



Factors Affecting Staff Turnover in Commercial Banks- A Survey of Kenya Commercial Bank in Mombasa County

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ABSTRACT

The purpose of this research was to find out the actual reasons behind turnover in commercial banks in the county of Mombasa and its damaging effects on the productivity of banks in Kenya. Commercial Banks play a very big key role in controlling the economic activity of a country, as the Central Bank of Kenya implements monetary policy with the help of commercial banks. Collectively, Kenya's banks contribute more than Ksh.1.2 billion every year through their social investment programmes (corporate social responsibility). Moreover, as one of the largest contributors to tax revenue in Kenya, the banking industry directly impacts the country's economic development, including the key sectors of education, health, transport, energy, communications and agriculture. The industry is most certainly a force for good that strikes the balance between growth and positive impact. Commercial banks in Kenya today are facing a high employee turnover which can prove costly in this sector. Due to this turnover the organization results in loss of production and an increase in the recruitment costs. Literature review looked into two theories that informed the study i.e. Maslow Hierarchy of Needs and System Theory. Empirical review highlighted Factors Determining Staff Turnover in Organization, Effects of Employee Turnover and Banking Industry in Kenya a conceptual framework was proposed to guide the study. The primary objective of this study is to determine the factors that determine staff turnover within the commercial banks and how it affects staff performance.

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Introduction

Human capital is the most essential resource for the success of any organization (DeNisi & Griffin, 2008). Organizations, banks included are going-concerns and are set up for the purpose of fulfilling clear missions and objectives (Jex & Britt, 2008). Commercial banks in Kenya are licensed and regulated under the banking act and prudential regulation issued there-under. There are currently 43 commercial banks in Kenya. Out of the 43 institutions, 31 are locally owned while 13 are foreign owned. The locally owned financial institutions comprise of 3 banks with significant government shareholding and 27 privately owned commercial. The foreign owned financial institutions comprised 8 locally incorporated foreign banks. Of the 43 private banking institutions in the sector, 71% are locally owned and the remaining 29% are foreign owned (CBK, 2010).

Just like Organizations, banks too have a challenge of ensuring that they retain the human talents and capabilities they own to increase productivity and achieve the set missions. In the current knowledge-based global economy, human capital is the most valuable resource in all organizations (Hitt & Ireland, 2002). Scholars have contributed both to the conceptual development of turnover theory (Steel, 2002) and provided a wide array of empirical analyses (Griffeth *et al.*, 2000). However, turnover research with regard to the international context remains considerably underdeveloped. Existing research lacks not only more detailed empirical work on expatriate turnover (Harzing,

2002: 2005) but also an examination of direct and moderating influences of national culture which are likely to restrict the transferability of turnover models across cultures (Maertz & Campion, 2008). Employee Turnover occurs when employees voluntarily leave their jobs and must be replaced. Barrows (2009) defines turnover as the voluntary and involuntary permanent withdrawal from an organization. Employee turnover could also refer to a situation whereby employees exit the organization voluntarily for various reasons, and thereby affecting the organization negatively in terms of costs and the capacity to deliver the minimum required services, A high turnover rate of employees results in increased recruiting, selection and training costs (Barrows, 2009).

Alexander (2004) identifies some factors causing high staff turnover some of which are; the job not matching new employees expectations; lack of attention from line managers; lack of training; lack of autonomy; lack of challenge and variety within the work; disappointment with the promotion and development opportunities; disappointment with standards of management, including unapproachable, uncaring and distant behavior and failure to consult.

Mondy (2010) states that turnover means voluntary cessation of membership of an organization by an employee of that organization. Another study suggests that employee turnover is the rotation of workers around the labor market, between different companies, occupations and jobs and also between states of employment and unemployment.

(Nel *et al.*, 2001). Turnover has a visible negative effect on overall employee morale within the Banks. Employees may feel unsettled watching a coworker leave and also feel less secure in their own positions. Being productive is a very important issue for an organization. Employee's turnover is one of them which is considered to be one of the major challenging issues in Bank business today. The impact of employee turnover all over the world has received considerable attention by senior management, human resources professionals and industrial psychologists. The purpose of undertaking this study or research is therefore, to find out the actual reasons behind turnover and its damaging effects on the productivity of the said banks.

Manu (2010) studied the subject on employee turnover in the hospital industry in South Africa. This study concluded that the causes of employee turnover can be grouped into employee based, employer-based or workplace based. The study further revealed that moderate employee turnover has no significant effect on performance of the organization since the employees leaving can be replaced easily and the cost of the incoming new employees are evened out with the cost of recruiting them. However the study found out that turnover of whatever level has a negative effect on service delivery since the incoming employees have to learn new ways of doing things which may take time. Morrow and McElroy (2007), in their study of turnover and performance in a banking institution, noted that turnover created productivity inefficiencies in banks and the inefficiencies in turn affected the institution's performance both in financial and non-financial terms. What causes the negative impact of employee instability in banks is well known to the executive of major United States of America (U.S.A) banks, such as Commerce Bank and Wells Fargo Bank and a number of smaller bankers would agree on this point. Employee instability has an impact on the bank-customer relationship and consequently affects the business performance. (Hall, 2007)

Maina (2010) also while studying the effects of labor turnover on performance of organizations, concluded that economic studies provide consistent and significant evidence on the impact of labor market conditions on turnover rates at an aggregate level as being negative. Casciao and Boudreau (2008) remarked that a more precise way of defining turnover is to consider, not only the separation, but also the replacement of the departed employee. According to Mathew de Paula (2005) report, it reported that high turnover at the Fleet Bank, which is not part of Bank of America, was one reason for the bank's poor consumer rating in the mid to late 1990's and this negatively affected its business. According to another report done by (Nalbantian & Szostak, 2004) Fleet Bank in the U.S.A., then the nation's seventh largest financial holding, had not given attention to the high rate of turnover, ignoring the employee separations, which placed the bank's customer focused strategy at risk.

The Central Bank of Kenya has also made a study through its Banking Supervision Report of 2008 where it explained that there was a significant increase in staff levels across the Banking sector. The number of bank branches in the country increased by 20% in the year 2007-2008. The Kenyan banking sector has a high rate of employee turnover and it is for this reason that the 2008 Banking Supervision Central Bank of Kenya department Report stated that

"Human resources competencies have been identified as a cross cutting challenge. Basel II will require institutions to upscale their human resource base and a "talent war" in the banking sector can be anticipated going forward. Turnover could be on the benefit of individual employees only and institutions that can attract and hold well qualified talented staff employees, but can have a negative impact on the performance of the other institutions which the employee leaves in the industry. According to Barako and Brown, (2008), it stated that there is a lack of disclosure on employees' productivity and turnover in Kenya's banking system which makes it difficult to evaluate the effects of turnover in Banks. This study on turnover therefore becomes increasingly important to banks in Kenya since the results are important for management strategy and also can be used in decision making.

The Central Bank of Kenya runs a Deposit Protection Fund ("DPFB or the Board") which is a significant player in the financial sector as it provides a safety-net for the savings, banking and payments systems in the Republic of Kenya. DPFB plays the role of protecting depositors against loss of all their deposits in case of a bank failure, by providing payments of insured deposits thereby ensuring depositors remain confident enough to continue keeping their savings within the banking and payments system. The Board was established in response to challenges presented by banking crises and bank failures in the country and it has proved its worth during the twenty years of its existence. In its 2009 Report it showed that, 38 banks failed in Kenya in the period 1985 to 2005. And a study done by Obiero (2002) observed that poor management and staff competency were among the reasons for the banks failures.

