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RESEARCH ARTICLE

MOTIVATION ON EMPLOYEE RETENTION IN COMMERCIAL BANKS IN HOMABAY COUNTY, KENYA

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Abstract

For the success or failures of every industry employees play a very vital and crucial role thereby making it very essential to attract and retain the most talented employees. Therefore, understanding the motivation on employee's retention is very critical component for all stakeholders in the banking sector. The main aim of the current study was to evaluate the effects of motivation on employee retention in commercial banks in Kenya. Descriptive research design was used and the targeted population consisted of 50 employees from 5 commercial banks within Homabay County. Census sampling technique was used in the study. Both primary and secondary data was adopted by the study. Results analyzed using tables and presented using bar graphs and charts to help in interpretation. Inferential statistics such as regression analysis was also used. The study estimated an R^2 of 0.7604, implying that 76.04% of changes in the bank's employee's retention are explained by the independent variables. It further revealed that employee reward (mean=8.3, SD=10.6488) and working organizational climate (mean=5.82, SD=3.3545) had the most significant positive effects on banks employees' retention. The study therefore recommends that conducive environment and employee reward be highly considered by the management to ensure most of the employees are retained within the industry.

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Introduction:-

The correlation between employee motivation and the retention in an organization has been conducted by many researchers in the management field with respect to different professions. More importantly employee retention is the most critical area of importance for quite a number of the industries' competitive advantage because it has some positive results on the industries' productivity, effectiveness and it's sustainability in future. Specifically the retention of employees is a process in which the employees are expected to remain with the same company for the maximum period of time or until the retirement period. Despite the fact that Retention of Employees is currently a complex task, it is considered to be of greater beneficial for the industry and at the same time for the employee (Biaison, 2019).

Interest of most of the employees are adequate salaries, extra benefits, promotions, and car loan benefits which are considered as the elements motivation enough to make the bank employees to do their best in providing their services. The bulky work for the banking industry is generally conducted by the clerical staffs whose number is greater than

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their supervisors and therefore packages for motivation should be biased towards the clerical employees so that they can make the customers to be delighted (Owusu, 2012)

For every organization to be successful sustainable and to be able to conduct business continuity plan of the work in an organized and robust way and for organizations' survival, motivation of employees is the key factor. Motivation helps in finding some need in the workers and also assist them to acquire it smoothly. Motivating staff results in widening their skills which will enable them to meet the company's demands and objectives. Every manager in the bank should be responsible to working with the staff in order to find out their individual needs and put them side by side to the organization needs. (Omollo et al, 2015).

Several studies conducted globally indicates that it is critical and crucial for many companies to retain their talents in order to remain business for unforeseeable future. The factors like training and development, organization culture and autonomy are less explored as compared to supervision and leadership (Kossivi et al, 2016).

Statement of the Problem:

Several organizations are currently facing challenges related to employee's retention. Attraction and retention of highly talented employees for organization's competitive advantage. Motivation is the most crucial factor for the retention of the employees since they are the most valuable asset in the organizations.

According to Kossiviet al, (2016) studies on the factors determining retention of employee's. The study specifically reviewed the results from past studies conducted by different scholars. In their study they looked at several factors like compensation, development opportunities, working, management/leadership, work environment, social support, autonomy, training and development. The study was more of theoretical since it only reviewed these factors with no practical perspectives on how each affects the employee's retention in an organization. Biason (2019) undertook a study to establish the relationship between job satisfaction and employee retention. The study revealed significant positive relationship on job satisfaction and retention of employee.

Many scholars have conducted several studies on employee retention it has however, continued to cause major problems with respect to the sustainability of the commercial banks in Kenya. Therefore to bridge the gap this study was designed to assess how the motivation will influence employee retention on commercial banks in Homabay County, Kenya.

Study Objectives:-

The general objective of the study was to assess the effects of of motivation on employee retention in commercial banks in Homabay County. The specific objectives of the study were to:

1. Analyze the effect of rewards on employee retention in commercial banks in Homabay County.
2. Determine the effects of working organizational climate on employee retention in commercial banks in Homabay County
3. Examine the effect of leadership style on employee retention in commercial banks in Homabay County

Theoretical Review:

Herzberg's Motivation Hygiene Theory:

It is also referred to as a two factor theory which asserts that there are two variables that a company can alter to affect motivation in the working places. The theory was developed by Herzberg Frederick in 1966. He was a clinical psychologist and discovered that satisfaction and dissatisfaction in the job are independently related to one another.

