

**EFFECT OF VOLUNTARY BENEFITS ON RETENTION OF  
NON-TEACHING EMPLOYEES IN PUBLIC TERTIARY  
INSTITUTIONS IN KISUMU COUNTY, KENYA**

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Public Tertiary Institutions (PTIs) are the Technical and Vocational Training Colleges that provides skills training to over 70% of school leavers in any country. To play their roles effectively, PTIs need to attract and retain competent workforce. Consequently, they can attract and retain employees by offering voluntary benefits. Employee retention is ensuring that people do not leave institutions voluntarily whilst voluntary benefits are the non-statutory payments made besides wages and salaries. The effect of voluntary benefits in the retention of employees is not known since there is no known research which has been conducted in the area, especially from the perspectives of non-teaching employees and in educational settings. Past studies on this have focused on benefits in general without specific attention to voluntary benefits and its effect on employee retention, thus making it rather difficult to formulate clear policies aimed at addressing the challenges facing the PTIs. The purpose of the study was to establish the effect of voluntary benefits on retention of non-teaching employees in the PTIs in Kisumu County. The objectives of this study were to: Identify the forms of voluntary benefits provided by the PTIs in Kisumu County; establish factors that retain non-teaching employees in the PTIs in Kisumu County; and determine the effect of voluntary benefits on retention of non-teaching employees in the PTIs in Kisumu County. The study adapted a conceptual framework with voluntary benefits as the independent variable and employee retention as dependent variable. The research design were both descriptive and correlation. The study population was all the 85 non-teaching employees in the two PTIs in Kisumu County of which 15 were used in questionnaire pre-testing and a saturated sample of 70 respondents was subsequently taken. The study used both primary and secondary data. Both the Primary and secondary data were collected using structured questionnaires and from the relevant institutional records respectively. Pearson Correlation and multiple regressions were used to respectively determine the association between the independent and dependent variables and to establish the magnitude and direction of effect of voluntary benefits on retention of non-teaching employees. The study revealed that: Employee services 94.25% and payment for time not worked 96.6% were the forms of voluntary benefits provided at the PTIs in Kisumu County and that job security 77.14%, possibility of growth 50%, institutional policy and administration 48.57%, and challenging work 47.13% were the main employee retention factors at the PTIs. Employee retention has significant positive association with employee services ( $r=0.805$ ,  $p=0.000$ ), health benefits ( $r=0.714$ ,  $p=0.000$ ), security benefits ( $r=0.334$ ,  $p=0.005$ ) and payment for time not worked ( $r=0.301$ ,  $p=0.011$ ). Voluntary benefits significantly predicted employee retention ( $R^2=0.724$ ,  $F(4, 65) = 46.232$ ,  $p=0.000$ ); with employee services ( $\beta=0.581$ ,  $p=0.000$ ) and health benefits ( $\beta=0.390$ ,  $p=0.000$ ) as significant predictors. This shows that other forms of voluntary benefits were not provided at the PTIs; other retention factors also help retain employees at the PTIs; and that employee services and health benefits are the forms of voluntary benefits that enhances employee retention at the PTIs. Employee benefits are therefore the antidote to employee turnover, thus employers should provide more of it so as to enhance employee retention. It is hoped that the findings may be of use to policy makers, human resource consultants and practitioners, management, and academicians who may develop interest in pursuing further research in this area.

## CHAPTER ONE

### 1.0 Introduction

This chapter highlights the background of the study, problem statement, and objectives of the study, research questions, scope, justification of the study and conceptual framework.

### 1.1 Background of the Study

Public tertiary institutions (PTIs) are Technical and Vocational Colleges including National Polytechnics and Technical Teacher Training Colleges offering Diploma and Higher Diploma level of education respectively and are maintained by use of public funds or community. Thus, they play a key role in the socio-economic and environmental development of any country by offering learning that mainly lead participants to acquire practical skills, know-how and understanding necessary for employment in a particular occupation, trade or groups of occupations (Kaane, 2003). Therefore, irrespective of their sizes, and whether public or private agencies, they need to attract and retain competent and motivated non-teaching workforce (Werner and Desimone, 2009). In order for the PTIs to retain the attracted employees, they need to provide employees with benefits which are either statutory or discretionary (Armstrong, 2009: Andrews, 2009).

Employee retention is ensuring that people do not leave the organizations voluntarily in the first place (Torrington, Hall and Taylor, 2009). This is because it enhances higher productivity and efficiency, improves operational processes, aids in training new employees and makes old employees loyal customers and avid word-of-mouth advertisers (Ingram, 2013). Whilst benefits are elements of compensation provided in addition to wages and salaries and they are either statutorily required, and /or voluntarily provided by the employer (Armstrong, 2009: Andrews, 2009). Voluntary benefits are the payments the law does not require an employer to offer (Martin, 2013). They are tax exempt and their costs are partly borne by the employee, as well they aid in mitigating fatigue, minimizing operation costs and discouraging turnover, discouraging strikes and lockouts, and satisfying employee objectives (Murton, Inman and Osullivan, 2010: Aswathappa, 2008). No known studies have been conducted on; the forms of voluntary benefits which are offered to non-teaching employees at the PTIs, factors which contribute to the retention of non-teaching

employees at the PTIs, and effect of voluntary benefits in the retention of employees at the PTIs. Thus, this study intended to fill in the glaring gaps in the literature.

### **1.1.1 Employee Voluntary Benefits**

Employee voluntary benefits are elements of compensation provided in addition to wages and salaries whose objectives are to provide an attractive and competitive total remuneration with the aim of attracting and retaining talent, provide for the personal needs of employees, increase employees' commitment to the organization, and to provide tax efficient methods of remuneration to employees (Armstrong, 2009). Dessler and Varkkey (2013) aver that some benefits are required by state law, and others are discretionary. According to Murton, Inman and Osullivan (2010), voluntary benefits include health benefits such as discounted dental care and private medical insurance; financial benefits such as voluntary contributions to pension schemes or discounted holiday insurance; and leisure or lifestyle benefits such as gym membership, holiday offers, and discount vouchers for restaurants, child care vouchers and discounted shopping. In addition to this, Dessler and Varkkey (2013) identifies the voluntary benefits as: life and health insurance for family and dependants, housing, subsidy on housing, loans subsidy, conveyance allowance, telephone and entertainment allowance, recreational benefits like health clubs and lobby classes, education allowances for self and family, soft loans for asset building; different types of leaves like study leave, extraordinary leave; and executive perquisites like chauffeur driven cars, petrol allowance and family holiday. Although Dessler and Varkkey (2013) have identified the voluntary benefits, no known study has singled out the forms of voluntary benefits provided by PTIs.

Martin (2013) opines that voluntary benefits offer employers several advantages in that when employees appreciate their benefit package, they may decide to stay with the company longer, rather than leaving; an attractive benefit package will probably lead more qualified candidates to apply with the company and the company's reputation may grow in the process; offering an array of discretionary options makes more sense than offering one fixed plan; and health care benefits and tuition assistance to further education in the field makes employees physically and mentally healthier and more knowledgeable and productive. On the contrary, many organizations have not established the role played by voluntary benefits in the

attraction, retention and motivation of non-teaching employees. Hence, they only pay what the law requires them to offer. This could probably explain the employees' lackluster performance, which eventually influences the overall organizational performance.

### **1.1.2 Employee Retention**

Employees are an organizations intellectual asset that is responsible for the day today business operation which should be motivated to stay with the organization since their retention is a financial gain for organizations and that it generates goodwill in the workforce and has a positive effect on the products or services an organization offers (Seber, 2013). Retention is the term of keeping loyal employees on board with your company (Ingram, 2013). Retaining valuable employees is an asset to the company during both the economic challenging times and rapid growth because it is cost saving, stems loss of expertise, retains customers, and provides stability in production schedule (Mcgrill, 2013). Thus, there is need for organizations to ensure that they have the best chance of retaining people they employ (Torrington, Hall and Taylor, 2009).

Retention strategies are important since they help to create a positive work environment and strengthen employee commitment to the organization (Sherrie, 2013). Similarly, strategies for retaining workers helps defray employee replacement costs since high turnover can be very expensive due to the fact that an employee replacement cost can reach from 50% to 60% of an employee annual salary (Sherrie, 2013). How best to retain employees is to provide them with a better deal they perceive they could get by working for alternative employers (Torrington, Hall and Taylor, 2009). According to Mcgrill (2013) retention of employees can be achieved through keeping your employees happy by taking care of competitive compensation, benefits and bonuses, promotion opportunities, and focusing on intangible as well.

To enhance retention, employers need to provide an attractive and competitive total remuneration (Armstrong, 2009). The employers should also provide the right mix of benefits since they can be critical component in a successful long term plan for attracting and retaining employees providing that competitive advantage employers need to succeed in a challenging and fast-faced highly dynamic economic

environment (Nyce, 2012; Werner and Desimone, 2009). Employee retention is a financial gain for organizations (Sherrie, 2013) for the reason that employees who are satisfied with their benefits are three times likely to express a strong sense of loyalty to their employers (Leopold, 2013).

To retain employees, provide them with fringe benefits as they keep employees happy and aid in offsetting wage demands (Mutinda, 2013). This would ensure organizational efficiency and effectiveness in the production of products and provision of services as a strategic tool for competitive advantage that therefore makes their products effective and services efficient in the market place. This scenario therefore impelled this study to establish the employee retention factors in the PTIs in Kisumu County, Kenya.

### **1.1.3 Tertiary Institutions**

Tertiary Institutions play a strategic role in providing high quality technically skilled personnel for both the formal and informal sectors of the economy through a sustainable, flexible and equitable delivery system (Kaane, 2003). The new eighth edition of Oxford Advanced Learners Dictionary (2010) defines tertiary institutions as colleges that are not universities that offer education to the people aged 16 years and older. Contrastingly, Sessional paper No. 1 of 2005 of Kenya defines tertiary institutions as technical training colleges within Technical, Vocational Education and Training (TVET) sector that offers learning that mainly lead participants to acquire practical skills, know-how and understanding necessary for employment in a particular occupation, trade or groups of occupations. The TVET Act 2013 defines Public Tertiary Institutions (PTIs) as the Technical and Vocational Colleges which include technical teacher training colleges and National polytechnics that offers Diploma and higher Diploma respectively and are maintained by use of public funds or by the community.

