondents (50%) agreed that the rate of turnover in their respective organizations were low. The findings show that 12.5% of the respondents strongly agreed with the statement. The findings imply that the turnover in the organization was low. The study sought to determine whether the respondents had the intention of leaving the organizations. The findings of the study show that slightly more than half of the respondents (55%) had no intention of leaving the organizations. The findings also show that 30% of the respondents neither agreed nor disagreed with the statement. The findings mean that a number of respondents have intention of leaving the organizations.

Table 4.22: Employee Retention

Indicator	Strongly Disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Total
The rate of turnover in the organization is minimal	0.0	15.0	22.5	50.0	12.5	100.0
Have no intention of leaving the organization	2.5	12.5	30.0	47.5	7.5	100.0
Within this company my work gives me satisfaction.	2.5	5.0	12.5	77.5	2.5	100.0
I see a future for myself within this company.	5.0	12.5	40.0	42.5	0.0	100.0
If it were up to me, I will definitely be working for this company for the next five years.	2.5	5.0	12.5	77.5	2.5	100.0
If I could start over again, I would choose to work for another company.	5.0	10.0	35.0	45.0	5.0	100.0
If I received an attractive job offer from another company, I would take the job.	2.5	7.5	12.5	70.0	7.5	100.0
The work I'm doing is very important to me.	2.5	7.5	22.5	62.5	5.0	100.0
I love working for this company.	2.5	7.5	27.5	45.0	17.5	100.0

As to whether their work gives satisfaction to the employees, the findings show that majority of the respondents (77.5%) agreed that within the organizations their work gave them satisfaction. The findings mean that the respondents work gave them satisfaction.

The study sought to find out how long the respondents intended to stay in the organization. The findings of the study show that 42.5% agree that they saw future for themselves within this company. The findings show that 40.0% remained neutral as to whether they were seeing their future in the organization. The results mean that only a section of the respondents see future for themselves in the organization.

On whether they were willing to work for the organization for the next five years, the results show that majority of the respondents (77.5%) agreed that they would be working for their organizations for the next five years. The findings mean that the respondents desire to work for the organization longer. Respondents were asked to state whether if it were possible to start all over again, they would seek employment elsewhere. The findings show that half of the respondents (50%) indicated that indeed given chance they would seek job elsewhere if they were to start all over again.

The respondents were asked to state whether they would take up a job given an attractive offer. The findings show that majority of the respondents (70%) agreed that they would take up the offer. The findings mean that the respondents would take up a better opportunity if they came across. The findings however show that 62.5% of the respondents agreed that the work they did was very important to them.

The findings of the study that the employees would leave if they got better offer, agree with Mathis and Jackson (2004) and Khan (2010) who argued that most managers believe that money is the prime reason for leaving one employer for another.

4.4 Normality Test

For one to fit a linear model to some given data, the dependent variable (employee retention) has to be normally distributed.

4.4.1 Q.Q Plot

For the data to be normally distributed, the observed values should be spread along the straight diagonal line shown in Figure 4.8. Since most of the observed values are spread very close to the straight line and some falling within the line, there is high likelihood that the data is normally distributed. This finding confirms the Q-Q plot below.