Managements understands that demotivating factors can always be related to other matters apart from work which can results to improvement in motivation, greater satisfaction of job and improved organizational performance by the entire workforce. Apprehension of individuals' objectives, linked with employees widerabilities and skills, may result to a considerable opportunities. Employees are the most valuable assets in the organization and is requires to gain new and additional skills necessary for future growth of the organization. Enhancing skills and opportunities and also increased knowledge for the employee in the long run will lead to an increased value addition for the organizations' human assets. Most importantly, it can lead to greater staff commitment, understanding and loyalty. Clear understanding what motivates people in all spheres of life is the basic to the employees aspiring to becoming leaders (John Ball, 2103).

Empirical Review:

Omollo *et al*, (2015) analyzed the effect of motivation on employee performance of commercial banks in Kenya and concluded that monetary reward is the most effective motivating factors the employees value most and it is what managers should consider while making their decisions based on employee welfares. The study also suggested that the managers should consider the employees before implementing any policies and ensure that an environment that considers their need is provided for them.

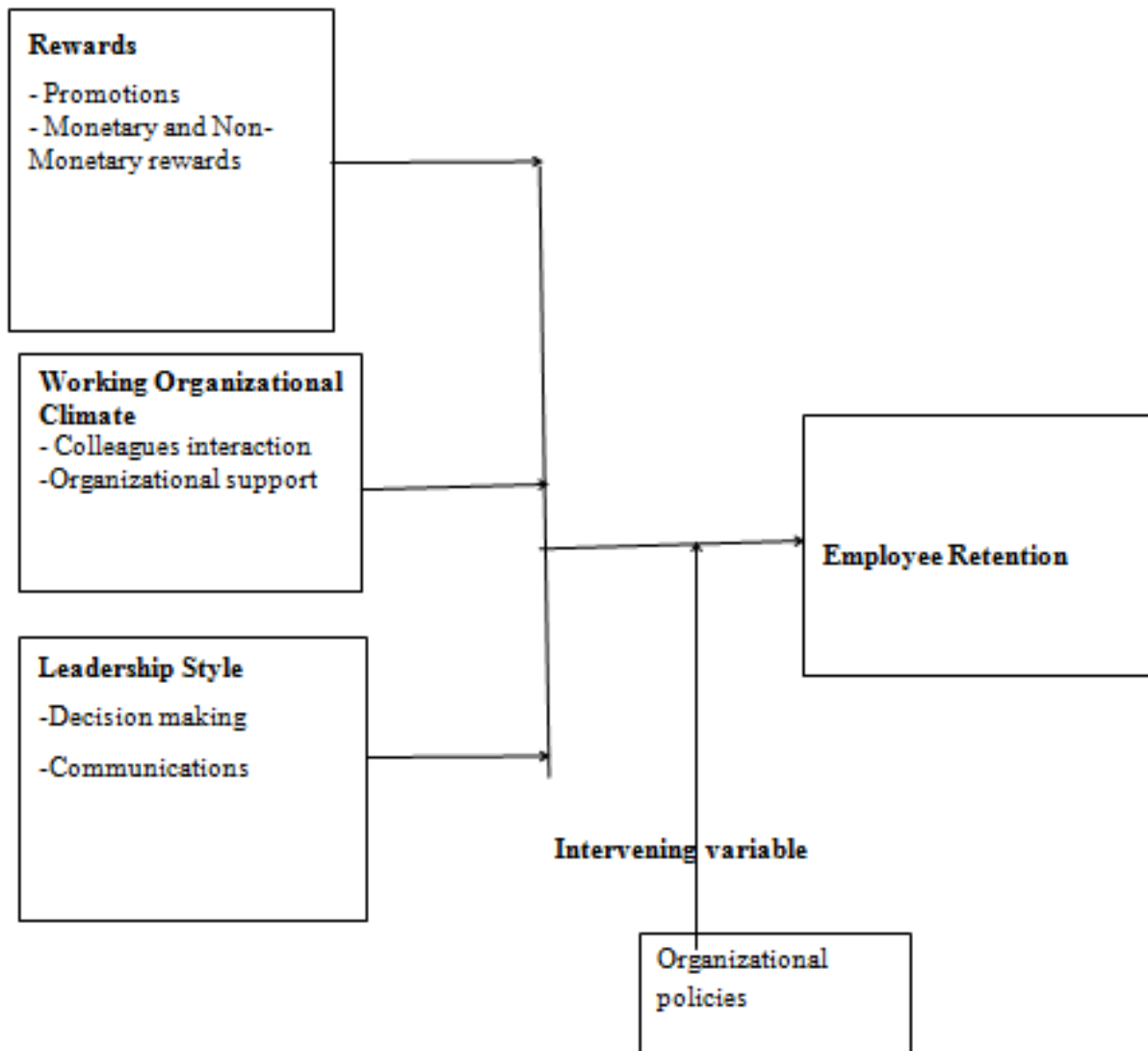
Ng'ethe *et al*, (2012) established how leadership style affects academic staff retention in Kenyan public universities. In the study it was revealed that there was a significant influence of the leadership style on the retention of the public university employees. It also concluded that most of the leadership styles practiced in these universities were not favorable for the retention of the academic staff.

