TOTAL REWARD SYSTEM AND EMPLOYEE RETENTION AT
MUKURWE-INI WAKULIMA DAIRY LIMITED, NYERI COUNTY.

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D53/NYI/PT/33049/2015

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN
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THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (HUMAN
RESOURCE MANAGEMENT) OF KENYATTA UNIVERSITY.

JUNE, 2018
DECLARATION

The study project is my authentic work and has not been presented to any university for award.

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This research project has been submitted for the course examination with my approval as the University supervisor.

Signed: _________________________  DATE:_________________

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DEDICATION

This project is dedicated to my mother Rebecca Wangai, my pillar of strength and support. To my late dad Peter Wangai Gichuhi whose memory inspires me to achieve the greatest heights in academics.
ACKNOWLEDGEMENTS

I acknowledge the support of Dr. Paul Waithaka, my supervisor for his knowledgeable coaching, guidance and mentorship in developing this research project. I salute him for imparting in me the knowledge during my coursework which has laid a foundation for this research.
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<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>ANOVA</td>
<td>Analysis of Variance</td>
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<tr>
<td>CWB</td>
<td>Counterproductive Work Behaviour</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>NACOSTI</td>
<td>National Commission for Science and Technology</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium Scale Enterprises</td>
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<tr>
<td>SPSS</td>
<td>Statistical Package for Social Scientists</td>
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<tr>
<td>TNAs</td>
<td>Training Needs Assessments</td>
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# OPERATIONAL DEFINITION OF TERMS

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Career Development</td>
<td>It is a process of managing work, leisure, and transitions so as to move toward a personally determined and evolving preferred future.</td>
</tr>
<tr>
<td>Employee retention</td>
<td>Policies and programmes aimed at ensuring that the organization keeps its productive employees for a long period.</td>
</tr>
<tr>
<td>Extrinsic rewards</td>
<td>Refers to tangible and visible rewards given to an individual or an employee for their achievements and include salary hike, medical cover, accommodation, bonus or awards.</td>
</tr>
<tr>
<td>Intrinsic rewards</td>
<td>Intangible rewards of qualitative nature which include elements such as challenging work assignment or responsibility, recognition, involvement in key decisions and better rank in the work hierarchy</td>
</tr>
<tr>
<td>Involuntary turnover</td>
<td>Occurs when an employee is terminated from a position for a wide range of reasons, including unsatisfactory job performance or inappropriate behaviour or counterproductive work behaviour.</td>
</tr>
<tr>
<td>Learning Opportunities</td>
<td>This entails imparting new skills and knowledge to employees to increase their productivity and include both on-job and off-job training of employees.</td>
</tr>
<tr>
<td><strong>Total reward system</strong></td>
<td>A reward strategy combines all the investments that an organisation makes in its workforce such as intrinsic rewards, extrinsic rewards, and career development as well as learning opportunities.</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Voluntary turnover</strong></td>
<td>Occurs when an employee willingly leaves a position and could be the result of a more appealing job offer, staff conflict, or lack of advancement opportunities.</td>
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ABSTRACT

Employee retention remains a key challenge facing the Dairy Industry in Kenya. The implication lies in the costs related to labour turnover. Costs related to directly replacing an employee can be as high as fifty to sixty percent of the employee’s annual salary, but the total cost of turnover can reach as high as ninety to two hundred percent of the employee’s annual salary. Total reward system has been suggested as a key tool that can change the state of high turnover and ensure retention of talented and highly productive workforce. The current study sought to determine the effect of total reward system on employee retention at Mukurwe-ini Wakulima dairy Ltd. The study was guided by the following specific objectives; to determine the effect of intrinsic rewards, extrinsic rewards, career development and learning opportunities on employee retention at Mukurwe-ini Wakulima Dairy Ltd. The study was guided by Equity theory as the main guiding theory. Other useful theories included; Herzberg’s hygiene theory, Maslow’s hierarchy of needs theory and Krumboltz’s theory. The study adopted a descriptive survey research design. The study targeted a population of 196 employees at the company as at September, 2017 as gathered from the management. The study used the census study approach to have all the employees participate in the study. The research relied on primary data which was collected through questionnaires. Questionnaires were administered using the drop and pick method. Validity of the instrument was assessed using expert opinion and pre-testing. On the other hand, reliability of the instrument was assessed using Chronbach’s alpha reliability test. The study used both descriptive and inferential statistics in the analysis. ANOVA was used to indicate the percentage variation in employee retention explained by total rewards system variables. The SPSS software was the key analytical tool utilised. As indicated by R square, the coefficient of determination stood at 79.20% of the variation in employee retention at Wakulima Dairy Ltd (the dependent variable) was explained by variation in the total reward system variables; intrinsic rewards, extrinsic rewards, career development, and learning opportunities (independent variables). To that effect, only 20.80% of the variation in employee retention was explained by other factors not included in the model. Pearson correlation analysis output demonstrated a positive effect between total reward systems and its components (intrinsic rewards, extrinsic rewards, career development, and learning opportunities) with employee retention. The study’s conclusion indicated that all the variables under total reward system were statistically significant predictors of employee retention. The study recommended the need to enhance the total reward system in the organisation and particularly career development and extrinsic rewards which were seen to be moderately implemented. This would help in enhancing further, the state of employee retention at Mukurwe-ini Wakulima Dairy Ltd.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Dey (2009) asserts that, as organisations seek to fulfil their shareholder wealth maximisation mandate, it is important that close attention is paid to employee retention which is identified in theory and practice as a key contributing tool. According to Barrick and Zimmerman (2009), retaining a positive and motivated staff is at the heart of sustained organization's success. High employee turnover rates not only increases expenses but also yields negative effect on company morale and commitment. As such, it is important for firms to invest in employee retention programs for praiseworthy performance and productivity (Pfeffer, 2005).

The dairy industry in Kenya where Mukurwe-ini Wakulima dairy ltd is classified face enormous challenges in managing their employee turnovers. High employee turnover levels have continued to pose tethering limitations for dairy firms in realizing their business objectives especially with regard to cost minimization and wealth maximisation. According to Tracey and Hinkin (2008), costs related to directly replacing an employee can be as high as fifty to sixty percent of the employee’s annual salary, but the total cost of turnover can reach as high as ninety to two hundred percent of the employee’s annual salary.

Implementation of the total reward system is acknowledged as one of the strategies that can be exploited to address the high turnover rates for the industry. Total reward system is described as an integrated reward system that incorporates three key elements that employees value from their employment namely; compensation, benefits and work experience (Jiang, Xiao, Qi & Xiao (2009)). Total reward system describes a reward strategy combines all the investments that an organisation makes in its workforce such
as pay, pensions and learning and development, with everything employees value in working for an organisation, such as flexible working and career opportunities (Thompson, 2002).

1.1.1 Employee Retention

According to Abrams (2003), employee retention is used in reference to the ability of an organization to reduce labour turnover especially from highly productive employees. From another perspective, employee retention has also been described as policies and programmes aimed at ensuring that the organization keeps its productive employees for a long period (Laddha, Singh, Gabbad, & Gidwani, 2012). As such, retention programmes are implemented with a view to ensure that people remain as committed members of the business organization. Taplin and Winterton (2007) have argued that employee retention entails the ability of the management to maintain its employees for a longer period. The organisation should however aim at retaining high performers as opposed to low-performing employees. Hence, the campaign not to downsize employees should focus on the value addition of the particular employee (Boyens, 2007).

There are various forms of turnover of employees namely; turnover which is voluntary and non-voluntary turnover. Gordon and Lowe (2002) postulate that non-voluntary turnover happens when termination of employees from a certain position is done because of a wide variety of reasons, which may include poor performance in the job or bad conduct and unnecessary behaviour or counterproductive work behaviour (CWB). This form of turnover of employee is non-voluntary and therefore occurs when the employer makes the decision to discharge an employee and the employee unwillingly leaves the position. Turnover Voluntarily on the other hand occurs when
an employee willingly leaves a position and could be the result of a more appealing job offer, staff conflict, or lack of advancement opportunities (Das & Baruah, 2013). With regard to the study at hand, the study is interested in assessing the voluntary turnover condition as the idea is about retaining the productive, talented, highly valued and contributing human resources (Taylor, 2002).

The success of employee retention initiatives is pegged on favourable human resource management policies and practices which win the employees commitment to organizational goals. Dey (2009) posts that retention of talented and highly productive employees is an advantage to an organization since their knowledge and skills are central to a company’s ability to achieve its object and sustain their economic competitiveness. According to Samuel and Chipunza (2009), employee turnover just sign posts broad aspects that are still pending in the organizations. The aspects mentioned would include low employee morale, lack of recognition, absence of a clear growth path and poor relationships in the organizations (Winterton, 2004).

Pfeffer (2005) posits that continuous acquisition and development of talent are the vine of organisational competitive advantage.

According to Tracey and Hinkin (2008), costs related to directly replacing an employee can be as high as 50 to 60% of the annual salary of the employees, but the total turnover cost can reach as high as 90 to 200% of the employee’s yearly pay. The labour associated cost of turnover are various and may include training costs for new recruits, the interviewer’s pay, separation processing costs, job errors, sales lost and morale decline (Griffeth & Hom, 2001). Retaining an energized and positively moving staff plays an instrumental role in organizational achievements. Increase in turnover of employees not only increases the cost of operations but also has an adverse effect on the morale of the company. Hence, implementing an employee remaining program is
the best path of making sure key employees are retained in employment while maintaining job productivity and growth (Topolnytsky, 2000).

1.1.2 Total Reward System

Jiang, Xiao, Qi, and Xiao (2009) presented that total rewards system is an incorporating integrated reward system that consist of three key variables that workers value from their job environment and it includes; compensation, benefits and work experience. A positively implemented total rewards system is critical in helping organizations build a powerful benefit structure. A total reward system is composed of both financial and non-financial rewards (Armstrong & Murlis, 2004). Financial rewards are classified into direct and indirect financial rewards. The former is composed of salary, incentives and bonuses while the latter consists of indirect benefits such as insurance, holidays, medical cover, and child care as well as employee assistance (Thompson, 2002). Non-financial rewards are also classified into two; that is benefits related to the job and those related to the work environment. Job related rewards would include recognition, responsibility, interesting work and advancement. With regard to the work environment, the rewards would be competent supervision, good policies and practices, safety and health at work as well as fair treatment (Chen & Hsieh, 2006).

Armstrong and Taylor (2014) have presented the key elements of a total reward system as compensation, benefits, performance and recognition, work-life and career development. According to Bernardin (2002), a viable assessment of total rewards system in an organisation should focus on four key items of the system namely; intrinsic rewards, extrinsic rewards, career development and learning opportunities. Extrinsic rewards refer to tangible and visible rewards given to an individual or an employee for their achievements (Ryan & Deci, 2000). The extrinsic rewards usually have monetary
value and include salary hike, medical cover, accommodation, bonus or awards. The extrinsic rewards motivate and inspire employees because money or equivalent rewards mean a lot to most people. Since extrinsic rewards are tangible in nature, they are commonly given to the individual directly responsible for the effort. Extrinsic rewards are also commonly used for behaviour conditioning though they work well only in the short-term in motivating behaviour (Reeve, 2006). According to Sansone and Harackiewicz (2000), intrinsic rewards are generally qualitative in nature and include elements such as challenging work assignment or responsibility, involvement in key decisions and better rank in the work hierarchy. Intrinsic rewards are described as intangible awards of recognition, a sense of achievement, or a conscious satisfaction (Thomas, 2009). Owing to the fact that intrinsic rewards are not tangible, they generally come from inside a person is under taking a task as compared to extrinsic ones which emanate from outside the individual.

Chen and Hsieh (2006) have identified career development as an important ingredient of total rewards system. Development of career and growth involves the a process which could be long of learning management, tasks, free time, and changes in the work place so as to gear toward a personal determinations and a better preferred future. Milkovich, Newman and Milkovich (2002) assert that career development support needs to be at the heart of total reward strategies for organisations that aim at achieving higher employee productivity.

Thus, in order to attract and retain high-potential and high-performing employees, career management should be a key part of an organization’s total rewards strategy. Finally, learning opportunities have been identified as a key ingredient of a viable total reward management system. The dimensions of training as a facet of total reward system would include off job training as well as on job training. On job training entails
employee training at the place of work as they involve themselves in the actual job. This is done by a professional trainer or sometimes an experienced employee who acts as the course instructor using hands-on training (Jacobs, 2003). In contrast, off-the-job training happens when employees are taken away from their place of work to be trained (Singh, 2003).

1.1.3 Dairy sector in Kenya.

The term small and medium scale enterprises (SMES) is used interchangeably with micro, small and medium enterprises (MSMEs) with the latter being the popular term in the Kenyan context. The sector is regulated by the Micro and Small Enterprise Act of 2012. As contained in the Act, micro enterprises have a maximum annual turnover of KES 500,000. On the same note, small enterprises have between KES 500,000 and 5 million annual turnover while Medium enterprises have sales of between KES 0.005 Billion and 0.008 billion. Wakulima Dairy Ltd Ltd fits in the third category, operating as a medium scale enterprise (Onyango and Tomecko, 2008).