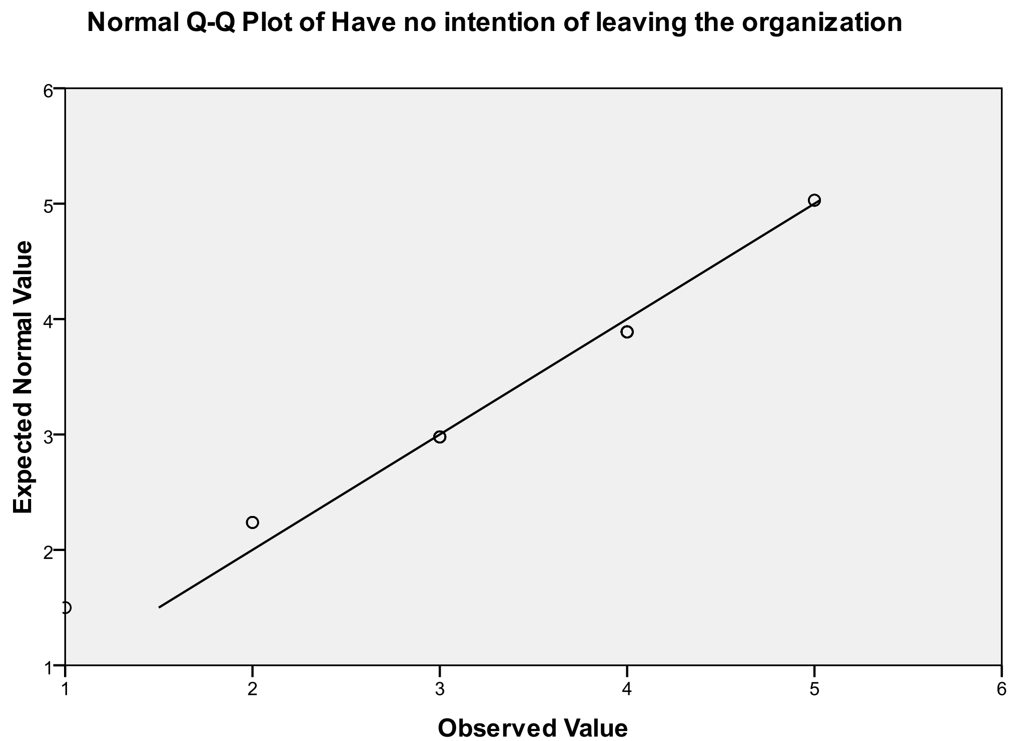

Figure 4.8: Normal Q-Q plot of the employee retention

4.5 Correlation Results

The study conducted correlation analysis to test the strength of association/relationship between the research variables. Correlation is the measure of the relationship or association between two continuous numeric variables (Kothari, 2004). Correlation indicates both direction and degree to which they covary with one another from case to case without implying that one is causing the other. Correlation analysis results give a correlation coefficient which measures the linear association between two variables

(Crossman, 2013). The value of correlation coefficient ranges between -1 and +1. The findings of the study are presented in Table 4.23.

Table 4.23: Correlation Results

Indicator		Strategic recruitment	Strategic training	Strategic performance management	Employee commitment	Employee retention
Strategic recruitment	Pearson Correlation	1				
	Sig. (2-tailed)					
Strategic training	Pearson Correlation	.577**	1			
	Sig. (2-tailed)	0.000				
Strategic performance management	Pearson Correlation	.462**	.667**	1		
	Sig. (2-tailed)	0.003	0.000			
Employee commitment	Pearson Correlation	.333*	.706**	.744**	1	
	Sig. (2-tailed)	0.036	0.000	0.000		
Employee retention	Pearson Correlation	0.056	.356*	.445**	.386*	1
	Sig. (2-tailed)	0.031	0.024	0.004	0.014	

A correlation coefficient of +1 indicates that two variables are perfectly related in a positive linear. A correlation of -1 indicates that two variables are negatively linearly related and a correlation coefficient of 0 indicates that there is no linear relationship between two variables. The results of the correlation analysis presented in the table show that strategic recruitment was positively related to the strategic training with a Pearson's Correlation Coefficient of r = 0.577 and at level of significance of 0.000, was statistically significant as the p-value is less than 0.05. This relationship was moderately strong. The results show that strategic performance management was positively correlated to strategic recruitment with a Pearson's Correlation Coefficient of r = 0.462 and at level of significance of 0.003, was statistically significant as the p-value is less than 0.05. The relationship was however, not very strong. The findings of the study further show that there was a positive relationship between strategic recruitment and employee commitments with a Pearson's Correlation Coefficient of r = 0.333 and at level of significance of 0.036, was statistically significant as the p-value is less than 0.05. This relationship was relatively weak. The findings show that strategic recruitment was positively related to the employee retention with a Pearson's Correlation Coefficient of r = 0.056 and at level of significance of 0.031, was statistically significant as the p-value is less than 0.05. This relationship was however very weak.