Practical skills or know-how acquisition can be traced to apprenticeship training programs in the eighteenth century where skilled artisans operating their own shops trained their workers and worked with them until they became proficient in a specific trade (Werner and Desimone, 2009). However, the first recognized vocational school was established by Dewitt Clinton in 1809, in New York City, USA. This was

followed with the establishment of the first factory school; and West House, General Electric and Baldwin Locomotive International Harvester factory schools in 1872, 1888, 1901 and 1907 respectively (Werner and Desimone, 2009).

Mwaura (2011) avers that skills training in Kenya are attributed to the coming of the missionaries who established the first vocational training centre at Freer Town in Mombasa. Subsequently, the Native Industrial Training Depot was established at Kabete, Nairobi by the 1924 ordinance of the colonial government. Thereafter, the 1959 ordinance established the industrial training ordinance to regulate the training of apprentices and indentured learners. Then the Sessional Paper No. 5 on education and training in Kenya segmented the technical training institutions as 4 National Polytechnics (NPs), 17 Institutes of Technology (ITs), 1 Technical Teacher Training College (TTTC), 21 Technical Training Institutes (TTIs), and National Youth Service (NYS) schools as public tertiary institutions (PTIs) and several others as being operated by private sector.

The stakeholders in the subsector include professional and regulatory bodies, strategic stakeholders, government ministries, private sector, training providers both public and private, national industrial training council, and the public (Kaane, 2003). The interest that these stakeholders hold include provision of training; ensuring quality; provision of funds, policy and human resource; regulation of training activities; and offering employment.

Currently, PTIs including other vocational institutions are managed under various government ministries/departments including County governments, and private organizations including non-governmental organizations and religious bodies with different legal provisions and curriculum (Kaane, 2003). PTIs are expected to develop and enhance skills of over 70% high school leavers and are expected to play a strategic role in providing high quality technically skilled personnel for both the formal and informal sectors of the economy through sustainable, flexible, and equitable deliver system (Kaane, 2003).

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PTIs are characterized by several problems; firstly, finances are still a major challenge. Secondly, high rates of workers' /trainees' /students' turnover, and thirdly community apathy (Ngome, 2003; Wahba, 2011). Reports attributed to Ndemo (2014); Wahba (2011); Nyerere (2009); and Ngome (2003) indicated that PTIs like other TVET institutions generates little attention or budget provision; that over the past two decades, they have continued to receive less financial allocations from the Government than the estimated annual expenditure; that the students and staff turnover is prevalent in the said institutions; and that both students and parents perceive them as institutions providing education to failures. Further report by Wafula (2014) posits that the supplementary budget for 2013/2014 financial year was reduced by Kshs.1.8 billion. These limitations facing the sub-sector make the significance of PTIs not to be felt in the developing countries (Viah, 2011).

In spite of these limitations, the PTIs have continued operating with the contributions of both the teaching and non-teaching employees for which the former are employees of the Teachers Service Commission (TSC) who remunerates them, and the latter as the employees of the various respective Boards of Management of the said institutions who determine their terms and conditions of service as well as their remuneration. Despite the challenges facing these institutions and the contributions of the TSC, it is not clear as to the voluntary benefits which are paid by the boards of management of PTIs, the effect they have in retaining the non-teaching employees in their employment, and whether the non-teaching employees are frequently on the move. The foregoing therefore necessitated this research since there is no known research about how the PTIs in Kisumu County, Kenya are retaining their non-teaching employees.

## **1.2 Statement of the Research Problem**

Despite an increase in interest in voluntary benefits, there is no known empirical study that has actually been conducted in the area especially from the perspectives of PTIs and retention of non-teaching employees. Employee benefits and employee retention research in training educational setting is especially scarce: No known studies have focused on voluntary benefits and their effects on employee retention, and other retention strategies. Most studies have focused on benefits and retention in general in non-training organizations without specific attention to voluntary benefits



and its effect on employee retention in training institutions, other studies have dwelt on other categories of employees other than non-teaching employees thus making it rather difficult to formulate clear policies aimed at addressing the challenges facing the PTIs. Without effective retention strategies or factors, policies and funding, part of which is expected to satisfy employees' needs, the PTIs will not only be unable to stem employee turnover, but can also result into the inability to attract and retain competent non-teaching employees that will enable them achieve their missions. On the contrary, employee retention factors in PTIs in Kisumu County are unknown. It is not known whether there is a employee turnover and if there are retention strategies in place to deter employees frequent movement. This scenario therefore impelled this study.

### **1.3 Objectives of the Study**

The overall objective of this study was to determine the effect of voluntary benefits on the retention of non-teaching employees of PTIs in Kisumu County, Kenya.

Specifically, the study sought to:-

1. Identify the forms of voluntary benefits provided by PTIs in Kisumu County, Kenya.
2. Establish factors that help to retain non-teaching employees in the PTIs in Kisumu County, Kenya.
3. Determine effect of voluntary benefits on retention of non-teaching employees in PTIs in Kisumu County, Kenya.

### **1.4 Research Questions**

1. What are the forms of voluntary benefits which are offered to non-teaching employees of PTIs in Kisumu County, Kenya?
2. Which factors contribute to the retention of non-teaching employees at the PTIs in Kisumu County, Kenya?
3. What is the effect of voluntary benefits in the retention of non-teaching employees at the PTIs in Kisumu County, Kenya?

### **1.5 Scope of the Study**

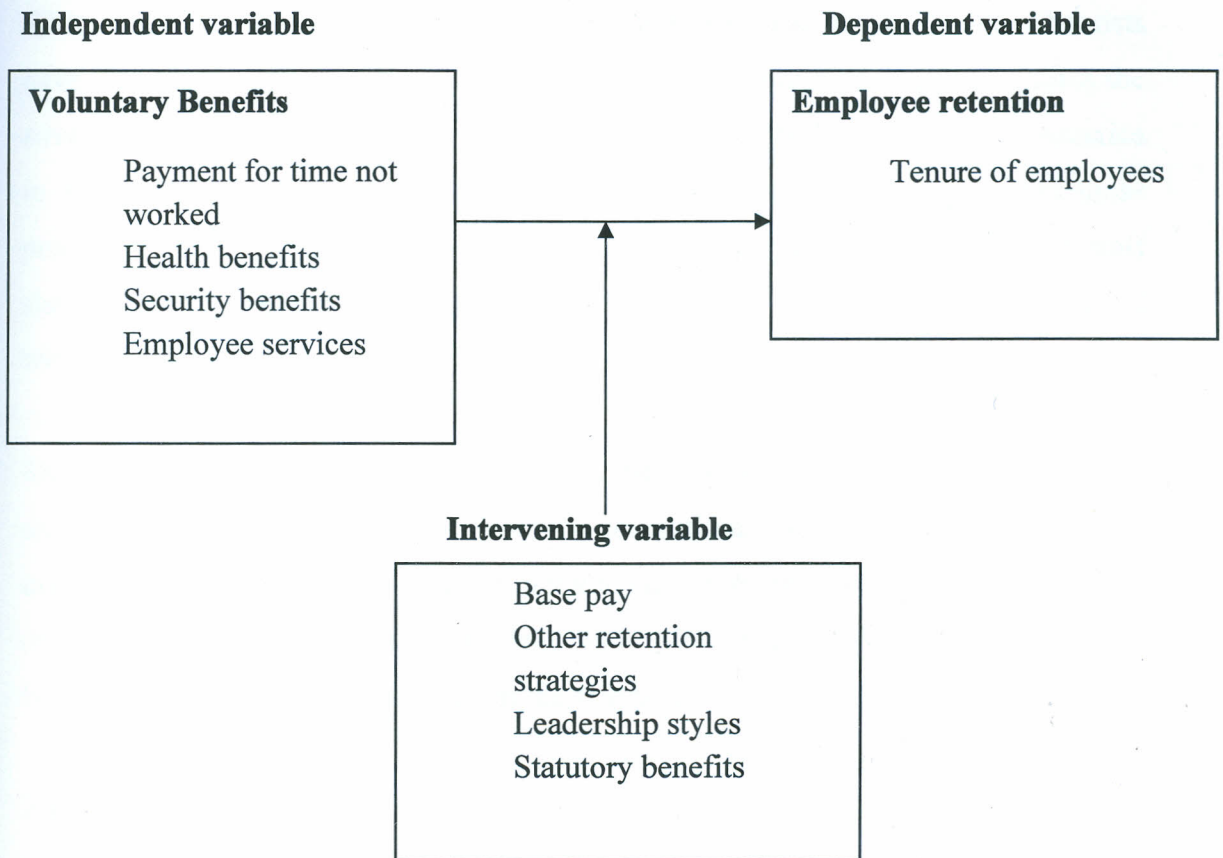
The study was conducted between January 2014 and October 2014. It focused on Kisumu County PTIs; non-teaching employees were the respondents in the study, and it was on the effect of voluntary benefits on retention of non-teaching employees.

### **1.6 Justification of the Study**

The findings of this study may be used in formulating effective policies that support HR functions in people management activities, human resource planning, talent management, recruitment and selection, reward management, and employee welfare. To the academicians and researchers, the study may form a basis for future reference, especially in the areas of voluntary benefits and retention of employees. The study may also be of great value to management, human resource practitioners and consultants, and policy makers, who may wish to use the findings to recruit and select the right person for the right job, effect fair pay and equitable wages and salaries commensurate with jobs, to attract capable employees to the organizations, and to retain employee services over an extended period of time. It may also assist in solving the problems bedeviling the PTIs.