The 'war on staff turnover' is an international phenomenon (Hay, 2001). The demand for and retention of talent are therefore not challenges unique to banks but to the global business environment. In Africa, however, these challenges are aggravated by three additional factors, namely 1) the emigration of skilled people that has and still is taking place at an alarming rate (Frost, 2002); (2) the relative scarcity of specialist and managerial employees due to an oversupply of unskilled labor and an under-supply of skilled labor (Frost, 2002); and (3), a national drive to address employment equity, which is fuelling the war for talent among people from designated groups.

Griffith and Horn (2001) stated that employees leave the company whenever they become dissatisfied with the work or lose their commitment with the organization. Some employees leave soon after making this decision, whereas others make a job search and feel that the employment elsewhere are good and superior to their present job and then they will quit. In a human resources context, turnover or labor turnover is the rate at which an employer gains and losses employees. Simple ways to describe turnover is "how long employees tend to stay" or "the rate of traffic of staff employees through the revolving door." Turnover is measured for individual companies and for their industry as a whole. If an employer is said to have a high turnover relative to its competitors, it means that employees of that company have a shorter average tenure than those of other companies in the same industry. High turnover can be harmful to a company's productivity if skilled workers are often leaving and the worker population contains a high percentage of novice workers.

Miller and Wheeler (2002) found that the lack of meaningful work and opportunities for promotion significantly affected employees' intentions to leave an organization. Organizations were able to improve their employees' retention rate by adopting job enrichment programs and enhancing their advancement opportunities. Besides promotion opportunities, the evaluation criteria used in the promotion and reward system also had significant effects on employees' turnover intentions (Quarles, 2004). Ineffective performance appraisal and planning systems contributed to employees' perceptions of unfairness and they were more likely to consider leaving the organization (Dailey, 2009).

Banking Industry in Kenya

A commercial bank is a financial institution that accepts demand deposits and makes loans and provides other services for the public, provides checking and savings accounts. The roles of the commercial banks are considered as a back bone to the survival of the economy in the country. Commercial Banks are involved in the process of increasing the wealth of the economy, particularly the capital goods needed for raising productivity. They are the main players in the financial system and the most active sector in the economy. Some objectives of commercial banks such as a commercial bank's are to make a profit by intermediating between depositors (savers) and borrowers (investors). In achieving this goal banks requires a good management team to enable them to segregate between different level of liquidity, maturity, and risk preferences. As such, the commercial banks must be able to evaluate a borrower's creditworthiness and monitor performance if they are to stay in profit. However, banks could not escape from moral hazard and the risks of contagion effect that sometimes constrain their ability to make profit and banks also exist in a much regulated environment that are controlling the economic activity, interest rates, and risk in order to best manage their depositors' money from the public funds.

In manpower development Banks contributed highly in training and development. Besides above, commercial banks have payment role by which they conduct payments on behalf of customers. On the other hand, the central bank manages monetary system in the country by controlling commercial banks and non-banking financial institutions. Banks also help in financing the economy by doing financial intervention in the economy with a clear understanding of high impact of Governments' privatization and deregulation program and so Banks are capable of influencing the major savings factor. (CBK, 2009).

The banking industry comprised the Central Bank of Kenya, Commercial Banks, Non-Banking Financial Institutions, Forex Bureaus and Deposit-taking Microfinance Institutions as the regulated entities. As at 31st December 2012, the banking sector was composed of 46 institutions, 44 of which were commercial banks and 2 mortgage finance companies. In addition, there was 1 licensed deposit-taking microfinance institution and 130 foreign exchange bureaus. Out of the 46 institutions, 33 were locally owned and 13 were foreign owned. The locally owned financial institutions comprised 3 banks with public shareholding, 28 privately owned commercial banks and 2 mortgage finance companies. The foreign owned financial institutions comprised 9 locally incorporated foreign banks and 4 branches of foreign incorporated banks (CBK Report on Bank Performance, 2009).

Established in 1966 through an Act of Parliament, the CBK, acting as the overseer of the other financial institutions has the objective of formulating and implementing the monetary policies directed to achieving & maintaining stability in the general level of prices; fostering liquidity, solvency and proper functioning of a stable market-based financial system; and licensing and supervising authorized dealers in the money market. Commercial banks have also sort to massively increase their range of services. For instance, most major banks have begun providing mortgage services and investment banking services. In the recently held Safaricom initial public offering (IPO), most banks were involved and were especially keen to offer loans to the investors. Leading the pack was the Equity bank who mobilized applications worth Kshs 37 Billion representing 45% of those allowable for local investors. This led to opening of a lot of new accounts to the benefit of the bank. Through product-service innovation, banks are attempting to achieve a finer degree of control over financial risks and thus minimizing any impending losses. Most major banks have introduced 'check off' unsecured personal loans, which lend directly to employees of large institutions with loan deductions coming directly from the employer. Some have even introduced a cheaper deposit account with a single tariff.

Despite significant research progress there still remains a great deal of confusion as to what factors actually cause employees to leave/remain in their organizations. Employee's turnover is a much studied phenomenon (Shaw *et al.* (2008). In the wake of an ever competitive banking sector in Kenya, employee turnover in these commercial banks has increased further more coupled with the implementation of the county governments; most banks have lost staff to the central and county government. Among those factors are the external factors (the labor market); institutional factors (such as physical working conditions, pay, job skill, supervision and so on); employee personal characteristics (such as intelligence and aptitude, personal history, sex, interests, age, length of service and so on) and employee's reaction to his/her job (including aspects such as job satisfaction, job involvement and job expectations) (Mowday, 2009).

Turnover contradicts the benefits derived by organizations when they spend scarce resources attracting, selecting, socializing, training and developing employees (Wright & Bonett, 2007) when these staffs cannot be retained. It is important that the banking industry adequately motivates, retains skilled and experienced workforce (CBK/BSD, 2013) for strategy implementation. Banking industry has witnessed considerable human capital flight despite the growth in profitability for the past five years (PWC, 2013). The survey report released on business daily noted increased competition for high end clients, qualified, trained and experienced staff to implement bank's strategies. However a mismatch PWC, (2013) in compensation and disparity in disposable incomes rewards, bonuses and allowances for employees is unrepresentative of the super abnormal profits reported. Managers are finding it hard to stick with top talents in the face of stiff competition for human resources Exit interviews documented cemented this argument as majority of employees leaving the organization mentioned inequitable reward management system, poor employee-employer relations, non-commensurate

employment package and unclear career path as major reasons for the human capital flight.

Fierce competition and talent wars Ernst and Young, (2014) has resulted to pay rise as companies poach for staff rather than, train, motivate, retain skilled and highly performing employees. The survey report conducted in Europe, Middle East, India and Africa. In Kenya the report named professional services, banking, insurance and media in Kenya as the most widely affected. HRM practices must be developed (Kelly, 2012) for the betterment of both organization and employees. Turnover contradicts the benefits derived by organizations (Wright & Bonett, 2007) when they spend scarce resources attracting, selecting, socializing, training and developing

Organizations success Gratton and Erickson (2007) depends heavily on human resource management. The consequences of turnover Blau, (2006) have received significantly less attention from researchers. Identifiable characteristics according to Andisi, (2006) through research should be used to develop policies to rectify the vice. Blake (2006) and Armstrong (2006) have identified the existence of poor relations in the work place. Mismatch between performance luyt, (2008) and these are the gaps in tandem with what the research will bridge by focusing on intrinsic, extrinsic, career development and employee relations factors.

Research Objective

- i. To establish how intrinsic factors influences employee turnover in Kenyan commercial banks.
- ii. To ascertain how extrinsic factors influences staff turnover Kenyan commercial banks.
- iii. To investigate how career development factors influence staff turnover in Kenyan commercial banks.
- iv. To study how Employee relations factors influence staff turnover in Kenyan commercial banks.

