MODERATING EFFECT OF ORGANIZATIONAL CULTURE ON THE RELATIONSHIP BETWEEN RETENTION STRATEGY AND TURNOVER COSTS OF MANUFACTURING COMPANIES IN ELDORET, KENYA

BY

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A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS MANAGEMENT IN THE SCHOOL OF BUSINESS AND MANAGEMENT SCIENCES UNIVERSITY OF ELDORET, KENYA

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DECLARATION

Declaration by the candidate

This thesis is my original work and has not been submitted for any academic award in any institution; and shall not be reproduced in part or full, or in any format without prior written permission from the author and/or University of Eldoret

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DEDICATION

To my Parents Mr. and Mrs. Makoyi, Brothers Simiyu, Wanyonyi, Wafula and the only sister Nanyama for your resilience, moral and spiritual support. This is our success.

ABSTRACT

Retention of employees is becoming a real challenge in today's rapidly moving dynamic, uncertain and highly competitive business environment. Firms are facing major decisions and challenges as they begin to realize the value of people that make up the organization. The aim of the study was to establish the effect of the moderating role of organizational culture on the relationship between retention strategy and turnover costs. This research study was guided by the following objectives; to determine the effects of motivation strategy on company turnover costs, to determine the effects of training strategy on company turnover costs, to determine the effects of reward strategy on company turnover costs, to determine the effect of recruitment strategy on company turnover costs to establish the effects of organizational culture on turnover costs and to establish the moderating effect of organizational culture on the relationship between motivation strategy and company turnover cost. The equity theory, resource based theory and transaction cost theory was adopted by the study. The study adopted explanatory research design. Target population was 130 respondents with a sample size of 99 respondents determined by use of Yamane formulae. Random sampling technique was used to select the respondents. Questionnaires were used as data collection instruments and data collected was analyzed using descriptive statistics and inferential statistics. Both face and content validity measures were used to test the validity while Cronbach's alpha was used to test reliability of the research. Multiple regression analysis was used to establish the relationship between retention strategy and turnover costs. The results of the study indicated that motivation strategies on turn over costs ($\beta = 0.207$, $t = 2.04$, $P < 0.05$), training and turn over costs ($\beta = 0.333$, $t = 2.67$, $P < 0.05$), rewards and turn over costs ($\beta = 0.340$, $t = 2.61$, $P < 0.05$) were statistically significant while recruitment on turnover costs ($\beta = 0.056$, $t = 0.358$, $P > 0.05$) was not statistically significant. Organization culture ($\beta = - 0.309$, $t = 3.56$, $P < 0.05$), was positive and statistically significant. Subsequently, when moderated with organizational culture, it was found that motivation strategy ($\beta_1 = -0.015$, $t = - .309$, $P >0.05$), training strategy ($\beta_2 = - 0.203$, $t = -2.15$, $P < 0.05$), reward strategy ($\beta_3 = -0.190$, $t = -1.38$, $P >0.05$) and recruitment strategy ($\beta_4 = - 0.036$, $t = -.301$, $P >0.05$) had a negative significant effect. There is need for manufacturing firms to enhance retention of their employees in order to reduce and develop their employee's talent. The management firms should increase the motivation strategies of their employees by adopting both intrinsic and extrinsic motivation practices in order to improve their productivity by reducing their turnover. The management of manufacturing firms should adopt more rewards mechanism in order to satisfy their employees and retain them in the organization. The management of manufacturing firms should ensure that they follow the right recruitment in order to reduce turnover among the talented employees. Further study to be carried out in the public sector to confirm the applicability of the results. Future study also to be done considering the effect of other factors as career development and compensation.

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LIST OF ABBREVIATIONS, ACRONYMS AND SYMBOLS

ANOVA	Analysis of variance
HR	Human resource
HRM	Human resource management
IDV	Individualism versus collectivism
KMO	Kaiser-Mayor-Oklin measures of sampling adequacy
MAS	Masculinity versus femininity
MBM	Masters in business management
NACOSTI	National commission for science, technology and innovation
PDI	Power distance index
TI	Turnover intention
UAI	Uncertainty avoidance index
U.S.	United States of America

OPERATIONAL DEFINITION OF TERMS

Employee turnover:	Employee turnover is the rotation of workers around the labor market; between firms, jobs and occupations; and between the states of employment and unemployment.
Manufacturing	the process of converting raw materials, components, or parts into finished goods that meet the customers' expectations and or specifications.
Manufacturing firm:	is a commercial business that converts raw materials or components or parts into finished products which are sold directly to consumers or to other manufacturing businesses that use them for making a different product.
Motivation strategy:	Motivational strategies are tactics, techniques, or approaches to encourage employees to work beyond expectations.
Organizational culture:	Is a set of values, assumptions and beliefs that define the behaviors and style of management in an organization.
Recruitment strategy:	The process of finding and hiring the best-qualified candidate (from within or outside of an organization) for a job opening, in a timely and cost effective manner.
Retention Strategy:	This includes the policies and plans that organizations follow to reduce employee turnover and attrition and ensure employees are engaged and productive long-term.

Reward Strategy: A reward strategy describes how an organization will use reward policies, practices and processes to support the delivery of its business strategy.

Training strategy: It is a strategy designed to achieve an educational goal, such as teaching new skills or updating employees on changes to company policy.

Turnover costs: Tangible or intangible cost associated with replacing an employee.