## 1.7 Conceptual Framework

Figure 1.1 shows that independent variable is voluntary benefits and the dependent variable is employee retention and the intervening variables include base pay, other retention strategies, leadership styles, and statutory benefits. Voluntary benefits are measured by pay for time not worked, health benefits, security benefits, and employee services. Employee retention is measured by the stability of tenure of staff.



**Figure 1.1; Hypothesized relationships between Voluntary Benefits and employee retention.**

**Source:** Adapted from Saleemi and Bogonko (1997).

**CHAPTER TWO**  
**LITERATURE REVIEW**

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**2.1 Introduction**

This chapter reviewed the theoretical literature related to the study, the concept of voluntary benefits, the concept of employee retention, tenure and stability of staff and empirical literature.

This study was guided by both the two factor theory and equity theory. Theorists have linked voluntary benefits to the attraction and retention of employees since the advent of benefits in the reward management systems in the United States of America in 1930s. The theorists believed that it is possible to scientifically discover those procedures that can produce effective remuneration system which can lead to staff stability; a key aspect of concern to all organizations in growth which can be achieved with the contributions of employees who are motivated to stay in their posts.

The two factor and equity theories of motivation on which this study was modeled, represents a merger of many ideas from the scientific and human relations theories of management and Abraham Maslow's hierarchy of needs theory of motivation. Not all constructs of the two theories were dealt with in this study, but only the concept of benefits which are well propounded in the said theories.

**2.1.1. The Two Factor Theory**

The two factor theory was propounded by Fredrick Herzberg and his associates, while building on the hierarchy needs model already proposed by Maslow, and it was used to study workplace behavior (Aswathappa, 2008). Their research provided two dimensions of work which are not the same, job satisfaction and job dissatisfaction. Job satisfaction is caused by hygiene set of factors in the workplace which include status, job security, fringe benefits and work conditions (Frenz, 2013: Aswathappa, 2008). And job dissatisfaction is caused by motivation set of factors in the workplace and includes challenging work, recognition, responsibility and growth (Nzuve, 2007).

As was applied to this study, this theory holds that the independent variable, voluntary benefits, would influence or explain the dependent variable, employee retention because; individuals are not contented with the satisfaction of lower order needs at

work, rather they look for gratification of higher psychological needs; presence of one set of job characteristics leads to job satisfaction, while another and a separate set of job characteristics leads to dissatisfaction at work; satisfaction and dissatisfaction are not on a continuum with one increasing as the other diminishes, but are independent phenomena which managers must recognize and attend to both characteristics; hygiene factors are not on a continuum with one increasing as the other diminishes, but are independent phenomena which managers must recognize and attend to both characteristics; hygiene factors are needed to ensure an employee is not dissatisfied, while motivation factors are needed to motivate an employee to higher performance; hygiene factors will not motivate, but their absence can lower motivation, while motivation factors will not necessarily lower motivation but can be responsible for increasing motivation; and to increase satisfaction and decrease dissatisfaction, employers need to improve the aspiration aspects of the job and to focus more on satisfying more basic needs respectively. Hence to retain employees, maximize on satisfaction and minimize on dissatisfaction (Frenz, 2013).

### **2.1.2. The Equity Theory**

The equity theory was developed by John Stacey Adams in 1963 while studying work place behavior. This theory indicates that employees become de-motivated when they perceive the existence of unfair treatment in the workplace and that it stands on three cornerstones of inputs, outcomes and equity and builds on the interrelationships among these three (McKenna and Beech, 2002: Reader, 2013). Inputs encompass ability to do the job, adaptability around the company environment, flexibility, tolerance, determination and loyalty. And outcomes include salary received, job security, employee benefits, recognition for work done, praise and reputation (Aswathappa, 2008: Spector, 2008). As applied to this study, it was also expected that the independent variable, voluntary benefits would influence the dependent variable, employee retention in that employees determine equity by comparing the ratio of their inputs on outcomes with those of their colleagues, and expect a justifiable reward for their personal and professional contributions for the organization's benefit. After this, the employees will determine whether they are at input outcome equilibrium or not. Then those who feel that they are at disequilibrium would seek to reduce it by either mentally distorting their inputs and outcomes or by directly altering the input outcome ratio. Failure to achieve equity by either of these

two methods would result in employee leaving the organization (Spector, 200; Pilzer, 2013).

These theoretical backgrounds emphasizes that their constructs when applied in the workplace would enhance employee retention. This therefore related them to this study since the study was on establishing effect of voluntary benefits which is a concept within the said theories, on the retention of non-teaching employees of public tertiary institution in Kisumu County, Kenya.

### **2.1.3 The Concept of Voluntary Benefits**

According to Armstrong (2009), employee benefits are elements of compensation provided in addition to wages and salaries whose objectives are to provide an attractive and competitive total remuneration with the aim of attracting and retaining talents, provide for the personal needs of employees, increase commitment of employees to the organization and to provide tax efficient method of remuneration to employees. In the same vein, Ratna and Srivastara (2009) emphasizes that many benefits have become entitlement to employees owing to legal framework requirements or trade unions demand, gaining competitive advantage and the need to attract and retain the right human resources. Mejia, Balkin and Carrly (2010) lists voluntary benefits as health insurance, insurance plans, retirement, paid time off, employee services and vocations. Similarly, Torrington, Hall and Taylor (2009) lists voluntary benefits which are payable in kind or cash as luncheon vouchers, subsidized meals, discount purchase schemes, pension, company cars, sick pay, live-in-accommodation, parking facilities, private health insurance, crèche facilities, mobile phones, Christmas parties, relocation expenses, holiday and maternity allowances, flexible or cafeteria benefits and the range of welfare provisions like free chiropody and cheap hairdressing. According to Murton, Inman and Osullivan (2010), voluntary benefits are divided into health benefits, financial benefits, and leisure/lifestyle benefits. Contrastingly, Martocchio (2010), groups voluntary benefits into payment for time not worked, health benefits, security benefits, employee services, and premium pay.

**With payment for time not worked**, employers recognize that employees need time from the workplace for reasons such as, paid holidays and vacations, sabbaticals, voting time, paid off duty, bereavement or compassionate paid leave, military /police

reserve duty, clean up time, travel time and lunch/coffee/tea breaks (Aswathappa, 2008; Martocchio, 2010; Murton, Inman and Osullivan, 2010; Dessler and Varkkey, 2013; and Cole, 2004).

Health benefits are often included by employers as part of an employee indirect financial compensation. The specific areas may include health, dental and vision care for the employee and legal dependents (Torrington, Hall and Taylor, 2009; Martocchio, 2010; and Cole, 2004). And the security benefits are provided by employers in the form of retirement plans, disability insurance, and supplemental unemployment benefits (Cole, 2004; Murton, Inman and Osullivan, 2010; and Varkkey and Dessler, 2013).

Organizations offer a variety of benefits that can be termed as employee services. These benefits encompass a number of areas including relocation benefits, child care, educational assistance, food services or subsidized cafeteria, and financial services (Torrington, Hall and Taylor, 2009; Cole, 2004; Aswathappa 2008; Murton, Inman and Osullivan, 2010; and Varkkey and Dessler, 2013).

#### **2.1.4 The Concept of Employee Retention**

Business dictionary.com defines employee retention as an effort by a business to maintain a working environment which supports current staff in remaining with the organization. It refers to the ability of an organization to retain its employees whose ultimate aim is to have happier and loyal employees that actively want to remain with the company (Retention, 2014). It is ensuring that people do not choose to leave the organization voluntarily (Torrington, Hall and Taylor, 2009). In a business setting, the goal of employers is usually to decrease employee turnover, which is aggravated by economic conditions that make labor market volatile which then compels the extent of interest in employee retention issues to vary overtime, thereby decreasing overtime costs, recruitment costs, and loss of talent and organizational knowledge (Torrington, Hall and Taylor, 2009:). Thus, there is need for organizations to ensure that they have the best chance of retaining people they employ.

According to Seber (2013), retaining competent employees in an organization does not only generate goodwill in the workforce but it also has a positive effect on the product or services a company offers. Employee retention is a financial gain for organizations because it manages employees' turnover given that employers implement retention strategies to stem employee's turnover and to attract quality employees into the organization (Sherrie, 2013). It can therefore be said that retention strategies are important because they help create a positive work environment and strengthens an employment to the organization (Sherrie, 2013). Retention is the term to keeping loyal employees on board with your company for higher efficiency, improved operational processes and training new employees, making old employees be your loyal customers and avid word-of-mouth advertisers. To do this, take care of competitive compensation, benefits, promotion opportunities and bonuses, and focus on intangible as well (Ingram, 2013). Retaining valuable employee is an asset to the company during both the challenging economic times and rapid growth because it is cost saving, stems loss of expertise, retains customer and provides stability in production schedules (Mcgrill, 2013). According to Sherrie (2013), implementing an employee retention program is an effective way of making sure key employees remain employed while maintaining job performance and productivity. How best to retain staff is to provide a better deal they perceive they could not get by working for alternative employers (Torrington, Hall and Taylor, 2009).

#### **2.1.4.1 Tenure of Staff**

According to Grimsley (2014), the principle of tenure of personnel was developed by a French business executive, Henri Fayol. The principle states that an organization cannot run smoothly if it constantly suffers from employee attrition. Hence, organizations should be prompted to take steps to obtain as much stability in their workforce as possible. This is because when employees feels secure at their jobs, they contribute maximum of their capabilities towards their organizational objectives and helps them to know each and every aspect of their jobs with the passage of time which then helps in performing the job efficiently and with minimum wastage (Pathak, 2014). Techniques like careful screening of applicants, fair and competitive compensation packages and creating environment conducive to workers' satisfaction will aid in enhancing job retention (Grimsley, 2014). In the contrary, employees who are deciding whether to accept an offer rate job security as their number two concern



after base pay and salary (Adams, 2014). Job stability is the fact of employees being able to keep the same for a long time (Stability, 2014) whilst tenure generally refers to the number of years workers stay with one employer (Burks, 2014).