According to Kenya Private Sector Alliance (2016), the MSMEs sector is very important to growth in Africa and it accounts for more than forty five percent to the employment and thirty three percent to Gross Domestic Product (GDP). In more income generating countries in the world, MSMEs contribute nearly over 60% to the GDP and 62% to employment. In Kenya, MSMEs contribute over 33% of the GDP, about 50% of the total workers and 25% of all businesses. The statistics underline the motivation behind the budding emphasis laid on the sustainability of the SMEs (Beck & Levine, 2003). Stakeholders are in agreement that Small and Medium Scale Enterprises (SMEs) need to be mentored and supported to overcome the enormous challenges they face and ensure their sustainability (Wanjohi, 2012). This is largely because of their growing significance to the economy.
1.1.4 Mukurwe-ini Wakulima Dairy Limited

Mukurwe-ini wakulima dairy limited is a medium sized company located in Nyeri County, mukurwe-ini Sub County. The Company is one of the leading dairy companies in the county. It is incorporated and registered under companies Act and currently has 196 permanent employees as per September 2017. The company collects milk from the farmers who are also the members, the milk is chilled and pasteurized and then taken to the market. Mukurwe-ini wakulima dairy Ltd was awarded numerous awards among them the top 100 medium sized companies in 2014 when it was number 6. With its wealth of experience in the milk industry, established corporate base and clear vision, the company started the full processing in July 2014. The company has existing work patterns which it would like to advance. The company’s brands in the market are Royal whole milk, Royal Yoghurt and Royal Lala (fermented milk).

1.2 Statement of the Problem

Notwithstanding their relative significance in the economy contributing more than three quarters of GDP, Small and Medium Scale Enterprises (SMEs) continue to face enormous challenges including high employee turnover. Employee retention is an important contributing tool to organisational success. According to Tracey and Hinkin (2008), costs related to directly replacing an employee can be as high as fifty to sixty percent of the employee’s annual salary, but the total cost of turnover can reach as high as ninety to two hundred percent of the employee’s annual salary. The statistics signpost some logical indications why many SMEs have ended in failure. Implementation of the total reward system is acknowledged by theorists as one of the strategies that can be exploited to address the high turnover rates for the SMEs (Shields, Brown, Kaine, &Plimmer, 2015). However, empirical evidence on the subject matter remains scanty.
Kimunge (2014) examined the relationship between the total rewards and employee retention. The study established that compensation, work-life balance, training of employees and growth of career all significantly affect the employee’s decision to remain in a certain organization for long. Empirical gaps are identified on the need to incorporate other dimensions of total rewards system in the assessment such as intrinsic and extrinsic rewards. Akhtar, Aamir, Khurshid, Abro, and Hussain (2015) conducted a study on rewards in total and of employees through a case study of Higher Education institutions in Pakistan with the results indicating a strong and a non-negative correlation between the rewards and employee retention. The study presents contextual gaps on the need for further research locally. Ndungu (2017) undertook a study on the impact of employees rewards on the performance change of employees in public educational institutions though a case study of Kenyatta University, Kenya with the study establishing employee performance enhancing effects of total reward system. The study presents methodological gaps on the need to shift focus from employee performance to other dimensions of interest to business success such as employee retention which is still under covered.

From the ongoing review, it is clear that while theorists suggest retention enhancing effects of total reward system, local empirical evidence to support this proposition still remains scanty. The review unveils contextual, methodological and empirical gaps worth addressing. Therefore, the current study will focus on total reward system and employee retention at Mukurwe-ini wakulima Dairy ltd in Nyeri County, Kenya.

1.3 Objectives of the Study
The study pursued the following objectives which were classified into the general and specific objectives.
1.3.1 General Objective

The main objective of the study was to establish the effect of total reward system on employee retention at Mukurwe-ini Wakulima dairy ltd in Nyeri County, Kenya.

1.3.2 Specific objectives

The research specific objectives were:

i) To establish the effect of intrinsic rewards on employee retention at Mukurwe-ini Wakulima dairy ltd in Kenya.

ii) To find out the effect of extrinsic rewards on employee retention at Mukurwe-ini Wakulima dairy ltd in Kenya.

iii) To evaluate the relationship between career development and employee retention at Mukurwe-ini Wakulima dairy ltd in Kenya.

iv) To determine the influence of learning opportunities on retention of employees at Mukurwe-ini Wakulima dairy ltd in Kenya.

1.4 Research Hypotheses

The null hypotheses tested were:

H₀₁: There is no statistically significant effect of intrinsic rewards on employee retention at Mukurwe-ini Wakulima dairy ltd in Kenya.

H₀₂: There is no significant relationship between extrinsic rewards and employee retention at Mukurwe-ini Wakulima dairy ltd in Kenya.

H₀₃: There is no effect of career development on employee retention at Mukurwe-ini Wakulima dairy ltd in Kenya.

H₀₄: There is no significant relationship between learning opportunities and employee retention at Mukurwe-ini Wakulima dairy ltd in Kenya.
1.5 Significance of the study

The determination and outcomes of this research are of value to many beneficiaries especially in the dairy firms. The management of the dairy firms is better informed on the value of implementation of total reward systems. The study therefore guides them not just on decision making but also on policy formulation. The study is also of interest to the government as a notable stakeholder on matters labour relations. The study is informative to the government in effecting legislation that supports better handling and management of employees at work. The study also stands to benefit both scholars and researchers in course of any research on employee retention. The study methodologies, tools and findings offer an important benchmark to future researchers as they undertake further research on the subject matter. The current study exposes and underlines the gap that needs to be filled in future research work.

1.6 Scope of the study

The research was undertaken in Mukurwe-ini Wakulima dairy ltd which is situated in Mukurwe-ini sub county of Nyeri County, Kenya. The study adopted a case study approach and targeted all the 196 permanent employees at the company. The choice of Nyeri County is informed by the robust dairy farming activities in the county. The justification for targeting Mukurwe-ini Wakulima dairy ltd is the fact that the company is the largest and oldest dairy organization in the county, and has enjoyed a fast growth trend over time receiving several awards to that regard. The study was able to determine the influence of total reward system on employee retention in Mukurwe-ini Wakulima dairy ltd. The study established the effect of intrinsic rewards, extrinsic rewards, career development, and learning opportunities on employee retention. On time scope, the study addressed the employee retention situation of the company for a period of three financial years 2013/2014, 2014/ 2015 and 2015/2016. The three consecutive years
have been marked by tremendous growth in the Kenyan dairy industry as well as the company increasing its workforce by employing highly qualified staff.

1.7 Limitation of the study

The research sought to collect information from employees of the dairy Ltd regarding sensitive issues on employee retention and the reward systems being implemented. The study anticipated the possibility that the employees may not feel free to provide the information sought. The study addressed this challenge by acquiring necessary research permits from NACOSTI and an authorization letter from the University. The researcher also assured the study participants that confidentiality and other dimensions of research ethics would be observed. The study further encountered difficulties in questionnaire administration as it targeted all classes of organizational employees including the management team. The employees worked on strict schedules and getting time with them to fill the questionnaire was quite difficult. The study addressed that problem by using the drop and pick method of questionnaire administration.

1.8 Organization of the study

The project is organized into Chapter one up to chapter five. Chapter one captures the study background information. The background covers the concepts under assessment and illuminates the introduction of the variables been studied. It further presents objectives of the proposal, states problem at hand, signposts the research objectives and hypothesis, justifies the importance and scope of the study and provides a framework for overcoming possible limitations. Chapter two covers the literature review which is broadly classified into theoretical and empirical review. The theoretical review covers key theoretical frameworks guiding the study while the empirical review seeks to review past studies on the subjects at hand. The idea behind the literature review was an exposition of research gaps to give value to the current study by developing a
conceptual framework that drives the study to fill those gaps. Chapter three presents the research methodology and addresses the tools and statistical procedures used in undertaking the practical field study which constitutes the following; The design used in the study, population to be targeted, design used in the sampling, instruments used in data collection, instruments level of the validity and reliability, procedure for data collection and analysis and presentation of the data. Chapter four presents the study findings and discussions. It covers both descriptive and inferential statistics. Chapter five presents a summary of the study and findings. It also covers conclusions and policy recommendations.
CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers a detailed review of the key theoretical and empirical foundations of interest to the study. The theoretical review presents key theories that related to the subject under assessment. The empirical review on the other hand presents past studies on the subjects of focus and presents the empirical, conceptual, methodological and contextual gaps exposed. The chapter also presents a conceptual framework informed by the research gaps exposed presenting the key concepts addressed and the hypothesised relationships.

2.2 Theoretical Review

The study was guided by Equity theory as the main guiding theory. Other useful theories included; Herzberg’s hygiene theory, Maslow’s hierarchy of needs theory and Krumboltz’s theory.

2.2.1 Equity Theory

Equity theory was first proposed by Adams and Freedman (1976) and focuses on determining whether the distribution of resources is fair to both relational parties. From an organizational perspective, equity theory proposes that employees compare what they get from a job (outcomes) in relation to what they put into it (inputs). The employees then compare their input output ratio with the input output ratios of relevant others (Griffin & Moorhead, 2011). The relevant others are essentially individuals with similar jobs in the same organization and in the same profession. They may also be the systems including the organization pay policies procedures and systems. As such, if an employee perceives her ratio to be equitable or fair as compared to those of relevance others then justice prevails and she will be motivated to deliver best results to the
organization. However, if the ratio is seen to be inequitable or unfair, the employee will feel under rewarded or over rewarded (Steers, Mowday, & Shapiro, 2004). According to Ramlall (2004), if there is perceived inequity in an organization, the theory proposes that the employee might distort either own or others inputs or outcomes, behave in some way to induce others to change their own inputs or outcomes or behave in some way to change their own inputs or outcomes. The employee might also choose a different comparison person or simply quit the job. The implication for equity theory is that employees will be influenced significantly by both absolute and relative rewards accorded to them (George, Jones, & Sharbrough, 2002). Whenever employees perceive inequity, they will act to correct the situation. The theoretical foundation was useful in the assessment of the effect of total reward system on employee retention. In particular, the theory was useful in guiding the analysis of intrinsic rewards, extrinsic rewards, career development and learning opportunities on employee retention. The theory was applicable to the study for its attempt to provide insights into what leads to employee’s decision to quit or stay in the organization which is the main focus of the study.

2.2.2 Herzberg’s Hygiene Theory
The theory was modelled by Herzberg (1966) and proposes that there are two sets of conditions or factors that affect workers level of satisfaction or motivation at the work place. These factors are classified into hygiene factors and motivators. The hygiene factors represent the relationship of employees with their job environment that has a bearing on the level of dissatisfaction at work. The hygiene factors include the company’s policy and administration, employees’ salary, interpersonal relations and working conditions (Sheikh & Strachan, 2004).

The motivator factors on the other hand relate to the employees’ desire for growth in their work and which affect the level of satisfaction or motivation at work. The
Motivators include sense of achievement, recognition, work itself, responsibility, advancement and opportunity for growth (Enomoto, 2004). The hygiene and motivator factors are further summarised in Table 2.1.

Table 2.1: Hygiene and Motivator factors

<table>
<thead>
<tr>
<th>Hygiene Factors</th>
<th>Motivator Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interpersonal relations</td>
<td>Challenging work</td>
</tr>
<tr>
<td>Quality of supervision</td>
<td>Achievement</td>
</tr>
<tr>
<td>Company Policy and administration</td>
<td>Growth in Job and career</td>
</tr>
<tr>
<td>Working Conditions</td>
<td>Responsibility</td>
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<tr>
<td>Job Security</td>
<td>Advancement</td>
</tr>
<tr>
<td>Salary</td>
<td>Recognition</td>
</tr>
</tbody>
</table>

Source: Herzberg (1966)

According to Cole (2004), Herzberg’s two factor theory of motivation proposes a two-step process of motivating employees. The first step is to make the employees not dissatisfied by having sound non primitive company policies that are administered fully, having good technical supervisors who permit employees to work with little pressure, paying salaries and wages that are adequate and fair to employees, establishing an environment that promotes good interpersonal relations between employees and supervisors and then creating good working conditions such as comfortable offices and reasonable working hours (Enomoto, 2004).

The second step as presented by Herzberg’s two factor proposition is making employees motivated by permitting them to achieve challenging goals with minimal interference, recognizing good performance and productivity and crediting them for their efforts and according employees more responsibility as they show the desire and ability to handle such responsibility (Alshmemri, Shahwan-Akl, & Maude, 2017). The
process of motivating employees further entails providing a career path of meaningful advancements for productive employees, designing jobs that are interesting and challenging and providing training, learning and educational opportunities that help employees grow especially in skills that relate to their careers. In summary therefore, business managers or leaders should note that employees are motivated first if they are not dissatisfied, and second if they are provided with motivators (Darney-Baah & Amoako, 2011). The theory was therefore important in the assessment of the role of intrinsic rewards, extrinsic rewards, career development and learning opportunities in influencing the retention of employees.

2.2.3 Krumboltz’s Theory
The theory was developed by Krumboltz, Mitchell, and Jones (1979) and is grounded in social learning theory as well as classical behaviourism. The theory integrates the more recent ideas from self-efficacy theory (Bandura, 1977) and cognitive-behavioural theory (Beck, 1976). Krumboltz’s theory incorporates many factors, each of which has a different impact on the individual’s career decision making. To start with, genetic endowment may either expand or limit options for each individual. Genetic endowment factors include sex, race and developmental disabilities. It also includes those innate talents that an individual chooses to develop. Secondly, career decisions are also driven by environmental conditions and events beyond a person’s control; for instance cultural norms (Brown, 2002).