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CHAPTER ONE

INTRODUCTION

1.0 Overview to the Chapter

This chapter introduces the background information of the study; further, it focuses on the statement of the problem, purpose of the study, objectives of the study, research hypothesis, significance and scope of the study.

1.1 Background of the study

According to Bliss (2007), the average costs associated with the departure of an employee represent as much as 150 % of his/her annual income. A high degree of staff fluctuation is not desirable due to the fact that it is associated with relatively high costs.

Indeed, it is costly to replace workers because of the productivity losses when someone leaves a job, the costs of hiring and training a new employee, and the slower productivity until the new employee gets up to speed in their new job. By retaining skilled employees, organizations can create a feasible environment in this competitive free market economy which would ultimately augment their returns. Comprehending employee viewpoints and analyzing their retention factors are significant to an organization's success. Small, growth-oriented firms may jeopardize their attempts to achieve organizational objectives if they lose even one principal employee (Ongori & Agolla, 2009).

Employees' decision to resign is influenced by their perceived ease of movement based on the assessment of perceived alternatives or opportunities and perceived desirability of movement which is influenced by job satisfaction (Zahorsky, 2010). This describes how balance is struck both for the organization and its employees in terms of inducements, such as pay, and contributions, such as work, which ensures continued organizational efficiency.

According to Hendricks (2006), retention of high performing employees has become more challenging for managers as this category of employees frequently move from one job to another as they are being attracted by more than one organization at a time. He further notes that, skilled employees are in great demand by organizations and becoming difficult to source. When these categories of employees are eventually sourced, they become even more difficult to retain. The private sector managers also admit that one of the most cumbersome aspects of their jobs is the retention of key employees in their organizations (Hendricks, 2006). Most of the time when these employees move, they migrate to competing organizations with the knowledge and trade secrets acquired from their former employers thereby creating an even more critical situation for the latter (Zahorsky, 2010).

Empirical studies done by Zahorsky (2010) have shown that employees, on average switch employers every six years. This situation demands that management should identify the reasons for this frequent change of employment by employees. Once this reasons has been identified, management can then device retention strategies that will help in keeping essential employees for a rather longer tenure. Organizational culture has become closely associated with the current development of the models of human resource management in various organizations in Kenya (Frumkin, 2010). Employee commitment is a frequently stated aim and aspiration for both corporate culture initiatives and HRM practices, both seeking to affect employee behavior at work and the intention of employees to stay. Stability within the workforce is critical to the successful development of a cohesive culture (Marchington *et al*., 2007). Thus this study intends to introduce culture as a moderator between retention strategy and company turnover costs.

1.2 Statement of the problem

Turnover costs are tangible or intangible cost associated with replacing an employee. This increases the transactional costs to levels that negatively affect the operations of an organization. According to Zahorsky (2010), employees on average switch employers every six years. It's not just generosity behind these organizations' drive to create a happy workforce. The job skills crucial to a 21st century manufacturing environment give the people who possess them leverage to expect more from employers. This situation demands that management should identify the reasons for this frequent change of employment by employees. Once this reasons have been identified, management can device retention strategies that helped in keeping essential employees for a rather longer tenure (Marchington *et al*., 2007).

The consequences of high levels of employee turnover are twofold, as they affect both financial and nonfinancial aspects of the manufacturing industries. A high scale of employee turnover can pose significant hurdles when it comes to productivity, profitability, and quality in manufacturing firms (Kiekbusch *et al.*, 2012). Manufacturing companies may not have enough employees to carry out day to day functions as a result (Johnson, 2009).

According to Raines (2013), turnover can be an invisible enemy for startup businesses. He asserted that the phenomenon is invisible because the costs associated with it cannot be itemized in the financial statements or reported at the end of each fiscal year.

In Kenya, this has resulted in the loss of business patronage and relationships, and to the extent of jeopardize the realization of organizational goals (Schuler *et al*., 2010). Recent studies have shown that retention of highly skilled employees has become a difficult task for managers as this category of employees are being attracted by more than one organization at a time with various kinds of incentives. Society has become knowledge based where human capital is considered a key resource and indispensable to the survival of the organization that are competing for the best talent employees (Bliss, 2007).

As part of the process of developing and implementing strategies to maintain and increase competitiveness, organizations face the challenge of retaining their best employees (Ongori & Agolla, 2009). A good organizational culture can therefore act as a moderator by decreasing the effect of turnover costs for manufacturing companies in Kenya since it is considered as an integrative force, presenting management with the possibility of creating a strong and unitary organizational culture that can greatly influence the relationship between retention and turnover costs (Yang, 2008). It is proposed that the managerial interpretation of organizational culture has important implication for the policies and procedures implemented in the management of people within a particular organization (Storey, 2007). This study seeks to establish the moderating effect of organizational culture on the relationship between retention strategy and turnover costs in manufacturing companies in Eldoret town.

1.3 Objectives of the study

The main objective of this study was to find out the moderating role of organizational culture on the relationship between retention strategy and turnover costs of manufacturing companies in Eldoret, Kenya.