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## **2.2 Empirical Literature**

This section reviewed past studies as per the study objectives.

### **2.2.1 Forms of Voluntary Benefits**

In a study by Galhena and Ranjana (2011) in Sri Lanka in which they engaged Harischandaria Mills PLC in a study of the relationships between employee benefit program and job satisfaction, organizational commitment, intention to quit and job stress in consideration to a variable of financial benefits such as personal security, financial assistance and personal needs; and non-financial variable which includes status, power, training, working conditions, flexibility and recognition for achievement; they used survey, ANOVA and multiple regressions to find that both the financial and non-financial benefits are significantly and positively related with job satisfaction and organizational commitment and are significantly and negatively linked with intent to quit and job stress. They concluded that there is a significant difference between young and old with job satisfaction and that power of non-financial benefits is superior to financial benefits.

Similarly, Kwak and Lee (2009) in Korea studied the effect of fringe benefits in the compensation package of 263 Korean manufacturing firms and used a six year panel data and a regression analysis to find that employee training, retirement benefits, stock option, cash payout and housing support do not promote good performance of the firms. Based on their findings, the study concluded that some fringe benefits are significantly associated with performance, and some are positively related and others being negatively related.

The foregoing studies differs with the findings of Nyangi (2011) in Kenya who studied the perceived effects of employee benefits on employee retention at Kenya Forest Service (KFS) while using descriptive research methodologies and identified employee benefits to be; pension schemes, life insurance, sabbatical leave, health insurance, workers compensation programs, transportation benefits, flexible work

plan, educational fees, employee assistance programs, relocation benefits and recreational programs. Based on the findings, she reached a conclusion that organizations could enhance employee retention by increasing medical packages, providing housing facilities at subsidized rates, revising benefit scales, increasing salary, providing growth and development opportunities for the staff and good reward scheme, embracing staff participation in decision making, providing incentives to motivate staff, formulating benefit policies that are competitive and compare favorably with other organizations.

The studies applied different research methodologies and involved benefits and incentives as the independent variables and intentions to quit, job stress, organizational commitment, job satisfaction, performance, and employee retention as dependent variables. However, these studies did not isolate voluntary benefits and measured their effect on employee retention as this study wished to do even though they indeed identified some of the voluntary benefits. Moreover, this study applied the descriptive statistics to identify the forms of voluntary benefits provided at the PTIs.

### **2.2.2 Employee Retention Factors**

Akala (2012) in Kenya tested factors influencing employee retention among the non-teaching staff of the University of Nairobi. While using qualitative and quantitative research methodologies, the researcher found that employees' retention at the University of Nairobi is influenced by training and development, performance appraisal, welfare, benefits, disciplinary procedures and of potential for career growth, humane treatment by the supervisors, and availability for appeals on disciplinary decisions. Based on the findings, the author recommended that the University of Nairobi can enhance employee retention by encouraging transparency and fairness in provision of training and development opportunities to their employees, carryout wide consultations with the employees when setting performance targets and disciplinary rules and regulations to be clear to employees.

In the same vein, Sinha and Sinha (2012) in India studied main factors of retention management in organizations between two heavy manufactures. They used Cronbachs Alpha and Pearson correlation to find that competence and relationship oriented, scholastic and futuristic oriented, and development reward oriented affects employee

retention positively. Based on the findings, the authors concluded their study by affirming that the said factors have substantial role in determining the management retention strategies.

Similarly, Omar (2011) in Tanzania studied factors influencing employee's retention in public and private sector work organizations in Tanzania. She used qualitative and quantitative research methodologies. The study revealed that low salaries and benefits were the main reasons for leaving, and that the organizations prestige and justice are the main influencers to employee's retention in the selected organizations. Based on her findings, the author recommended that the selected organizations should conduct regular review of remunerations, structure good retirement plans, and create opportunities for further employment of employees.

The findings of these studies brings to the fore the factors that help retain employees in organizations however much that they have applied different methods to arrive at their conclusions even though some of them have tested nearly human resource management which if applied in any setting, would yield higher retention rate. However, the cited studies did not separate voluntary benefits from other retention factors.

### **2.2.3 Voluntary Benefits and Retention of Employees**

In the USA, Harris (2003) studied whether offering more benefits reduces employee turnover among Wyoming firms using regression models, he found that the firms offering more benefits have a lower turnover. Based on the findings of the study, he concluded that there is a negative relationship between the number of benefits and turnover.

Contrastingly, Artz (2010) in the USA studied fringe benefits and job satisfaction and used the five most recent waves of the National longitudinal survey of youth and a recursive Bivariate Probit procedure to find that fringe benefits are significant and positive determinants of job satisfaction. He recommended that a complete measure of fringe benefits should be included as a control variable in future job satisfaction estimation and determined job satisfaction.

Magnusson and Silfverberg (2013) in Thailand identified and analyzed organizational reasons that contribute to job satisfaction and that can contribute to increased employee retention amongst white collar workers in a multinational manufacturing company. They used a quantitative survey to measure the perceived job satisfaction since it is a key component in strive for employee retention. The aim of this study was to find factors that are central to employee's retention and how the most central factors can be strengthened and developed by the organization. Their findings showed that organizational effort within work design, leadership, social support; development, compensation and benefits and working life balance are essential for employee retention. Based on their findings, they concluded that a continuous effort to increase job satisfaction reduces employee desire of movement and that the pros of staying and the risks of leaving the organization increase and the result is an increased opportunity for employee retention.

These three studies are in agreements that benefits including fringe benefits lowers employee turnover, significantly and positively determines job satisfaction. It is only regretted that they have applied different research methodologies and that they failed to measure the effect of voluntary benefits on employee retention.

From the foregoing literature, it can be seen that all theories reviewed are in agreement that workers have needs which they endeavor to fulfill through working for others. Similarly if these needs are not fully met, then they will try to top up the deficiency through other means which may include working for extra hours, doing reverse things and/or quitting their positions. This boils down to satisfaction. It means therefore that employers should strive to effect compensation systems which are commensurate to the dictates of economic vagaries so as to mollify workers to remain with them for survival and prosperity. What theories failed to reveal, vis-a-vis to this study, is the specific benefits which when is either optimally or dismally provided or not provided at all, would make employees satisfied or dissatisfied or be at equilibrium or disequilibrium with other employees so as to warrant making a staying or a quitting decision. The theories also did not isolate benefits with a view to identifying their effects on employee retention. It therefore became prudent for this research for the explanation of the said theories.

Similarly, the empirical literature reveal that the influence of voluntary benefits in aiding employees to make the staying or quitting decision is not clear, even though they are preferred and their absence is likely to result into dissatisfaction which may result into quitting decisions. Hence, quitting or staying decisions are dependent on the availability or lack of one or more preferred retention factors. Allusion to turnover therefore is to various retention factors, notwithstanding the provision of voluntary benefits. What did not come out clearly from the literature are: the forms of voluntary benefits which are provided to employees, the effective retention factors in the organizations, and the effect of voluntary benefits on employee retention. Therefore this calls for management of organizations to proportionately balance the provision of all retention factors including voluntary benefits so as stem employee turnover and enhance employee retention. That is why it became imperative therefore, to establish the effect of voluntary benefits on the retention of non-teaching employees in public tertiary institutions so as to build more literature and to appreciate the retention role they play as a factor of employee retention.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This section presents the research design, study area, target population, sampling technique, data collection, instrument for data collection, validity and reliability tests for data collection instrument, data analysis and presentation.

#### **3.2 Research Design**

The researcher adopted both the descriptive and correlation research designs to establish the effect of voluntary benefits on retention of non-teaching employees in PTIs in Kisumu County, Kenya. Mugenda and Mugenda (2003) noted that a descriptive research determines and reports the way things are and the correlation method describes in quantitative terms the degree to which variables are related and involves collecting data in order to determine whether and to what degree a relationship exists between two or more quantifiable variables. Similarly, Kruger and Wellman (2003) viewed correlation design as a tool that enables measurement of two or more variables at about more or less the same time and provides a suitable ground for the analysis of the relationship between the variables.

The attributes of the two research designs made the researcher believe that the descriptive method would accurately explain and describe objective one and two respectively, and the correlation research design would pave the way for the establishment of relationships using regression technique and bring out the desired outcome of objective three of the study.

#### **3.3 Study Area**

The study was generally conducted among PTIs in Kisumu County and specifically in Kisumu Polytechnic and Ramogi Institute of Advanced Technology (RIAT). This area was chosen by the researcher due to the fact that PTIs have continued to receive less financial allocations from the government than the estimated annual expenditure which would make one believe that employees needs are not being fully met and hence dissatisfied and would want to quit their positions. This is because funds

enables fulfillment of obligations including satisfaction of employees needs. Kisumu County is one of the new devolved counties in Kenya whose headquarters is in Kisumu city with the land area of 2085.9 km<sup>2</sup> (Kisumu county, 2013) and a total population of 968908 (2008 National Census). It neighbors Siaya County to the west, Vihiga County to the north, Nandi County to the north-eastern, Kericho County to the east, Nyamira County to the south, and Homa Bay County to the south western. Its shoreline on Lake Victoria occupies northern, western and part of the southern shores of winam gulf. It is divided into six administrative sub-counties and the main economic activities in them include fishing and aquaculture; farming of sugarcane, rice, beans, maize, sweet potatoes, poultry, and fresh vegetables; light industries of textiles, molasses, fish processing plants, agricultural produce processors, sugarcane factories like Chemelil, Muhoroni, and Kibos, tailoring and handicraft making and services are in the form of wholesale and retail trade, car and bicycle repair, entertainment sports, low scale information technology and banking. The means of transport are matatus, buses, taxis, tuku-tuku, boda-boda, railways, air, and ferry and wooded outward motor boats. Mobile phone penetration and courier services are available (Kisumu County, 2013).