The third factor is individual learning. Individual learning can occur both instrumentally and associatively. In essence, learning experiences include obtaining or failing to obtain work habits and problem solving skills (Noe, 2002). Lastly, the theorists highlight the importance of self-observation generalizations in which individuals compare their own skills, abilities and performance with some standard and
draw conclusions about their competence and worth. The individual deductions are then put in use in making responses to future situations. If the individuals’ assumptions are unrealistic or inappropriate, their images as workers are grossly damaged (Krumboltz & Henderson, 2002).

Krumboltz (1991) and Mitchell (1996) would later build on the theoretical foundations of Bandura (1977) to develop his revised theory which presents two major types of learning experiences that result in individual behavioural and cognitive skills and preferences that allow people to function effectively. Instrumental learning experiences are first in that list and occur when a person is positively reinforced or punished for the exercise of some behaviour and the associated cognitive skills (Krumboltz, 2009). Associative learning experiences is the second learning experience and occurs when people associate some previously affectively neutral event or stimulus with an emotionally laden event or stimulus (Houwer, 2009). Krumboltz’s theory underlines the importance of self-observation generalizations where people compare their own performance, skills, and abilities with some standard and then draw conclusions about their competence and worth (Brown, 2002). The Krumboltz’s theory of career development was useful in the assessment of the effects of career development and learning opportunities on employee retention at Mukurwe-ini wakulima dairy ltd, Kenya.

2.2.4 Maslow’s Hierarchy of Needs theory

The theory was proposed by Maslow (1943) and developed later in Maslow (1948) providing critical insights into the understanding of human motivation in organizations. The basic premise of the theory is that people are motivated to satisfy specific groups of needs. These needs are physiological needs such as food and shelter; safety needs, that is, need for a stable environment relatively free from threats; social needs such as
need to be recognized and appreciated by other people; esteem needs that is need for self-respect, self-esteem and the esteem of others and self-actualization needs that entails the need for self-fulfillment (McLeod, 2007).

![Maslow Hierarchy of Needs Theory](image)

**Figure 2.1: Maslow Hierarchy of Needs Theory**

**Source:** Maslow (1943)

According to Ajila (1997), people tend to satisfy the needs as presented in Maslow’s theory systematically or in a hierarchical manner starting from the physiological needs and then moving up the hierarchy. As such, up and until a particular group of needs have been satisfied, a person’s behavior will be dominated by them. Further as held by the theory, once a group of needs has been satisfied, it ceases to motivate (Huitt, 2004). The theory was useful in the assessment of the total reward system as a model to deliver the achievement of individual needs in the organization. In particular, the theory was useful in the assessment of intrinsic rewards, extrinsic rewards, learning opportunities and career development and implication on employee retention at Mukurwe-ini Wakulima dairy ltd.
2.3 Empirical Literature Review

The empirical review makes a presentation of past studies on employee retention. The review takes note of the methodologies, approaches, concepts, theoretical foundations, findings and recommendations of past studies. The empirical review plays a key role in the identification of research gaps and guides a framework of filling those gaps.

2.3.1 Career Development and Employee Retention

Dialoke and Nkechi (2017) conducted a study on the effects of career growth on employee’s performance through a case study of non-academic staff of Michael Okpara University of Agriculture Umudike Abia State, Nigeria. The study targeted a population of 2630 employees and used Taro Yamane’s formula and simple random methods to select a sample size of 346 staff. The study used the Pearson Product Moment Correlation analysis to analyse the objectives. Study results established the existence of a positive and significant correlation between career development and the performance of the Non-academic Staff of the university. Additionally, findings indicated that career advancement was positively correlated with motivation of the Non-academic Staff of the University. The study recommended that management continue investing in career development initiatives such as providing abundant opportunities for self-development, advancement, structured learning; funding career development programmes, and providing incentives to those who endeavour career development. The study presents contextual, methodological and empirical gaps on the need to replicate the study locally, expand the framework of reward system assessed and need to consider other employee factors in the analysis such as employee retention respectively.
Kimunge (2014) conducted a study on the influence of total rewards on employee retention in a case study of Kenya Vision 2030 Delivery Secretariat. Specifically, the research aimed to determine the effect of compensation, work-life balance, training and career growth aspects of total reward system on retention of employees. Descriptive survey research design was adopted. Census study approach was on the entire population of the Kenya Vision 2030 Delivery Secretariat. Questionnaires were used in data collection and were tested for reliability using the Cronbach’s alpha coefficient. On career growth, the study established employee retention enhancing effects. In particular, of all other factors assessed, lack of career growth was seen to yield the most profound impact on employee retention at Kenya Vision 2030 Delivery Secretariat. In summary therefore, career growth and development was found to be a statistically significant determinant of employee retention. The study presents methodological gaps on the need to consider a split of compensation factors to independently consider other dimensions such as intrinsic and extrinsic rewards in the assessment.

Kakui (2016) studied the relationship between performance of employees and career development in the public sector: a case of National Cereals and Produce Board. Descriptive survey research design was used in the study. The population target was made up of 200 workers in National Cereals & Produce Board head office in Nairobi. Stratified sampling method was used to arrive at 100 samples of respondents while primary data was used and collected using structured questionnaires. Study results indicated that career growth and development influences the level of employee performance in the public sector. The study presents empirical gaps on the need to consider other components of the total reward system in the analysis.
2.3.2 Intrinsic Rewards and Employee Retention
A study by Egbonike and Nnaji (2015) on the impact of rewards to employees on performance in the firms in a case study of selected Commercial Banks in Awka Metropolis. Specifically, the study sought to determine the correlation between extrinsic rewards and intrinsic on performance of employees. Data analysis was majorly done using descriptive statistics as well as inferential statistics that included the regression technique and two-way Analysis of Variance (ANOVA). The empirical results demonstrated the presence of a relationship between rewards and employee performance. Further results indicated that there exists a significant difference on the effects of intrinsic and extrinsic rewards on employee performance. Extrinsic rewards were found to yield the highest influence on employee performance. Contextual and empirical gaps are established on the need to replicate the study locally and expand the framework of the total reward systems addressed. Rugami, Wambua and Mwatha (2016) focused on reward systems and employee performance in the Print Media Sector in Kenya. The study adopted an explanatory design on a target population of nine hundred and eighty employees of 4 newspapers firms namely nation daily, standard group, people and the star and a sample size of 107 interviewees. The study analysed data using both descriptive and inferential statistics. The study established that extrinsic rewards had employee performance enhancing effects. Further, the intrinsic reward to a large extent contributed significantly to employee performance. The study recommended that in order to enhance employees’ motivation and performance, the Kenyan print media should device more contingent reward systems which includes awards and fringe benefits to the employees in order to enhance productivity of employees. The findings showed a gap on the desire to incorporate other variables of the total reward systems such as career development and learning opportunities.
Ajmal, Bashir, Abrar, Khan, and Saqib (2015) undertook a study on the effects of intrinsic and extrinsic rewards on attitudes of employees, satisfaction and commitment in the organization and the intervening role of perceived organizational support. The study targeted the banking sector of Faisalabad, Pakistan. Study results indicated that employees felt positively about intrinsic and extrinsic rewards. The study further indicated that extrinsic and intrinsic rewards contributed positively to employee attitudes, job satisfaction and organisational commitment. The study presents methodological gaps on the need to use more objective and tangible measures of organisational success such as employee retention. Contextual gaps are also unveiled on the need to replicate the study locally for better applicability.

Shahid, Raza, Humayon, Danish and Khan, (2015) embarked on a study on the effect of intrinsic rewards on job productivity of employees and the centre task of motivation. The study targeted employees working in the banks in the capital of Punjab, Lahore, Pakistan. Data was collected through self-administered questionnaires using correlational explanatory research design. A total of 300 questionnaires of which 290 were returned resulting in a response rate of 96 percent which was considered ideal. Analysis results indicated that intrinsic rewards have a positive impact on task performance of employees working in banks. The study presents methodological gaps on the need to consider other dimensions which could be affected by the organisational reward management system such as employee retention. Contextual gaps are also presented on the need to undertake a local empirical study for more applicability of the results.

Muchiri (2016) studied on the effects of rewards on employee performance in the hospitality industry through a case study of Nairobi Serena Hotel. The study was specifically interested with the assessment of the effect of intrinsic rewards and
extrinsic rewards on employee performance. The intrinsic rewards assessed included employee’s ability, recognition, trust and achievement. The study used a descriptive survey research design and used both descriptive and inferential statistics in analysis. Study results indicated the existence of a significant relationship between intrinsic rewards and employee performance. The study presents empirical gaps on the need to expand the framework of total rewards assessed.

2.3.3 Extrinsic Rewards and Employee Retention.
Rugami, Wambua and Mwatha (2016) studied on reward systems and employee performance in the Print Media Sector in Kenya. Using an explanatory research design on 4 daily newspapers namely daily nation, standard, people daily and the star and a sample size of 105 respondents, the study established that extrinsic rewards had employee performance enhancing effects. The study presents empirical gaps on the need to consider other facets of the total reward systems such as career development and learning opportunities.

Muchiri (2016) studied the influence of rewards on performance of employees in the hospitality through a case study of Nairobi Serena Hotel. The study specifically was interested with the assessment of the effect of intrinsic rewards and extrinsic rewards on performance of employees. Extrinsic rewards were determined in this study included salaries and wages, travel allowances, bonuses, paid vacations and paid leave. The study used a descriptive survey design and used both descriptive and inferential statistics in analysis. The study established a significant relationship between extrinsic rewards and employee performance. The study presents empirical gaps on the need to expand the framework of total rewards assessed.
Ajmal, Saqib Bashir, Abrar and Khan (2015) study on the influence of both intrinsic and extrinsic rewards on the attitudes of the employees, satisfaction in the job and commitment in the organization and the mediating role of perceived organizational support. The study was conducted on the banking sector of Faisalabad, Pakistan. Study results indicated that employees felt positively about intrinsic and extrinsic rewards. Specifically, the findings demonstrated that extrinsic and intrinsic rewards contributed positively to employee attitudes, job satisfaction and organisational commitment. Methodological and contextual gaps are unveiled on the need to use more objective and tangible measures of organisational success such as employee retention and the need to replicate the study locally for better applicability to the local context.

A study by Njanja, Maina, Kibet and Njagi (2013) on the influence of reward paid to employees on performance in a case study of KPLC Ltd., Nakuru, Kenya. The study aimed to establish the influence of external rewards; cash bonus on performance of employees. Results demonstrated that cash bonus do not have an effect on employee performance. As such, the recommendations of the study were that the firms are encouraged to keep on changing the internal nature of tasks and jobs content. The study focused on cash bonuses as the sole extrinsic reward in the assessment. The study therefore presents conceptual gaps on the need to expand the analysis of extrinsic rewards to cover more dimensions such as salaries and wages, travel allowances, paid vacations and paid leave. The study also presents empirical gaps in that it conflicts with previous such as Muchiri (2016) and Ajmal, Bashir, Abrar, Khan, &Saqib (2015) studies that had confirmed extrinsic rewards as performance enhancing.

2.3.4 Learning Opportunities and Employee Retention.
Barcus (2008) conducted a study on the influence of learning and training on three employee retention factors namely; satisfaction in the job, commitment and turnover
intent in technical professionals. The study sought to explore the benefits of providing employee training and learning beyond the specific content covered in such interventions. In addition, it also aimed at determining how personality constructs might moderate those benefits. The specific independent variables included training, learning, task variety and task significance while the dependent variables were satisfaction in the job, commitment in the work and turnover intentions. The relationship between these independent variables and the dependent variables was assessed. This study relied on archival data (N = 500) collected from technical professionals employed by 14 organizations in the Southwest United States. Study findings indicated that task variety and task significance were statistically significant predictors of all three outcome variables; satisfaction of job, job commitment and retention rate. Generally, the study indicated that training and learning opportunities were important determinants of employee retention. The study presents empirical and contextual gaps on the need to consider more total reward system variables besides learning opportunities and need to replicate the study locally.

A study by Kimunge (2014) focused on the effects of total rewards on employee retention through a case study of Kenya Vision 2030 Delivery Secretariat. The study was specifically interested in determining the effect of compensation, work-life balance, training and career growth aspects of total reward system on employee retention. The results indicated that training and development of staff was key in enhancing their retention in the organisation using a descriptive survey research design and a census study approach study. Training and development was therefore found to be a statistically significant determinant of employee retention. Methodological gaps are clear on the need to consider a split of compensation factors to independently consider other dimensions such as intrinsic and extrinsic rewards in the assessment.
An empirical study by Odembo (2013) on job satisfaction and employee performance in the tele-communication industry in Kenya with a focus on Airtel Kenya Ltd. Among other objectives, the study was specifically interested in establishing the effect of talent development in addition to training and development on job satisfaction and performance at Airtel Kenya Limited. A descriptive survey research design was adopted with the population being 250 respondents being employees at Airtel Kenya Ltd and from which a sample size of 50 respondents was taken. Training and development as a facet of talent development was found to yield employee performance enhancing effects. The study presents methodological gaps on the need to consider other dimensions specific to organisational success such as employee retention in the analysis.