The findings of the study show that there was a positive correlation between strategic training and strategic performance management with a Pearson's Correlation Coefficient of r = 0.667 and at level of significance of 0.000, was statistically significant as the p-value is less than 0.05. This was a fairly strong correlation. The findings show that the strategic training was positively correlated to the employee commitment with a Pearson's Correlation Coefficient of r = 706 and at level of significance of 0.000, was statistically significant as the p-value is less than 0.05. The relationship can be described as very strong. The results show that there was a positive relationship between the strategic training and employee retention with a Pearson's Correlation Coefficient of r = 0.356. The test was statistically significant at a level of coefficient of 0.024 as this is less than the p-value of 0.05. This relationship could be described as weak.

The results revealed that there is a positive relationship between strategic performance management and employee commitment with a Pearson’s Correlation Coefficient of r = 744. The test was statistically significant at a level of coefficient of 0.000 as this is less than the p-value of 0.05. This is a strong relationship. There was a positive relationship between strategic performance management and employee retention with a Pearson’s Correlation Coefficient of r = 445 and at level of significance of 0.004, was statistically significant as the p-value is less than 0.05. The relationship can be described as not strong. And finally, the result revealed that there was a positive relationship between employee motivation and employee retention with a Pearson’s Correlation Coefficient of r = 0.386. With a level of significance of 0.014, the test was statistically significant as the p-value is less than 0.05. This was a relatively weak relationship

4.6 Regression Results

The study further carried out regression analysis to determine the relationship between strategic employee recruitment, training, performance management and the intervening variable of employee commitment and the employee retention. This is in accordance with Green and Salkind (2003) who noted that regression analysis is a statistics process of estimating the relationship between variables. He goes further to suggest that regression analysis helps in generating equation that describes the statistical relationship between one or more predictor variables and the response variable. The regression analysis results were presented using regression model summary tables, analysis of variance (ANOVA) table and beta coefficient tables as shown below.

4.6.2 Combined effect Model

In this section, multiple regression analysis was to determine whether independent variables notably, strategic recruitment, strategic training and strategic performance management affecting the dependent variable the employee retention. The findings are presented below.

The results show that the coefficient of determination was 0.696 which mean that 69.9% of variation in employee retention is explained by strategic recruitment, training and performance management and employee commitment. The regression equation appears to be relatively useful for making predictions. R square and adjusted R is high; therefore this implies that there is a high variation that can be explained by the model.

Table 4.24: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.834[a]	.696	.661	.527

a. Predictors: (Constant), Employee commitment, Strategic training, Strategic recruitment, Strategic performance management

The ANOVA results for regression coefficients on Table 4.25 showed that the significance of the F statistics is 0.000 which is less than 0.05. This implied that there was a significant relationship between the employee commitment, strategic training, strategic recruitment and strategic performance management and employee retention.

Table 4.25: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.191	4	5.548	19.999	.000[a]
	Residual	9.709	35	.277		
	Total	31.900	39			

a. Predictors: (Constant), Employee commitment, Strategic training, Strategic recruitment, Strategic performance management

b. Dependent Variable: Employee retention

The study sought to determine the beta coefficient of the variables. The findings are presented in Table 4.26. The regression model was written as: Employee retention = 0.404 + 0.293 strategic recruitment + 0.415 strategic training + 0.020 strategic performance management + 0.169 employee commitment.

Table 4.26: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	.404	.368		1.098	.020
	Strategic recruitment	.293	.171	.274	1.712	.046
	Strategic training	.415	.192	.422	2.159	.038
	Strategic performance management	.020	.158	.024	.130	.038
	Employee commitment	.169	.135	.198	1.256	.017

a. Dependent Variable: Employee retention

$Y = 0.404 + 0.293X_1 + 0.415X_2 + 0.020X_3 + 0.169X_4$

The Beta Coefficients in the regression show that all of the tested variables had positive relationship with employee retention. The findings show that all the variables tested were statistically significant with p-values less than 0.05.

X_1 = 0.293 which implied that a unit change in the strategic recruitment resulted into a 0.293 change in the employee retention.

X_2 = 0.415; this implied that one unit change in the strategic training will result into a 0.415 change in the employee retention.

X_3 = 0.020; implied that one unit change in the strategic performance management will result into a 0.020 change in the employee retention.