The PTIs in Kisumu County are the Kisumu Polytechnic and RIAT. Kisumu Polytechnic is approximately three kilometers east of the lake side city of Kisumu. It was started in 1967 as a technical secondary school, upgraded to technical training institute (TTI) in 1988, and made a National Polytechnic on 21.6.1997. Currently, it has 300, 60, and 3318 teaching and non-teaching employees, and students respectively (Population, 2013). RIAT was founded on 5.12.1971 and is located in Kisumu city at RIAT hills off Kisumu –Kakamega road. It has 101, 25, and 3000 teaching and non-teaching employees, and students respectively (Population, 2013).

### **3.4 Target Population**

The population of this study comprised all the 60 and 25 of non-teaching employees of both Kisumu Polytechnic and RIAT respectively. However, 10 and 5 of non-teaching employees from the respective institutions were used in pre-testing the instrument for data collection.

### **3.4.1 Sample Size**

The total number of population interviewed was 70 non-teaching employees in the two institutions. This number was taken after 15 of the remaining sample were used in the data collection instrument pre-testing exercise. This was a reasonable size that ensures that all sources of variation are captured.

### **3.4.2 Sampling Technique**

A saturated sample of all the remaining 70 non-teaching employees in the two PTIs in Kisumu County, Kenya was carried out in the exclusion to 15 of them who were involved in the instrument pretesting exercise.

## **3.5 Data Collection**

This section describes sources and types of data, data collection procedure, instrument for data collection, validity and reliability tests for data collection instrument.

### **3.5.1 Sources and Type of Data**

The researcher used both the primary and secondary data. The primary data were obtained from the respondents using questionnaires, and a five point likert scale was used to capture aspects of employee retention which could not be directly quantified. The likert scale measures attitudes and /or opinion by asking people to respond a series of statements about a topic, in terms of the extent to which they agree with them, so tapping into the cognitive and effective components of attitude (Mugenda and Mugenda, 2003). Secondary data was obtained from the employment records maintained in the respective institutions.

### **3.5.2 Data Collection Procedure**

The instrument for data collection was submitted and administered to the respondents and collected by the researcher in person, and a 100% response rate was realized.

### **3.5.3 Instrument for Data Collection**

The researcher developed and used structured questionnaires to obtain important information about the population. The questionnaires with the closed ended questions were in respect of the non-teaching employees only. Each item in the questionnaire was developed to address specific objectives and research questions of the study.



### **3.5.4 Validity and Reliability Tests for Data Collection Instrument**

To enhance validity of research instruments, the researcher's supervisor, an expert in the areas of labor economics was given the instruments for thorough scrutiny and any amendments in the contents were done in accordance with the objectives of the research. Reconnaissance survey was also done in the months of May-June, 2014. According to Dillon (2008), a reconnaissance survey is important in clarifying the researcher's starting point. In the course of the period, tests and pre-tests of the questionnaires were done to make any necessary modifications before the actual data collection and the results revealed respondents knowledge of the instruments, whilst Cronbachs Alpha reliability coefficient was 0.846 which is high hence, acceptable (Mugenda, 2008). This was done to measure the internal consistency of the instrument and reliability of measurement scale.

### **3.6 Data Analysis and Presentation**

The specific objective one and two of this study were addressed by applying the descriptive statistics which included measures of central tendencies and percentages to analyze data, whereas the data in respect of objective three were analyzed by using inferential statistics such as correlation which included Pearson-product moment correlation and regression techniques which then included multiple regressions. The choice of these techniques were informed by the fact that correlation is used to analyze the degree of association between two variables and a regression analysis is used to ascertain if an independent variable predicts a given dependent variable (Mugenda and Mugenda, 2003). The data were collected using structured questionnaires which were designed in line with the overall and specific objectives of the study. They then were checked for completeness, cleaned and coded to represent responses to specific questions. This was done to suit Statistical Package for Scientists (SPSS) version 17.0 which was applied. Where necessary, percentages were used to compare frequencies and to express qualitative information in numerical format. Ordinary list square (OLS) was used to estimate various parameters associated with the study variables, t-tests conducted at 95% level of significance to determine the significance of parameters estimated. Correlation analysis was undertaken determine the association between voluntary benefits and employee retention and regression to establish relationships among variables. The findings of this study were presented in a chart and tables.

From the literature review, the following factors of voluntary benefits were the possible determinants of employee retention: Payment for time not worked, health benefits, security benefits, and employee services. The functional relationship among the factors could therefore be specified as follows:

$$R_i = f(PT_i, HBS_i, SBS_i, ESS_i, \varepsilon_i) \quad (\text{eq 3.1})$$

Because linear interaction was anticipated between the variables, the following form was adapted from Harris (2003) and modified to suit the study and was then specified as follows so as to have a model that could be estimated using ordinary least squares:

$$R_i = b_0 + b_1PT_i + b_2HBS_i + b_3SBS_i + b_4ESS_i + \varepsilon_i \quad (\text{eq3.2})$$

Where  $R_i$  is the employee retention;  $i$ , individual employee;  $PT$ , the payment for time not worked;  $HBS$ , health benefits;  $SBS$ , security benefits;  $ESS$ , employee services; and error term: and  $b_0$  is the intercept; and  $b_1$ ,  $b_2$ ,  $b_3$  and  $b_4$  are the slopes of the variables  $PT_i$ ,  $HBS_i$ ,  $SBS_i$  and  $ESS_i$  respectively.

## CHAPTER FOUR

### RESULTS AND DISCUSSION

#### 4.1 Introduction

This section presents the results and discussion based on the analyzed information on the respondents and study objectives.

#### 4.2 General Information

This section sought to establish the general information of the respondents based on demographic factors such as age, gender, occupation, length of service, and levels of both the academic and professional qualifications.

##### 4.2.1 Age of the Respondents

The respondents were requested to indicate their age using a scale of up to 18 years, 19-24 years, 25-35 years, 36-45 years, 46-55 years and more than 55 years.

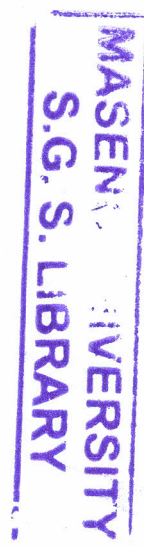
Table 4.1 shows 2.9 % of the respondents were aged between 19-24 years, 41.4% were aged between 25-35 years, 25.7 % were aged between 36-45 years, 22.9 % were aged between 46-55 years, 7.1 % were more than 55 years and that none was less or equal to 18 years of age. This shows that majority of the respondents were aged between 25 – 35 years which could be attributed to the fact that the PTIs in Kisumu County could have been replacing the departed employees nearly on the annual basis.

Table 4.1

##### *Age of the Respondents*

| Age of Respondents (years) | Frequency | %      |
|----------------------------|-----------|--------|
| Up to 18 years             | 0         | 0      |
| 19 – 24                    | 2         | 2.9    |
| 25 – 35                    | 29        | 41.4   |
| 36 – 45                    | 18        | 25.7   |
| 46 – 55                    | 16        | 22.9   |
| More than 55               | 5         | 7.1    |
| Total                      | n = 70    | 100.00 |

Source: Field data, 2014.



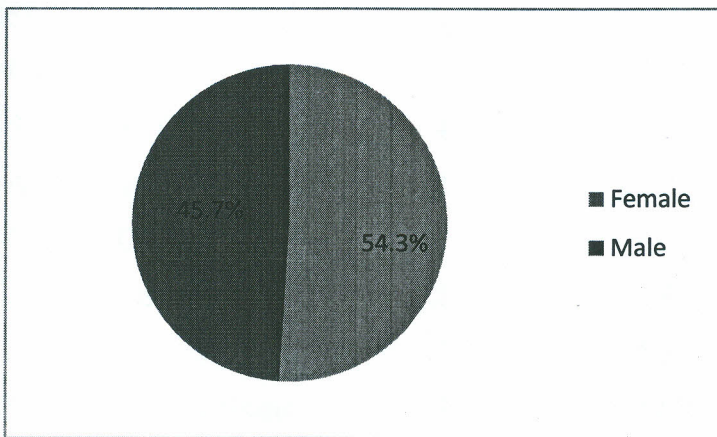
### 4.2.2 Gender of the Respondents

This section sought to ascertain the respondents as either male or female.

Figure 4.2 shows 45.7% were males and 54.3% were females. This shows that none of the gender was dominating in employment in the PTIs in Kisumu County even though the female percentage is leading at 54.3% hence, the near achievement of gender parity.

Figure 4.2:

*Gender of Respondent*



Source: Field data, 2014.

### 4.2.3 Occupation of Respondents

This section sought to establish occupation of respondents.

The respondents were asked to state their occupation as per their current deployment. Table 4.2 shows that majority of the respondents 14.3 % , followed by 12.9 % , then 8.6 % were cooks, technicians / artisans, general clerks, cleaners and grounds men in that order respectively. This is due to the nature of tasks in PTIs. It is imperative to note that the security services at Kisumu Polytechnic were outsourced; otherwise it would have formed the major variable within the occupation of respondents.

Table 4.2

*Occupation of Respondents*

| Occupation of Respondents | Frequency | %      |
|---------------------------|-----------|--------|
| Finance Officer           | 1         | 1.43   |
| Laboratory Assistants     | 5         | 7.1    |
| Bursar                    | 1         | 1.43   |
| Administrative Officers   | 2         | 2.9    |
| Drivers                   | 3         | 4.3    |
| Cateresses                | 2         | 2.9    |
| Secretaries               | 4         | 5.7    |
| Copy Typists              | 3         | 4.3    |
| Security Officers         | 4         | 5.7    |
| Accounts Clerks           | 2         | 2.9    |
| General Clerks            | 6         | 8.6    |
| Messengers                | 2         | 2.9    |
| Librarians                | 4         | 5.7    |
| Technicians / Artisans    | 9         | 12.9   |
| Cooks                     | 10        | 14.3   |
| Grounds men               | 6         | 8.6    |
| Cleaners                  | 6         | 8.6    |
| Total                     | n=70      | 100.00 |

*Source:* Field data, 2014.

