

## **FACTORS AFFECTING LABOUR TURNOVER IN ORGANIZATIONS: A CASE STUDY OF DELMONTE LIMITED, KENYA**

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### **ABSTRACT**

Companies which achieve turnover rates below their industry average are likely to enjoy greater competitive advantage than those whose rates are relatively high. While minimal rates of mobility can be good for both the employee in terms of career development and to the employer in the sense that new blood is injected into the organization excessive mobility can be detrimental to the optimal operation of the organization. Delmonte Kenya Limited has recently been experiencing a high level of labor turnover. This phenomenon has led to increased recruitment and replacement costs as well as training expenses to the organization. This research sought to establish the factors responsible for high employee turnover at Delmonte Kenya Limited. In this study, descriptive research design was used. The target population was 1533 employees. A sample size of 152 respondents was selected for data collection at random. Data was collected by the use of questionnaires. The researcher conducted a pilot study in another organization. Descriptive statistics such as mean, mode, standard deviation and frequency distribution was used to analyze the data. The data was analyzed both quantitatively and qualitatively. Quantitative data analysis requires the use of a computer spreadsheet, and for this reason SPSS was used. Data presentation was done by the use of pie charts, bar graphs, percentages and frequency tables. The study revealed that career growth prospects is of much importance to employees and thus the study concludes that a well-defined career path makes the employees to be committed to their careers and hence improve their productivity. The findings also established that motivating employees gives them a sense of belonging and this encourages them to work harder and consequently increasing their productivity.

**Key Words:** *Career Growth Prospects, Motivation, Employee Turnover*

## **INTRODUCTION**

The analysis of the number of people leaving the organization provides data for use in supply forecasting, so that calculations can be made on the number of people lost who may have to be replaced. More importantly, however, the analysis of the numbers of leavers and the reasons why they leave provide information that would indicate whether any action is required to improve retention rates. It can prompt further investigations to establish the underlying causes and identify remedies.

Thompson (2014) said that arguments against staff turnover includes the sheer cost associated with replacing people who have left, ranging from the cost of placing a recruitment advertisement through the time spent administering and conducting a selection process, expenses required in inducting and training new employees. On top of these are the less easily measurable losses sustained as a result of poorer performance on the part of less experienced employees. According to Trevor (2010) staff turnover is associated with sheer costs of replacing people who have left, ranging from the cost of placing a recruitment advertisement, through the time spent administering and conducting the selection process to expenses required in inducting and training new employees on top of these they are less likely measurable losses sustained as a result of poor performance for larger organizations employing specialist recorders this costs can add to a million of losses a year.

Fletcher (2012) lamented that the second major argument in favor of improving staff retention results from a straightforward recognition that people who leave represent a lost resource in which the organization has invested time and money. The damage is all the greater when good people, trained and developed at the organization expense, subsequently choose to work for competitors. Finally it is argued that high turnover rates are symptomatic of a poorly managed organization. They suggest that people are dissatisfied with their jobs or with their employer and would prefer to work elsewhere. It thus sends a negative message to customers and helps create a poor image in the labour market, making it progressively harder to recruit good performers in the future.

Phillip (2009) indicated that most organizations opt to employ personnel who were previously employed in other organizations. By doing so, the institution are able to cut down on initial training costs as well as make use of previous job experiences of the employees in developing initial systems at the organization. In turn, organization where the employees came from lost valuable staff that they had developed overtime.

According to Armstrong (2009) noted that although the increase in available job opportunities provide employee with alternate employment options, it is not the key driver of why employees quit. On the other hand, Armstrong says that people move to other organizations for many reasons. Sometimes it is the attraction of a new job which pulls them. On other occasions, they are pushed due to dissatisfaction in their present jobs and at times a mixture of both push and pull factors. However, in other cases, employees leave due to domestic circumstances outside the control of the employer as in the case when someone relocates with their partner. Though the employees who moved did so because an opportunity presented itself, there must have been other reasons that motivated them to move. Either factors at the former places of work, domestic reasons or expectations they anticipated they would fulfill.

According to Derek (2013), people who leave represent a last source in which the organization has invested time and money. The damage is all greater when people trained and developed at the organization expense; subsequently choose to work for competitors.