X_4 = 0.169; implied that one unit change in employee commitment will result into a 0.169 change in the employee retention.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

In this chapter, the summary of findings, conclusions and recommendations of the study are presented. The purpose of the study was to determine the relationship between strategic human resource management and employee retention in commercial banks in Kenya. The objectives of the study were to determine the influence of strategic recruitment on employee retention, determine the influence of strategic training on employee retention and determine the influence of strategic performance management on employee retention and to determine the moderating effect of employee commitment on the relationship between strategic human resource practices and employee retention in commercial banks in Kenya.

5.2 Summary of Findings

5.2.1 Strategic Recruitment

The study established that according 62.5% of the respondents, the management utilized associations, universities and professional bodies to source for its employees/talents. The findings revealed that 62.5% of the respondents stated that the organization used psychometric testing in the recruitment of the staff. Majority of the respondents (95%) indicated that their organization used websites to target large audience in its recruitments. The study established that 87.5% of the respondents indicated that the organizations targeted specific professionals to fill specific needs as a strategic for recruiting talents to the organization. The results showed that most respondents (87.5%) indicated that the organization used head hunt strategies to attract potential candidates. Only a few organizations (25%) ranked their candidates according to job related requirements. Most respondents (53%) indicated that the strategic recruitment practices influenced employee retention in the organization to a large extent.

5.2.2 Strategic Training

The study established that the organizations developed the skills of their staff in accordance with the requirements. Majority of the respondents (75%) indicated that the training enhanced the quality and standards of the products and services. The training according to 75% of the respondents was offered to employees to promote participants into higher grades. The majority of the respondents (75%) indicated that the employees were given induction training. It was revealed that according to most respondents (50%), the organizations offered on the job training. A few respondents (25%) indicated that the organizations offered the soft skills development training to their employees. Half of the respondents indicated that the organizations had mentorship programmes. Only a few respondents (25%) indicated that their organizations used project-based training. The organizations, according to majority of the respondents (75%), encouraged career development. Most of the respondents (61%) attributed the employee retention in the organizations to the strategic training.

5.2.3 Strategic Performance Management

The study established that majority of the respondents (72.5%) indicated that the organization had clear action value plan used to measure the performance. The findings revealed that according to 77.5% of the respondents, the organizations practiced target setting for their employees. The study revealed that according to 72.5% of the respondents, the organizations set realistic targets. Majority of the respondents (72.5%) indicated that the organizations practiced regular forecasting to evaluate the performance of the employees. The organizations according to 72.5% of the respondents practiced performance measurement. The results showed that 77.5% of the respondents indicated that the managements carried out performance review of their actual performance, targets and forecast for timely and corrective action. The organization gave incentive compensation to its employees for motivation according to most respondents (75.0%).

5.2.4 Employee Commitment

The study established that majority of the respondents (72.5%) were satisfied working for their organizations. Most of the respondents (70%) would proudly tell others about their organization. The results revealed that majority of the respondents (77.5%) won't regret working for the organization. Most respondents (67.5%) felt valued in the organization. The results showed that 45% of the respondents were gaining much by staying in the organization. The results further showed that 42.5% of the respondents' efforts were recognized in the organization. The findings revealed that according to most respondents (61%), employee motivation influenced employee retention to a large extent.

5.2.5 Staff Retention

The turnover in the organization was described by most respondents (62.5%) as low. Most of the respondents (55%) had no intention of leaving the organization. The majority of the respondents (77.5%) are satisfied with their work. Some respondents (42.5%) saw future for themselves within this company. Majority of the respondents (77.5%) intended to work for their organizations for the next five years. The findings revealed that 50% of the respondents given chance would seek job elsewhere if they were to start all over again. Majority of the respondents (70%) would take up a better opportunity if they came across.

5.3 Conclusion

Based on the findings of the study the study concluded the by practicing strategic recruitment such as the use of use of associations, psychometric tests, websites, targeting specific professionals, employing head hunting strategies, offer incentives, ranking of potential candidates and utilization of internet and other technologies influenced the employee recruitment. The study established that the organizations employed strategic training through developed skills of staff in accordance with job requirements, trainings to enhance quality and standards of product and services, the organizations offered training to enhance employee participation to higher grade. The organizations offered induction training, on job training, mentorship training and career development which has influenced the employee retention in the organization. The organizations used strategic performance management through clear action value plan, target setting, setting of the realistic budgets, forecasting, performance measurements and review and finally compensation based on performance. The strategic performance management influenced the employee retention. The study therefore concluded that the strategic human resource management influenced the employee retention.