#### **4.2.4 Length of Service of the Respondents**

The section also sought to establish the length of service of the respondents with options being less than one year, up to one year, 1 – 2 years, 3 - 5 years, and more than five years.

Table 4.3 shows that 56 % of the respondents had worked in PTIs for over five years, 19 % of the respondents had worked in PTIs for three to five years and one to two years in that order, and 4% and 2% of the respondents had worked in these institutions for up to one year and less respectively. This shows that the attrition rate is very low which could be attributed to the staff stability in these institutions.

Table 4.3

*Length of Service of Respondents*

| Length of Service of Respondents | Frequency | %      |
|----------------------------------|-----------|--------|
| Less than one year               | 2         | 2.00   |
| Up to one year                   | 3         | 4.00   |
| 1 to 2 years                     | 13        | 19.00  |
| 3 to 5 years                     | 13        | 19.00  |
| More than 5 years                | 39        | 56.00  |
| Total                            | n = 70    | 100.00 |

*Source:* Field data, 2014.

**4.2.5 Academic Qualifications of Respondents**

The section also sought to ascertain the highest level of education of the respondents with options being primary school, secondary school, college and none.

Table 4.4 shows the level of education of PTIs workers 46% as college leavers, 34% as primary school leavers, 14% as secondary school leavers, and 6% as having attended no schooling.

This indicates that majority of the non-teaching employees at PTIs in Kisumu County have college education.

Table 4.4

*Academic Qualifications of Respondents*

| Academic Qualifications of Respondents | Frequency | %      |
|--|-----------|--------|
| Primary School                         | 24        | 34     |
| Secondary School                       | 10        | 14     |
| College                                | 32        | 46     |
| None of the Above                      | 4         | 6      |
| Total                                  | n = 70    | 100.00 |

*Source:* Computed from field data, 2014.

#### 4.2.6 Professional Qualifications of Respondents

This section specified the professional qualifications of respondents.

The respondents were also asked to indicate the level of professional qualifications they possessed with the choices being certificates, diplomas, bachelor degree, ACNC/KATC, CPA /CPS, others, and none of the above.

Table 4.5 shows that 53% of non-teaching employees at the PTIs have no professional qualifications and 47% have various levels of professional qualifications. This shows that more than half of the tasks at the PTIs are menial and do not require any skill and some require skills.

Table 4.5

##### *Level of Professional Qualifications of Respondents*

| Professional Qualifications of Respondents | Frequency | %      |
|--|-----------|--------|
| Certificate                                | 16        | 23     |
| Diploma                                    | 8         | 11     |
| Bachelors Degree                           | 5         | 7      |
| ACNC/KATC                                  | -         | -      |
| CPA/CPS                                    | 4         | 6      |
| Others                                     | -         | -      |
| None of the above                          | 37        | 53     |
| Total                                      | n = 70    | 100.00 |

*Source:* Field data, 2014.

#### 4.3 Employee Voluntary Benefits

This section sought to determine the forms of voluntary which are offered at the PTIs in Kisumu County, Kenya. The respondents were asked to choose among the options of payment for time not worked, health benefits, security benefits and employee services.

##### 4.3.1 Payment for Time not worked

This section also sought to determine the reasons which respondents are entitled to payment when they do not work.

The respondents were asked to indicate the reasons for which they are paid when they do not work. They had the options of leave of absence (sabbatical), voting time, off duty, bereavement, military / police reserve duty, clean up time, lunch / tea / coffee breaks, vacation and others.

Table 4.6 shows that 100% of the respondents were paid when they went for voting, took time off, bereaved and when they took time break for lunch or tea or coffee. And at 83% the respondents were paid when they took leave of absence. This shows that on average, payment for time not worked is provided at the PTIs in Kisumu County at 96.6%.

Table 4.6

*Payment for Time not Worked*

| Payment to Time not Worked | Frequency | %   |
|----------------------------|-----------|-----|
|                            | n=70      | 100 |
| Voting Time                | 70        | 100 |
| Off Duty                   | 70        | 100 |
| Bereavement                | 70        | 100 |
| Lunch / Coffee / Tea Break | 70        | 100 |
| Leave of Absence           | 58        | 83  |

*Source:* Field data, 2014.

### **4.3.2 Health Benefits**

In this section, respondents were requested to indicate the health benefits which they are entitled to using an option of medical, vision, dental and none of the above.

Table 4.7 shows the response of the respondents as to their entitlement to health benefits. They indicated that at 100% none of them were in receipt of any of the health benefits. This shows that health benefits were not provided for at the PTIs in Kisumu County.



Table 4.7

*Health Benefits*

| Health Benefits   | Frequency | %      |
|-------------------|-----------|--------|
| Medical           | 0         | 0      |
| Vision            | 0         | 0      |
| Dental            | 0         | 0      |
| None of the above | 70        | 100    |
| Total             | n = 70    | 100.00 |

Source: Field data, 2014.

**4.3.3 Security Benefits**

The section sought to establish the security benefits which were the entitlements of the respondents with options being disability, insurance, retirement plans, and none of the above.

From the study findings in Table 4.8, majority 100% of the respondents were not in receipt of any of the security benefits. This shows that the non-teaching employees at the PTIs were not in receipt of security benefits.

Table 4.8

*Security Benefits*

| Security Benefits    | Frequency | %      |
|----------------------|-----------|--------|
| Disability Insurance | 0         | 0      |
| Retirement Plans     | 0         | 0      |
| None of the above    | 70        | 100    |
| Total                | n = 70    | 100.00 |

Source: Field data, 2014.

**4.3.4 Employee Services**

This section sought to assess if relocation benefits, education assistance, food services or subsidized meals and financial services or assistance were available to the respondents.

Table 4.9 shows that 100% of the respondents acknowledged the availability of relocation benefits, food services/subsidized meals, and financial services/assistance,

and 77% of the respondents acknowledged the availability of education assistance at the PTIs in Kisumu County. This shows that averagely, employee services are catered for at the PTIs at 94.25%.

Table 4.9

*Employee Services*

| Security Benefits                | Frequency<br>n=70 | %100 |
|----------------------------------|-------------------|------|
| Relocation Benefits              | 70                | 100  |
| Food Services / Subsidized Meals | 70                | 100  |
| Financial Services / Assistance  | 70                | 100  |
| Education Assistance             | 54                | 77   |

*Source:* Field data, 2014.

#### **4.4 Factors of Employee Retention**

This section establishes the employees' retention factors at the PTIs in Kisumu County, Kenya.

Table 4.10 presents data on employee retention factors that are applicable at the PTIs in the context of job security, possibility of growth, institutional policy and administration, challenging work, responsibility, recognition of skills, working conditions, fairness, communication, career development, job fit, technical supervision and disciplinary procedure. At 77.14%, 50%, 48.57%, and 47.14%, job security, possibility of growth, institutional policy and administration, and challenging work; were found to be the main employee retention factors respectively at the PTIs. This meant that that there are other factors that help retain employees in the PTIs in Kisumu County.

Table 4.10

*Employee Retention Factors*

| Scores                                  | No. of Respondents |           | Percent 100 |
|---|--------------------|-----------|-------------|
|   | n = 70             | Frequency | %           |
| Job Security                            |                    | 54        | 77.14       |
| Possibility of Growth                   |                    | 35        | 50.00       |
| Institutional Policy and Administration |                    | 34        | 48.57       |
| Challenging Work                        |                    | 33        | 47.14       |
| Responsibility                          |                    | 24        | 34.29       |
| Recognition of Skills                   |                    | 24        | 34.29       |
| Working Conditions                      |                    | 23        | 32.86       |
| Fairness                                |                    | 23        | 33.86       |
| Communication                           |                    | 22        | 31.43       |
| Career Development                      |                    | 21        | 30.00       |
| Job Fit                                 |                    | 19        | 27.14       |
| Technical Supervision                   |                    | 19        | 27.14       |
| Disciplinary Procedure                  |                    | 18        | 25.71       |

*Source:* Field data, 2014.

#### **4.4.1 Effect of Voluntary Benefits on Retention of Non-teaching Employees at the PTIs in Kisumu County, Kenya.**

This section sought to establish the effect of voluntary benefits on retention of non-teaching employees at the PTIs in Kisumu County, Kenya. The respondents were asked to describe their feelings about voluntary benefits by assenting to the stated statements on the likert Scale of: Strongly disagree, Disagree, Neutral, Agree, and strongly agree.

The voluntary benefits had the options of security benefits, employee services, health benefits and payment for time not worked.

#### 4.4.2 Descriptive Statistics for the Effect of Voluntary Benefits on Retention of Employees

This section presents the means and standard deviations of independent factors of voluntary benefits.

As shown in Table 4.11, the mean of employee retention at the PTIs in Kisumu County was 4.2357 with the standard deviation of 1.30140. Security benefits had the highest mean standing at 3.84 with the standard deviation of 1.085 followed by health benefits at 3.71 with the standard deviation of 1.232 then payment for time not worked at 3.46 and the standard deviation of 1.125 and then employee services was the lowest at 3.21 with the standard deviation of 1.307. This shows that the computed standard deviation was clustered more closely about the mean. It meant therefore that a mean of voluntary benefits was a more reliable measure of the effect of voluntary benefits on employee retention. The mean was then considered representative of the data.

This is the first study on the effect voluntary benefits on retention of non-teaching employees at the PTIs in Kisumu County, Kenya.

Table 4.11

*Correlations Among and Descriptive Statistics for Key Study Variables*

|                             | Mean   | Std. Deviation | N  |
|-----------------------------|--------|----------------|----|
| Retention of Employees      | 4.2357 | 1.30140        | 70 |
| Security Benefits           | 3.84   | 1.085          | 70 |
| Employee Benefits           | 3.21   | 1.307          | 70 |
| Health Benefits             | 3.71   | 1.232          | 70 |
| Payment for time not Worked | 3.46   | 1.125          | 70 |

*Source:* Field data, 2014.