High staff turnover are symptomatic of a poorly managed organization, people are dissatisfied with their jobs or their employer and would prefer to work elsewhere. It thus sends a negative message to customers and helps create a poor image in the labour market, making it progressively harder to recruit good performers in the future. In conclusion the case for seeking to reduce turnover varies from organization to organization. Where replacement employees are in plentiful supply, where starters can be trained quickly and where business levels are subject to regular fluctuation it is possible to manage effectively with a relatively higher turnover.

Companies which achieve turnover rates below their industry average are thus likely to enjoy greater competitive advantage than those whose rates are relatively high. It is therefore important for the management of any organization to establish the reasons why the employees moved and put in place strategies to try and meet their expectations so as to retain them. This is because if these expectations are not met then the employees are most likely to become dissatisfied and move to other organizations whenever opportunities arise.

### **STATEMENT OF THE PROBLEM**

While minimal rates of mobility can be good for both the employee in terms of career development and to the employer in the sense that new blood is injected into the organization excessive mobility can be detrimental to the optimal operation of the organization. This is because an organization would have to spend a lot of money and time in the recruitment and training of new staff, as well as lose in terms of productivity during the separation period. The employees who are left behind may also be overburdened and this may result in stress which might adversely affect their performance.

In UK, a survey of London health service staff showed that poor working conditions and lack of better facilities were top on the list of factors affecting retention while compensation ranked fourth (Pearson, Reilly and Robinson 2014). A survey by the United States Federation of Nurses and Health Care Professionals indicate that, half of the registered nurses surveyed had considered leaving employment due to job dissatisfaction arising from increased workload and poor working conditions (Pearson 2010). A research carried out by Kerr (2014) on retention of first and second term Marine Corps enlisted personnel in USA showed that, deployments had a strong positive relationship with retention. Cymrot (2012) researched on effects of selective reenlistment bonuses on retention and observed that basic pay; job security and family medical care ranked highest. Andreas (2011) carried out a similar research focusing on retention factors among high technology employees in South Africa and observed that compensation has a strong positive relationship with organizational commitment and hence employee retention.

In Kenya, Kioko (2012) did an investigation on factors responsible for high Labour Turnover within Nightclubs in Nairobi. He found that employees frequently change or leave nightclub employment mainly because of pay related issues. Amamo (2009) carried out a survey of factors that attract and retain FM radio presenters in Kenya and observed that basic pay ranked highest on factors that employee would consider while moving to another organization. Oroni (2012) studied labour turnover in state corporations through a case study of Kenya Wildlife Service (KWS). He found that labour turnover was due to low pay, employee relations, lack of recognition, lack of career prospects, discrimination/favouritism/tribalism, pursuit of further education and frustrations. Abuti (2012) in her survey of factors influencing employee turnover among Kenyan broadcasters cited lack of training strategies as a major cause associated with staff turnover. The studies

tend to indicate that turnover factors vary from one industry to the other and a factor could rank high in one industry, lower or is totally irrelevant. For instance, job satisfaction seems to be the retention factor ranking highest in the nursing field, compensation highest in media industry while career growth and development in military field. Out of this there is a need to carry out a survey of the factors affecting labour turnover in manufacturing industry since the industry is quite different from others in terms of business operations.

Since 2012, Delmonte Kenya Limited has been experiencing a high level of labor turnover. This has not only disrupted production but also affected continuity of operations. This phenomenon has led to increased recruitment and replacement costs as well as training expenses to the organization. This research sought to establish the factors responsible for high employee turnover at Delmonte Kenya Limited.

### **General Objective**

The general objective of the study was to establish the factors affecting labour turnover in Delmonte Limited, Kenya

### **Specific Objectives**

- i. To establish how career growth prospects affects employee turnover in Delmonte Limited, Kenya
- ii. To establish how motivation of employee affect employee turnover in in Delmonte Limited, Kenya

## **LITERATURE REVIEW**

### **Theoretical Review**

#### **McGregor's theory X and Y**

McGregor's theory X and theory Y are essentially a set of assumptions about human behaviour in the workplace. McGregor saw two noticeable sets of assumptions which are made by managers about their employees. Theory X emphasizes and assumes that employees are inherently lazy, requiring coercion and control and avoiding responsibility. It also assumes that employees are only seeking security. This theory substantially agrees with Taylor's scientific theory which emphasizes control and extrinsic rewards as ways of motivating workers. McGregor's theory Y sees workers in a more favourable light. Employees are seen as enjoying work which is considered as natural as rest or play. They do not have to be controlled or coerced so long as they are committed to the organisation. This theory claims that workers will not only accept, but will also seek responsibility (Robbins, 2013).