2.4 Summary of Literature Review and Research Gaps

The review established that substantial work has been done on the variables conceptualised in the study. Of interest, most studies are in agreement on the role of total reward system in general in influencing the level of employee performance and retention. Nevertheless, while studies have been done on the subjects of interest, many dimensions of significance remain inadequately addressed. There are therefore many gaps established by the review. The gaps include gaps on the context, gaps on conceptual, gaps on empirical, gaps on methods. Empirical gaps are determined on the aim to present a big guideline of variables under total reward system. Most of the past studies addressed isolated dimensions of the reward system and therefore need for an expansion of the variables addressed (Kakui, 2016; Nnaji&Egbunike, 2015; Rugami, Wambua and Mwatha, 2016; Muchiri, 2016). Empirical gaps are further identified in that some past findings present conflicting results creating the need for follow up studies based on a thorough comparison framework with past observations (Njanja,
Conceptual gaps are identified on the need to embrace more dimensions of the variables of interest. For instance, some studies addressed only cash bonuses as dimensions of extrinsic rewards creating the need to expand the indicators or factors being addressed such as salaries and wages, travel allowances, paid vacations and paid leave (Njanja, Maina, Kibet & Njagi, 2013). Contextual gaps are also established on the need to replicate like studies locally for more applicability of the results. Most studies on these subjects have a foreign orientation and may not hold in the local context (Nnaji and Egbunike, 2015; Barcus, 2008). Gaps on methods used in the study are faced and shows the need to use more objectives and tangible methods of organisational success such as employee retention which is absent in most past studies (Odembo, 2013).

Methodological gaps are presented on the aim to present various dimensions which could be affected by the organisational reward management system such as employee retention away from employee performance which has been over emphasised (Dialoke and Nkechi, 2017; Ajmal, Bashir, Abrar, Khan, & Saqib, 2015; Danish, Khan, Shahid, Raza and Humayun, 2015). Other dimensions of methodological gaps are present on the need to split variables such as compensation to address intrinsic and extrinsic rewards independently for better understanding (Kimunge, 2014).
### Table 2.2 Summary of Literature Review and Research Gaps

<table>
<thead>
<tr>
<th>Author &amp; Year</th>
<th>Focus of Study</th>
<th>Findings</th>
<th>Knowledge Gaps: (Conceptual, Contextual, Methodological or Empirical Gaps)</th>
<th>Focus of current study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dialoke &amp; Nkechi (2017)</td>
<td>Effects of career growth on employee’s performance: A case study of non-academic staff of Michael Okpara University of Agriculture Umudike, Abia State, Nigeria.</td>
<td>Results established the existence of a positive and significant correlation between career development and the performance of the Non-academic Staff of the university.</td>
<td>Contextual, methodological and empirical gaps on the need to replicate the study locally, expand the framework of rewards and need to consider other employee factors such as employee retention.</td>
<td>Gaps filled by conducting the study in Kenya, considering more reward system variables in the assessment and shifting focus to employee retention.</td>
</tr>
<tr>
<td>Kimunge (2014)</td>
<td>Effects of total rewards on employee retention through a case study of Kenya Vision 2030 Delivery Secretariat.</td>
<td>Established that total rewards yielded employee retention enhancing effects. In particular, of all other factors assessed, lack of career growth was seen to yield the most profound</td>
<td>Methodological gaps on the need to consider a split of compensation factors to independently consider other dimensions such as intrinsic and extrinsic rewards in the assessment.</td>
<td>The current study assessed the intrinsic and extrinsic rewards as compensation factors independently.</td>
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<td>Author</td>
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<tr>
<td>Kakui (2016)</td>
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</table>

**Focus of Study**
Effects of career development on employee performance in the public sector: a case of National Cereals and Produce Board.

**Findings**
Study results indicated that career growth and development influences the level of employee performance in the public sector.

**Knowledge Gaps: (Conceptual, Contextual, Methodological or Empirical Gaps)**
The study presents empirical gaps on the need to consider other components of the total reward system in the analysis.

**Focus of current study**
The current study found those gaps by expanding the components of the total reward system addressed to cover intrinsic rewards, extrinsic rewards, career development and learning opportunities.

<table>
<thead>
<tr>
<th>Author</th>
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<tbody>
<tr>
<td>Nnaji and Egbunike (2015)</td>
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</table>

**Focus of Study**
Effect of rewards on employee performance in organizations through a case study of selected Commercial Banks in Awka Metropolis.

**Findings**
Established a positive relationship between rewards and employee performance.

**Knowledge Gaps: (Conceptual, Contextual, Methodological or Empirical Gaps)**
Contextual and empirical gaps are established on the need to replicate the study locally and expand the framework of the total reward systems addressed.

**Focus of current study**
The study filled the gaps by conducting a local study and expanding the framework of total reward system addressed in the analysis.
<table>
<thead>
<tr>
<th>Author</th>
<th>Focus of Study</th>
<th>Findings</th>
<th>Knowledge Gaps: (Conceptual, Contextual, Methodological or Empirical Gaps)</th>
<th>Focus of current study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rugami, Wambua and Mwatha (2016)</td>
<td>Reward systems and employee performance in the Print Media Sector in Kenya.</td>
<td>The study established that extrinsic rewards had employee performance enhancing effects. Further, the intrinsic reward to a large extent contributed significantly to employee performance.</td>
<td>The study presents empirical gaps on the need to consider other facets of the total reward systems such as career development and learning opportunities.</td>
<td>Gaps filled by expanding the framework of the total reward system addressed in the analysis.</td>
</tr>
<tr>
<td>Ajmal, Bashir, Abrar, Khan, and Saqib (2015)</td>
<td>Effects of intrinsic and extrinsic rewards on employee attitudes, job satisfaction and organizational commitment and the mediating role of perceived organizational</td>
<td>Study results indicated that employees felt positively about intrinsic and extrinsic rewards. The study further indicated that extrinsic and intrinsic rewards contributed positively to employee attitudes, job</td>
<td>The study presents methodological gaps on the need to use more objective and tangible measures of organisational success such as employee retention. Contextual gaps are also unveiled on the need to replicate</td>
<td>The study filled the gaps by shifting focus to objective measures of employee retention and conducting a local study on the same subjects.</td>
</tr>
<tr>
<td>Author</td>
<td>Focus of Study</td>
<td>Findings</td>
<td>Knowledge Gaps: (Conceptual, Contextual, Methodological or Empirical Gaps)</td>
<td>Focus of current study</td>
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<td>Danish, Khan, Shahid, Raza and Humayon (2015)</td>
<td>support in the banking sector of Faisalabad, Pakistan.</td>
<td>satisfaction and organisational commitment.</td>
<td>the study locally for better applicability.</td>
<td>The study shifted focus from employee performance to employee retention and conducted the study in the local Kenyan context.</td>
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<tr>
<td></td>
<td>The effect of intrinsic rewards on task performance of employees and the mediating role of motivation: A case of employees working in banks in the capital of Punjab, Lahore, Pakistan.</td>
<td>Analysis results indicated that intrinsic rewards have a positive impact on task performance of employees working in banks.</td>
<td>The study presents methodological gaps on the need to consider other dimensions which could be affected by the organisational reward management system such as employee retention. Contextual gaps are also presented on the need to undertake a local empirical study for more applicability of the results.</td>
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<tr>
<td>Muchiri (2016)</td>
<td>Effects of rewards on employee performance in the</td>
<td>Study results indicated the existence of a significant</td>
<td>The study presents empirical gaps on the need to expand the</td>
<td>Gaps filled by extending the framework of reward system</td>
</tr>
<tr>
<td><strong>Author</strong></td>
<td><strong>Focus of Study</strong></td>
<td><strong>Findings</strong></td>
<td><strong>Knowledge Gaps: (Conceptual, Contextual, Methodological or Empirical Gaps)</strong></td>
<td><strong>Focus of current study</strong></td>
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<tr>
<td>Njanja, Maina, Kibet and Njagi (2013)</td>
<td>hospitality industry through a case study of Nairobi Serena Hotel.</td>
<td>relationship between intrinsic rewards and employee performance.</td>
<td>framework of total rewards assessed.</td>
<td>addressed to cover extrinsic rewards, career development and learning opportunities as well.</td>
</tr>
<tr>
<td></td>
<td>Effect of reward on employee performance through a case study of Kenya Power and Lighting Company Ltd in Nakuru, Kenya.</td>
<td>Cash bonus does not have an effect on employee performance. As such, the study recommended that the organization should focus on changing the intrinsic nature and content of jobs.</td>
<td>Conceptual gaps on the need to expand the analysis of extrinsic rewards to cover more dimensions such as salaries and wages, travel allowances, paid vacations and paid leave. The study also presents empirical gaps in that it conflicts with previous such as Muchiri (2016) and Ajmal, Bashir, Abrar, Khan, &amp;Saqib (2015) studies that had confirmed extrinsic rewards as performance enhancing.</td>
<td>Gaps addressed by embracing more dimensions of the extrinsic rewards, considering more facets of the total reward system in the assessment and doing thorough comparison and contrast of the results with theoretical orientations and past studies for worthy conclusions.</td>
</tr>
<tr>
<td>Author</td>
<td>Focus of Study</td>
<td>Findings</td>
<td>Knowledge Gaps: (Conceptual, Contextual, Methodological or Empirical Gaps)</td>
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<tr>
<td>Barcus (2008)</td>
<td>The impact of training and learning on three employee retention factors namely: job satisfaction, commitment and turnover intent in technical professionals:</td>
<td>Generally, the study indicated that training and learning opportunities were statistically significant predictors of employee retention.</td>
<td>The study presents empirical and contextual gaps on the need to consider more total reward system variables besides learning opportunities and need to replicate the study locally.</td>
<td>Gaps filled by conducting a local study targeting Mukurwe-ini wakulima dairy ltd and expanding the framework assessed to cover more facets of the total reward system.</td>
</tr>
<tr>
<td>Odembo (2013)</td>
<td>Job satisfaction and employee performance within the telecommunication industry in Kenya with a focus on Airtel Kenya Ltd.</td>
<td>Training and development or learning opportunities as a facet of talent development was found to yield employee performance enhancing effects.</td>
<td>Methodological gaps on the need to consider other dimensions specific to organisational success such as employee retention in the analysis.</td>
<td>Gaps filled by shifting focus from employee performance to employee retention which is scarcely addressed and expanding the framework of the reward system variables addressed.</td>
</tr>
</tbody>
</table>

Source: Author (2017)
2.5 Conceptual Framework

The framework below illustrates the relationship between the various variables in the study. The arrows show the direction of the relationship between the variables under total reward system and employee retention for Mukurwe-ini wakulima dairy ltd, Nyeri County, Kenya. The figure presents four independent variables and one dependent variable.

**INDEPENDENT VARIABLES**

- **Intrinsic Rewards.**
  - Challenging work assignment
  - More responsibility and autonomy
  - Involvement in key decisions
  - Better rank in the work hierarchy
  - Sense of achievement and recognition

- **Extrinsic Rewards.**
  - Salary hike
  - Medical cover
  - Accommodation
  - Bonus awards
  - Promotions

- **Career Development.**
  - Opportunities for self-development
  - Career advancement programmes
  - Professional membership
  - Career ladder

- **Learning Opportunities.**
  - Seminars and workshops
  - Benchmarking exercises
  - Job rotations
  - Mentorship and coaching

**DEPENDENT VARIABLE**

- **Employee Retention**
  - Employee turnover control
  - Organizational Commitment
  - Job Satisfaction

**Figure 2.1: Conceptual Framework**

**Source:** Researcher (2017)
The dependent variable was employee retention in the organisation. Employee retention was measured by employee turnover control, organisational commitment and job satisfaction. The indicators of the independent variables were as follows; under intrinsic rewards, the study was interested with challenging work assignments for employees, responsibility and autonomy, involvement in key decisions, employees’ rank in the work hierarchy and sense of achievement and recognition. Extrinsic reward was about the condition of salary for employees, medical cover, accommodation, bonus awards and promotions. In addition, the analysis of career development was addressed from a dimension of opportunities for self-development, career advancement programs and provision of incentives. Finally, the assessment of learning opportunities focused on off job training, on job training, structured learning and Training Needs Assessments (TNAs).
CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction
The chapter presents the methodology used in the research that was applied to realize the objectives of the research. In this chapter, the researcher provides guidelines for answering the research questions settled in connections with the subjects of total reward systems and employee performance. The chapter covers the design of the study, population target group, sampling method used and sample size arrived at, tools for collecting data, research instrument validity and reliability, analysis and presentation of data and ethical considerations.

3.2 Research Design
According to Cooper, Schindler and Sun (2006), a research design entails a framework that guides the researcher on how data will be collected and analyzed to achieve the objectives of the study and providing answers to research questions. A descriptive survey research design was applied for the current study in order to effectively explain the effect of total reward systems on employee performance. Fowler (2013) describes a descriptive research design as a technique that enables the research to observe and describe the behavior of variables without influencing them. Frankfort and Nachmias (2008) contends that a descriptive research design is appropriate for establishing hypothetical relationships between variables. The descriptive survey research design aims to establish the goings in connections to a certain variable/s (Kothari, 2011). The choice of this research design was justified by the fact that the researcher intended to determine the relationship between total reward systems and employee performance without an attempt to manipulate anything in that environment. With this kind of
research design, the researcher could also relate the findings with the empirical findings and draw plausible conclusions.