#### 4.4.3 Association between Independent Factors of Voluntary Benefits and Retention of Non-teaching Employees at the PTIs in Kisumu County.

This section sought to determine the association between independent factors and employee retention.

Table 4.12 shows that employee services had the strongest significant positive correlation with the employee retention ( $r=0.805$ ,  $p=0.000<0.01$ ). Health benefits had

a stronger ( $r=0.714$ ,  $p=0.000<0.01$ ) correlation with employee retention than security benefits ( $r=0.334$ ,  $p=0.005<0.01$ ) and payment for time not worked ( $r=0.301$ ,  $p=0.011<0.05$ ). This shows that voluntary benefits have positive influence over employee retention.

Table 4.12

*Association between the Independent Factors of Voluntary Benefits and Employee Retention at the PTIs in Kisumu County*

|                             |                     | Retention of employees | Security benefits | Health benefits | Payment for time not worked | Employee services |
|-----------------------------|---------------------|------------------------|-------------------|-----------------|-----------------------------|-------------------|
| Retention of employees      | Pearson Correlation | 1                      |                   |                 |                             |                   |
|                             | Sig. (2-tailed)     |                        |                   |                 |                             |                   |
|                             | N                   | 70                     |                   |                 |                             |                   |
| Security benefits           | Pearson Correlation | .334**                 | 1                 |                 |                             |                   |
|                             | Sig. (2-tailed)     | .005                   |                   |                 |                             |                   |
|                             | N                   | 70                     | 70                |                 |                             |                   |
| Health benefits             | Pearson Correlation | .714**                 | .365**            | 1               |                             |                   |
|                             | Sig. (2-tailed)     | .000                   | .002              |                 |                             |                   |
|                             | N                   | 70                     | 70                | 70              |                             |                   |
| Payment for time not worked | Pearson Correlation | .301*                  | .226              | .184            | 1                           |                   |
|                             | Sig. (2-tailed)     | .011                   | .060              | .127            |                             |                   |
|                             | N                   | 70                     | 70                | 70              | 70                          |                   |
| Employee services           | Pearson Correlation | .805**                 | .320**            | .581**          | .376**                      | 1                 |
|                             | Sig. (2-tailed)     | .000                   | .007              | .000            | .001                        |                   |
|                             | N                   | 70                     | 70                | 70              | 70                          | 70                |

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

\* . Correlation is significant at the 0.05 level (2-tailed)

Source: Field data, 2014.

From the findings in Table 4.13, coefficient of determination  $R^2$  was 0.724,  $F(4, 65) = 46.232$ ,  $p < 0.01$ . This shows that the proportion of variance in the retention of employees that is explained by the independent factors (security benefits, health

benefits, employee services and payment for time not worked) is 72.4%. However, 74% variations in the employee retention could be explained or accounted for by the independent factors, the rest cannot be explained by them. The value of Durbin-Watson is 1.354. Since the Durbin-Watson statistic ranges from zero to four, as a rule of thumb, the residuals are uncorrelated if the Durbin-Watson statistic is close to two. A value close to zero is an indication of strong positive correlation and a value of four indicates a strong negative correlation. The computed value is close to two. This shows the absence of autocorrelation. The table also shows that the estimated model explains well the deviations in the effect of voluntary benefits on retention of employees at the PTIs in Kisumu County as depicted by  $F(4,65)=46.232$  at  $p=0.000$ .

Table 4.13

*Voluntary Benefits PTIs Effect Model*

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .860 <sup>a</sup> | .740     | .724              | .68380                     | .740              | 46.232   | 4   | 65  | .000          | 1.354         |

Source: Field data, 2014.

Table 4.14 shows that the “Regression” variation “86.468” was due to interaction in samples between the predictors while the “residual” variation “30.393” was due to differences within individual samples. The table also provides the F statistic of 46.232,  $p=0.000<0.01$ . This indicates that the main effect of voluntary benefits on retention of non-teaching employees was significantly varied across the PTIs in Kisumu County.

Table 4.14

*ANOVA. Outputs for Voluntary Benefits Effect on Employee Retention*

| Model |            | Sum of Squares | Df | Mean Square | F      | Sig.              |
|-------|------------|----------------|----|-------------|--------|-------------------|
| 1     | Regression | 86.468         | 4  | 21.617      | 46.232 | .000 <sup>a</sup> |
|       | Residual   | 30.393         | 65 | .468        |        |                   |
|       | Total      | 116.861        | 69 |             |        |                   |

a. Predictors: (Constant), Payment for time not worked, Health benefits, Security benefits, Employee services

b. Dependent Variable: Retention of employees

Source: Field data, 2014.

#### **4.4.4 Test of Significance of the Correlation Coefficient between Voluntary Benefits and Retention of Non-teaching Employees in the PTIs in Kisumu County, Kenya.**

This section established the values of coefficients of the independent factors of voluntary benefits based on objective three of the study.

Table 4.15 shows that among the four independent factors of voluntary benefits, employees services had significant positive effect on employee retention ( $\beta=0.581$ ,  $p=0.000<0.01$ ) as did health benefits ( $\beta=0.390$ ,  $p=0.000<0.01$ ). However, security benefits ( $\beta=0.012$ ,  $p=0.886>0.01$ ) and payment for time not worked ( $\beta=0.014$ ,  $p=0.862>0.05$ ) had insignificant positive influence on the retention of non-teaching employee retention. Thus, there is a significant positive relationship between voluntary benefits and employees retention at the PTIs in Kisumu County. The same table also shows that the Variance of Inflation factors (VIFs) or Tolerance levels corresponding to the independent factors ranges between 1.189 and 1.716, and 0.623 and 0.841 respectively. This indicates that there was no multicollinearity problem since as a “rule of thumb” the VIFs and Tolerance levels are less than five and more than 0.20 respectively. This meant that there definitely was a positive correlation in the employee retention factors with respect to the number of voluntary benefits provided and the number of employees retained in the PTIs in Kisumu County, Kenya.

Table 4.15

*Regression Coefficients for Voluntary Benefits' Independent Factors*

| Model |                             | Un-standardized |            | Standardized |       | Collinearity |           |       |
|-------|-----------------------------|-----------------|------------|--------------|-------|--------------|-----------|-------|
|       |                             | Coefficients    | Std. Error | Coefficients | T     | Sig.         | Tolerance | VIF   |
| 1     | (Constant)                  | .832            | .382       |              | 2.178 | .033         |           |       |
|       | Security benefits           | .012            | .083       | .010         | .144  | .886         | .834      | 1.200 |
|       | Employee services           | .581            | .083       | .583         | 7.036 | .000         | .583      | 1.716 |
|       | Health benefits             | .390            | .085       | .369         | 4.609 | .000         | .623      | 1.605 |
|       | Payment for time not worked | .014            | .080       | .012         | .174  | .862         | .841      | 1.189 |

a. Dependent Variable: Retention of employees

Source: Field data, 2014.

Table 4.16 shows that the mean of employee retention at the PTIs was 4.2357 with standard deviation of 1.11945. The minimum mean of employee retention at the PTIs was 1.90690 and the maximum was 5.8151. It further indicates that the variation in the difference between the actual and the predicted values of employee retention at the PTIs is the same for all fitted values of actual employee retention. That is, the residual (-2.0623, M=0.0000, SD=0.66368) is approximately the same for all values of predicted employee retention (1.906060, M=4.2357, SD=1.11945), hence differences exhibit homoscedasticity since the residuals are normally distributed with a mean of 0.0000. This shows that retention of employees is somewhat normal and constant and that successive observations of employee retention are uncorrelated.

Table 4.16

*Residuals Statistics*

|                      | Minimum  | Maximum | Mean   | Std. Deviation | N  |
|----------------------|----------|---------|--------|----------------|----|
| Predicted Value      | 1.9060   | 5.8151  | 4.2357 | 1.11945        | 70 |
| Residual             | -2.06423 | 1.35680 | .00000 | .66368         | 70 |
| Std. Predicted Value | -2.081   | 1.411   | .000   | 1.000          | 70 |
| Std. Residual        | -3.019   | 1.984   | .000   | .971           | 70 |

a. Dependent Variable: Retention of employees

Source: Field data, 2014.



## 4.5 Discussion

This section restates the results of the study, relates findings to previous research, and explains the implications of findings of this research.

The forms of voluntary benefits being provided were payment for time not worked and employee services; the main factors that help retain non-teaching employees were job security, possibility of growth, institutional policy and administration, and challenging work; there was a significant positive correlation and linear relationships between voluntary benefits and employee retention; and that employee services and health benefits were both significantly correlated to and significant predictors of employee retention. Significantly, these findings supported the stated specific objectives of the study. It is very interesting that the respondents preferred health services over payment for time not worked and security benefits yet it is not offered to them.

Ordinarily, maximizing on satisfaction and minimizing on dissatisfaction is analogous to increasing employee retention and this has become a dogma in retention theories especially the Herzberg's Two Factor Theory since employees are gratified by higher psychological needs (Frenz, 2013). Contrary to Harris' (2003) study on whether offering more benefits reduces employee turnover among Wyoming firms in the USA which revealed that more benefits have a negative association with employee turnover. However, this would not be the case if benefits were reduced. The findings of this study; employee services 94.25% and payment for time not worked 96.6% as the forms voluntary benefits being provided at the PTIs in Kisumu County thus conform to the belief of Two Factor Theory;-job satisfaction which is caused by hygiene set of factors which include status, job security, fringe benefits, and work conditions (Aswathappa, 2008). Thus, for employees to be satisfied, employers need to provide fringe benefits and work conditions among others (Frenz, 2013). Vis-à-vis to the foregoing, it can be attributed that the PTIs do not offer the remaining voluntary benefits due to the fact that they are cash strapped and/or that employers are not motivated to offer them. Inversely, the PTIs are offering employee services since they do not require a regular financial outlay and that some of them are refundable with no interest. In the same vein, payment for time not worked is provided by the PTIs because their offering does not require any monetary provision.