#### **Acquired Needs Theory**

McClelland, a well-known psychologist at the Harvard University, studied employee's behaviour. He used the Thematic Apperception Test (TAT) to measure employee motivation in satisfying various needs and found out that employees craved the need for achievement, the need for power and the need for affiliation (Kreitner and Kinicki, 2013). The acquired needs theory focusses on the diversity of people and is rooted in culture. It assumes that needs are acquired or learned on the basis of our life experiences.

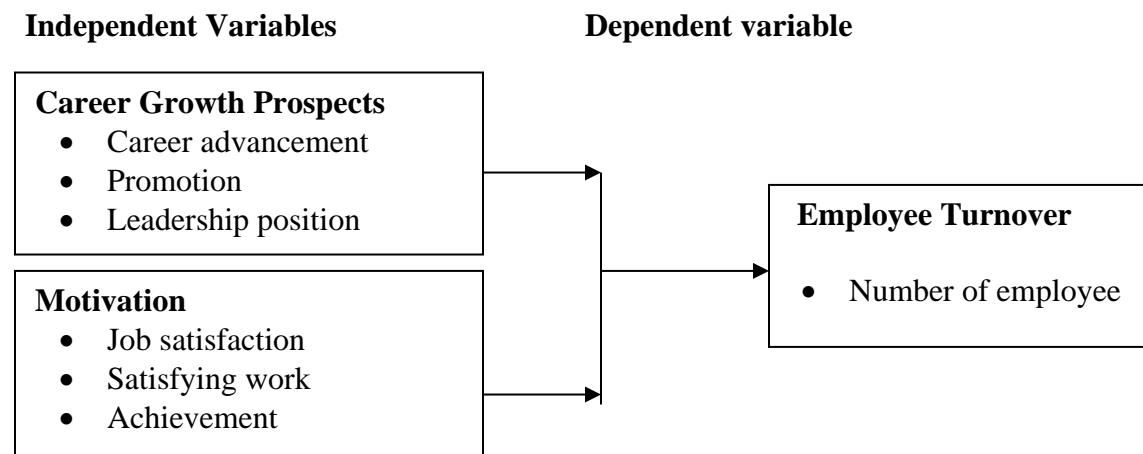
When a need is strong, it will motivate the person to engage in behaviour that satisfies that need. Achievement is represented by the drive to excel, accomplish challenging tasks to

achieve a standard of excellence. Achievement motivation depends on childhood, personal and occupational experience and even the type of organisation. According to this theory some people have a compelling drive to succeed. They strive for personal achievement rather than for the rewards of success. They have a strong desire to do something better or more efficiently than it has been done before. Individuals high on achievement needs often make good entrepreneurs running their own business (Johns, 2011).

Kreitner and Kinicki (2013) state that the need for achievement is defined by the following desires: to accomplish something difficult; to master, manipulate, or organize physical objects, human beings or ideas as rapidly and as independently as possible; to overcome obstacles and attain a high standard; to excel one's self; to rival and surpass others; and to increase self-regard by successful exercise of talent.

According to McClelland, as cited by Robbins (2013) the need for power is the desire to influence and control one's environment. The need for personal or institutional power can be a motivator in organisations. This is the desire to have an impact and to feel that one is in charge. Kreitner and Kinicki (2013) points out that the need for power reflects an individual's desire to influence, coach, teach, or encourage others to achieve. People with a high need for power, like to work in groups and are concerned with discipline and self-respect. Kreitner and Kinicki (2013) add that there is a positive and negative side to this need. The negative side is characterized by an "if I win, you lose" mentality. On the other hand, people with a positive orientation to power focus on accomplishing group goals and helping employees obtain a feeling of competence.