Related Literature

Theoretical Orientation

Two - Factor Theory (Herzberg, 1959):

The two factors (Herzberg's 1964) also known as Herzberg's motivation-hygiene and dual-factor theory has perspective framework of factors causing job satisfaction and dissatisfaction at the work place. Most fundamental aspect is how these factors functionally be applied by HRM practices to influence attitudes towards administration such that gratification of higher-level psychological needs (Yayub & Hassan, 2010) impacts on staff retention. These are independent continuum and parameters should be pertinently formulated to operationalize intrinsic, extrinsic, career development and employee relations for the dual advantage of organizations and employees

True motivators are, job satisfaction, achievements, recognition, challenging tasks, delegation of power and authority through responsibility, freedom and control during execution of tasks and duties. Management can perfect Herzberg's argument by enabling a working condition that increases intrinsic and career development factors through training, mentorship, academic and professional sponsorships to enhance skills and eventually improve on productivity and retention. Job enrichment, specifications and evaluations will increase job satisfaction with employees increasing control and freedom at the work place. Management by objectives, performance management, employee participation and ownership into organizations processes and strategies will increase employee's

commitment and feedback that influences intrinsic factors and retention, (Yayub & Hassan, 2010).

Hygiene factors in the banking industry include fringe benefits, competitive credit facilities and salaries, job security, relationships, fair treatment, access to information, mutual relationship and improved working conditions. These will foster trusts, commitments (Aryee & Chen 2002) that are critical in management of organizations affairs. Their absence causes dissatisfaction and therefore organizations must package hygiene and motivators factor to increase extrinsic and retention policies ((Rahman & Nas 2013) to maximize employee performance and retention. Fairness and distributive justice (Stratheford, 2012) must be incorporated in policies, leadership, promotions, rewards and punishments and additional perspective of comparison with 'referent' to employees (Hodgetts & Hegar, 2008) must remain the principle and practice of management in today's human resources functions.

Maslow Hierarchy of Needs

Maslow (1998) suggests that human needs can be classified into five categories and that these categories can be arranged in a hierarchy of importance. These include physiological, security, belongings, esteem and self-actualization needs. According to him a person is motivated first and foremost to satisfy physiological needs. As long as the employees remain unsatisfied, they turn to be motivated only to fulfill them. When physiological needs are satisfied they cease to act as primary motivational factors and the individual moves "up" the hierarchy and seek to satisfy security needs. This process continues until finally self-actualization needs are satisfied. According to Maslow the rationale is quite simple because employees who are too hungry or too ill to work will hardly be able to make much a contribution to productivity hence difficulties in meeting organizational goals.

Cole (2000) states that Maslow's Hierarchy of Needs on an individual moves up the ladder responding first to the physiological needs for nourishment, clothing and shelter. These physical needs must be equated with pay rate, pay practices and to an extent with the physical conditions of the job.

Factors Determining Staff Turnover in Organization

Hatcher (2009) suggests that employee turnover in sectors that employ skilled and semi-skilled workers are a systemic performance problem. Banking is seen as a specialized sector that relies on skilled workers and turnover in the banking industry can be seen and viewed as a systemic performance problem. Poor supervision, unproductive relationships with the boss, poor planning, and generally poor management are the prime reasons cited by the workers for turnover. As in the case of absenteeism, this too can be minimized by planning, supervising, and the application of good management principles. Lower turnover offers a broad range of productivity gains. One other significant cause of turnover is the attractiveness of nearby jobs offering extended overtime.

Becker (2005) indicated that higher paid employees are less likely to resign than lower paid employees. Human capital theorists say that firms pay skilled employees more than their unskilled counterparts, because skilled employees have higher marginal productivity. There is some evidence to support a negative relationship between wage or salary level and turnover's.

Oliver (2008) that negative job attitudes (e.g., low levels of job satisfaction) is one of the causes of leaving. In their seminal work, March and Simon (2008) proposed a psychological explanation of turnover that is based on individuals' utility functions: When outcomes (such as pay or promotion opportunities) are too low relative to the employee's expectations, an employee becomes dissatisfied and motivated to leave.

Smithers (2001) found that Turnover (loss from schools) of fulltime teachers in 2002 was found to be 14.1 per cent in Spanish schools. Five main factors were found to influence teachers' decisions to leave: workload, new challenge, the school situation, salary and personal circumstances. Of these, workload was by far the most important, and salary the least. Leavers tended to be disproportionately either young with a few years' service or older and approaching retirement. Young leavers were more likely to cite 'salary' and 'personal circumstances (including travel)', older leavers 'workload'. Young leavers, particularly those travelling or teaching abroad, were more likely to expect to return to full-time teaching.

There are various factors that contribute to high turnover in a company. Mobley (2001) stated that the causes of turnover are related to the same factors that also contribute to absenteeism and low morale. Roseman (2001) stated that when workers were not interested in their jobs they either stayed away or left the job. Some other factors that lured away workers included higher pay, better benefits, or better job growth potential. It is not an easy task to control the happenings in other companies with respect to their pay and the benefits they offer and their way of functioning. Employees can be made happy and more productive by changing the way of functioning (Mobley, 2001). When employees' values match those of their coworkers and superiors, employees report higher levels of satisfaction. When an employee's values match those of an organization and with their coworkers, the values are said to be congruent. This suggests that the level of value congruence between employees and the organization is positively related to job satisfaction and organizational commitment. Employees want to be recognized and appreciated for their work. It is always a good practice to recognize the good work of the employee and keep them motivated (Amos & Weathington, 2008).

Unequal pay or low wages would also cause dissatisfaction and make some employees to quit. Every employee want to be treated in the same way to have a wage and job evaluation system and it is a good practice for the company to comply with equal pay for equal work requirements to avoid this kind of problem (Roseman, 2005). Compensation professionals and turnover scholars evenly consider that competitive pay and benefits are essential for attracting employees and reducing the turnover (Griffeth & Horn, 2001). Skill-based pay also rewards employees for the depth, breadth or the skills they obtain and apply to their work. It differs from conventional job-based pay by basing wages on what employees know rather than on what they are doing. In these cases, employees receive pay raises for increasing depth of knowledge in a professional or technical job or expanding breadth of knowledge of multiple jobs in a continuous-process technology or manufacturing assembly. Aswathappa (2005) says that challenges of remuneration facing institutions are scale based pay, salary reviews, pay

secrecy, employee participation and below market or above market rates.

First, people switch jobs because they have an itch to try out new things or simply because it is fun doing so. Ghiselli (2004) was the first to document a concept similar to job-hopping which he termed as 'hobo syndrome'. He defined the hobo syndrome as 'the periodic itch to move from a job in one place to some other job in some other place' (p. 81). Ghiselli argued that this wanderlust is derived from instinctive impulses and does not seem to result from organized logical thought, but rather from the internal impulsiveness of individuals. The second part of job-hopping consists of social influences or turnover culture. Abelson (2004) defined turnover culture as the shared cognition by organizational members that influence their decisions regarding job movement. Turnover culture makes hopping from one job to the other an acceptable behavior.

In Kenyan Commercial banks we find that if an employee especially the millennial age group has not changed his or her job for a long time, he or she feels increasing pressure to do so because of social influences/turnover culture or even peer pressure. These generation groups are more educated and have been exposed to modern technology at an early age and they are permanently on the social media where today jobs are advertised daily. There is also a lot of competition among them thus making them unsettled. These generation groups are thought to be very materialistic, and as a result they are believed to hop from one job to the other for a few extra dollars (Campbell & Campbell, 2007). Job-hopping (or bad attitude) is the second uncontrollable factor in the turnover framework. According to popular belief in both academic and practitioner circles, job-hopping is considered one of the most important factors causing turnover.

Motivation is such a factor that exerts a driving force on our actions and work. According to Baron (2003), motivation is an accumulation of different processes which influence and direct our behavior to achieve some specific goal. It is such a dynamic in today's environment that explicitly creates and encompasses a positive impact on job. Within an organization, the best performance is feasible with most committed employees that can only be achieved through employee motivation.

