

The purpose of this study was to investigate the effect of retrenchment on employee morale A case study of Rift valley Railways (RVR) Kenya. The overall Research problem is that despite an increase in retrenchment exercise in many business organisations in the world, there is a possibility of employee retrenchment having an effect on the morale of existing employees and even scaring off potential employees. Retrenchment in RVR has not solved any problem but instead the work force and operations are shrinking. Retrenchment may create demoralisation, dampen organisational productivity and discourage the Organisation's most talented and productive members. Permanently employed staffs were considered in this research for the purpose of collecting data. Total sample sizes of 132 employees out of 200 employees in total at the RVR Headquarters in Nairobi were selected using stratified random sampling .The data was collected through the use of questionnaires. The researcher used a case study design and the literature review was based on the effects of retrenchment on employee morale. The study was guided by four objectives which are; To assess the effect of communication before, during after retrenchment in RVR on employee morale, to find out the effect of involvement of employees before, during and after retrenchment on employee morale, to establish the effect of changes in scheme of service before, during and after retrenchment in on employee morale, to find out. the effect of human resource practices before, during and after retrenchment on employee morale and to inspire a series of other researchers to build on the recommendations given after the research. The primary data comprised of information gathered from the respondents through questionnaires in Rift Valley Railways. Secondary data comprised of information from already published materials, journals, newspapers and internet on retrenchment. Frequency distribution tables were used where applicable. Means and tables were used because they are easier to read and interpret by variety of readers. Quantitative analysis required the use of computer spread sheet hence statistical Package of Social Sciences (SPSS) was used. Responses of open ended questions were analysed manually by coding and sorting out into themes and put into means and tables and reported by descriptive narrative and the results of the study were compared with literature review.