3.3 Target Population

A target population comprises of the total group of individuals, objects or elements with common characteristics and from whom we get a sample for purposes of conducting an empirical study (Ott & Longnecker, 2015). The target population consisted of all the 196 employees at Mukurwe-ini Wakulima Dairy Ltd, Kenya. The employees were distributed in seven (7) departments at the company namely finance and administration, dairy, transport, stores, veterinary, feeds factory and processing plant. A census study approach was applied to subject all the 196 employees at Mukurwe-ini wakulima dairy ltd to the study. A census study entails the incorporation of all the individual elements with similar characteristics in the study. This approach was justified as the population was considerably small, making it tenable to conduct the study within considerable timelines. According to Mugenda and Mugenda (2009) in a feasible study, a census study is preferred as it eliminates errors associated with sampling. The participants targeted in the census meet and even go beyond the required size of thirty (30) as argued by Mugenda and Mugenda as adequate as a rule of thumb to allow for normal approximations.
Table 3.1: Target Population Table

<table>
<thead>
<tr>
<th>Department</th>
<th>Management Staff</th>
<th>Supervisory Staff</th>
<th>Operational Staff</th>
<th>TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Department</td>
<td>1</td>
<td>2</td>
<td>33</td>
<td>36</td>
</tr>
<tr>
<td>Finance Department</td>
<td>6</td>
<td>4</td>
<td>25</td>
<td>35</td>
</tr>
<tr>
<td>Transport Department</td>
<td>1</td>
<td>-</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Stores Department</td>
<td>1</td>
<td>-</td>
<td>15</td>
<td>16</td>
</tr>
<tr>
<td>Veterinary Department</td>
<td>1</td>
<td>1</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>Feeds Factory</td>
<td>1</td>
<td>1</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Processing Plant</td>
<td>3</td>
<td>6</td>
<td>65</td>
<td>74</td>
</tr>
<tr>
<td><strong>Sample Size</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>196</strong></td>
</tr>
</tbody>
</table>

Source: Researcher (2018)

3.4 Data Collection Instruments

Kothari (2011) describes collection of data as a process of gathering information needed for the study through various instruments. Methods of data collection vary depending on the study design. Cooper, Schindler and Sun (2006) explain data collection as gathering, selecting and computing information in a systematic manner that enables the researcher to achieve the study objectives. Primary and secondary data were used in the study. Questionnaires were used to collect primary data while secondary data was guided by a secondary data review checklist. Secondary data was sourced from internal reports and handbooks. So as to effectively meet the objectives of the current study, tests to evaluate the validity and reliability status of the research instrument were carried out. According to Mugenda and Mugenda, (2003), validity and reliability tests ensures that research instruments are consistent and that it measures the purported parameters.

3.4.1 Validity of Research Instruments

The researcher conducted tests to ensure that the research instrument actually measure what the issues that they were intended to measure. In particular, the study was
interested with an assessment of the construct and content validity status of the research instruments. For this, the study used pre-testing and expert opinion methods. To pre-test the instrument for validity, the researcher distributed the questionnaires to 10 randomly selected staff at Aspendos limited, a dairy ltd in the same county but not in the current focus of the study. The responses obtained from the pre-test framework then informed improvements to that effect. Expert opinions were also sought from fellow students, research experts and the university’s research supervisor. Specifically, the researcher took into account the recommendations of experts and made necessary improvements. Expert opinions and pretesting are some of the techniques championed as helpful methods for assessing the validity of research instruments (Mugenda & Mugenda, 2003).

3.4.2 Reliability of Research Instrument
The study further involved tests to ascertain the reliability status of the research instrument. In essence, reliability implies the extent to which instrument of research gives consistent results when similar study is done. Kothari (2011) argues that the whole idea behind reliability of research instruments is that any noteworthy results must be not a one-time result findings. Effectively therefore, such results must be inherently repeatable. The Cronbach's Alpha Reliability test was used to assess the reliability status of the instrument.
Table 3.2: Chronbach's Alpha Reliability Statistics

<table>
<thead>
<tr>
<th></th>
<th>Cronbach's Alpha</th>
<th>Cronbach's Alpha Based on Standardized Items</th>
<th>N of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrinsic Rewards</td>
<td>.709</td>
<td>.701</td>
<td>5</td>
</tr>
<tr>
<td>Extrinsic Rewards</td>
<td>.776</td>
<td>.733</td>
<td>5</td>
</tr>
<tr>
<td>Career Development</td>
<td>.754</td>
<td>.700</td>
<td>5</td>
</tr>
<tr>
<td>Learning Opportunities</td>
<td>.781</td>
<td>.763</td>
<td>5</td>
</tr>
<tr>
<td>Employee Retention</td>
<td>.765</td>
<td>.742</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td><strong>.757</strong></td>
<td><strong>.728</strong></td>
<td><strong>23</strong></td>
</tr>
</tbody>
</table>

Source: Survey data (2018)

Chronbach’s Alpha statistic stands at 0.757 which demonstrates reliability status of the instrument. The A reliability coefficient of greater than 0.70 is considered “acceptable” in social science research situations (Gliem & Gliem, 2003).

3.5 Data Collection Procedure

The drop and pick method was used in the study in the administration of questionnaires. The method entails delivering the research instruments to the study participants in person and picking them at a later date (Mugenda & Mugenda, 2003). The respondents were given two weeks to respond to the questionnaires which was considered adequate time to maximise successful responses. The justification for the drop and pick method of questionnaire administration was the fact that the target respondents have numerous duties and commitments in the company and would have to create time to respond to the questionnaire items at their own convenience. Secondary data was also sought from management reports and other corporate handbooks with the aid of a secondary data checklist.
3.6 Data Analysis and Presentation

Prior to the main analysis, the study subjected the data collected through a thorough data cleaning process. Data cleaning involves detection and correction of corrupt or inaccurate records from the data set (Mugenda & Mugenda, 2003). The study used both descriptive and inferential statistics in the main analysis. Content analysis was utilised in analysing qualitative data collected. The correlation and multiple regression analysis were the key tools considered useful in elucidating the nature, magnitude, direction and strength of relationships unveiled between total reward system and employee retention.

The study adopted following empirical model;

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

Where,

- \( Y \) = Employee Retention
- \( X_1 \) = Intrinsic Rewards, \( X_2 \) = Extrinsic Rewards, \( X_3 \) = Career Development and \( X_4 \) = Learning Opportunities.
- \( \beta_0 \) = the \( Y \) intercept which represents the value of dependent variable when all the independent variables are equal to zero.
- On the other hand, \( \beta_1, \beta_2, \beta_3 \), and \( \beta_4 \), are Coefficients of the independent variables indicating the gradient or the slope of the regression line while \( \varepsilon \) is the error term.

From the Model summary, the Coefficient of Determination (R squared) will reveal the collective effect of influence of the four variables under total reward system on employee retention. The P values in the ANOVA tables help in determining whether the influence of each total reward system on employee retention is statistically significant. On the other hand, F Test on ANOVA was interpreted using a significance level of 0.05 or 5%.
Therefore, when the P value is less than 0.05 i.e. $P < (\alpha = 5\% \text{ level of significance})$, then a conclusion would be made that the total reward system variable does not significantly affect employee retention. Values of r which represents the correlation coefficient were utilized to indicate the degree and direction of relationships between variables and were interpreted on a scale of -1 to +1. Values of r= 1.0 would indicate perfect correlation while values of r= 0 to +1 would mean that the two independent variables will increase or decrease together. Correlation values of r =0.0 means that the two variables do not change together at all while values of r = -1 to 0 indicate that as one variable in the study increases, the other decreases. Lastly, values of r= -1.0 would indicate perfect negative or inverse correlation. The results were presented using tables, figures, equations and graphs.

3.7 Ethical Considerations
Research ethics is principally the measures considered in the study to ensure that the research is done in a way that respects the others privacy, confidentiality of the details sought and others rights(Kothari, 2011). The study sought a research permit from (NACOSTI). University authorisation letter was also sought. These served to assure the respondents that the study sought to fulfil purely academic purposes. A commitment letter was also attached to assure the respondents of confidentiality.
CHAPTER FOUR
DATA ANALYSIS, RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter captures the findings of the research undertaking. The presentation is
categorised broadly into background information, descriptive and inferential statistics.
The descriptive statistics include correlation and multiple linear regression analysis
output. The results are further compared with past studies and theoretical foundations
for justifiable conclusions.

4.2 Response rate

Table 4.1 presents an analysis of the responses secured by the current research. The
response rate is computed and a decision made regarding the acceptability of the
response rate.

Table 4.1: Response Rate

<table>
<thead>
<tr>
<th>Targeted respondents</th>
<th>Responses received</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>196</td>
<td>161</td>
<td>82.14%</td>
</tr>
</tbody>
</table>

Source: Survey data (2017)

The numbers of questionnaires distributed to the respondents were 196 in total.
However, only 161 questionnaires were effectively returned. This represented a
response rate of 82.14%. Mugenda and Mugenda (2003) endorses a response rate of
50% as adequate, 60% as good and above 70% as very good.

4.3 Bio Data.

This part of the chapter presents analysis results on the background information of the
respondents. The profile information captured include the gender, year’s employed,
educational achievement and department of work. The information is vital in providing
an orientation to the respondents which could provide insights regarding the
achievement of the organisational mandate.
4.3.1 Gender of the Respondents

The workforce of the company was male dominated. Roughly two thirds of the respondents (65.84%) were male with only about a third (34.16%) made up of female employees. This condition hints on need to review the employment policy to enhance inclusivity.

![Gender of the Respondents](image)

**Figure 4.3: Respondents' Gender**

*Source: Survey data (2018)*

4.3.2 Education background.

Figure 4.2 presents information regarding the respondents’ level of education. Majority of respondents had diploma qualifications. More than three quarters (86.46%) of the workforce had at least college certificate qualifications. Effectively, only less than a quarter (13.54%) of the respondents held just either primary or secondary level certificate. The organisational workforce therefore had fairly good educational qualifications indicating the ability to read and understand the questionnaires.
4.3.3 Department of the Respondents

Figure 4.3 covers statistics regarding the respondents’ department. Majority of successful responses were from the processing plant (40.37%). This was followed by the finance department and dairy department (21.74% and 18.63% respectively). The department proving the least number of responses were the stores and factory feeds department (8.07% and 7.45% respectively). Based on the staff number in each department, this was a fair representation of the whole population size.

Source: Survey data (2018)
4.3.4 Years Worked in the Company

As the histogram (Figure 4.4) signposts, most employees had worked for an average of approximately three years in the company. This is reflected by the mean of (2.66) and standard deviation of (1.013) which indicates that observations are held close to the mean. The workforce was therefore fairly experienced in their fields of engagement and had good knowledge of the company’s policy and reward system.

Figure 6.4: Years Worked in the Organisation

Source: Survey data (2018)

4.4 Descriptive Analysis

This section presents descriptive aspects of the variables assessed by the study. The descriptive statistics are key in understanding the condition of implementation of various total reward systems in the company. The presentation of descriptive statistics is done in line with the research objectives.
4.4.1 Employee Retention

This subsection covers descriptive statistics on the dependent variable which is employee retention condition at Mukurwe-ini wakulima dairy ltd. Table 4.2 presents descriptive statistics on employee turnover condition in the company.

**Table 4.2: Employee Retention Condition in the Company**

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization has been effective in controlling employee turnover rates</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>4.1118</td>
<td>1.06062</td>
</tr>
<tr>
<td>The organization has been able to effectively build organizational commitment as a pillar of employee retention</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>4.3975</td>
<td>0.91022</td>
</tr>
<tr>
<td>The organization is committed in improving overall job satisfaction that helps in retaining productive employees</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>4.1304</td>
<td>1.10188</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>161</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey data (2018)

From the results, the organization has been largely effective in controlling employee turnover rates as evidenced by the mean (4.11) and standard deviation (1.06). Additionally, as demonstrated by the statistics (mean of 4.40 and standard deviation of 0.91), the organization has been largely able to effectively build organizational commitment as a pillar of employee retention. On the same note, as represented by the mean of 4.13 and standard deviation of 1.10, the organization was committed to a large extent in improving overall job satisfaction that helped in retaining productive employees. The mean of the means (4.21) and average standard deviation (1.02) signpost generally, high level of effectiveness of the company in enhancing employee retention.
Table 4.3 shows statistics on employee turnover at Mukurwe-ini Wakulima dairy co. Ltd.

**Table 4.3: Rate of Employee Turnover**

<table>
<thead>
<tr>
<th>Employee turnover/proportion leaving the organization.</th>
<th>N</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. Dev</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>161</td>
<td>.01</td>
<td>.05</td>
<td>.0194</td>
<td>.00584</td>
</tr>
</tbody>
</table>

Source: Survey data (2018)

As shown, the organization was largely effective in controlling employee turnover during the period under review. The average employee turnover stood at 1.94% demonstrating good employee retention of 98.06%.

