AN INVESTIGATION OF FACTORS AFFECTING EXTENSION OF RETIREMENT AGE - A SURVEY OF COMMERCIAL BANKS IN NYERI TOWN.

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DECLARATION

This research project is my original work and has not been presented for any award in any other institution of learning.

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This Research Project has been submitted for examination with my approval as the student’s supervisor.

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ABSTRACT

As they face the challenges of population ageing, governments in many countries are considering how to increase labour-force participation by older workers and discourage early retirement. In Kenya the government increased the retirement age from 55 to 60 years with effect from 1st April 2009. The purpose of this study was to investigate the factors affecting the extension of retirement age with special reference to Commercial Banks in Nyeri Town. The study was carried out to address the factors influencing extension of retirement age in Kenya from fifty five years to sixty. The objectives of the study were to determine how extension of retirement age influence preservation of the organizational corporate knowledge, provides a system for effective succession management, creates a flexible and responsive workforce, increases return on investment training and development, reduce the rate of staff turnover and better ability to respond to older clients and their needs. The study adopted descriptive research design where the target population was the 12 commercial banks in Nyeri Town. The population in the study was the 168 employees of the participating commercial banks. Random sampling with a sample of 30% of the population was taken. The researcher solely conducted the field work during data collection, recording, sampling, editing, tabulation and analyzing it. Descriptive statistics and some inferential statistics were used to analyze the data. The study found that preservation of knowledge had a high influence on the extension of retirement age (Mean = 1.88, SD =1.54). The return on investment was also found to have a high influence on the extension of the retirement age (Mean = 1.64, SD =1.02). The rate of staff of turnover however had a low influence on the extension of the retirement age (Mean = 1.88, SD = 0.625). Just like staff turnover succession planning also had a low influence on the extension of retirement age (Mean = 1.57, SD= 1.02). Increased return on investment (56%) arose as the most influencing factor affecting the extension of the retirement age followed by preservation of corporate knowledge (30%). The researcher concluded that hiring of professional trainers as well as training materials came at a cost. As such, the company would want a return on its investment in terms of employee performance. The study recommended that the banks should embrace traditional training methods since they are more cost effective and efficient at the same time.