Specific objectives include: -

1. To determine the effects of motivation strategy on company turnover costs.
2. To determine the effects of training strategy on company turnover costs
3. To determine the effects of reward strategy on company turnover costs
4. To determine the effect of recruitment strategy on company turnover costs
5. To establish the moderating effect of organizational culture on turnover costs

6 a). To establish the moderating effect of organizational culture on the relationship between motivation strategy and company turnover cost

6 b). To determine the moderating effect of organizational culture on the relationship between training strategy and company turnover cost

6 c). To establish the moderating effect of organizational culture on the relationship between reward strategy and company turnover cost

6 d). To establish the moderating effect of organizational culture on the relationship between recruitment strategy and company turnover cost

1.4 Hypothesis of the study

H_{01}. There is no significant effect of motivation strategy on company turnover costs

H_{02}. There is no significant effect of training strategy on company turnover costs

H_{03}. There is no significant effect of reward strategy on company turnover costs

$H_{04.}$ There is no significant effect of recruitment strategy on company turnover costs

$H_{05.}$ There is no significant effect of organizational culture on company turnover costs

H_{06a} Organizational culture does not moderate the relationship between motivation strategy and turnover costs

H_{06b} Organizational culture does not moderate the relationship between training and company turnover costs.

H_{06c} Organizational culture does not moderate the relationship between reward strategy and company turnover costs.

H_{06d} Organizational culture does not moderate the relationship between recruitment strategy and company turnover costs.

1.5 Significance of the study

This study is of great significance to the proprietors, managers and employees of manufacturing companies since they will be made to understand and appreciate the concept of retention and its contribution to overall performance and growth of the organizations. The study will also provide decision makers and policy formulators in both public and private organizations with some key guidelines and tenets of what should constitute an effective retention strategy program for its staff.

The researcher hopes that the study will form a basis for further research on the management of employee turnover in both the private and public sectors. The study will also contribute immensely to the SDG's and the Kenya vision 2030 through provision of information to managers on the need and ways of employee retention to harness their benefits. This should lead to the generation of new ideas for more innovative and productive retention strategies aimed at minimizing turnover costs.

1.6 Limitations of the study

Staff retention is becoming a serious problem in today's manufacturing enterprises due to the vicious competition for key skill and talent, thus a study of the entire business environment could be beneficial to business organizations as far as the effect of culture on retention strategy is concerned. The issue of confidentiality from the respondents was a challenge as some respondents were not be willing to submit the information required. The literacy level of some respondents especially supervisors was a limitation to the study as they were not well versed with the language used in the questionnaire. The other limitation was lack of cooperation from the respondents especially in the management. The fear of victimization on the side of senior management for poor management also affected the respondents' willingness to give the required information.

To overcome these limitations, the findings of the study were generalized to cover the entire business environment. The researcher used an introduction letter from the University and NACOSTI, also the objectives and significance of the research were made clear to the respondents by the researcher and confirmed that the information shall be used purely for academic purposes. Confidentiality of the information was reiterated by the researcher to gain their confidence.

1.7 Scope of the study

This study basically investigated the effect of retention strategy on company turnover costs of manufacturing companies in Eldoret, Kenya moderated by organizational culture. The study was undertaken between the months of June and October 2017. The study adopted an explanatory research design and a target population of 130 respondents will be taken. The study will rely on questionnaires as instruments of data collection which was analyzed through descriptive and inferential statistics.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter covers literature that has been done by other scholars in relation to retention strategy to minimize turnover costs and was reviewed to suit the study. It covers the concept of turnover, retention strategy, organizational culture, theoretical framework and conceptual framework.

2.1 The concept of turnover costs

Retention and staff turnover are two important issues that affect organizations in several ways. In this context, it is important to cite Andrew Carnegie, the famous industrialist of the 19th century, who mentioned: “Take away my factories, my plants; take away my railroads, my ships, my transportation, take away my money; strip me of all of these but leave me my key employees, and in two or three years, I will have them all again” (Gupta & Srivastava, 2007).

Employee turnover is not only a significant tangible cost but also an intangible or “hidden” cost associated with loss of skills, inefficiency and replacement costs. More intangible costs of turnover are associated with organizational behavior and related “hygiene factors”, such as, work reutilization, role conflict, reduced job satisfaction, low morale, reduced commitment, destructive supervision/leadership and a lack of career growth that influence employee productivity, effectiveness, quality and service standards (Gupta & Srivastava, 2007).

Studies have shown that loss of productivity caused by employee turnover accounts for more than two-thirds of the total turnover costs (Tracey & Hinkin, 2008). As turnover escalates, service quality deteriorates as it takes time to replace departing employees, especially at busy manufacturing companies (Lynn, 2002).

The ability of managers to motivate their subordinates comprises the soft skills of human resource management, which is now a dominant trend in global management (Stýblo, 2008). In the past few years, the tasks and functions of the human resource department have moved to line managers and supervisors. Nowadays, the manager is supposed to lead, manage, guide, support and develop his/her subordinates and colleagues. Because the importance of positive work motivation is on the rise, human resource management is focused on the definition of the motivation role and its significance (Stýblo, 2008). In a typical organizational working environment, it is imperative for organization to retain staff and ensure their effectiveness. Organizations are always established to achieve specific goals (Johnson, 2009) and such goals are tied to various degrees on staff motivation, retention, and efficiency among other things.

The consequences of high levels of employee turnover are twofold, as they affect both financial and nonfinancial aspects of the manufacturing industries. A high scale of employee turnover can pose significant hurdles when it comes to productivity, profitability, and quality in manufacturing firms (Kiekbusch *et al.*, 2012). Smaller manufacturing companies may not have enough employees to carry out day-to-day functions as a result (Johnson, 2009). According to Raines (2013), turnover can be an invisible enemy for start-up businesses. He asserted that the phenomenon is invisible because the costs associated with it cannot be itemized in the financial statements or reported at the end of each fiscal year.