Kundu and Lata (2107) investigated the effects of supportive work environment on employee retention. Their findingsrevealed that concentrating in supportive work environment practices directly affects the retention of the employee. The supportive work environment index is revealed to be the most effective way for prediction of the retention employee.

Conceptual Framework:

Independent variable:

Dependent variable



Research Methodology:-

The study adopted descriptive research. Both qualitative and quantitative approach was employed by the current research study. Census was used since the whole population of 50 employees was taken for the study which was in tandem with the study recommendations as per Saunders, Lewis and Thornhill (2014) where they suggested that any target population which is not more than 100 should apply census approach which is the most appropriate. To meet the objectives of this study, questionnaires were administered to the respondents and Semi- structured questionnaires were used to gather data from bank employees at the institutions of the registered commercial banks to evaluate the effects of rewards, working organizational climate and leadership style on the employee retention. It was considered that a questionnaire was one of the most effective way to data collection because it could be administered to a larger population at the same time and makes analysis to be efficient and convenient due to uniformity of structure.

Data Processing and Analysis:

Data presentation was done using tables, graphs, and pie charts. Inferential statistics such as regression analysis were used to establish the nature of influence of motivation on staff retention in commercial banks in Kenya. Simple regression model was of the form:

$$Y = b_0 + b_1X_1 + b_2X_2 + b_3X_3 + \epsilon$$

Where Y= Employee Retention; b_0 = Constant term; X_1 = Employee Reward; X_2 = Working Organizational Climate; X_3 = Leadership Style; ϵ = Error term

Results and Discussion:-

Background Details:

Gender:

Figure 2 represents distribution of study participants by gender. From the total of 50 respondents interviewed by the study, majority 72% were male and the female represented by 32% and thereby constituting the least number of the participants.