5.4 Recommendations Based on the Research

Even though the strategic recruitment was found to influence employee retention, a number of organizations did not practice strategic recruitment. The study recommends that the management of all financial institutions should embrace strategic recruitment with the view of retaining their talents and thereby cutting the cost of recruitment and the loss of talents which are valuable to the organizations' competitiveness.

The study also established that some organizations did not employ strategic training which was found to influence the employee retention. The study recommends that the management of the financial institutions should embrace strategic training with the aim of ensuring that its employees remain in the organization.

Strategic performance management such as performance measurement, target setting among others do influence employee retention. The study recommends that the management of commercial banks should employ more strategic performance management with the view of enhancing employee retention.

5.5 Areas for Further Research

This study was done on commercial banks in Kenya only. The study recommends that similar studies should be done in other sectors of the economy on the effect of strategic human resource management on the employee retention. The study focused on how strategic recruitment, training and performance management on the employee retention. The study however suggests that further studies should be done of other factors affecting employee retention.

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APPENDIX 1: QUESTIONNAIRE

Please answer all Questions by inserting a TICK where appropriate or alternatively please write in the space provided.

SECTION A: PERSONAL DETAILS

1. Your age in years 20-30 ( ) 30-40 ( )
   40-50 ( ) 50 and above ( )

2. The number of years you have worked in this bank? Less than 5 years ( ) between 5 – 10 years ( ) 11 – 15 years ( ) Over 15 years ( )

3. How much longer are you intending to work in this bank? Less than 5 years ( ) between 5 – 10 years ( ) 11 – 15 years ( ) Over 15 years ( )

4. Which department do you work in this bank?..

SECTION B: STRATEGIC RECRUITMENT

5. State the extent to which you agree with the following statement relating to the adoption of strategic recruitment in the organizations.

Indicator	Strongly Disagree (%)	Disagree (%)	Neutral (%)	Agree (%)	Strongly agree (%)
Management has been utilizing associations, universities, and professional bodies to source for its					

employees/talents					
The organization utilizes psychometric testing					
The organization utilizes websites to target large audience					
Organization targets specific professionals to fill a specific need					
Organization employs head hunting strategies to attract potential candidates					
The organization utilizes testing/examination to evaluate the potential of the target employees					
The organization offers incentives e.g. bonuses, special packages to attract potential candidates					
The organization does ranking of potential candidates according to job related requirements					
The organization utilizes internet and other technologies to attract potential candidates					

6. To what extent has the strategic recruitment practices influenced employee retention in the organization? No extent ( ) Small extent ( ) Moderate extent ( ) Large extent ( ) Very large extent ( )

7. In your opinion, state how strategic recruitment has influenced employee retention?

____
____
____

8. Explain how your bank handles the challenges of over-reliance on behavioral characteristics for recruitment and how it's able to reward people for what they do not what they are?

____
____
____

SECTION C: STRATEGIC TRAINING

9. State the extent to which you agree with the following statements regarding the use of strategic training in the organization

Indicator	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
The organization develops the skills of its staff in accordance with current job requirements					
The training is offered to enhance the quality and standards of the products and services provided					
Training offered to make the organization a learning					

organization					
Training offered to employees to promote participants into a higher grade					
The employees are given induction training					
The organization offers on the job training					
The organization offers soft skills development training					
The organization has mentorship training					
There is project based training					
Career development is encouraged					

10. To what extent has the strategic training practices influenced employee retention in the organization? No extent ( ) Small extent ( ) Moderate extent ( ) Large extent ( ) Very large extent ( )

11. In your opinion, state how strategic training has influenced employee retention?
____
____

12. How does your bank do systematic training and how is it leading to competitive advantages?____
____
____

SECTION D: STRATEGIC PERFORMANCE MANAGEMENT

13. State the extent to which you agree with the statements with regard to the use of strategic performance management in the organization.