Heneman and Judge (2009) categorized the negative consequences of turnover as tangible factors such as recruitment, training, selection, and loss of productivity. In contrast, the intangible aspects of turnover include the effect on morale, the workload effect, and the disruption of team performance. In addition, other negative costs include separation, high time consumption in training replacements, and cash outlays. The researcher concluded by saying that the other costs can be less discernible and harder to estimate but involve greater consequences such as customer loss, brand image destruction, and low morale (Heneman & Judge, 2009).

According to Ramlall (2004), the cost of an employee leaving can be as high as 150% of an individual employee’s annual salary. This cost can be substantial especially when high profile employees or high number of employees is involved. Bliss (2007) contends that organizations lost productivity, social capital and suffer customer defection when a productive employee quits. Knowledge, skills and contacts that a departing employee takes out of the organization constitutes a huge loss. These attributes are, in most cases, lost to a competitor organization that may use this to gain competitive advantage. Indeed, it is costly to replace workers because of the productivity losses when someone leaves a job, the costs of hiring and training a new employee, and the slower productivity until the new employee gets up to speed in their new job (Bliss, 2007).

It is therefore imperative for management to reduce, to the minimum, the frequency at which employees, particularly those that are crucial to its operations leave. Retention is a voluntary move by an organization to create an environment which engages employees for long term (Chaminade, 2007). The main purpose of retention is to prevent the loss of competent employees from the organization as this could have adverse effect on productivity and service delivery. However, retention of high performing employees has become more challenging for managers as this category of employees frequently move from one job to another as they are being attracted by more than one organization at a time (Heneman & Judge, 2009).

According to Bliss (2007), the average cost to replace a terminated employee is about 50 percent of that employee’s annual salary. Separation costs are the costs an employer incurs during the process of terminating an employee, including severance pay, costs associated with unemployment insurance claims, the expense of continued benefits etc. Allen (2008) holds that what many employers forget to include in their estimates of separation costs, however, is the time other employees spend processing the employee’s termination, including removing the employee from payroll or benefits systems, conducting exit interviews, etc. In this way, every employee that leaves an organization, even those who resign or retire, will cause an employer to incur at least some expenses related to the separation.

Training costs include both direct and indirect costs, just like hiring costs. After you have incurred all the hiring costs, you have additional costs to get the new employee trained.

Even when you hire highly qualified and very experienced new employees, there are always training costs (Staffan & Ellström, 2012). If nothing else, they have to be trained in the way your company does things. And these training costs continue to add up until the employee is trained to the same level of productivity of the former employee they replaced. The training costs include: time for people to train them. This would include training them in the company's practices as well as the duties of their individual job, training materials (Taylor, 2007). Opportunity costs are the costs of opportunities you couldn't take advantage of, the cost of business lost because you didn't have the people resources to do all the work while you were shorthanded. This might mean incoming calls not answered before the caller hung up, sales calls not placed to prospective customers, or trade show appearances canceled because no one was available. These costs can be hard to measure, but they are real (Staffan & Ellström, 2012). (Hinkin & Tracey, 2008)

Recruitment costs are those that an employer incurs looking for someone to fill their newly vacant position. This includes everything from the cost of developing an updated job description to the cost of training the new employee, and everything in between (Holtbrugge *et al.,* 2010). Just think about it: every open position represents hours and hours of work for recruiters, HR professionals and hiring managers, who have to sort through applications and resumes, deliberate and narrow down the applicant pool, schedule and participate in interviews, and then meet again to select a candidate. And that's a pretty brief hiring process (Shiundu *et al.,* 2012). Many employers also now use pre-employment screenings to assess applicants' skill-sets and personalities, and require that promising candidates meet with multiple people within the organization prior to making an offer. The longer the hiring process, the more expensive it becomes (Hendricks, 2006).

Productivity costs are a little harder to quantify than separation costs or replacement costs. Included in this category are not only the hours of lost productivity that rack up as a position remains unfilled, but also the time other employees spend trying to pick up the slack (Bliss, 2007). But employers don't just lose a worker when an employee leaves, they also all the experience and expertise that employee brought to their job, and any costs associated with employer-provided training. Also included here is the time it takes for the new employee to get up to the level of production and productivity of the previous employee, which can range from just a few days to a few months depending on the type of position they're filling (Staffan & Ellström, 2012). The figure below simply shows that initially most employees are a "cost" to the organization, and that over time, with the right talent practices, they become more and more valuable. Obviously, employees, experience this effect. Early in their days in a new job they feel somewhat unproductive and often search for ways to add more value. But in the right environment (onboarding, coaching, training, teamwork) they rapidly "find their place" and start to add more and more value.