**4.4.2 Intrinsic Rewards**

This subsection covers statistics on intrinsic reward systems in the company. Table 4.4 presents descriptive statistics on various dimensions of intrinsic rewards in the company.

**Table 4.4: Intrinsic Rewards Condition in the Company**

<table>
<thead>
<tr>
<th>The organization offers its employees challenging work assignment in recognition of their abilities and achievement</th>
<th>N</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.8634</td>
<td>1.04581</td>
</tr>
<tr>
<td>Employees with good performance are accorded more responsibility and autonomy in their jobs</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.9379</td>
<td>.94664</td>
</tr>
<tr>
<td>The organization involves its employees in key decisions to win their commitment to the overall goal</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>4.0124</td>
<td>1.17254</td>
</tr>
<tr>
<td>Well performing employees are rewarded with better rank in the work hierarchy</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.3975</td>
<td>1.23632</td>
</tr>
<tr>
<td>The organization instils a sense of achievement and recognition on its employees to win their sustained commitment to duty</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.8323</td>
<td>1.25118</td>
</tr>
</tbody>
</table>

Source: Survey data (2018)
As shown by the mean (3.86) and low standard deviation (1.04), it is clear that the organization to a great extent offered its employees with challenging work assignments in recognition of their abilities and achievement. Similarly, the company also to a great extent accorded well performing employees with more responsibility and autonomy in their jobs as demonstrated by the mean of (3.98) and standard deviation of (0.95). Results (mean of 4.01 and standard deviation of (1.17), further demonstrated that the organization involved its employees to a great extent in key decisions to win their commitment to the overall goal. It was further clear that well performing employees were rewarded to a large extent with better rank in the work hierarchy as demonstrated by the mean of (3.40) and standard deviation of (1.24). Finally, as shown by the mean of (3.83) and standard deviation of (1.25), the organization to a large extent instilled a sense of achievement and recognition on its employees to win their sustained commitment to duty. The mean of the means (3.81) and average standard deviation (1.13) indicate generally, high application of intrinsic rewards in the organisation in line with recommendations of theory and past studies such as Nnaji and Egbonike (2015), and Rugami, Wambua and Mwatha (2016).

4.4.3 Extrinsic rewards

This section covers descriptive statistics on various aspects of extrinsic reward system at Mukurwe-ini Wakulima dairy ltd. Table 4.5 presents descriptive statistics on various dimensions of extrinsic rewards.
Table 4.5: Extrinsic Rewards Condition in the Company

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better performing employees are often rewarded in salary hikes to reward and</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.1553</td>
<td>1.16490</td>
</tr>
<tr>
<td>win their commitment to corporate goals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization gives medical cover as a way of rewarding and motivating</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.7640</td>
<td>.81021</td>
</tr>
<tr>
<td>the employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization offers accommodation facilities as a reward to well</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>1.9814</td>
<td>.99669</td>
</tr>
<tr>
<td>performing employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization has an established bonus award scheme for better</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.5342</td>
<td>1.17277</td>
</tr>
<tr>
<td>performing employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The organization as a matter of policy rewards well performing employees</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.3789</td>
<td>.83624</td>
</tr>
<tr>
<td>with promotions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>161</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey data (2018)

The statistics (Mean of 3.16 and standard deviation of 1.16) show that the company only moderately rewarded better performing employees with salary hikes to reward and win their commitment to corporate goals. On the same note, as demonstrated by the mean (1.98) and standard deviation (0.99), respondents felt that the organization rarely offered accommodation facilities to reward well performing employees. Additionally, it was only moderately held that the organization as a matter of policy rewarded well performing employees with promotions as evidenced by the mean (3.38) and standard deviation (0.84). However, as represented by the mean (3.76) and standard deviation (0.81), it was largely held that the organization offered medical cover as a way of rewarding and motivating the employees. It was also largely held as demonstrated by the mean (3.53) and standard deviation (1.17), that the organization had an established bonus award scheme for better performing employees. In conclusion, as demonstrated by the mean of the means (3.16) and average standard deviation (1.00), there was only
moderate application of extrinsic reward schemes contrary to recommendations of past studies (Muchiri, 2016; Ajmal, Bashir, Abrar, Khan, and Saqib, 2015).

4.4.4 Career Development

This section captures various dimension of the career development condition in the company. Table 4.6 provides descriptive statistics regarding the career development situation at Mukurwe-ini Wakulima dairy Ltd Ltd.

Table 4.6: Career Development Condition in the Company

<table>
<thead>
<tr>
<th>Condition</th>
<th>N</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization accords well performing employees opportunities for self-development</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.6708</td>
<td>1.08268</td>
</tr>
<tr>
<td>Well performing employees are facilitated with resources to advance their careers</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.9255</td>
<td>1.21219</td>
</tr>
<tr>
<td>The organization has a policy to facilitate well performing employees to become members of professional bodies</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>2.6335</td>
<td>.97269</td>
</tr>
<tr>
<td>The organization has a clear career progression ladder from entry level to executive positions</td>
<td>161</td>
<td>1.00</td>
<td>4.00</td>
<td>2.9503</td>
<td>.62050</td>
</tr>
<tr>
<td>The organization appreciates personal goals of their employees and facilitates and enhances better performing employees to achieve valid N (listwise)</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>4.1615</td>
<td>1.11748</td>
</tr>
</tbody>
</table>

Source: Survey data (2018)

Results (Mean of 3.67 and standard deviation of 1.08), demonstrated that the organization to a great extent accorded well performing employees with opportunities for self-development. It was further largely held that well performing employees were facilitated with resources to advance their careers as shown by the mean of (3.93) and standard deviation of (1.21). It was also demonstrated by the mean (4.16) and standard deviation (1.12) that the organization to a great extent appreciated personal goals of their employees, facilitated and enhanced better performing employees to achieve those
goals. It was however only moderately held that the organization had a policy to facilitate well performing employees to become members of professional bodies as indicated by the output (mean of 2.6335 and standard deviation of 0.97). It was also moderately held, as demonstrated by the mean (2.95) and standard deviation (0.62), that the organization had a clear career progression ladder from entry level to executive positions. In conclusion, as demonstrated by the mean of the means (3.47), career development was generally effected only to a moderate extent at Mukurwe-ini Wakulima dairy ltd Ltd contrary to recommendations in past studies such as Dialoke and Nkechi (2017) on need to upscale career development programs in organizations.

4.4.5 Learning Opportunities

This section provides descriptive statistics on learning opportunities as a variable of key interest to the study. Table 4.7 presents statistics on learning opportunities condition at Mukurwe-ini Wakulima dairy ltd Ltd.

<table>
<thead>
<tr>
<th>Description</th>
<th>N</th>
<th>Min.</th>
<th>Max.</th>
<th>Mean</th>
<th>Std. Dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The organization conducts regular seminars and workshops to empower employees on matters related to work</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.9255</td>
<td>1.13772</td>
</tr>
<tr>
<td>The organization has a well laid system to promote on job training to increase the capacity and abilities of the employees</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.8820</td>
<td>1.00858</td>
</tr>
<tr>
<td>The organization facilitates benchmarking exercises for well performing employees to help them learn from others who excel in related fields</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.9130</td>
<td>1.03315</td>
</tr>
<tr>
<td>The organization has a well laid out policy to promote job rotations aimed at boosting employees’ capacities</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>3.7578</td>
<td>1.21848</td>
</tr>
<tr>
<td>The organization promotes mentorship and coaching as learning experience for employees</td>
<td>161</td>
<td>1.00</td>
<td>5.00</td>
<td>4.0373</td>
<td>1.08908</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>161</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey data (2018)
Results (Mean of 3.93 and standard deviation of 1.14), demonstrated that the organization to a great extent, conducted regular seminars and workshops to empower employees on matters related to work. It was further largely held that the organization had a well laid system to promote on job training to increase the capacity and abilities of the employees as shown by the output (mean of 3.88 and standard deviation of 1.01). The organization also to a great extent facilitated benchmarking exercises for well performing employees to help them learn from others who excel in related fields. This is demonstrated by the output (mean of 3.91 and standard deviation of 1.03). Further, results (mean of 3.76 and standard deviation of 1.22) demonstrated that agreement to a great extent that the organization had a well laid out policy to promote job rotations aimed at boosting employees’ capacities. Finally, the organization to a great extent promoted mentorship and coaching as learning experience for employees as indicated by the output (mean of 4.04 and standard deviation of 1.10). The mean of the means (3.90) and average standard deviation (1.10) signpost generally, high level of provision of learning opportunities in the organization in line with prescription of both theory and past empirical work (Barcus, 2008; Kimunge, 2014; Odembo, 2013).

4.5 Inferential Analysis

This section provides inferential statistics on the subject matter of the study, that is, total reward system and its influence on employee retention at Mukurwe-ini Wakulima dairy Ltd Ltd. The inferential statistics are helpful in making generalisations to the entire study population. The inferential statistics to this regard are multiple linear regression analysis and Pearson correlation analysis. Diagnostic tests are also conducted to ensure that the data sets meet the general assumptions for such analysis procedures.
4.5.1 Diagnostic tests

Diagnostic tests were conducted to ensure that the data sets followed on the assumption of the statistical procedures sought; mainly multiple regression analysis and Pearson correlation analysis. These included test for normality, multicollinearity, autocorrelation and heteroskedacity.

The study involved test for normality using the Shapiro-Wilk test. A total of 161 responses were successfully secured making the test appropriate. The Shapiro-Wilk test was considered appropriate since the number of responses were less than 2000 above which the Kolmogorov-Smirnov test would have been ideal (Razali & Wah (2011). The guiding hypothesis for the normality test was developed as follows.

H₀: The observed distribution follows a normal distribution.

Hₐ: The observed distribution does not follow a normal distribution.

As such, rejection of the null hypothesis, H₀, would imply assumption of normality.

Table 4.8 provides the results of the normality test.

<table>
<thead>
<tr>
<th></th>
<th>Kolmogorov-Smirnov</th>
<th>Shapiro-Wilk</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Statistic</td>
<td>Df</td>
</tr>
<tr>
<td>Employee Retention</td>
<td>.405</td>
<td>161</td>
</tr>
</tbody>
</table>

a. Lilliefors Significance Correction

Source: Survey data (2018)

The P value of the Shapiro-wilk test for employee retention stood at 0.67. Since the P-value greater than 0.05, then the study failed to reject the null hypothesis, H₀. To that effect, the study made an assumption that the data set conformed to a normal distribution (Shapiro & Wilk, 1965; Razali & Wah 2011).
The study further tested the data set for multicollinearity. Multicollinearity entails the likelihood that an independent variable in a multiple regression model could be linearly predicted from the other predictors in the model with a substantial degree of accuracy. Table 4.9 presents the results of the multicollinearity test.

**Table 4.9: Test for Multi Collinearity**

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td></td>
</tr>
<tr>
<td>Intrinsic Rewards</td>
<td>.600</td>
</tr>
<tr>
<td>Extrinsic Rewards</td>
<td>.211</td>
</tr>
<tr>
<td>Career Development</td>
<td>.203</td>
</tr>
<tr>
<td>Learning Opportunities</td>
<td>.302</td>
</tr>
</tbody>
</table>

| Source: Survey data (2018) |

Tolerance statistics for the predictor variables; intrinsic rewards (0.600), extrinsic rewards (0.211), career development (0.203) and learning opportunities (0.302), are all above the minimum recommended threshold of 0.10. Liu, Kuang, Gong, and Hou, (2003) highlight that Tolerance essentially denotes the ratio of variation in the predictor variable, unaccountable for by other predictors in the model. Exceedingly insignificant tolerance values (less than 0.10), would mean that a predictor is redundant. Likewise, the Variance of Inflation Factors (VIF) denotes the reciprocal of tolerance; (1 / tolerance). As the authors highlight, VIF values of greater than 5 may require further investigation as they the variables may suffer from multicollinearity problem. The observed VIF values; intrinsic rewards (1.667), extrinsic rewards (4.739), career
development (4.926), and learning opportunities (3.311) are all below the cut-off point of 10 demonstrating absence of the multicollinearity problem.

The study also involved test for auto correlation. Table 4.10 shows the Durbin Watson statistics, generated using SPSS.

**Table 4.10: Durbin Watson test for Auto correlation**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.890a</td>
<td>.792</td>
<td>.785</td>
<td>2.002671</td>
<td>1.567</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Intrinsic Rewards, Extrinsic Rewards, Career Development, Learning Opportunities

b. Dependent Variable: Employee Retention

**Source:** Survey data (2018)

Table 4.10 indicates that the Durbin- Watson statistic, d stands at 1.781. The statistic lies between the two critical values of 1.5 < d < 2.5. Therefore, an assumption was made regarding the absence of first order linear auto-correlation in the multiple regression data (Durbin & Watson, 1971).

Heteroskedacity was analysed by application of Test Glejser. Heteroskedacity denotes the likelihood of there being differences in the residual variance of the observation over time (Long & Ervin, 2000). A decision rule for Test Glejser was set as shown.

If the value Sig. > 0.05, then there is no heteroscedasticity problem.

If the value Sig. <0.05, then there is heteroscedasticity problem.