The study revealed that job security 77.14%, possibility of growth 50%, institutional policy and administration 48.57%, and challenging work 47.14% were the employee retention factors at the PTIs which yielded significant reasons for staying with an employer. These results were in agreement with the results of Omar (2011) in Tanzania who studied factors influencing employees' retention in public and private sector work organizations in Tanzania that showed that low salaries and benefits were the main reasons for leaving, and that the organizations' prestige and justice were the main influencers to employees' retention in the selected organizations. Globally, they are in agreement with the findings of the New York based Towers Watson that employees who are deciding whether to accept an offer rate job security as their number two concern after the base pay and salary (Adams, 2014). The results imply that employees care more about knowing that they will have a job for the long-term than they do about their chances for career advancement, institutional policy and administration, and challenging work or the organization as a good employer so as to ensure guarantee against unemployment. It also implies that employees are keen to know if the organization is committed to their growth, if it really believes in serving a higher purpose, what kinds of behavior are rewarded and how much can be learned from working there. It also bring to the fore that employees expect justice from their employers through the formulation and implementation of fair administrative policies as propounded by Nyangi (2011) that employees expect humane disciplinary procedures and treatment at the work place. These findings conforms to the adage of Equity Theory that employees become de-motivated when they perceive the existence of unfair treatment in the work place and that it stands on three cornerstones of inputs, outcomes and equity and builds on the interrelationships among these three.

According to Torrington, Hall and Taylor (2009), how best to retain employees is to provide them a better deal they perceive they could get by working for alternative employers. Most of the deals fall under retention strategies and remuneration systems. On this basis the study determined the effect of voluntary benefits on employee retention at the PTIs in Kisumu County. It was established that voluntary benefits were significantly and positively correlated to employee retention with employee services ( $r=0.805$ ,  $p=0.000<0.01$ ) and health benefits ( $r=0.714$ ,  $p=0.000P<0.01$ ) providing significant correlation to employee retention. Security benefits, health benefits, employee services, and payment for time not worked explained a significant

proportion of variance in employee retention scores,  $R^2=0.724$ ,  $F(4, 65) = 46,232$ ,  $p=0.000<0.01$  which indicates that the main effect of voluntary benefits on employee retention was significantly varied. Employee services ( $\beta=0.581$ ,  $p=0.000<0.01$ ) and health benefits ( $\beta=0.390$ ,  $p=0.000<0.01$ ) significantly predicted employee retention. These findings were in agreement with the results of Nyangi (2011) who revealed significant influence of benefits on employee retention in Kenya Forest Service in Kenya. She however, observed that when experience attributes of benefits was introduced into her analysis, the respondents displayed significant preference liking. Similarly, in this study, non-teaching employees were also directly involved; hence it was easy to assess their preference liking. The implications of these results are that employees are more interested in the immediate families' and their own health and welfare as well as secure future; and/ or that the employers who offer employee services and health benefits cares more about their employees' well being, since in the current environment where requirements for quality has gone a notch higher, you cannot ignore to nurture talents that will make your organization a star; and that the provision of social and community purpose support a talent experience that makes it easy for individuals to continually reenlist for their tour of duty. This is also a signification that voluntary benefits is a major booster to employee retention and that employee services and health services as the major of independent factors of voluntary benefits which significantly predict employee retention need to be enhanced for the increment of employee retention.

## CHAPTER FIVE

### SUMMARY, CONCLUSION, AND RECOMMENDATIONS

This chapter outlines summary of the findings, conclusions, recommendations, limitations and suggestions for further research to this study.

#### 5.1 Summary of the Findings

This section provides for the summary of the findings of this study as per the study objectives.

Objective one sought to identify the forms of voluntary benefits provided by PTIs in Kisumu County, Kenya. The study revealed employee services 94.25%, and payment for time not worked 96.6% are the forms of voluntary benefits being provided at the PTIs in Kisumu County. This confirms the findings of Galhena and Ranjana (2011): Nyangi, (2011) that employee services and payment for time not worked embeds employee retention although in conjunction with other retention factors.

Objective two was to establish factors that help retain non-teaching employees in the PTIs in Kisumu County, Kenya. The study revealed job security 77.14%, possibility of growth 50%, institutional policy and administration 48.57%, and challenging work 47.14% as the factors that retain non-teaching employees at the PTIs in Kisumu County. These results compares favorably with the findings of: Akala (2012) in which he found out that potential for growth, disciplinary procedure and humane treatment by the supervisors positively affects employee retention; Sinha and Sinha (2012) which revealed that competence and relationship oriented, and scholastic and futuristic oriented also positively affects employee retention; Omar (2011) that showed that learning and organizational prestige, and justice as the main influencers of retention.

Objective three was to determine effect of voluntary benefits on retention of non-teaching employees in PTIs in Kisumu County, Kenya. The study revealed that independent factors of voluntary benefits and employee retention were significantly and positively correlated with employee services ( $r=0.805$ ,  $p=0.000<0.01$ ) and health benefits ( $r=0.714$ ,  $p=0.000<0.01$ ) more significantly correlated to employee retention than security benefits ( $r=0.334$ ,  $p=0.01$ ) and payment for time not worked ( $r=0.301$ ,  $p=0.05$ ). It also revealed that the four predictors explained significant proportion of

employee retention ( $R^2=0.724$ ,  $F(4, 65) = 46.232$ ,  $p < 0.01$ ) with employee services ( $\beta=0.581$ ,  $p=0.000 < 0.01$ ) and health benefits ( $\beta=0.390$ ,  $p=0.000 < 0.01$ ) as significant predictors. Harris (2003) supported this result when he revealed that providing more benefits enhances employee retention. The result was also supported by Artz (2010) when he opined that fringe benefits have significant and positive determination to satisfaction. Magnusson and Silfverberg (2013) also affirmed to the results that compensation and benefits are essential for employee retention. The findings of Artz and that of Magnusson and Silfverberg however differs with the findings of this study in the perspective of satisfaction, benefits and compensation.

These findings supported the stated overall and specific objectives of the study. Finally, this is an indication that the statistics generated fully answered the research questions. This is the first study reporting on the effect of voluntary benefits on retention of non-teaching employees at the PTIs in Kisumu County, Kenya.

## **5.2 Conclusion**

Based on the findings, it was concluded that at the PTIs in Kisumu County: Payment for time not worked and employee services were the forms of voluntary benefits provided for: Job security, possibility of growth, institutional policy and administration, and challenging work were established as the employee retention factors that help retain non-teaching employees: And employee retention had a significant positive association with employee services, health benefits, security benefits and payment for time not worked respectively; and that voluntary benefits significantly employee retention with employee services and health benefits being significant predictors. The study therefore concludes that there was a significant positive correlation and linear relationship between voluntary benefits and employee retention, the PTIs should thus enhance the offerings of employee services and payment for time not worked, and affects the offerings of security benefits and health benefits.

## **5.2 Recommendations**

To create a significant multiplier effect on the retention of non-teaching employees, the PTIs should optimize the provision of forms of voluntary benefits they are currently providing and affect the ones they are not providing especially security

benefits and health benefits; and human resource professionals and policy makers should inculcate measures that build employee commitment, align employee goals and experience with corporate purpose.

Ordinarily, employee retention is desired for it is cost saving, stems loss of expertise, retains customers and provides stability in production schedules. Frenz (2013) argues that the best way to retain employees is to maximize on satisfaction and minimize on dissatisfaction. This argument should be adopted by the management of PTIs so as to attract and retain non-teaching employees. Thus, the PTIs need to enhance retention factors.

Since the coefficients of independent factors of voluntary benefits were positive and significant, it implies that through experience, the management of PTIs may learn more about the prevailing voluntary benefits that motivates employees to stay. This learning by experience should be enhanced through training of employers on the existing voluntary benefits and retention factors that makes the employees perceive that the deal they are getting is the best among and within the industry. Hence, the PTIs should increase the voluntary benefits they are currently offering and affect the ones they were not providing especially, health benefits and security benefits with a view to enhancing employee retention.

### **5.3 Limitations of the Study**

Even if this study makes significant contributions to the body of knowledge on voluntary benefits effect relations, it is imperative to evaluate the results in the context of its limitations. The first limitation is that the study focused only on the effect of voluntary benefits on retention of non-teaching employees at the PTIs in Kisumu County. This focus on a single sub-sector, region and category of employees may make the results not generalizable to other employing sectors. However, confining the study to category of employees in a single sub-sector and regional setting conferred the obvious advantage of control for regional, sub-sector, and category effect.

Secondly, the study used questionnaires to capture important information pertaining to population with reference to study objectives. Although this practice is common in

contingency based research, it has obvious disadvantages (Mugenda and Mugenda, 2003). Interview schedule should have been incorporated since some respondents were both illiterate and semi-illiterate respectively; therefore answering the questionnaire was a challenge. Personal interviews could have elicited greater information regarding participants' knowledge and attitudes. This method could have added important qualitative data and greater insight into the participants' thoughts and opinions.

#### **5.4 Suggestions for Further Research**

The importance of this study cannot be gainsaid because it may: Assist in devising better retention strategies and increase productivity in PTIs; increase sensitivity towards non-teaching employees' needs at work; and motivate non-teaching employees. It has investigated the effect of voluntary benefits on employee retention at the PTIs in Kisumu County, Kenya, and found that voluntary benefits are significant in employee retention hence; their provision should therefore be enhanced for not only the attraction and retention of competent employees but also for motivation and performance. This will lead to increased outputs from PTIs, support the quest for more funds as well as increased student enrolment. Further research should therefore be done on the effect of voluntary benefits on employee retention in Private Tertiary Institutions. This is due to the fact that private and public sectors have different human resource management interventions which then allows for easier comparison. Other studies should also be conducted on both the public and private organizations to allow for generalizations on the effect of voluntary benefits on employee retention in Kenya. Further could also be carried out on the effect of either health benefits or security benefits or job security on employee retention.

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