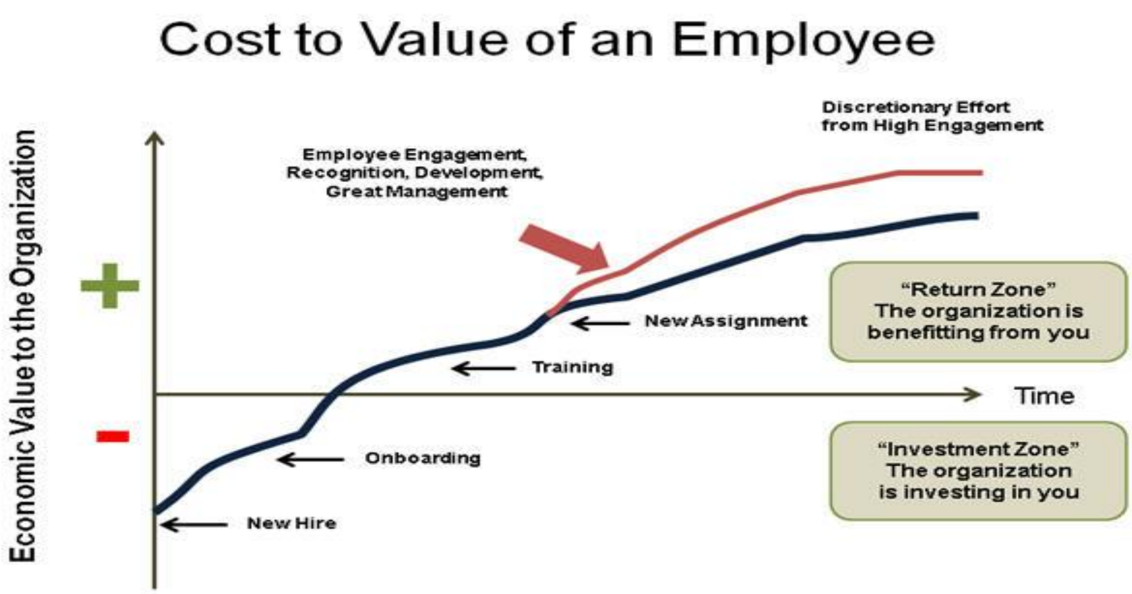


Figure 2.1: Economic value of an employee to the organization over time.

2.2 Retention strategy

Retention is the ability of an organization to retain its employees. Employee retention can be represented by a simple statistic (for example, a retention rate of 80% usually indicates that an organization kept 80% of its employees in a given period). However, many consider employee retention as relating to the efforts by which employers attempt to retain employees in their workforce. In this sense, retention becomes the strategies rather than the outcome (Honyenuga & Adzoi, 2012). You can't afford to approach employee retention half-heartedly. Everything you do should be just a part of a complete and overarching strategy. While attacking employee retention piecemeal will undoubtedly net you results, creating the type of friendly and inviting work environment that you need to succeed by embedding it in the organizations culture is the most effective and in the end most efficient way to keep your best employees on (Kwenin, 2013).

It's easy to focus on the near-term when managing people in a high performance environment. You bring in "A" players with the expectation that they'll succeed in the role for which you've hired them and unrealistically assume they will stay in that role forever. Your top performers are thinking about their career, and you should be too. "Best-practice organizations work to help individuals plan to stay with the organization to plan their careers with the organization (Tucker *et al.,* 2008). The key is to guide your employees in mapping out how they can attain their career goals within your company.

Condly (2010), in his handbook of improving performance in the workplace holds that a distinction should be drawn between low-performing employees and top performers, and efforts to retain employees should be targeted at value contributing employees. Employee turnover is a symptom of deeper issues that have not been resolved, which may include low employee morale, absence of a clear career path, lack of recognition, poor employee-manager relationships or many other issues. A lack of satisfaction and commitment to the organization can also cause an employee to withdraw and begin looking for other opportunities. Pay does not always play as large a role in inducing turnover as is typically believed (Allen, 2008).

In a business setting, the goal of employers is usually to decrease employee turnover, thereby decreasing training costs, recruitment costs and loss of talent and organizational knowledge. By implementing lessons learned from key organizational behavior concepts, employers can improve retention rates and decrease the associated costs of high turnover. However, this isn't always the case (Honyenuga & Adzoi, 2012). Retention strategy is measured by the following dimensions.

2.2.1 Motivation strategy

Motivation is derived from a Latin word “movere” which means to move (Dhameja, 2009). It means influencing workers behaviour to achieve organizational goals and objective by increasing worker’s performance. Pay, punishment or praise are external incentives or motivational factors that need to be internalized in order to become effective. Internal incentives on the other hand, are ego needs of the employee which include job satisfaction, job accomplishment and prestige (Dhameja, 2009). Along with perception, personality attitudes, and learning, motivation is a very important element of behavior.

Motivational strategies are tactics, techniques, or approaches to encourage employees to work beyond expectations. According to Clark (2010), work motivation is the process that initiates and maintains goal-directed performance. Evidence shows that giving cash or other tangible incentives to adults for increased work actually increases their interest in their jobs (Condly, 2010). When selecting an incentive system, factors such as autonomy, mastery and purpose are important to employee motivation. However, organizations should not immediately assume that money is the only motivating factor; organizations should tailor incentive programs to consider what employees want or need and if the organization has the capabilities to provide them (Frumkin, 2010).

Managers the world over are constantly searching for motivational variables that would enable workers to perform at optimal levels to accomplish organizational goals. They are using monetary and no it monetary incentives to ensure employed effectiveness at workplace (Ushie *et al.,* 2010) staff effectiveness includes goal attainment, willingness to carryout assigned duties, contentment with the job, creativity and discovery, increase in productivity and selflessness. There is a functional relationship between motivation and workers' effectiveness (Armstrong, 2010). Staff effectiveness can be enhanced through management policies that ensure proper promotion of associates. Promotion (a non-monetary incentive) refers to advancement of a worker to a high job, which is better in terms of responsibilities, status, prestige, and salary than the former. Promotion is one of the ways of recognizing and developing abilities of workers for effective job performance.