Table 4.11 presents results of the heterosceadisticity test using Test Glejser.
Table 4.11: Test Glejser for Heteroscedacity

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>.400</td>
<td>.161</td>
<td></td>
<td>1.006</td>
</tr>
<tr>
<td>Intrinsic Rewards</td>
<td>.662</td>
<td>.300</td>
<td>2.770</td>
<td>2.819</td>
</tr>
<tr>
<td>Extrinsic Rewards</td>
<td>.351</td>
<td>.228</td>
<td>.566</td>
<td>1.842</td>
</tr>
<tr>
<td>Career Development</td>
<td>.477</td>
<td>.122</td>
<td>3.103</td>
<td>5.405</td>
</tr>
<tr>
<td>Learning Opportunities</td>
<td>.280</td>
<td>.088</td>
<td>.317</td>
<td>.776</td>
</tr>
</tbody>
</table>

a. Dependent Variable: AbsUt

**Source:** Survey data (2018)

From the output, the obtained P values for intrinsic rewards, extrinsic rewards, career development, and learning opportunities stand at 0.058, 0.071, 0.084 and 0.305 respectively. The p-values are all greater than 0.05 (> 0.05) signposting the absence of the heteroscedacity problem in the data set (Glejser, 1969).

### 4.5.2 Correlation Analysis

The Pearson correlation analysis was applied to establish the nature, strength, and direction of relationships between total reward system and its components and employee retention at Mukurwe-ini Wakulima dairy Ltd Ltd. Table 4.12 provides the Pearson Correlation Output as derived from SPSS.
Table 4.12: Pearson Correlation Analysis

<table>
<thead>
<tr>
<th>Variable</th>
<th>Correlation</th>
<th>Sig. (2-tailed)</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intrinsic Rewards</td>
<td>Pearson</td>
<td>.880**</td>
<td>.002</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extrinsic Rewards</td>
<td>Pearson</td>
<td>.615**</td>
<td>.033</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Career Development</td>
<td>Pearson</td>
<td>.564**</td>
<td>.023</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Learning Opportunities</td>
<td>Pearson</td>
<td>.774**</td>
<td>.011</td>
</tr>
<tr>
<td></td>
<td>Correlation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Source: Survey data (2018)

As demonstrated, all the independent variables (intrinsic rewards, extrinsic rewards, career development and learning opportunities) and employee retention exhibited significant positive relationships. The Pearson correlation coefficient for intrinsic rewards (0.880) demonstrates a very strong, positive and statistically significant relationship with employee retention. The strength of association between intrinsic rewards and employee retention is considered very strong as the co-efficient is above 0.70. The association is reflected as statistically significant as the P-value or Sig. (2-tailed) value of 0.002 is less than 0.05 or 5% level of significance. The findings are therefore in agreement with past empirical results by Nnaji and Egbunike (2015), Rugami, Wambua and Mwatha (2016), Ajmal, Bashir, Abrar, Khan, and Saqib (2015), Danish, Khan, Shahid, Raza and Humayon (2015) and Muchiri (2016) who also indicated that intrinsic rewards have a positive relationship with employee retention.
The Pearson Correlation Coefficient for extrinsic rewards (0.615) signposts a strong, positive, and statistically significant relationship with employee retention. The relationship is strong as the Pearson Correlation coefficient is greater than 0.50. Further, the association is considered to be statistically significant as the P value or sig (2-tailed) value of 0.033 is less than 5% significance level. The findings are in agreement with Rugami, Wambua and Mwatha (2016), Muchiri (2016), and Ajmal, Bashir, Abrar, Khan, and Saqib (2015) who indicated that extrinsic rewards have a positive association with employee retention. The results however conflict with Njanja, Maina, Kibet and Njagi (2013) who demonstrated that extrinsic rewards and particularly the cash bonus does not have a significant relationship with employee retention.

The Pearson Correlation coefficient for career development (0.564) shows a strong, positive and statistically significant relationship with employee retention. The relationship is strong as the coefficient is greater than 0.5. Further, the association is considered statistically significant since the P-value or Sig. (2-tailed) value of 0.023 falls below the 5% level of significance. The findings are in agreement with past empirical studies by Dialoke and Nkechi (2017), Kimunge (2014) and Kakui (2016) who established that career development has a positive relationship with employee retention.

Finally, the Pearson Correlation coefficient for learning opportunities (0.774) indicates a very strong, positive relationship with employee retention. The relationship is considered very strong as the coefficient is greater than 0.7. The statistical significance threshold is met as the P-value or Sig. (2-tailed) value of 0.011 is less than 0.05 level of significance. The findings concur with past indications by Barcus (2008), Kimunge
and Odembo (2013) in concluding that learning opportunities as a facet of total reward system yields a positive relationship with employee retention.

4.5.3 Multiple Regression Analysis

The multiple linear regression was a key analytical procedure towards justifiable conclusions and generalisation of the research findings. Table 4.13 gives statistical output of F test performed using SPSS.

Table 4.13: F Test on ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>4.765</td>
<td>4</td>
<td>1.191</td>
<td>.351</td>
<td>.013a</td>
</tr>
<tr>
<td>Residual</td>
<td>268.470</td>
<td>157</td>
<td>1.710</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>273.235</td>
<td>161</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Intrinsic Rewards, Extrinsic Rewards, Career Development, Learning Opportunities
b. Dependent Variable: Employee Retention

Source: Survey data (2018)

At the 5% level of significance, the Analysis of Variance (ANOVA) statistics provide evidence that the gradient or slope of the regression line was different from zero. The assumption was made since the P value of 0.013 was less than 0.05 or 5% level of significance. As such, at least one of the independent variables (intrinsic rewards, extrinsic rewards, career development and learning opportunities) was a useful predictors of employee retention. The results support earlier indications by Ajmal, Bashir, Abrar, Khan, and Saqib (2015) who indicated that total reward system influences employee retention.
The regression analysis further demonstrated the usefulness of the model in predicting employee retention condition at Mukurwe-ini Wakulima dairy Ltd. The output is key in determining the proportion of variation in the dependent variable influenced by the independent variables under analysis. Table 4.14 provides the regression model summary statistics.

**Table 4.14: Regression Model Summary**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.890a</td>
<td>.792</td>
<td>.785</td>
<td>2.002671</td>
<td>1.567</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Intrinsic Rewards, Extrinsic Rewards, Career Development, Learning Opportunities

b. Dependent Variable: Employee Retention

**Source:** Survey data (2018)

R square, which is the Coefficient of Determination, stood at 0.792. The implication was that 79.20% of the variation in employee retention at Mukurwe-ini Wakulima dairy Ltd Ltd (the dependent variable) was explained by variation in the total reward system variables; intrinsic rewards, extrinsic rewards, career development, and learning opportunities (independent variables). To that effect, only 20.80% of the variation in employee retention was explained by other factors not included in the model. A conclusion was therefore reached that at least one of the total reward system variables was a useful predictors of employee retention (Draper, Smith, & Pownell, 1966; Seber & Lee (2012). The results agree with past studies such as Rugami, Wambua and Mwatha (2016), and Ajmal, Bashir, Abrar, Khan, and Saqib (2015) who indicated that total reward system influences employee retention.
The regression model coefficients table represents the pinnacle of the regression analysis. This is because it highlights objectively, the effect of each independent variable on the dependent variable that is key to answering the research questions. Table 4.15 provides the regression model coefficients statistics.

### Table 4.15: Regression Model Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>6.001</td>
<td>.511</td>
<td></td>
<td>2.754</td>
</tr>
<tr>
<td>Intrinsic Rewards</td>
<td>.876</td>
<td>.324</td>
<td>.803</td>
<td>3.468</td>
</tr>
<tr>
<td>Extrinsic Rewards</td>
<td>.564</td>
<td>.373</td>
<td>.353</td>
<td>2.547</td>
</tr>
<tr>
<td>Career Development</td>
<td>.345</td>
<td>.457</td>
<td>.438</td>
<td>1.861</td>
</tr>
<tr>
<td>Leaning Opportunities</td>
<td>.789</td>
<td>.274</td>
<td>.034</td>
<td>.944</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Employee Retention

Source: Survey data (2018)

The regression model for total reward system and employee retention was therefore developed as follows;

\[ Y = 6.001 + X_1 \times 0.876 + X_2 \times 0.564 + X_3 \times 0.345 + X_4 \times 0.789. \]

The multiple linear regression analysis output show that all the independent variables analysed; intrinsic rewards, extrinsic rewards, career development, and learning opportunities have a positive and statistically significant effect on employee retention. The statistical significance threshold is considered met as all the associate P Values for all independent variables (total reward systems) are less than 0.05 or 5%. The coefficient for intrinsic rewards (0.876) means that a unit increase ion implementation of intrinsic reward provision would lead to a 0.876 unit increase in employee retention.

The effect is considered statistically significant as the associated P-Value (0.011) is less
than 5% 0.05 level of significance. Hence, intrinsic rewards system is a useful predictor of employee retention. The findings are therefore in agreement with past empirical results by Nnaji and Egbonike (2015), Rugami, Wambua and Mwatha (2016), Ajmal, Bashir, Abrar, Khan, and Saqib (2015), Danish, Khan, Shahid, Raza and Humayon (2015) and Muchiri (2016) who also indicated that intrinsic rewards positively influence employee retention.

The coefficient for extrinsic rewards (0.564) demonstrates a positive effect of the variable on employee retention. The effect is considered statistically significant as the associated p-value of 0.014 falls below the 5% or 0.05 level of significance. The implication is that a unit increase in extrinsic rewards in the organisation would lead to a 0.564 unit increase in employee retention. Hence, extrinsic rewards system is a statistically significant predictor of employee retention. The findings are in agreement with Rugami, Wambua and Mwatha (2016), Muchiri (2016), and Ajmal, Bashir, Abrar, Khan, and Saqib (2015). The results however conflict with Njanja, Maina, Kibet and Njagi (2013) who demonstrated that extrinsic rewards and particularly the cash bonus does not have a significant effect on employee retention.

The coefficient for career development (0.345) demonstrates a positive effect of career development on employee retention. The effect is considered statistically significant as the associated p-value of 0.012 is less than 5% or 0.05 level of significance. As such, a unit increase in career development activities would results in a 0.345 unit improvement in employee retention. Career development is therefore a statistically significant predictor of employee retention. The findings are in agreement with past empirical studies by Dialoke and Nkechi (2017), Kimunge (2014) and Kakui (2016) who established that career development could positively influence employee retention.
The coefficient for learning opportunities (0.789) demonstrates a positive effect of learning opportunities on employee retention. The effect is considered to have met the statistical significance threshold as the associated P-value of 0.010 is less than 5% or 0.05 level of significance. As such, a unit increase in pursuit of learning opportunities for employees would lead to a 0.789 unit improvement in employee retention. In conclusion therefore, learning opportunities is a statistically significant predictor of employee retention. The findings concur with past indications by Barcus (2008), Kimunge (2014) and Odembo (2013) in concluding that learning opportunities as a facet of total reward system yields a significant effect on employee retention.

The study therefore established that all the independent variables under total reward system (intrinsic rewards, extrinsic rewards, career development and learning opportunities) were useful predictors of employee retention.
CHAPTER FIVE
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction
This chapter presents a summary of the current study and the findings thereof. Conclusions are as well captured along with policy recommendations based on unique findings. The recommendation for further research is also highlighted based on an analysis of how the gaps were fulfilled by the current study.

5.2 Summary of the Findings
The study sought to determine the effect of total reward system on employee retention at Mukurwe-ini Wakulima dairy ltd Ltd. The study focused on intrinsic rewards, extrinsic rewards, career development, and learning opportunities as the dimensions of total reward system analysed. Employee retention was examined using employee turnover control, organizational commitment and job satisfaction as the choice indicators. On employee retention, results indicated that the organization was largely effective in controlling employee turnover rates. The organization had also been largely effective in enhancing organizational commitment and job satisfaction as pillars of employee retention. Thus, employee retention was generally well enhanced at Mukurwe-ini Wakulima dairy ltd Ltd. As revealed by the Coefficient of Determination, more than three quarters of the variation in employee retention was explained by variation in the total reward system variables; intrinsic rewards, extrinsic rewards, career development, and learning.

There was generally high application of intrinsic rewards system at Mukurwe-ini Wakulima dairy ltd Ltd. It was established that the organization largely offered employees with challenging work assignments in recognition of their abilities and achievement and accorded more responsibility and autonomy to better performing
employees. In addition, results indicated that the organization involved employees to a great extent in key decisions to win their commitment. Good performers were also largely rewarded with better ranks in the work hierarchy. Finally, the organization also instilled a sense of achievement and recognition on its employees to win their sustained commitment to duty. Pearson correlation analysis results indicated a very strong, positive and statistically significant relationship between intrinsic rewards and employee retention. Multiple linear regression analysis results indicated that intrinsic rewards as a facet of total reward system was a useful predictor of employee retention.

The study revealed only moderate application of extrinsic reward schemes. Results demonstrated that the company only moderately rewarded better performing employees with salary hikes to reward and win their commitment to corporate goals. The organization also rarely offered accommodation facilities to reward well performing employees. Good performers were offered promotions only moderately. The organizational however largely offered medical cover as a way of rewarding and motivating the employees. The organization also had an established bonus award scheme for good performers. Pearson Correlation analysis results revealed a strong, positive, and statistically significant relationship between extrinsic rewards and employee retention. Multiple linear regression analysis established that an extrinsic reward was a statistically significant predictor of employee retention.

