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### ABSTRACT

*This study investigated the influence of retention strategies on employee performance in Kenya, A case of the Bomas of Kenya. Improvement in employee retention is essential to reduce HRM practices cost and overall growth of the organization. The study adopted the following variable to explain the relationship between the influence of retention strategies on employee performance, to establish the influence of employee empowerment programs on employees' performance. The target population of this research study was 197 employees comprising of senior and junior level. Descriptive statistics was used to analyze the data gathered and findings presented mainly through tables, pie charts and bar graphs. Regression model was developed to check the relationship between retention strategies and employee performance. The study is useful to Hotel association during the development of retention strategies that are deemed useful in alleviating the turnover rate experienced in the industry. The study creates critical and crucial knowledge to the stakeholders and management as well as corporate institutions which will help them in decision making. The study findings benefit scholars/researchers who wish to undertake further studies aimed at improving employee retention strategies.*

**Key Words:** Employee, Empowerment, Programs, Performance, Bomas of Kenya

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## **INTRODUCTION**

According to (Griffeth & Hom 2001), employee Retention involves taking measures to encourage employees to remain in the organization for the maximum period of time. Organizations are facing a lot of problems in employee retention these days. Hiring knowledgeable people for the job is essential for an employer. But retention is even more important than hiring.

There is no dearth of opportunities for a talented person. There are many organizations which are looking for such employees. If a person is not satisfied by the job he's doing, he may switch over to some other more suitable job. In today's environment it becomes very important for organizations to retain their employees. The reason may be personal or professional (Breugh, 2000). These reasons should be understood by the employer and should be taken care of. Most organizations are becoming aware of these reasons and are adopting many strategies for employee retention. The top organizations are on the top because they value their employees and they know how to keep them glued to the organization. Employees stay and leave organizations for various reasons.

One of these reasons is a good work environment that factors in health aspects, psychological and social aspects. It is important for employee to work in a friendly, stress-free environment which encourages positive thinking making them productive, for example, if the manual or mental work involved in certain jobs in a factory is tiresome, it will result into endangering not only the company property but also result into accidents which may further involve such incidents like loss of life. This might have adverse effects on the morale of the entire work force. Therefore, organizations should establish working conditions that do not affect the work force negatively by providing among other things noise free environments, adequate lighting systems, adequate temperatures (Stansfeld, S., & Candy, B. (2006).

Secondly, employees seek for additional responsibility that should be awarded in fair and ethical manner. Employees expect fair dealing at work. There are organizations that suffer with losses of great talent who practice gender, race, age, disability and any other kind of discrimination. Employee who puts in addition effort at work expects higher reward and remuneration (Brudney, 2010). Third, when organizational members work together in teams, coordination of organizational goals and objectives becomes easier. This leads to the teams sharing performance goals and thus lead to improving the morale of the employees that will later lead to improvements in productivity. Team works encourages open communication between employees and have compliment skills that enable them to achieve more in a specified period as compared to when the individual is working alone hence creating synergy (Smith, 2001).

### **Objectives of the Study**

The study was guided by the following general objective, to determine the influence of retention strategies on employee performance in Kenya, A case study of Bomas of Kenya and specifically to establish the influence of employee empowerment programs on employee' performance.

### **Statement of the Problem**

According to (Breugh, 2000), there are those job-related practices such as assignment of challenging jobs, achievement, work itself, recognition, and responsibility advancement and opportunities for growth on the job. Fitz-enz (2010) stated that there is significant economic impact when an organization loses any of its critical employees, especially given the knowledge that is lost with the employee's departure.

It is also believed that the costs to the employer as a result of management's inability to retain its employees include separation benefits to the employee, lost productivity, recruitment costs, training costs, and diminished services as new employees get up to speed. Osibanjo, Adeniji, Falola and Heirsmac (2014) in their study mention that compensation is strategic to the goals of any

organization and that it ensures employee retention, satisfaction, development as well as better performance of the employees. The study established that there is a positive relationship between salaries, incentives, bonuses, that in turn affect employee job performance. In order to achieve employee satisfaction and retention, it is critical for organizations to have a structured compensation management system.

A yearly review undertaken by the hotel and Hotel Association recently discovered that the annual turnover among hotel employees is at 50 percent in the subordinate level and 25% in the management level. The review averagely estimated that turnover levels in hotels range from 60 to 300 percent from a general perspective (KAHC annual reports, 2019). At the Bomas of Kenya, managerial reports and management discussion analysis from major departments such as Food and Beverages, Production, Property Management, and Finance and Administration Departments revealed that the turnover rate, especially at the middle and subordinate levels stands at above 30% per annum in the past three years. Most hotels in the industry are adopting retention strategies as a result of the high cost associated with recruitment and training on new staff (Bomas of Kenya annual report, 2018).

In an attempt to address the worrying trends, the study was carried out to examine the influence of the current and new retention strategies adopted by the organization and in this case, Bomas of Kenya, on employee performance of their duties and achieving job related deliverables and the overall organizational performance.