Roseman (2006) assume that motivation contains "those psychological processes that cause the arousal, direction and persistence of voluntary actions that are goal directed." Motivation depends on certain intrinsic, as well as, extrinsic factors which in collaboration results in fully committed employees. According to Broad (2007), tangible incentives are effective in increasing performance for task not done before, to encourage "thinking smarter" and to support both quality and quantity to achieve goals. Incentives, rewards and recognitions are the prime factors that impact on employee motivation. As the employees engage in their working activities purposely for own's sake then they will feel intrinsic motivation in their behaviors as their activities will essentially be enjoyable and satisfactory (Royalty, 2006).

Effects of Employee Turnover

Employee turnover is expensive from the view of the organization. Voluntary quits which represent an exodus of human capital investment from organizations Fair (2006) and the subsequent replacement process entails manifold costs to organizations.

These replacements cost include, search of another external labor market for a possible substitute selection between competing substitutes, induction, formal and informal training of the same until he or she attains performance levels equivalent to the individual who quit John (2008). Secondly, output is affected to some extent or output would be maintained at the cost of overtime payment. All these affect the profitability of the organization.

Thirdly, there is loss of intellectual capital adds to this cost since not only do organization lose the human capital and relational capital of the departing employee, but also competitors are potentially gaining these assets. Meaghan et al (2008). If an employee turnover is not managed well it affects the organization in terms of personal costs and in the long run affects the organization as a whole.

Conceptual Framework

An analysis and review of the background of the study and the problem statement on the subject in the preliminary interviews, it is evident that a single model may not throw light on the multiple cause turnovers as identified in various studies. Therefore for ease of comprehension and measurement the following conceptual framework has been developed for the purpose of this study.

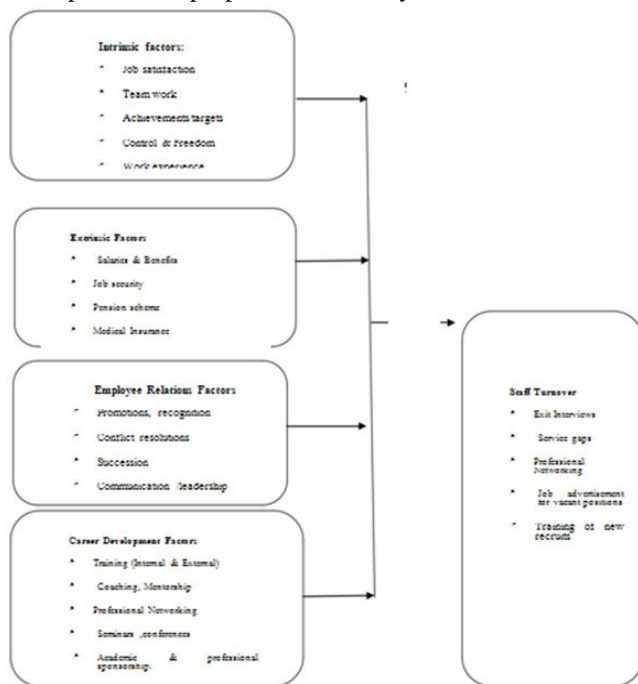


Figure 2.4. Conceptual Framework

Source: Author (2016)

The framework shows that employee turnover in organizations is influenced by four (4) main factors. These factors are reward, work conditions, training and communication. These five factors are labeled as the independent variables. Employee turnover in organizations is labeled as the dependent variable.

Intrinsic Factors and Staff turnover

Intrinsic factors refers to behavior that is driven by internal rewards. The psychological process that gives behaviour purpose and direction in a purposive manner to achieve specified unmet needs (Locke, Gary & Latham, 2006). It's the internal drive to satisfy an unsatisfied need and the will to achieve (Ulrich, 2007). Intrinsic motivation occurs when we act without any obvious external rewards. We simply enjoy an activity or see it as an opportunity to explore, learn, and actualize our potentials.

(Coon & Mitterer, 2010). Employees are intrinsically influenced by job satisfaction, achieving and exceeding targets, cohesive team work, challenging tasks and need to have control and freedom over assigned duties and responsibilities.

Intrinsic factors provides the reason why we perform certain activities for inherent satisfaction or pleasure derived in performing activities (Brown, 2007). Banking operations are not necessarily implemented by professionals, there is always a mismatch between qualifications and functions performed by employees (Ernst & Young 2014). Majority of job structures are filled by certain competencies rather than academic and professional qualifications, an example is an engineer heading operations and marketing departments. This creates an element of job dissatisfaction and morale killer among the qualified employees who may ultimately seek alternative career opportunities. Essentially, intrinsic factors increases when there is a gap between an individual's actual state and some desired state and there is an urge to reduce this gap. Intrinsic motivation is driven by an interest or enjoyment in the task itself, and exists within the individual rather than coming from external pressure (Malone & Lepper, 2007).

Banking business model are usually procedural, repetitive and boring in nature since they use simple and routine based technology which enables its employees to continuously apply simplified and standardized operations that requires less creativity and innovation. Today's employees are unwilling to stay with employers for lengthy periods of time unless they have control and freedom over their work (Stairs, et al 2001). Work environment therefore requires a lot of intrinsic factors that can influence higher retentions. Intrinsic factors are internally generated by employees and this includes goal directedness, human volition or free will, job satisfaction and desires. It is the internal factors that employees can control (Fritz, Heider's, Bandura's, Deci & Ryan's 2005).

While employee retention is the focus in this research, employee turnover will deliberately be taken into prepositions since the management must comprehend what causes turnover. Employee retention and turnover are under the direct control of the management (Gupta & Sunderji 2004). Organizations should strive to reduce dissatisfies and by default increase intrinsic factors. Work environment (Pfeffer, 2005) must be very conducive to facilitate job satisfaction and achieve intrinsic factors. Creativity and productivity (Griggs, 2010) is linked with extrinsic motivation rewards such as bonuses these have great impacts on the influence of staff turnover. Organizations must get a balance between intrinsic and extrinsic factors in the work settings, so that a more rewarding, exploring (Myers, 2005) interesting and challenging tasks are experienced in the duties performed.

Employees can facilitate intrinsic factors by pursuing goals relating to their esteems. When performance feedback is available (Armstrong, 2005) control is maintained, cooperation, competition and recognition is enhanced and instilled in all the activities and tasks achieved. These events perceived as salient will determine the level of autonomy, competence and ultimately influence intrinsic factors (Horn, 2008). This autonomy and control is what current employees find more exhilarating in today's employment.

Psychologist (Deci, 2005) demonstrated how external consequences influences intrinsic motivation, the theory

focused on how competence and autonomy is influenced by external behavior. Management can positively enhance events like issuing an award for a job well done, certificates of performance so that intrinsic factors are improved. Similarly actions perceived to diminish intrinsic motivation should be shunned in an organization (Deci & Ryan 2005).

Feedback mechanisms during performance management provide a positive force in improving intrinsic factors that will later influence staff retention. The rewards and incentives (Fehr & Falk 2002) attached to performances have favorable implications on intrinsic factors. Long term effects rather than short term perspective must be considered to avoid detrimental implications on intrinsic factors and retention (Hidi & Harackiewicz, 2000). Elements for arguments include comprehensive understanding of the relationship of intrinsic and extrinsic factors on employee relations and expected payoff between performance and monetary compensation (Vansteenkiste, Lens & Deci, 2006).