The results further demonstrated moderate application of career development programs. The organization facilitated well performing employees to become members of professional bodies only moderately. The career progression ladder from entry level to executive positions was also largely moderated. The organization however accorded well performing employees with opportunities for self-development to a great extent. Good performers were also well facilitated with resources to advance their careers. The
organization further appreciated personal goals of their employees, facilitated and largely enhanced better performing employees to achieve those goals. Pearson Correlation analysis results showed a strong, positive and statistically significant relationship between career development and employee retention. Multiple linear regression analysis results revealed that career development was a statistically significant predictor of employee retention.

The study also generally revealed high application of learning opportunities as a facet of total reward system in the organization. The organization conducted regular seminars and workshops to empower employees on matters related to work. Structures were also well laid to promote on job training as a way to increase the capacity and abilities of the employees. Further, benchmarking exercises for well performing employees were highly entrenched as a way to help employees learn from others who excel in related fields. The organization also had well laid out policy guidelines to promote job rotations aimed at boosting employees’ capacities. The company also highly promoted mentorship and coaching as learning experiences for employees. Pearson Correlation analysis results indicate a very strong, positive relationship between learning opportunities and employee retention. Multiple linear regression analysis results revealed that learning opportunities as a facet of total reward system was a statistically significant predictor of employee retention.
5.3 Conclusion

The study concluded that the pillars of employee retention, that is organizational commitment, job satisfaction and employee turnover control were properly entrenched. The organization did not suffer from serious employee turnover problems. On intrinsic rewards, a conclusion was made on general high application of intrinsic rewards system at Mukurwe-ini Wakulima dairy Ltd Ltd. Correlation analysis results informed a conclusion on that intrinsic rewards are positively related with employee retention. Multiple linear regression analysis further informed a conclusion that an intrinsic reward was a key determinant of employee retention.

On extrinsic rewards, a conclusion was made that there was room for improvement regarding the application of extrinsic reward schemes to enhance retention. Correlation analysis results informed a conclusion on the existence of a positive between extrinsic rewards and employee retention. Further, multiple linear regression analysis results informed a conclusion that extrinsic rewards was key in influencing employee retention.

A conclusion was also made that the company could do better on pursuit of career development programs that could enhance employee retention. Correlation analysis results informed a conclusion that career development was positively related to employee retention. The multiple linear regression analysis results further led to a conclusion that career development was key in influencing employee retention.

Correlation analysis results informed a conclusion on the existence of a positive relationship between learning opportunities and employee retention. The multiple linear regression analysis results further informed a conclusion that learning opportunities does affect the level of employee retention. The study hereby recorded that the organization was doing well on enhancement of learning opportunities for employees.
5.4 Recommendations

Although the organisation was found to be effective in controlling employee turnovers, enhancing job satisfaction and organisational commitment as facets of employee retention, there is need to continue building structures for more enhancement as the costs of replacing employees has been seen to greatly hurt the efficiency and momentum of the organisations’ pursuit of goals. Recommendations are made on the need to develop the model of total reward systems which have been found to significantly influence employee retention. More needs to be done to augment particularly the application of extrinsic rewards and career development as facets of total reward system in the organization. This recommendation is made as the study revealed that the reward categories had not been optimized. On extrinsic rewards, good performers, the study recommends should receive commensurate salary hikes to reward and win their commitment to corporate goals. The organization should also consider more enhanced promotions and accommodation facilities to reward superb performers. On career development, there was need for the organization to offer more facilitation for good performers to become members of professional bodies and redefine the career progression ladder to motivate employees.

5.5 Suggestions for further research

Due to research constraints, the study was limited specifically to Mukurwe-ini Wakulima dairy Ltd Ltd. The study recommends that future studies target a larger number of organisations away from the case study approach for more generalizability of the results. The study recommends a study on total reward system and employee retention in the dairy sector in Kenya. The study further recommends a future study to address methodological gaps by addressing other employee metrics such as employee productivity. Future studies could also examine each total reward scheme
independently for more detailed analysis. Studies should further consider focusing on other instrumental sectors of the economy such as manufacturing and the financial sector where reports have indicated that employee turnover has been high.
References


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APPENDIX I: Letter of Transmittal

ESTHER WANJIKU WANGAI
P.O BOX 100-10106,
OTHAYA.

20TH SEPTEMBER 2017

Dear respondent,

RE: DATA COLLECTION FOR A STUDY ON TOTAL REWARD SYSTEM AND EMPLOYEE PERFORMANCE AT MUKURWE-INI WAKULIMA DAIRY LTD, KENYA.

I am student of Kenyatta University pursuing Master of Education, with a specialization in Human Resource Management. I am undertaking a study on total reward system and employee retention at Mukurwe-ini wakulima dairy ltd, Kenya. This is part of the university requirement in partial fulfillment of the above stated postgraduate degree. For that matter, a questionnaire has been developed aimed at obtaining relevant data. I wish to request you to accord me some time to respond to the questionnaire as guided. The data collected is purely for academic use. Information given will be treated with utmost confidentiality.

Thanks in advance.

Yours faithfully,

ESTHER WANJIKU WANGAI
MOBILE NO: 0715637192
APPENDIX II: Questionnaire

Questionnaire Serial No. …………………………………………………………………………

SECTION A: GENERAL INFORMATION

1. Gender of participant
   Male ( )   Female ( )

2. Respondents’ Department in the Company.
   Finance and administration ( )   Dairy department ( )
   Transport department ( )   Stores department ( )
   Veterinary department ( )   Feeds factory ( )
   Processing plant ( )

3. Highest level of education of the respondent:
   Primary ( )   Secondary ( )
   Diploma ( )   Undergraduate Degree ( )
   Post graduate ( )   Certificate ( )
   Others ( )   State in brief…………………………………………………………

4. Number of years in employment in the company
   1 year or less ( )   2-5 years ( )
   6-10 years ( )   More than 10 years ( )

SECTION B: TOTAL REWARD SYSTEM

PART I: INTRINSIC REWARDS

5. To what extent do you agree with the following propositions regarding intrinsic rewards as a component of total reward system in the organisation?

 SCALE:  1) Not at all  2) Little Extent  3) Moderate Extent
         4) Great Extent  5) Very Great Extent

<table>
<thead>
<tr>
<th>Statement</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The organisation offers its employees challenging work assignment in recognition of their abilities and achievement.</td>
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<td>b) Employees with good performance are accorded more responsibility and autonomy in their jobs.</td>
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<tr>
<td>c) The organisation involves its employees in key decisions to win their commitment to the overall goal.</td>
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</tbody>
</table>
d) Well performing employees are rewarded with better rank in the work hierarchy

e) The organisation instils a sense of achievement and recognition on its employees to win their sustained commitment to duty.

PART II: EXTRINSIC REWARDS

6. Kindly indicate, in your opinion the extent to which the organisation uses extrinsic rewards as a facet of total reward system in the organisation?

**SCALE:**

1) Not at all  
2) Little Extent  
3) Moderate Extent  
4) Great Extent  
5) Very Great Extent

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<thead>
<tr>
<th></th>
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<th>2</th>
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</thead>
<tbody>
<tr>
<td>a) Better performing employees are often rewarded in salary hikes to reward and win their commitment to corporate goals.</td>
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<tr>
<td>b) The organisation gives medical cover as a way of rewarding and motivating the employees.</td>
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<tr>
<td>c) The organisation offers accommodation facilities as a reward to well performing employees</td>
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<tr>
<td>d) The organisation has an established bonus award scheme for better performing employees.</td>
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<tr>
<td>e) The organisation as a matter of policy rewards well performing employees with promotions</td>
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</tbody>
</table>

PART III: CAREER DEVELOPMENT

7. Kindly indicate, in your opinion the extent to which career development is applied in the organisation as a component of the total reward system.

**SCALE:**

1) Not at all  
2) Little Extent  
3) Moderate Extent  
4) Great Extent  
5) Very Great Extent

<table>
<thead>
<tr>
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<th>2</th>
<th>3</th>
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<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The organisation accords well performing employees opportunities for self-development.</td>
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<tr>
<td>b) Well performing employees are facilitated with resources to</td>
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</tbody>
</table>
advance their careers.

c) The organisation has a policy to facilitate well performing employees to become members of professional bodies

d) The organisation has a clear career progression ladder from entry level to executive positions

e) The organisation appreciates personal goals of their employees and facilitates and enhances better performing employees to achieve.

**PART IV: LEARNING OPPORTUNITIES**

8. Kindly indicate, in your opinion the extent to which learning opportunities are integrated in the total reward system policy and practice of the organisation.

**SCALE:**  1) Not at all   2) LittleExtent    3) Moderate Extent
                   4) Great Extent    5) Very Great Extent

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
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<th>5</th>
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<tbody>
<tr>
<td>a)</td>
<td>The organisation conducts regular seminars and workshops to empower employees on matters related to work.</td>
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<tr>
<td>b)</td>
<td>The organisation has a well laid system to promote on job training to increase the capacity and abilities of the employees</td>
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<tr>
<td>c)</td>
<td>The organisation facilitates benchmarking exercises for well performing employees to help them learn from others who excel in related fields.</td>
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<tr>
<td>d)</td>
<td>The organisation has a well laid out policy to promote job rotations aimed at boosting employees’ capacities.</td>
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<tr>
<td>e)</td>
<td>The organization promotes mentorship and coaching as learning experience for employees.</td>
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</tbody>
</table>
PART V: EMPLOYEE RETENTION

9. Kindly indicate, in your opinion the extent to which the organisation has achieved in promoting employee retention in the organisation.

SCALE:  1) Not at all       2) Little Extent       3) Moderate Extent
       4) Great Extent       5) Very Great Extent

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
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</thead>
<tbody>
<tr>
<td>a) The organisation has been effective in controlling employee turnover rates.</td>
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<tr>
<td>b) The organisation has been able to effectively build organizational commitment as a pillar of employee retention.</td>
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<tr>
<td>c) The organisation is committed in improving overall job satisfaction that helps in retaining productive employees.</td>
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</tbody>
</table>

10. What recommendations would you give towards improving the employee performance status of the company?


11. Please provide in the space provided, any more information you deem relevant to the study but which may not have been captured


Thank you for filling this Questionnaire
### EMPLOYEE TURNOVER AT MUKURWE-INIWAKULIMA DAIRY LTD

<table>
<thead>
<tr>
<th>YEAR</th>
<th>1&lt;sup&gt;st&lt;/sup&gt; Half of the year</th>
<th>2&lt;sup&gt;nd&lt;/sup&gt; Half of the Year</th>
<th>Annual employee turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/2015</td>
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<td></td>
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<tr>
<td>2015/2016</td>
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<tr>
<td>2016/2017</td>
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</tbody>
</table>
APPENDIX IV: Research Authorisation by KU

KENYATTA UNIVERSITY
GRADUATE SCHOOL

E-mail: dean-graduate@ku.ac.ke
Website: www.ku.ac.ke

Our Ref: D53/NYI/PT/33049/2015

DATE: 14th February, 2018

Director General,
National Commission for Science, Technology
and Innovation
P.O. Box 30623-00100
NAIROBI

Dear Sir/Madam,


I write to introduce Ms. Esther Wanjiku Wangai who is a Postgraduate Student of this University. She is registered for M.B.A degree programme in the Department of Human Resource Management.

Ms. Esther Wanjiku intends to conduct research for a M.B.A Project Proposal entitled, “Total Reward System and Employee Retention at Mukurweini Wakulima Dairy Limited, Nyeri County”.

Any assistance given will be highly appreciated.

Yours faithfully,

MRS. LUCY N. MBAABU
FOR: DEAN, GRADUATE SCHOOL
APPENDIX V: Research Authorisation by NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Ref No: NACOSTI/P/18/01334/21410

Date: 20th February, 2018

Esther Wanjiku Wangai
Kenyatta University
P.O. Box 43844-00100
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on “Total Reward System and employee retention at Mukurweini Wakulima Dairy Limited, Nyeri County,” I am pleased to inform you that you have been authorized to undertake research in Nyeri County for the period ending 20th February, 2019.

You are advised to report to the County Commissioner and the County Director of Education, Nyeri County before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit a copy of the final research report to the Commission within one year of completion. The soft copy of the same should be submitted through the Online Research Information System.

Copy to:

The County Commissioner
Nyeri County.

The County Director of Education
Nyeri County.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO
APPENDIX VI: Research Permit by NACOSTI

THIS IS TO CERTIFY THAT:
MISS. ESTHER Wanjiku Wangai
of KENYATTA UNIVERSITY, 232-10101
Nyeri, has been permitted to conduct
research in Nyeri County

on the topic: TOTAL REWARD SYSTEM
AND EMPLOYEE RETENTION AT
MUKURWEINI WAKULIMA DAIRY
LIMITED, NYERI COUNTY.

for the period ending:
20th February, 2019

Applicant’s Signature

Permit No: NACOSTI/P/18/01334/21410
Date Of Issue: 20th February, 2018
Fee Received: Ksh 1000

Director General
National Commission for Science,
Technology & Innovation