### **Conceptual Framework**



**Figure 1: Conceptual Framework**

### **Empirical Review**

Gachanja (2014) carried out a study on workers motivation and labour turnover among sales agents which was a case study of British American insurance company. His study established that workers motivation has an influence on labour turnover of the British American insurance company. Another study by Wambui (2012) investigated the perceived factors which influenced employee turnover in SDV Transami in Kenya. The study found that factors such as unmet expectations about the job, lack of satisfaction with the job, lack of

recognition for work done, lack of flexibility in the job, involvement in the job among others influenced employee turnover in the organization.

Kochanski and Ledford (2010) survey showed that career opportunities yielded more significant predictors of retention than any other type of reward followed by training opportunities and employee’s relation with the supervisor. Elangovan (2010) noted that the notion of job satisfaction and organisational commitment being causally related has not been incorporated in most turnover models. His study indicated there were strong causal links between stress and satisfaction (higher stress leads to lower satisfaction) and between satisfaction and commitment (lower satisfaction leads to lower commitment). He further noted a reciprocal relationship between commitment and turnover intentions (lower commitment leads to greater intentions to quit, which in turn further lowers commitment). Kahiro, (2015) conducted a study on the factors influencing labour turnover in commercial banks in Kenya .The study also found out that the respondents strongly agreed that organization provides opportunities for employees to progress in development of their careers and this prevents them from quitting.

## **METHODOLOGY**

In this study, descriptive research design was used. Mugenda and Mugenda (2003) assert that descriptive research determines and reports the way things are. The target population was 1533 employees. The study targeted 57 middle level management employees, 120 supervisors and 1356 junior employees who represent the total population of employees targeted in this study. This population is heterogeneous. Stratified sampling design was used to come up with the above population strata. Then simple random sampling design was adopted to pick the sample size. A sample size of 152 respondents was selected for data collection at random. This represents 10% of the target population which is appropriate for descriptive studies (Mugenda 2003).Data was collected by the use of questionnaires. This study being descriptive survey design used simple descriptive statistics in the analysis of its data. Descriptive statistics such as mean, mode, standard deviation and frequency distribution was used to analyze the data. The data was analyzed both quantitatively and qualitatively.

## **RESULTS**

### **Effects of Career Growth Prospects on Employee Turnover**

The study sought to establish the effect of career growth prospects on employee turnover. The study sought to determine the respondents’ level of agreement with some statements relating to effect of career growth prospects on employee turnover.

**Table 1: Statements Relating to Effect of Career Growth Prospects on Employee Turnover**

<b>Statements</b>	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Mean</b>	<b>Std Deviation</b>
Decision makers develop individual plans based on future organizational	5	11	8	51	45	4.000	0.906

needs, employee's performance and promotion								
Career Growth Prospects results in reduction of employee's turnover attraction of high quality job candidate	3	8	5	19	85	4.458	1.500	
Individuals plan their own career by comprehensive analysis of personal strength and weakness	4	9	11	25	71	4.250	1.218	
Failure by organization to plan career progression for employees would necessitate employee to identify, seek alternatives that would give career growth	1	3	20	69	27	3.983	0.953	
Career success is seen through the eyes of the individual and can be defined as individual satisfactions with career through meeting personal career goals	1	7	10	82	20	3.942	1.133	
Career growth would encourage employee commitment and reduce employee's turnover	2	5	2	67	44	4.217	1.096	

Majority of the respondents agreed that career growth prospects results in reduction of employee's turnover attraction of high quality job candidate, as shown by a mean of 4.458; career growth would encourage employee commitment and reduce employee's turnover, as shown by a mean of 4.217; individuals plan their own career by comprehensive analysis of personal strength and weakness, as shown by a mean of 4.250; decision makers develop individual plans based on future organizational needs, employee's performance and promotion, as shown by a mean of 4.000; failure by organization to plan career progression for employees would necessitate employee to identify, seek alternatives that would give career growth, as shown by a mean of 3.983; and that career success is seen through the eyes of the individual and can be defined as individual satisfactions with career through meeting personal career goals, as shown by a mean of 3.942. These findings agreed with the findings of Derek and Laura (2013) who argued that career success is seen through the eyes of the individual and can be defined as individual satisfactions with career through meeting personal career goals while at the same time making contribution to the organization. They added that career growth would encourage employee commitment and reduce employee's turnover. It would enhance motivation and job performance as employees can see some possible movement and progress in their work.