Extrinsic Factors and Staff turnover

Extrinsic factors come from outside the individual. Common extrinsic motivators are rewards like money and grades, coercion and threat of punishment. Extrinsic factors can be internalized by the individual if the task fits within their values, beliefs and therefore helps to fulfill their basic psychological needs (Maslow, 1943). Internalized extrinsic motivation will facilitate positive outcomes that improve productivity and job satisfaction. The most important aspect is a combined strategy that will facilitate productivity, retention of staff within the cost structure of organizations. Extrinsic rewards on staff retention will provide an outstanding perspective on how management can implement a winning combination of extrinsic and intrinsic factors that will increase job satisfaction, productivity and reduce staff turnover.

Rewards must match achievement and competencies such that training, mentorship and skills enhancement will improve productivity and facilitate retention. Reward systems that are performance based and feedback oriented increases employee's morale, satisfaction, loyalty hence improved retention and ultimately low staff turnover. Empirical reviews (Meudell & Rodham, 2008) have revealed that extrinsic factors like competitive salary, job security, interpersonal relations and conducive environment were cited by employees as key motivational variables that influenced their retention in the organizations. The desire for money, fame, and attention or the wish to avoid punishment is every individual wish and behavior is skewed towards this direction.

The implication is that management shouldn't rely on intrinsic factors alone to motivate and retain employees; instead a combination of both intrinsic and extrinsic variables should be considered as an effective retention strategy. The hierarchical needs according to (Maslows, 1943) should be packaged and tailor made such that extrinsic and intrinsic factors provides an effective complimentary HRM practices are attractive in the labour market. (Maslow 1943) contends that human motives develop in a sequence according to the five levels of needs; physiological needs, security and safety needs, affiliation, esteem and need for self-actualization. He emphasized that when one set of needs is satisfied, it ceases to be a motivator.

Steinmetz (1983) discusses three main types of subordinates: ascendant, indifferent and ambivalent that all

react and interact uniquely and must be treated, managed and motivated accordingly. An effective leader must understand how to manage all characters and more importantly the manager must utilize avenues that allow room for employees to work, grow and find answers independently.

Career Development Factors and Staff Turnover

Career development is a dynamic concept that covers the formal development of an employee within an organization by providing long term strategy. It's a growing concern for undertaking need analysis in terms of (career growth and awareness) coaching, training and mentorship for leadership (Kelly, 2012). Effective career development determines the quality of work force and success of organizations (O'Donnell, 2007). Employee commitment (Grawitch et al 2006) in terms of ownership for both career and ongoing development through Individual Development Plan (IDP) and continuous learning process will increase job satisfaction and a sense of ownership in execution of employee's duties. The long term implication on employees will be job satisfaction, succession and higher retention. External and internal skills development is a prerequisite condition for advancement opportunities and there must be relevant feedback to increases productivity and decreases turnover.

Employees Performance has a direct correlation with organization performance. HRM practices must efficiently develop environment suitable for developing professionals that will be retained for strategy implementation. Instances that decrease motivation will increase dissatisfaction and staff turnover. Talent management process according to (Munyendo, 2012) must identify actual and potential talents for the betterment of both individual and organizations. Ernst & Young survey (2014) recommended that frameworks for self-development, training programs and career progressions must develop future skills necessary for value addition. Human Capital remains the most critical and sensitive resource to any organization, management must invest on employees to facilitate their dynamic and integral functions (Price, 2007).

Organizations must undertake need analysis, evaluate trainings (Bramley, 2003) identify individual's gap, provide coaching and mentorship for succession purposes. Management and supervisory development programs (Cifalino & Baraldi 2009) must be directed towards career developments. These programs include decision making, team work and entrepreneurial skills which are crucial in talent nurturing. These will create optimum path (Hassan & Yayub 2010) necessary for solving employee's needs and fostering commitment. Perception of training and development of employees must change so that it is no longer viewed as a cost centre but as an investment to be evaluated alongside investment in capital equipment.

Employee Relations Factors and Staff turnover

Employee Relations otherwise called retention policies covers employee welfares, conflict resolutions, promotions, recognitions, leadership, communication styles, succession plans, industrial relations and employee participation in decision makings. Performance management (Armstrong, 2009) being the epitome of conflicts in organization are very critical since it covers interactions between management and employees, collective bargaining agreements which should be reviewed and integrated to reduce staff turnover.

The relationship of performance management and staff turnover has been described as having positive correlation especially where management hasn't observed fairness and objectivity in rewarding employees based on performance (Allen, 2009).

Relationship management entails aspects that satisfactorily enhances productivity, motivation, human relations that are value addition and conducive for employees (Cole, 1991). Employee relations' is a common title for the industrial relations function within personnel management. HRM practices still asserts that human capital remains the most sensitive resource for any organizational survival (Bernardin, 2003). The term underlines the fact that industrial relations is not confined to the study of trade unions but embraces the broad pattern of employee management, including systems of direct communication, leadership styles and employee involvement in decision making (Crowling, 2009).

Organization with attractive retention policies (Ulrich, 2007) can reduce recruitment costs associated with high staff turnover; this will enhance productivity and performance. Poor employee relations (poor leadership styles, aggressive communication, and poor working conditions) will negatively affect the realization of organization and individual goals. Rewarding employees both at the individual or group levels for their performance and acknowledging their contributions to the organization's mission is a fundamental. Basic principles of effective management allow behavior to be controlled by consequences. Impartiality, performance and objectivity must be employed in rewards and punishments rather than nepotisms, tribalism and corruption in the current employment sectors.

Performance linked with pay decisions, promotions and recognitions will automatically boost employee's morale and improve retention rates. Payments based on performance are effective in motivating employees since they are feedback oriented. Recognition, rewards and a sense of achievement are central to the motivation process (Herzberg, 1959). Managers need to address ways in which they reward staff, as each member is different and will react in different ways to reward and recognition. Consistency and fairness in distribution is important and managers also need to be conscious of de-motivation (Holbeche, 1998) since organizations are increasingly becoming "flatter" structures. Reward systems must motivate rather than de-motivate employees.

Pay structures must be moderated and the gap between subordinates and management bridged to decrease inequality (Khalumba, 2012). Employees' gossip on payment of peer workers has detrimental impact on motivation and is regarded as morale killer especially where higher performers receive inferior rewards compared to their co-workers especially after industry benchmarking.

Equity theory on job motivation (Adams, 1963) acknowledges that fair treatment in terms of equitable distribution of resources in organizations is very imperative since it's viewed as the single most cause of conflicts. Internal and external comparison has triggered the feelings of dissatisfaction and demoralization resulting to employee's intention to search for greener pastures. HRM practices would be tested in connection with staff turnover (Teleema & Soeters 2006).

The conventional view is that a manager's plan for strategy implementation should incorporate more positive than negative motivational elements because when co-operation is positively enlisted and rewarded, people tend to respond with more enthusiasm and effort (Sampson, 1973). Inspirational leadership, proper communication, management by objectives, appreciation and feedback to employees are still considered key in improving relations and retention policies. To get employees retained, management must rely on motivation incentives as a tool for implementing strategy, the greater will be the employees' commitment, performance and higher retention.

Staff Turnover

Employee turnover refers to the number or percentage of workers who leave an organization and are replaced by new employees. Measuring employee turnover can be helpful to employers that want to examine reasons for turnover or estimate the cost-to-hire for budget purposes. Blanket references to turnover can be confusing; therefore, specific definitions and calculations for employee turnover may be useful to human resources practitioners. (Chambers, 2001)

Basic turnover calculations are relatively simple. If your company employs 100 employees and 15 employees are fired or quit, your turnover is 15 percent. Most organizations use more detailed calculations to determine what underlies turnover. Assume five employees leave in January, one employee leaves in May and four employees leave in November. Your annual turnover rate is 10 percent, and your average monthly turnover is 8.3 percent. Employee turnover calculations may also factor in different types of turnover, such as involuntary and voluntary, or even more specific reasons why employees leave, such as poor performance, absenteeism or employees accepting new jobs elsewhere.