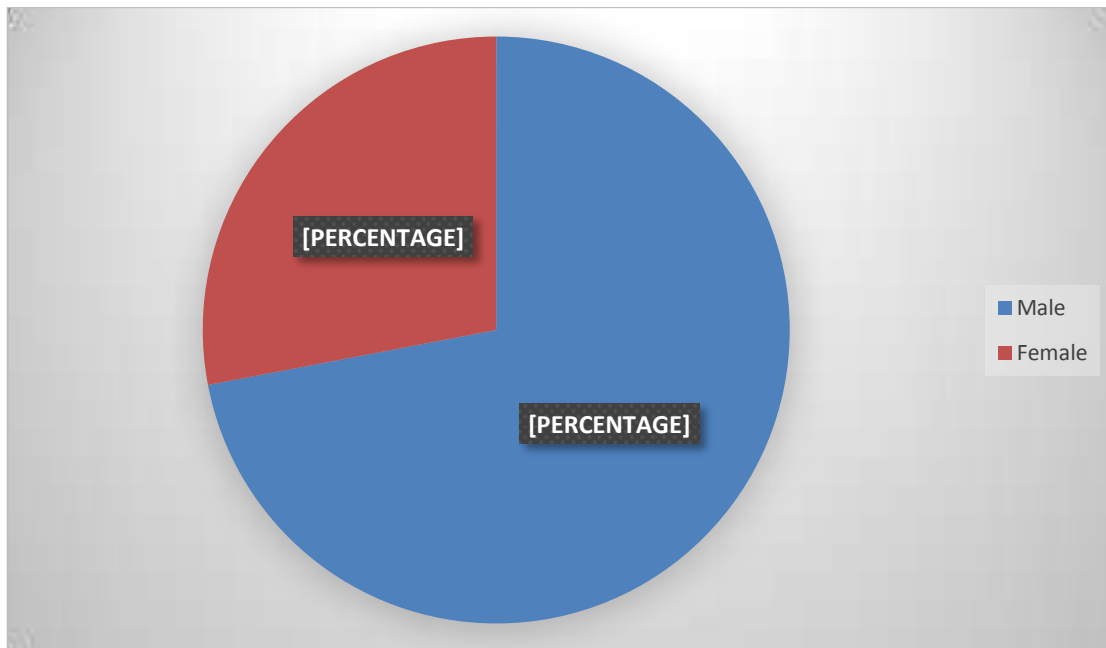
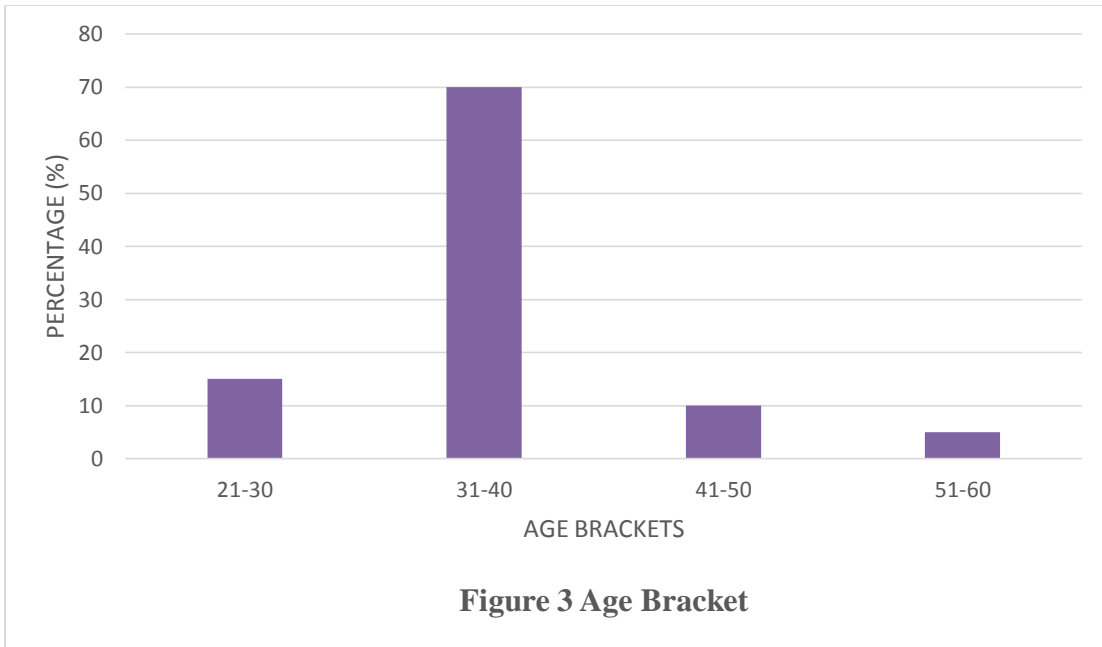


Figure 1:- Gender.

Age Bracket:

In figure 3, from the sample majority 70% were aged between 31-40 years old then followed by ages 21-30 years 15%, the third one was the ages between 41-50 years at 10%. The aged between 51-60 years were the least at 5%.



Years of experience in the Banking Industry:

Figure 4 shows that a larger portion of 68% of the employees had worked in the banking industry for between 5-9 years, While 20% had worked between 10-14 years, 10% between 1-4 years and a paltry 2% had worked for above 15 years.