### **Effects of Motivation on Employee Turnover**

The researcher sought to determine the extent to which motivation is important to employees of Delmonte Ltd. The respondents indicated their level of agreement on some statements relating to effect of motivation on employee turnover.

### **Table 2: Statements Relating to Effect of Motivation on Employee Turnover**

Statements	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Std Deviation
Motivation is the inner force that drives employee's behavior	4	8	8	56	44	4.067	0.948
To achieve targets managers /supervisors must be able to motivate employees and win their commitment to task	2	6	9	53	50	4.192	1.001
Motivation is essential since it's what drives a person to work in a particular way and with a given main effort and enthusiasm	5	9	11	43	52	4.067	0.941
Individuals have different degrees of motivation for the same need hence they perform differently	5	10	10	39	56	4.092	0.985

From the findings, majority of the respondents agreed that to achieve targets managers /supervisors must be able to motivate employees and win their commitment to task, as shown by a mean of 4.192; individuals have different degrees of motivation for the same need hence they perform differently, as shown by a mean of 4.092; motivation is the inner force that drives employee's behavior, as shown by a mean of 4.067; and that motivation is essential since it's what drives a person to work in a particular way and with a given main effort and enthusiasm, as shown by a mean of 4.067. These findings were found to concur with those of Cole (2014) who said that motivation is essential about what drives a person to work in a particular way and with a given main effort and enthusiasm. Motivation and job satisfaction are significant factors in people's contribution to the organizational effectiveness and efficiency. According to him, lack of motivation would contribute to low productivity and efficiency.

### Regression Analysis

**Table 3: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
					R Square Change	F Change	Sig. F Change
1	.873 <sup>a</sup>	.762	.733	.05283	.740	5.224	.002

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings, the value of adjusted R squared was 0.733 an indication that there was a change of 73.3% on employee



turnover due to changes in career growth prospects and motivation at 95% confidence interval. This shows that 73.3% changes on employee turnover could be accounted for by changes in career growth prospects and motivation. R is the correlation coefficient which shows the relationship between the study variables. From the findings, the study found that there was a strong positive relationship between the study variables as shown by 0.873. From the ANOVA statistics, the processed data, which is the population parameters, had a significance level of 0.02 which shows that the data is ideal for making conclusions on the population's parameter as the value of significance (p-value) is less than 5%. The calculated value was greater than the critical value ( $2.31 < 5.224$ ) an indication that career growth prospects and motivation significantly affects employee turnover. The significance value was less than 0.05, an indication that the model was statistically significant.

**Table 4: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant	1.736	0.453		3.832	.002
Career Growth Prospects	-0.442	0.126	-.145	-3.508	.003
Motivation	-0.401	0.132	-.211	-3.038	.009

From the above regression equation it was revealed that holding career growth prospects and motivation to a constant zero, employee turnover would be at 1.736. The results reveal that Career growth prospects had a significant coefficient (B= -0.442, p value=0.003). This implies that Career growth prospects had negative significant effect on employee turnover. A unit increase in career growth prospects would lead to decrease in employee turnover by a factor of 0.442. This is in agreement with the finding of Kahiro, (2015) that organization provides opportunities for employees to progress in development of their careers and this prevents them from quitting. The findings revealed that motivation had a significant coefficient (B= -0.401, p value=0.009). This implies that motivation had a negative significant effect on employee turnover. A unit increase in motivation prospects would lead to decrease in employment turnover by a factor of 0.401.

### **CONCLUSIONS**

The study revealed that career growth prospects is of much importance to employees and thus the study concludes that a well-defined career path makes the employees to be committed to their careers and hence improve their productivity. Commitment in a career will help improve employee retention.

The findings also established that motivating employees gives them a sense of belonging and this encourages them to work harder and consequently increasing their productivity. The study thus concludes that well motivated employees will reduce their turnover in an organization since motivating them will boost their morale to work for that organization.

### **RECOMMENDATIONS**

The study recommends that organizations need to provide career growth path to their employees to increase their commitment levels. Employees who are committed to their work will not have the option of leaving their current jobs in search of another job.

The study also recommends that organizations need to put policies and programs that aim at recognizing and motivating employees who have achieved the set targets. This will increase

their moral to keep up the hard work, as well as encourage their fellow employees to meet their targets.

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