Indicator	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
The organization has a clear action value plan used to measure the performance					
The organization practices target setting for all its employees.					
The organization sets realistic budgets					
The organization practices regular forecasting to evaluate whether it is still on track					
The organization practices performance measurement					
The management carries out performance review of its actual performance, targets and forecast for timely and corrective action					
The organization gives incentive compensation to its employees for motivation					

14. To what extent has the strategic performance management practices influenced employee retention in the organization? No extent ( ) Small extent ( ) Moderate extent ( ) Large extent ( ) Very large extent ( )

15. In your opinion, state how strategic performance management has influenced employee retention?

____

____

____

16. How is business strategies in your bank translated into a set of expectations about ways that each employee must perform so that the bank objectives can be achieved?

____

____

____

SECTION E: EMPLOYEE COMMITMENT

17. State the extent to which you agree with the following statements regarding employee retention in your organization?

Indicator	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Am satisfied working for this organization					
I proudly tell others about my organization					
I don’t regret working for the organization					
I feel valued at my organization					
I gain much by staying in the organization					
My efforts are appreciated in the organization					

18. To what extent has the employee commitment influenced employee retention in the organization? No extent ( ) Small extent ( ) Moderate extent ( ) Large extent ( ) Very large extent ( )

19. In your opinion, state how employee commitment has influenced employee retention?

____

____

SECTION F: EMPLOYEE RETENTION

20. State the extent to which the following statements regarding employee retention in the organization.

Indicator	Strongly Disagree	Disagree	Neutral	Agree	Strongly agree
The rate of turnover in the organization is minimal					
Have no intention of leaving the organization					
Within this company my work gives me satisfaction.					
I see a future for myself within this company.					
If it were up to me, I will definitely be working for this company for the next five years.					
If I could start over again, I would choose to work for another company.					
If I received an attractive job offer from another company, I would take the job.					
The work I’m doing is very important to me.					
I love working for this company.					

APPENDIX 2: LETTER OF INTRODUCTION

I am a Doctor of Philosophy student at Jomo Kenyatta University in the school of Human Resource Development undertaking a research. The title of my thesis is relationship between strategic human resource management and employee retention in commercial banks in Kenya

The study aims at determining the relationship between strategic human resource practices and employee retention in commercial banks in Kenya. Therefore your participation is very important in this study and will be highly appreciated.

The information you provide will be used for academic purposes only and will be treated with outmost confidentiality.

Finally the report of the findings can be sent to you on request. My address is indicated below.

Thank you

George Mucai Mbugua
P.O.BOX 17285, 00100
NAIROBI.

APPENDIX 3: List of Licensed Commercial Banks in Kenya as at 31.12.2013

1. African Banking Corporation Ltd.
2. Bank of Africa Kenya Ltd.
3. Bank of Baroda (K) Ltd.
4. Bank of India
5. Bank of China
6. Barclays Bank of Kenya Ltd.
7. CFC Stanbic Bank Ltd.
8. Charterhouse Bank Ltd
9. Chase Bank (K) Ltd.
10. Citibank N.A Kenya
11. Commercial Bank of Africa Ltd.
12. Consolidated Bank of Kenya Ltd
13. Co-operative Bank of Kenya Ltd.
14. Credit Bank Ltd.
15. Development Bank of Kenya Ltd
16. Diamond Trust Bank Kenya Ltd
17. Dubai Bank Kenya Ltd.
18. Ecobank Kenya Ltd
19. Equatorial Commercial Bank Ltd.
20. Equity Bank Ltd.
21. Family Bank Limited
22. Fidelity Commercial Bank Ltd
23. Fina Bank Ltd
24. First community Bank Limited
25. Giro Commercial Bank Ltd.
26. Guardian Bank Ltd
27. Gulf African Bank Limited

28. Habib Bank A.G Zurich
29. Habib Bank Ltd.
30. I & M Bank Ltd
31. Imperial Bank Ltd
32. Jamii Bora Bank Limited.
33. Kenya Commercial Bank Ltd
34. K-Rep Bank Ltd
35. Middle East Bank (K) Ltd
36. National Bank of Kenya Ltd
37. NIC Bank Ltd
38. Oriental Commercial Bank Ltd
39. Paramount Universal Bank Ltd
40. Prime Bank Ltd
41. Standard Chartered Bank Kenya Ltd
42. Trans-National Bank Ltd
43. UBA Kenya Bank Limited
44. Victoria Commercial Bank Ltd

Source: Central Bank of Kenya (www.centralbank.go.ke)