Methodology

The researcher used a case study strategy which was KCB Mombasa branches and an explanatory research design because it sought to explain why there were still low levels of employee performance despite the many ways put in place by the management of KCB to motivate its employees. This is because Case study research excels at bringing us to an understanding of a complex issue or object and can extend experience or add strength to what is already known through previous research (Yin, 2004).

Table 4.8. Staff Turnover Rate.

| | | | Gender | | Total |
|---------------------|-----------|------------|--------|--------|--------|
| | | | male | female | |
| Staff Turnover Rate | very high | Count | 7 | 2 | 9 |
| | | % of Total | 12.5% | 3.75% | 16.25% |
| | high | Count | 18 | 12 | 30 |
| | | % of Total | 37.5% | 25.0% | 62.5% |
| | moderate | Count | 7 | 4 | 11 |
| | | % of Total | 12.5% | | 21.25% |
| | low | Count | 0 | 0 | 0 |
| | | % of Total | | | |
| Total | | Count | 32 | 18 | 50 |
| | | % of Total | 62.5% | 37.5% | 100.0% |

Data Analysis and Presentation

Respondents rated staff turnover in their organization as high with 62.5% of the respondents and the extent of other ratings were presented in the table below.

Staff turnover rate was ranked a high by 62.5% of the participants, majority were male at (18, 37.5%), Female respondents accounted for (12, 25%). Respondents ranking staff turnover as moderate were (11, 21.25%) while those who felt that retention was very high represented 13% of the respondents. This in general demonstrated that, majority of the female employees in the bank were satisfied with retention policies hence would consider serving their current employer.

Intrinsic Factors influencing staff turnover in Kenyan commercial banks.

Intrinsic factors studied included; targets and achievements that the organizations set for employees, need for control and freedom during execution of jobs specified by management, team work and job satisfactions derived by employees. The respondent's findings are presented below.

Table 4.9. Intrinsic Factors influencing staff turnover in Kenyan commercial banks.

| | very high | | high | | moderate | | low | | negligible | |
|--------------------------|-----------|------|------|------|----------|------|-----|-----|------------|------|
| | f | % | f | % | f | % | f | % | f | % |
| Targets and achievements | 27 | 55.1 | 17 | 33.7 | 4.5 | 8.8 | 3 | 5.9 | 1.1 | 2.2 |
| Control and freedom | 21 | 41.6 | 22 | 43.8 | 6.7 | 13.2 | 1 | 2.0 | 5.6 | 11.0 |
| Team work | 19 | 38.2 | 23 | 46.1 | 11.2 | 22.2 | 3 | 5.9 | 0.0 | 0.0 |
| Job satisfaction | 29 | 57.3 | 14 | 28.1 | 14.6 | 29.0 | 0 | 0.0 | 0.0 | 0.0 |
| Work experience | 25 | 49.4 | 17 | 34.8 | 14.6 | 29.0 | 1 | 2.0 | 0.0 | 0.0 |

Majority of the participants (55.1%, n=27) were very highly influenced by the ability to achieve targets in their current positions. Control and freedom over work influenced 43.8% (n=22) of the participants. Team work was found to have high influence in retention of staff as indicated by 46.1% of the participants while job satisfaction had a very high influence to staff retention representing (57.3%, n=29) of the participants. The need to attain work experience was a high influencing factor in staff retention with 49.4% (n=25) concurring that after the experience more opportunities will be available within the institution.

From the findings, out of the 34 participants who were very highly influenced by team work, male participants were more (21%) than the female participants (17%). This showed that group dynamics was common among the male employees. There were no participants with experience above 16 years with interest to achieve experience; this indicated that employees are enthusiastic and driven by the need for experience as an intrinsic factor influencing their stay at work. Most staff were influenced by challenging tasks and ability to achieve targets with those at the supervisory/middle level managers representing 13 (29%), non-management staff 10 (21%) and top managers 2 (4%). Meaning performance based incentives attracted supervisors who could be targeting promotions. Masters graduates had the highest need to have control and freedom over their work representing 10. This therefore indicates that the highly educated employees have the need to control and freedom over their work due to the acquired knowledge that

demands autonomy and minimal control over execution of duties.

Targets and achievements was strongly correlated with staff turnover ($r=0.901$). The need to have control and freedom over work also had a strong correlation of 0.816. Team work had a strong correlation with staff retention ($r=0.808$). However a weak correlation existed between work experience and employee turnover ($r=0.524$). These events perceived as salient will determine the level of autonomy, competence and ultimately influence intrinsic factors (Horn, 2008). Autonomy and control in tasks execution will generate creativity and productivity (Griggs, 2010) and this is what current employees find more exhilarating in today's employment. This has a significant contribution in an individual staying in a particular position and even an organization when this will be linked with extrinsic motivation rewards such as bonuses it will greatly influence staff turnover.

Extrinsic Factors influencing staff turnover in Kenyan commercial banks

Extrinsic factors included; Salary & benefits, Job security, Pension scheme and medical insurance. The findings are presented in the table below.

Table 4.10. Extrinsic Factors influencing staff turnover in Kenyan commercial banks.

| Extrinsic factors | very Great | | Great | | moderate | | low | |
|---------------------|------------|------|-------|------|----------|------|-----|-----|
| | f | % | f | % | f | % | f | % |
| Salary and benefits | 32 | 65.2 | 13 | 25.8 | 5 | 9.0 | | |
| Job security | 27 | 53.9 | 18 | 37.1 | 3 | 6.7 | 2 | 2.2 |
| Pension scheme | 13 | 24.7 | 20 | 39.3 | 14 | 28.1 | 3 | 7.9 |
| Medical insurance | 19 | 37.1 | 17 | 33.7 | 10 | 20.2 | 4 | 9.0 |

From the table, salary and benefits were highly influencing retention as indicated by 65.2% (n=32) of the participants. Job security and medical insurance as well had a very great extent in influencing retention. 39.3% of the participants were highly influenced by the company's pension scheme. 53.9% of the participants were very highly motivated by job security. 23.6% of these participants were below 30 years of age, 13.5% were 30-34 years, 10.1% were above 44 years and 3.4% represented age groups 35-39 years and 40-44 years.

This indicates that young employees were highly influenced by job security than the aged employees especially those at the middle age group. This is due to the fact that they have experience in the job and can secure a different job elsewhere. 33.7% of the participants who were influenced by salaries and benefits were undergraduates, 30.3% master's graduates and 1.1% a diploma holder. This illustrates how highly educated employees are influenced by the amount of salaries paid among other benefits.

Salary and benefits were strongly correlated with staff turnover with at 5% level (0.824, p -value=0.025). The correlation strength was found to be decreasing from salary and benefits, medical insurance (0.732) and job security (0.724). Pension scheme had a negative correlations with staff retention (-.191). Economic Rewards must match achievement and competencies, that's why organizations have adopted performance management systems that awards bonuses and promotions based on productivity. Reward systems that are feedback oriented increases employee's morale, satisfaction, loyalty hence improving staff retention. Meudell and Rodham (1988) revealed how extrinsic factors like competitive salary, bonuses have been utilized by

organizations not only to improve productivity but also to increase employee retention. Internalized extrinsic motivation will facilitate positive outcomes that improve productivity and Performance and monetary compensation (Vansteenkiste, Lens & Deci, 2006) are positively linked and these internalized motivation will generate outcomes that increases morale, job satisfaction and productivity.

Career Development factors influencing staff turnover in Kenyan commercial banks.

The indicators were training, coaching, professional networking, and seminars, academic and professional sponsorships. The table below shows the frequency of respondents.