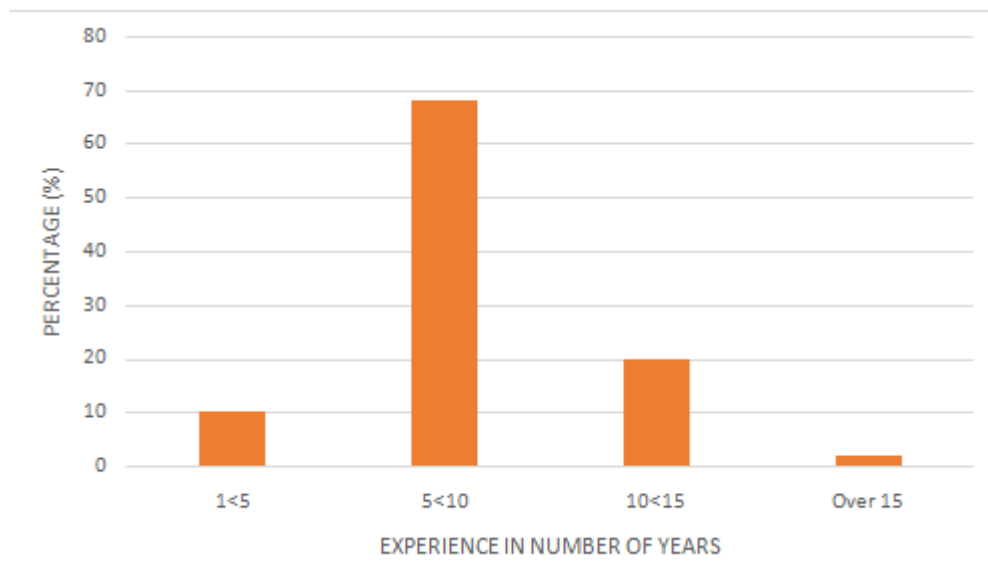


Figure 5:- Years of experience.

Table 4.1:- Effect of Motivation on the Employee Retention in the banking sector

On a Likert scale of 1-5, this part sought to establish from respondents the extent to which the aspects with respect to motivation were applicable to their company in relation to the employee retention. The respondents were asked to rate the extent to which motivation influence the employee retention in their organization and the responses are as presented in Table 1 below:

MOTIVATION	N	Mean	Std. Dev.	Std. Error
WORKING				

ORGANIZATIONAL CLIMATE	50	5.82	3.3545	0.4744
LEADERSHIP STYLE	50	3.78	2.9712	0.4202
EMPLOYEE REWARDS	50	8.3	10.6488	1.506

Table 1:- Motivation on the Employee Retention of an organization.

According to the findings from Table 1, the respondents strongly agreed that the most significant factor of employee motivation that will have a greater positive influence on the employee retention is the reward for the employees as indicated by (mean=8.3, SD=10.6488), followed by working organization climate of (mean=5.82, SD=3.3545), and lastly most of the respondents were not sure whether leadership style influenced the employee retention in the organization which was indicated by (mean=3.78, SD= 2.9712). The relationship between the motivators and the employee retention in the banking industry in Kenya was tested. The findings show that all the variables were significant since their values of chi-square distributions were not more than 0.05 leading to a study conclusion that employee motivation influences their retention in the banking industry in Kenya significantly. This conclusion is in tandem with the study by Omollo et al, (2015) who concluded that the management should consider reward to enable employees to serve in their company for unforeseeable future. This study is also in agreement by the study conducted by Kundu and Lata (2107) whose findings revealed that concentrating in supportive work environment practices directly affects the retention of the employee. The supportive work environment index was also revealed to be the most effective way for prediction of the retention employee.

Summary of the Regression Model:

Table 2:- Statistical Results from Motivation and Employee Retention in the Banking Sector in Kenya.

Model Summary					
R	R ²	Adjusted R Square	Std. Error of the Estimate		
0.872	0.7604	0.7448	0.6938		
ANOVA Summary					
	Sum of Squares SS	Degrees of Freedom Df	Mean Square MS	F-Stat	Sig.
Regression	512.3733	2	256.1867	5.758	0.00391
Residual	6540.4044	147	44.4925		
Total	71.677	149			

The results from Regression analysis from Table 2 indicates a value for R to be 0.872 depicting a positive significant correlation between motivation and the employee retention in the banking industry, R² (Coefficient of determination) is 0.7604 which shows that 76.04% accounts for the three independent variables on that affects employee retention and a paltry 23.96% accounts for other factors which were not included on the study. The adjusted R² of 0.7448 which shows a significant consideration on the independent variables such as reward, leadership style and working organizational climate on employee retention. The ANOVA results shows that the model was significant at F = 5.758 with a P-value = 0.00391 indicating a probability value of 0.00391 showing that there was highly significant relationship in determining how motivation influenced the employee retention in the banking sector in Kenya.

Conclusions and Recommendations: -

The study objective was to determine the effects of motivation on the employee retention in the commercial bank in Kenya with a case study of Homabay County. The current study established some positive significant effects of motivation on employee retention in the commercial bank in Kenya with a case study of Homabay County. The study further concluded that to a greater extent rewards showed a greater significant influence on the employee retention followed by the working organizational climate and lastly to a lower extent the leadership styles.

Therefore the study recommends that the management in the banking industry should prioritize on the rewards and enabling an organizational working climate as a way of motivating the employees to enable them to work for that organization until retirement or up to the end of their goals. They can do this by investing more in remuneration,

promotions and granting support to all employees where necessary to ensure that the company's objectives are fully achieved. The management should also understand that employees are the most valuable asset in the organization therefore they should ensure that top talents are retained within the industry by ensuring that they are highly motivated.

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