Employees improve performance when they see a clear, reliable link between extra effort and incentives, while the objective of incentive programs is to improve performance positively either quantitatively or qualitatively. To some extent, a high level of employee motivation is derived from effective management practices (Armstrong, 2010). To develop motivated employees, a manager must treat people as individuals, empower workers, provide an effective reward system, redesign jobs, and create a flexible workplace. Page (2008), in his article on non-monetary incentives in the workplace defined motivation as the process that accounts for an individual's intensity, direction and persistence of effort toward attaining a goal. According to Koesmono (2014), a need is an internal state that makes certain outcomes appears attractive and an unsatisfied need creates tension that stimulates drives within an individual. These drives generate search behavior to find goals that if attained, will satisfy the need and lead to the reduction of tension (Koesmono, 2014). Motivation is very important in the success of every organization. Motivated members of an organization are likely to be persistent, creative and productive Contiu *et al.,* (2012) whereas non-motivated members are inefficient and costly.

However, the biggest contention on how to motivate the members still exists. This is due to that there is no universal method for motivating an individual, secondary to the variations in individual's needs. Methods have changed over time and depend on situations that employee's experience (Bigliardi *et al.*, 2012). Motivating people is, in fact, becoming even more difficult due to that personalized needs are dynamic and volatile. For instance, as Koesmono (2014) argues, initially an employee may be satisfied and motivated by the monetary compensation he/she receives, but over time other factors need to be considered to keep the employee motivated. Hence managers have a vital duty to identify their subordinate's motivational factors and implementing them as an organizations' culture in the organization.

Motivation occurs from within the individual (intrinsic motivation) or can be stimulated through external forces (extrinsic motivation)
Intrinsic motivation is defined as behavior performed out of interest, and one requires no reimbursement other than the experience of interest and enjoyment that accompanies it (Contiu *et al.,* 2012). Intrinsic motivation in the work place can be triggered by different individual's needs such as the need to feel competent, desire to master the environment, desire for autonomy or desire for a positive feedback from a performed task (Yusof *et al.,* 2016). It can be concluded, then, that intrinsic motivation cannot be influenced directly but can be triggered through indirect ways such as ensuring that the employee feels valuable and respected at the workplace (Sokro, 2012). Based on psychology literature, intrinsic motivation comes from innate needs. For instance, Abraham Maslow's concept of hierarchy of needs depicts that every individual has various needs that should be satisfied. If a manager can identify the level at which an employee is, he can use that to indirectly influence intrinsic motivation towards the job (Koesmono, 2014).

External motivation refers to behavior triggered by external rewards or consequences that accrue from the performance (Yusof *et al.,* 2016). Besides rewards such as remuneration and bonuses, recognition in the form of promotion, acceptance, status or a good working environment can serve as external triggers of motivation (Ashipaoloye, 2014). Through extrinsic motivation one can adopt the Organization's regulations as personally important or can assimilate and integrate the Organization's identity with one's identity and sense of self. There are various motivational factors that can be incorporated into organizational culture in order to motivate employees (Koesmono, 2014). Since motivation is more individual dependent, various methods of motivating employees have differing strengths; hence it is logical to expect differences in the impact of various organizational structures. The next section of this review will delve on the interaction between organizational culture and motivation.

2.2.2 Training strategy

In this age when the technology is changing so rapidly that any skill becomes obsolete in quick time, every company that wants to remain competitive and keep pace with the evolving technology needs to embrace training and develop their employees' skills to remain competitive. One of the key factors of the retention of skilled employees is the provision of training and development opportunities **(**Staffan & Ellstrom, 2012). Today's employees are more career conscious than ever. They are demanding more in terms of personal growth and development. Developing high potential individuals presents one of the means by which organizations can face its competitive pressures. The fact that high-potential employees are career-minded is important for organizations to create an employee value proposition that supports career development (Maingi, 2008). According to many career authors, organizational career management supports the development of employee commitment (Maingi, 2008). When organizational career management practices meet employees pre-joining expectations (Maingi, 2008), this enhanced commitment, satisfaction and other positive outcomes.

The shift away from a psychological contract that provided job security and a mutual employment relationship, towards one where individuals have to maintain their' employability' through managing their own development and career progression has undoubtedly shifted the balance of power towards talented professionals (Kwenin, 2013). Organizations that fail to allow employees to meet their individual needs will be losing valued employees. Career development is an approach of an organization ensuring that people with the qualifications and experience are available when needed. Using career development approach employers can coach the employee in his individual career planning, and by realizing the plans of employees can plan the allocation of human resources. Thus, the career development is perceived like joint effort between the individual employee and the organization **(**Carole, 2011).

Walker (2007) indicated that career development plan for employees play a vital role in the retention of employees**.** Providing career development opportunities restrict employees from leaving the organization and increases loyalty. The world of work has also undergone changes in both the nature of work and the emergence of new forms of work, which result from innovation, the development of new knowledge, increased competition and other factors **(**Birt, 2007). Social developments such as continuing globalization, technological innovation and growing global competition place pressure on organizations to emphasize their need to maintain their competitive edge at least in part through maintaining their skills **(**Deloitte, 2005). This need makes it important for an organization to evolve through a continuous learning and development. There is also a shift from commodity based economy to knowledge –based economy in which an increased proportion of organizational assets are intangible.