The findings indicated that 27 (53.9%) of the participants felt that seminars, conferences for skill advancements contributed more to their retention in the organization. Among these, 20.2% were below 30 years of age, age groups 30-34 and 35-39 had 6 (12.4%) participants each, 4 (7.9%) were aged 40-44 years and only 1 was above 44 years. This reflected that young employees are highly motivated by skills advancement in improving their career development.

Training for higher responsibilities was highly attractive and influential to the middle level managers in their retention in the organization. Non-management staff had 20.7% of the participants who indicated that this was a highly influencing factor to their stay in their employment because of the opportunity for career development. Thus, the highly ranked employees were not influenced by training for career advancement. Academic and professional sponsorship was preferred by the diploma and undergraduate employees as the only incentive for their retention to acquire skills and advance within the ladders of the organization.

All factors showed a strong and positive correlation with staff turnover. Seminars, had the strongest correlation (0.819) followed by training (0.819), coaching (0.756) and academic & professional sponsorship (0.724) in that order. Professional networking within the bank had a correlation value (0.718).

Thus these factors were strongly correlated with staff turnover. 59.6% (n=53) of the participants had experienced

career development, however, there were 40.4% (n=36) of the participants who had never witnessed any career advancement. The findings justified (Ernst & Young 2014) survey recommendations that frameworks for self-development and training programs within organizations structures were very important in skills and career development. This will facilitate succession, through coaching and mentorship since very experienced and trained staff will be retained within the organizations and take leadership positions as opposed to being poached .Employee commitment (Grawitch et al 2006) in terms of ownership for both career and ongoing development by continuous learning process will increase job satisfaction, loyalty and a sense of ownership in execution of employee's duties and these employees will be retained because of the need to realize their ambitions in the organization.

Employee relations factors influencing staff turnover in Kenyan commercial banks.

The sought to establish employee relations factors influencing staff turnover in Kenyan commercial banks. Respondents indicated (21%=18) proper employee welfare, need for promotions indicated 915% n=13). Respondents indicated availability of conflict resolutions mechanisms (11%, n=10). Respondents further indicated recognition for job well done is (16%, n=1 and leadership styles indicated (12%, n=22)

Staff turnover

Regression Analysis

In this study a multiple linear regression model was used to identify the relationship between the four independent variables and the dependent variable. The study sought to identify challenges affecting staff turnover in commercial banks in Mombasa County in Kenya. The researcher applied the statistical package for social sciences (SPSS) to enter code and compute the measurements of the multiple regressions for the study.

Coefficient of determination

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the changes in the independent variables or the percentage of variation in the dependent variable (Staff turnover in commercial banks)

Table 4.11. Career Development factors influencing staff turnover in Kenyan commercial banks.

| | | S agree/Agree | | | | Neutral/Disagree | | | | S disagree | |
|-------------------------------------|--|---------------|------|----|------|------------------|------|----|------|------------|------|
| | | f | % | f | % | f | % | f | % | f | % |
| Training | | 15 | 30.3 | 23 | 48.3 | 3 | 6.7 | 5 | 11.2 | 2 | 3.4 |
| Coaching/mentorship | | 5 | 10.1 | 23 | 46.1 | 6 | 12.4 | 13 | 25.8 | 3 | 5.6 |
| Professional networking | | 7 | 14.6 | 14 | 28.1 | 18 | 37.1 | 6 | 12.4 | 5 | 7.9 |
| Seminars/conference | | 1 | 2.2 | 27 | 53.9 | 8 | 16.9 | 8 | 16.9 | 6 | 10.1 |
| Academic & professional sponsorship | | 12 | 24.9 | 22 | 44.9 | 5 | 11.2 | 5 | 11.2 | 6 | 7.9 |

Table 4.12 . Employee relations factors influencing staff turnover.

| | | S agree | | Agree | | Neutral | | Disagree | | S disagree | |
|---|----|---------|------|-------|------|---------|------|----------|------|------------|------|
| | | f | % | f | % | f | % | f | % | f | % |
| Proper Employee welfare | | 21 | 30.3 | 18 | 48.3 | 3 | 6.7 | 5 | 11.2 | 2 | 3.4 |
| | | | | | | | | | | | |
| Need for promotions | 15 | | 10.1 | 13 | 46.1 | 6 | 12.4 | 13 | 25.8 | 3 | 5.6 |
| | | | | | | | | | | | |
| Availability of Conflict Resolutions mechanisms | 11 | | 14.6 | 10 | 28.1 | 18 | 37.1 | 6 | 12.4 | 5 | 7.9 |
| | | | | | | | | | | | |
| Recognition for job well done | 16 | | 2.2 | 1 | 53.9 | 8 | 16.9 | 8 | 16.9 | 6 | 10.1 |
| | | | | | | | | | | | |
| Leadership styles | | 12 | 24.9 | 22 | 44.9 | 5 | 11.2 | 5 | 11.2 | 6 | 7.9 |

Table 4.13. Staff turnover.

| | | S agree | | Agree | | Neutral | | Disagree | | S disagree | |
|---|--|---------|------|-------|------|---------|------|----------|------|------------|------|
| | | f | % | f | % | f | % | f | % | f | % |
| Staff appreciate their working environment | | 16 | 30.3 | 23 | 48.3 | 3 | 6.7 | 5 | 11.2 | 2 | 3.4 |
| | | | | | | | | | | | |
| There is high staff turnover in banks | | 5 | 10.1 | 23 | 46.1 | 6 | 12.4 | 13 | 25.8 | 3 | 5.6 |
| | | | | | | | | | | | |
| Lack of essential skills leads to high staff turnover | | 19 | 14.6 | 26 | 28.1 | 3 | 37.1 | 1 | 12.4 | 1 | 7.9 |
| | | | | | | | | | | | |
| Leadership styles leads to high staff turnover | | 34 | 2.2 | 13 | 53.9 | 2 | 16.9 | 1 | 16.9 | 0 | 10.1 |
| | | | | | | | | | | | |
| Poor human resource strategies affect staff turnover | | | | | | | | | | | |
| | | 22 | 24.9 | 13 | 44.9 | 5 | 11.2 | 5 | 11.2 | 5 | 7.9 |

that is explained by all the four independent variables (Intrinsic, Extrinsic, Employees relations and Career development) The four independent variables that were studied, explain 98.7% of the staff turnover as represented by the R^2 in table . This therefore means that other factors not studied in this research contribute 1.7% of the staff turnover in commercial banks in Mombasa County. The model fit also shows a confidence level of over 95% thus indicating that the study was statistically determined

Table 4.14. Table Model Summary.

| Model Summary | | | | |
|---------------|-------------------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .993 ^a | .987 | .985 | .13228 |

a. Predictors: (Constant), Employee relations, Intrinsic, Extrinsic, Career Development

Analysis of Variance (ANOVA)

In trying to test the significant of the model, the study used ANOVA. From table 4.15 the significance value is 0.00, which is less 0.05 thus the model is statistically significance in predicting how intrinsic, extrinsic, employee relationship affects staff turnover in commercial banks in Mombasa County in Kenya. The F critical at 5,% level significance was (F=846.529 at df=4.)

Table 4.15. Analysis of Variance (ANOVA).

| ANOVA ^a | | | | | |
|--------------------|------------|----------------|----|-------------|---------|
| Model | | Sum of Squares | df | Mean Square | F |
| 1 | Regression | 57.565 | 4 | 14.391 | 846.529 |
| | Residual | .787 | 45 | .017 | |
| | Total | 58.353 | 49 | | |

a. Dependent Variable: staff turnover

b. Predictors: (Constant), Employee relations, Intrinsic, Extrinsic, Career Development

Multiple Regression Analysis

Table 4.16. coefficients.

| Coefficients ^a | | | | | |
|---------------------------|--------------------|-----------------------------|------------|---------------------------|-------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t |
| | | B | Std. Error | Beta | |
| 1 | (Constant) | .109 | .200 | | .548 |
| | Intrinsic | .026 | .086 | .020 | .307 |
| | Extrinsic | .210 | .110 | .156 | 1.905 |
| | Career Development | .402 | .119 | .402 | 3.382 |
| | Employee relations | .376 | .109 | .423 | 3.442 |

a. Dependent Variable: staff turnover

The relationship between employee turnover and factors affecting turnover was expected to follow the multiple linear regression models as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y= Dependent variable (staff turnover).