### **Scope of the Study**

The research was conducted at (Bomas of Kenya) with special focus on the management policies towards the welfare of the employees. All the 197 employees were captured in the study.

### **LITERATURE REVIEW**

Under this section the researcher discussed; Human capital theory and Organizational Capital theory in

explaining their relevance to the study and connecting the theories to the study variable.

### **Human Capital Theory**

Human capital refers to the intangible resource of ability, effort, and time that workers bring to invest in their work. Gratton and Ghoshal (2003) define human capital as being made up of intellectual capital, social capital and emotional capital. According to the resource-based view (RBV) of the organization, competitive advantage depends on the valuable, rare and hard-to-imitate resources.

Human capital is such an invaluable resource that it is one of the most important determinants whether the organization can be successful in today's fierce competition. Thus, in order to create valuable virtues, many employers have shifted from the financial capital to the intellectual capital focus. Human capital is 'generally understood to consist of the individual's capabilities, knowledge, skills and experience of the company's employees and managers, as they are relevant to the task at hand, as well as the capacity to add to this reservoir of knowledge, skills, and experience through individual learning' (Dess & Picken, 2000). As human capital plays an important role in organization's success, more and more employers are aware of the fact that it is of great importance to keep the talented employee in the organization.

The concept and perspective of human capital stem from the fact that there is no substitute for knowledge and learning, creativity and innovation, competencies and capabilities; and that they need to be relentlessly pursued and focused on the firm's environmental context and competitive logic' (Rastogi, 2000).

Such a consideration leads to a crucial point: the accumulation of exceptionally talented individuals is not enough for the organization. There must also be a desire on the part of individuals to invest their skills and expertise in the organization and their position. In other words, individuals must commit or engage with the organization if the effective utilization of human capital is to happen. Additionally, regarding human capital, there must

be social capital and organizational (or structural) capital surrounding the essential context. These three forms of capital contribute to the overall concept of intellectual capital.

### **Organizational Capital Theory**

The principal role of organizational capital is to link the resources of the organization together into process that creates value for customers and sustainable competitive advantage for the firm (Dess & Picken, 1999). This will include: organizational and reporting structures, operating systems processes, procedures and task designs, information and communication infrastructures, resource acquisition, development and allocation systems, decision processes and information flows incentives, controls and performance measurement systems, organizational culture, values and leadership. The interactions between these dimensions are important if employees are to have the motivation to develop and use their skills and knowledge. Beginning with the issue of the culture of the organization has a large impact on both recruitment and retention as well as in the area of generating commitment. In McKinsey's War for Talent survey (1999), 58% of employees, by far the highest response, say that what they value the most in organizations is strong values and culture. A supportive culture with strong corporate purpose and compelling values has been seen as the underlining reason for major corporate success (Collins & Porras, 1994). A second major influence on human capital is the incentive structure and how performance is measured and managed in general. In terms of the organizational structure, 'the degree that skilled and motivated employees are directly involved in determining what work is performed and how this work gets accomplished is crucial' (Delaney & Huselid, 1996). To this end, employee participation (Wagner, 1994), internal career ladders (Osterman, 1987) and team-based working (Levine, 1995) have all been shown to positively link to organizational performance (Delaney & Huselid, 1996). The link between human capital and performance is based on two theoretical strands. The first is the resource-based view of the firm. The

second is the expectancy theory of motivation that is composed of three elements: the valence or value attached to rewards, the instrumentality, or the belief that the employee will receive the reward upon reaching a certain level of performance, and the expectancy, the belief that the employee can actually achieve the performance level required. HRM practices that encourage high skills and abilities like careful selection and high investment in training - can be specified to make the link between human capital management and performance.

### **Employee empowerment programs**

Empowerment inspires change and increases the level of workplace commitment which increases the degree of individual employee commitment/productivity and helping for achievement of organizational goal. The concept of employee empowerment starts with the systematic fit between people, task, technology, information, reward and culture. Empowered employees are emotionally attached to the organization with a strong sense of loyalty and desire to contribute significantly towards organizational prosperity (Yang & Choi, 2009).

Annual performance review is process that measures how effective an employee has been towards achieving work related deliverables in relation to the position one has held in the organization. It involves gauging the success rate between work done and achievement of deliverables (Mathison & Vinja, 2010). Through this review one is able to gauge themselves in terms of how well they have mastered their work and their level of advancement. This creates a positive feedback that grades one professionally and also builds experience and character in one's role in the organization. Well set performance reviews create room for promotion, development and growth in the work place. Even if you've met with employees throughout the year to check on their job satisfaction, never skip a regular big-picture conversation. This is when you'll discuss short- and long-term goals and talk about their future with the company. While you should never make promises

you can't keep, you can talk through potential advancement scenarios together (Mathison & Vinja, 2010).