Although salary and benefits play a role in recruiting and retaining employees, people are also looking for opportunities to learn, the challenge of new responsibilities and the prospect of personal and professional growth **(**Baert, 2011). Satisfying these intrinsic needs helps build trust, morale, loyalty and overall satisfaction in employees, Ongori and Agolla (2009). There has been a shift from job security and lifelong employability to lifelong learning and talent management **(**Baert, 2011). It is therefore important to give employees opportunities to develop and learn such that employees maintain their capabilities as effective employees resist redundancy and are retained by their organization.

Armstrong (2010) defines the term talent management as encompassing career development by the organization's HR taking up the responsibility of developing human capital. Research shows that opportunities for training and development have a significant perceived ability to retain talented people and in line with the psychological contract, high performers often perceive development as a benefit which they are entitled. When employees perceive a constructive and individual return from the training they receive, their organization usually gains in form of increased commitment, employee satisfaction and retention. The primary goals of many employee development programs is to communicate the vision of the organization, help workers understand the corporate values and culture, and show employees at every level how they can help the company succeed (Staffan & Ellström, 2012).

They exist in order to support business's strategic goals by providing learning opportunities and engraining the organizational culture. Although the need for technical training in a specific position will never disappear, understanding an organization's culture and fitting into it are becoming increasingly important for employee success. Two factors that are crucial to the success of employee development programs are keeping them current and putting learning in the hands of employees (Bellou, 2010). For many workers, an opportunity for continuous learning weighs heavily in their decision to accept or remain in a position. As a result; employees are increasingly emphasizing career development activities. People have realized they are reaching plateaus in their careers and opportunities for advancement do not exist **(**Ongori & Agolla, 2009).

In his article on relationship between work environments, Career development opportunities and employee retention, Kwenin (2013) defines career development as the series of activities or the ongoing lifelong process of developing one's career. It usually refers to managing one's career in an intra-organizational or inter-organizational scenario. It involves training on new skills, moving to higher job responsibilities, making a career change within the same organization, moving to a different organization **(**Mwathe, 2009). The talented people are very ambitious and they expect a high development of their career and they demand the help of the organization to achieve that development. Hence, they will stay in the firm only if the employer gives them every opportunity to develop their potential. So the retention is about motivation, commitment, career investment, career project and also rewarding, which does not mean only money **(**Mwathe, 2009).

Organizations with high levels of engagement provide employees with the opportunities to develop their abilities, learn new skills, acquire new knowledge and realize their potential. Learning and development programmes are essential components in the process of talent management, ensuring that people acquire and enhance skills and competencies they need **(**Armstrong, 2010). Unlike in the past when employees had clearly defined career paths and jobs-for – life, the trend emphasizes employability, self-development and individual responsibility for career development (Baert, 2011). Building employees' capacity therefore, drives our attention to the importance of providing effective professional development for employees (Carole, 2011). For employees, an opportunity for continuous learning weighs heavily in their decision to remain in the profession. Employees with good career opportunities in their organizations are more likely to feel an obligation to their employing organization and develop a strong emotional attachment to the organization (Carole, 2011).

2.2.3 Reward systems strategy

Patricia and Jay (2000) made an analysis of total reward components which refer to individual growth, compelling future, total pay and positive workplaces. They hold that people work for more than just pay, they are also looking for an organization which has a powerful vision of where it is going and how it plans to get there, and they want to get individual growth in acquiring skills that prepare them to add value to the business. Thus, combinations of base pay, variable pay, recognition and celebration and benefits are essential to providing a complete total reward package **(**Patricia & Jay, 2000).

Frumkin, (2010) indicate that total reward strategy is the best foundation of pay for performance. They define total reward strategy to include the following: base salary, variable pay containing short-term incentives and long-term incentives, other compensation, perquisites, benefits and performance management. Moreover, a total strategy may also include training, career development, coaching and other employee-related policies. According to Armstrong (2009) employee retention is a combined effort of policies and practices that cause employees to remain with an organization for a longer period of time. The turnover of key employees can have a disproportionate impact on the business (Armstrong, 2009). The reason is that employers spend considerable amount of time, money and other resources to train and develop their employees (Armstrong, 2009). It becomes disheartening for organization especially HR practitioners when they see their employees leave the organization (Armstrong, 2009). Every organization wishes to retain its key employees and they are the very ones most likely to leave (Armstrong, 2009). Employee leaving organization usually referred to as employee turnover or separations can be divided into two main categories: voluntary and involuntary separations.

Voluntary separations refer to a situation where an employee decides to leave the employer either for personal or professional reasons while involuntary separations occurs when the employer decides to terminate its relationship with an employee, due to business demands such as a poor fit between the employee and the organization or economic necessity (Gomez-Mejia *et al.,* 2012). With the involuntary separation, the reasons for leaving the workplace are independent of the affected employees such as downsizing or restructuring (Honyenuga & Adzoi, 2012). This study is more interested in the voluntary separation or turnover and the costs associating with making the replacement of the leaving employee. In this type of separation, the decision to quit one job could be that the employee had been offered better job, career change, family reasons, poor working conditions, low pay or benefits, a bad relationship with a supervisor (Gomez-Mejia *et al.,* 2012).

The reasons for leaving one's job voluntarily are many but most of them are avoidable. According to Gomez-Mejia *et al.*, (2012) recent studies had shown that approximately

80 percent of voluntary separations were avoidable and this could be achieved through investing in quality HR management practices. The bedeviling effect of voluntary employee attrition and the need to adopt prudent retention strategies have been on HR's agenda since time immemorial. For instance, as far back as 1900s the industrial engineers and psychologist attempted to figure out the reasons behind the employee's interest in various jobs Gomez-Mejia *et al.,* (2012). According to these researchers well over 1000 separate studies on employee separations had been carried to date and in all, the focus had been on why employees quit, and what could be done to remedy the situation. The findings from these studies were similar.