β_0 = Constant or intercept which is the value of dependent variable when

all the independent variables are zero.

$\beta_1, \beta_2, \beta_3$ & β_4 = Regression coefficient for each independent variable.

ε = The slandered error term random- variation due to other unmeasured factors.

X_1 = Intrinsic factors

X_2 = Extrinsic Factors

X_3 = Employee Relations Factors

X_4 = Career Development Factors

From the regression analysis done using SPSS, taking all factors into account (Intrinsic, Extrinsic, Employee relation and Career development) constant at zero, staff

Table 4.17. Correlation.

| | | Intrinsic | Extrinsic | Career Development | Employee relations | staff turnover |
|--------------------|---------------------|-----------|-----------|--------------------|--------------------|----------------|
| Intrinsic | Pearson Correlation | 1 | . | | | |
| | Sig. (2-tailed) | | | | | |
| | N | 50 | | | | |
| Extrinsic | Pearson Correlation | .960** | 1 | | | |
| | Sig. (2-tailed) | .000 | | | | |
| | N | 50 | 50 | | | |
| Career Development | Pearson Correlation | .946** | .966** | 1 | | |
| | Sig. (2-tailed) | .000 | .000 | | | |
| | N | 50 | 50 | 50 | | |
| Employee relations | Pearson Correlation | .950** | .967** | .989** | 1 | |
| | Sig. (2-tailed) | .000 | .000 | .000 | | |
| | N | 50 | 50 | 50 | 50 | |
| staff turnover | Pearson Correlation | .952** | .972** | .989** | .990** | 1 |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | |
| | N | 50 | 50 | 50 | 50 | 50 |

** . Correlation is significant at the 0.01 level (2-tailed).

turnover will be 0.109. The data findings analyzed also indicates that taking all other independent variables at zero, a unit increase intrinsic in will lead to an increase in employee turnover by 0.026 increase in the staff turnover; a unit increase in Extrinsic will lead to a 0.210 increase in the staff turnover; a unit increase in employees relations will lead to a 0.402 increase in staff turnover and a unit increase in career development will lead to a 0.376 increase in staff turnover.

At 5 % level of significance and 95% level of confidence; intrinsic factor showed a 0.761 level of significant; extrinsic showed a 0.063 level of significant; career development showed a 0.001 level of significant and employee relation showed a 0.001 level of significant. The study therefor indicates that since the value of intrinsic (0.761) and Extrinsic (0.063) were not <0.05 thus insignificant. However, career development and employee relation with value of (0.001) each is <0.05 thus significant.

Two tailed Pearson Correlation

The study used Pearson correlation to identify factors that determine high staff turnover within the commercial banks and how it affects staff performance. Table 4.17 indicates that there was a strong positive correlation between intrinsic factors and employee turnover ($r=0.952$, $P=0.00$). The value suggests that intrinsic factors positively influenced staff turnover in commercial banks in Kenya. The study further discovered that there was a strong and positive correlation between extrinsic factors and staff turnover in commercial banks ($r=0.972$, $P=0.000$) indicating a strong relationship between extrinsic factors and staff turnover in commercial banks in Kenya. Further the study found out that there was a strong, positive and significant correlation between career development and staff turnover in commercial banks in Kenya ($r=0.989$, $P=0.000$) a sign that career development greatly influences staff turnover. Finally, the study identified a positive and significant correlation between employee relations and staff turnover in commercial banks in Kenya ($r=0.990$, $P=0.000$).

According to Coon & Mitterer (2010) employees are intrinsically influenced by job satisfaction, achieving and exceeding targets, cohesive team work, challenging tasks and need to have control and freedom over assigned duties and responsibilities. Intrinsic factors provide the reason why individuals perform certain activities for inherent satisfaction or pleasure derived in performing activities (Brown, 2007). The study concurs with the fact that external consequences influences intrinsic motivation, the theory focused on how competence and autonomy is influenced by external behavior. (Deci, 2005)

Meudell & Rodham (2008) revealed that extrinsic factors like competitive salary, job security, interpersonal relations and conducive environment were cited by employees as key motivational variables that influenced their retention in the organizations. This is in line with the Maslow theory of 1943 that contends that human motives develop in a sequence according to the five levels of needs; physiological needs, security and safety needs, affiliation, esteem and need for self-actualization.

Effective career development determines the quality of work force and success of organizations as explained by O'Donnell, (2007). The study is in line with the discussion by Grawitch et al (2006) that employee commitment in terms of ownership for both career and ongoing development through Individual Development Plan (IDP)

and continuous learning process increases job satisfaction and a sense of ownership in execution of employee's duties. The study further explains that human Capital is critical and sensitive resource to any organization, thus investing on employees to facilitate their dynamic and integral functions can necessary reduce turnover (Price, 2007).

According to Ulrich (2007) organization with attractive retention policies can reduce recruitment costs associated with high staff turnover; thus enhancing productivity and performance. The study concurs to the findings by Herzberg, (1959) that poor employee relations (poor leadership styles, aggressive communication, and poor working conditions) negatively affect the realization of organization and individual goals.

Conclusions

Intrinsic factors influenced staff turnover, the ability of the employees to achieve set Targets (28, & 0.901), Control and Freedom in execution of tasks (21, & 0.816) and Team work (19, & 0.808) were very crucial aspects. Their absence within the working environment impacted negatively on job satisfaction and productivity turnover.

Extrinsic factors influenced employee turnover. Salary and Benefits (32, & 0.824) Job security (27, 0.724) and Medical Insurance (18, 0.732) all had strong correlation and greatly influenced employees turnover. These are hygiene factors and their absence causes dissatisfaction and staff turnover and factors within the context of the job.

Career development factors greatly influenced staff turnover. Indicators that positively influenced staff turnover were: Training (15, & 0.819) Academic and professional sponsorships (12, & 0.724) and Mentorship (5, 0.756). These factors provided opportunities for a clear career path and their absence caused staff exodus as employees searched for better opportunities at the competitors.

Employee related factors were strongly correlated with staff turnover. Employee welfare (28, & 0.806) promotions (34, & 0.872) and Succession plans (21, & 0.754) provided conducive working environment necessary for retention. The absence of employee relations factors meant that the banking sectors had a lot of ineffective and inefficient retention policies that can increase retention of employees in the organization.

Recommendations

Based on the findings and conclusions the researcher has recommended that;

1. The banking and financial sector should increase intrinsic factors by initiation proper working environment such that there exists job satisfaction, ability to achieve targets and exercise control during execution of duties. These will increase intrinsic factors and reduce staff turnover.
2. The management should benchmark salaries and bonuses to suit the competition Rewards should also match Performance management and there should be equity and justice in remuneration issues.
3. Clear career path should be initiated as early as during immediately during recruitment process such that skills and competencies are matched with academic and professional qualifications. Job evaluations should be done and more trainings, mentorship given to employees.
4. The banks' retention policies and strategies should adequately respond to the employees needs and other necessary implementations after market intelligence should be encouraged so that employees are motivated to facilitate their effectiveness and retention.

Recommendation for Further Studies

The research has recommended the following areas for future studies;

1. Factors influencing employee's performance in the other industries.
2. Factors Influencing training of employees in the banking industry
3. Impacts of job satisfaction on employee's performance.
4. The impacts of Change management on staff performance.

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