Mentorship programs are introduced to teach and orient new employees on how things are done in an organization and familiarize them with the organization culture in place. This helps in the induction process and speeds up the rate at which one is supposed to catch up with the other employees. Pairing a new employee with a mentor is a great component to add to your continuing onboarding process. Mentors can offer guidance and be a sounding board for newcomers, welcoming them into the company. And it's a win-win: New team members learn the ropes from experienced employees, and, in return, new hires offer a fresh viewpoint to your mentors (Schooley, More, & Vitti, 2010).

Training and development involve improving your workforce skill level and knowledge level through trainings, short courses, seminars etc. Some companies pay fees and travel for employees to attend conferences or industry events each year, provide tuition reimbursement, or pay for continuing education training (Kaiser and Hawk, 2001). Every employer should make it a priority to invest employee's professional development and seek opportunities for them to grow. Employees who have been well trained tend to stick with the organizations that have helped them to attain higher professional levels. This concept helps to

create a sense of loyalty in employees to their employers. In return well trained employees improve their productivity and hence this improves the organizational performance (Amadi, 2014).

## METHODOLOGY

This study adopted the census research design. According to the Workload analysis report of Bomas of Kenya, the target population of this research study was 197 employees comprising of senior and junior level staff. The questionnaires were used to collect data in this study. The researcher carried out test of the questionnaire before using it to collect data which was very important step. Pilot testing helped the researcher to classify questions that did not make sense to partakers, or difficulties in the inquiry form that might lead to prejudiced answers. The data gathered was analysed using descriptive and inferential statistics. The qualitative information gathered was analyzed using descriptive statistics with the help of Statistical Package for Social Sciences (SPSS) version 23.

## FINDINGS AND DISCUSSIONS

### Influence of Employee empowerment programs on employee performance

Using a scale of 1-5; where 5= (SD) strongly Disagree, 4= (D) Disagree. 3= (N) Neutral, 2= (A) Agree, and 1= (SA) Strongly Agree. Please tick in the box which best describes your agreement or disagreement level on each statement in the table below.

**Table 1: Annual performance reviews**

Statement	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	mean	SD
Performance reviews are an excellent opportunity for employees to get raises, bonuses and other increases in merit-based compensation	56.4	26.4	9.7	5.3	2.2	3.93	0.908
Performance review help businesses mitigate issues before they become overly problematic.	68.6	17.5	8.3	3.1	2.5	3.81	0.959
Performance reviews show employees that the business is invested in their success.	11.4	29.2	41.2	17.7	0.6	3.99	0.922
Performance review evaluates an employee's current position, it also helps determine the next steps in the employee's career journey	16.1	20.4	44.2	14.9	4.5	3.53	1.064
Overall, performance appraisals help employees work efficiently.	26.1	60.4	4.2	4.9	4.5	3.51	1.052

In this section the respondents were required to answer question and give opinions on empowerment programs in their organization. Two programs were chosen to that is annual performance reviews and training and development. The first factor under consideration was annual performance reviews and the respondents were required to give their opinion on five items. From the results above, the participants indicated that Performance reviews are an excellent opportunity for employees to get pay raises, and other increases in merit-based compensation at a response rate of 56.4% ( $m=3.93$ ,  $sd=0.908$ ). The respondents went ahead and indicated that Performance review help businesses mitigate issues before they become overly problematic and this was at a response rate of 68.6% ( $m=3.81$ ,  $sd = 0.959$ ). Thirdly the respondents neutrally indicated that Performance reviews show employees that the business is invested in their success this was at a response rate of 41.2% ( $m=3.99$ ,  $sd=0.922$ ). Fourth, the respondents neutrally indicated that Performance review evaluates an employee's current position, it also helps determine the next steps in the employee's career journey and this was at a response rate of 44.2% ( $m = 3.53$ ,  $sd = 1.064$ ). Finally, the respondents agreed that performance appraisals help employees work efficiently this was at a response rate of 6.4% ( $m=3.51$ ,  $sd = 1.052$ ).

## CONCLUSION AND RECOMMENDATION

From analysis, it was established that performance reviews were taking positively by employees in an

organization. Performance review helps gauge an employee's work and allows one to get pay raises and also get promotions in merit-based compensation and reward systems. The respondents went ahead and indicated that Performance review help businesses mitigate issues before they become overly problematic. Contingent liabilities that lie ahead pose a greater risk for businesses. Tools such as these reviews help to predict possible issues that may affect the business operations. Finally, the respondents neutrally indicated that Performance reviews show employees that the business is invested in their success. The respondents neutrally indicated that Performance review evaluates an employee's current position, it also helps determine the next steps in the employee's career journey.

Training and development can also be used as tool of empowering employees and it can be used to gauge whether employee performance improves after being exposed to training programs. The respondents were neutral on the fact that scholarship programs are readily available for any employee willing to go back to school. Every employee is assured of promotion if they undergo some form of training meant improve their proficiency at work. The respondents neutrally responded to the fact that they were aware of an employee mentorship programme in their organization. Finally, the respondents were neutral on the statement that there are sufficient training opportunities at their places of work.

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