In the study by Gomez-Mejia *et al.*, (2012), it was found that employees would quit their organization due largely to reasons that ranged from personal characteristics, job characteristics, to economic factors. The trend of the findings continues as recorded in a recent empirical study by Honyenuga and Adzoi (2012) on the influence of retention strategies and labour turnover in the hospitality industry in Ghana. The study revealed that labour turnover was rampant in the hotel industry in Ghana and that there were inadequate retention strategies to reverse the situation.

The traditional rewards are changing from those based on the qualifications and record of service to performance, from monetary rewards to non-monetary rewards, from external to internal, from fixed to float, from unified to different, and from independent rewards to coordinate rewards (Chen & Hsieh, 2006). Yao *et al.,* (2005) has confirmed that the total remuneration level, long-term accumulation and capability salary have a significant impact on the satisfaction, and long-term incentive to have a significant impact on turnover intention (TI) in the research on the effect of the pay system. At the same time, corporate remuneration system needs reform and improvement. One way is a comprehensive remuneration system (Yao & Fang, 2005).

Total reward is an employee-oriented holistic remuneration design system. It expands the content of the traditional reward which is regarded as high-price welfare project (Giancola, 2009). In fact, total rewards are a good interactive system of return on investment, it is always highlighted the win-win thought of coordinating and maximizing the interests of business and individual. Each organization has different rewards systems; however, total rewards are not merely the salary and welfare. It’s a comprehensive unified program that consist all parts of rewards (Armstrong, 2009).

According to Kochanski and Ledford (2001), actual level of pay is less important than feelings the pay raises and the process used to manage them. Many intermediary factors, e.g. job satisfaction, organizational commitment, motivation, trust (in the organization), and other job attitude factors, have been accepted with proven effects. In Gustafson (2002) established in her study that compensation and opportunities for better pay largely lead to employees’ turnover intention in organizations.

2.2.4 Recruitment strategy

Traditionally, the primary goal of recruitment has been to identify promising candidates and to fill open positions. Yet, it is possible that the recruiting process can fulfill another strategic objective such as reducing turnover (Holtbrugge *et al.*, 2010). Employee turnover can be devastating to your organization. It can cost you anywhere from 30% to 400% of your employee’s annual salary, including recruitment and training costs, reduced productivity, and lost opportunities. As the talent shortage worsens, this cost will only increase as it takes longer to identify and hire qualified talent. Smart organizations are looking at ways to reduce turnover throughout their entire employment lifecycle beginning with the recruitment process. Recruitment is the process of finding and hiring the best-qualified candidate (from within or outside of an organization) for a job opening, in a timely and cost effective manner (Hendricks, 2006).

The time allowed for the recruitment process is extremely beneficial to the organization as far as the application of recruitment strategy to curb turnover costs is concerned. Managers should allocate sufficient time from the time the job requirement is placed till a candidate fills the vacant position. This will provide a solid foundation for discussions to set the rational expectations (Holtbrugge *et al.*, 2010). Time related measures show the ability of the recruitment process to deliver the first candidates for the job interview and time to hire a final candidate. Reducing employee turnover begins with attracting the highest quality talent from the get-go. Employee referrals have been long known as an excellent source of hire, as referred candidates tend to be faster and cheaper to hire than candidates from other sources. Referral hires are also more satisfied and stay longer. Great employees intuitively know who in their networks would be a great fit for your organization and can help their referred hires settle in and become successful, helping them stay longer (Holtbrugge *et al.*, 2010).

Cultural fit is just as important as skills fit to make a great hire, but perhaps even more so for ensuring that candidates will stay with your organization longer. Use behavioral interviewing to screen candidates to determine if they have the values and behaviors they will need to be successful and happy in your organization. Validate their responses with thorough reference checks to ensure that candidates have exhibited your organization's desired values and behaviors in past roles (Jenkins, *et al.,* 2008). Ensuring that all new hires fit into your team dynamic will reduce your employee turnover rate, both for new hires and existing employees.

Behavioral assessment software enables candidates to answer a series of questions online. Their responses are analyzed, and a report is generated for HR and hiring managers. The report highlights the candidate's strengths, as well as areas where further discussion during the interview process is advisable. Behavioral assessments are useful for recruiters because the results enable them to immediately identify the best fitting candidates for hiring managers. Before inviting promising candidates in for face-to-face interviews, recruiters can also use assessment results to guide phone screening questions (Holtbrugge *et al.*, 2010).

This is a standardized process to evaluate how well candidates fit with job requirements and the organizational culture. Structured interviews can determine whether an applicant is a good fit on three important dimensions: Does the candidate's needs match what the job provides? Do the candidate's abilities match what the position demands? Are the candidate's values in alignment with those of the organization? It is possible for the HR team, including recruiters, to develop structured interview questions for different positions (Mrope & Bangi, 2014). Alternatively, behavioral assessment software will often create custom structured interview guides that are tailored to each candidate's assessment results. Many studies have shown the benefit of a mixed gender team, from greater innovation to greater profits. Think about placing a metric within your dashboard that measures the percentage balance of men and women on your team in three levels; front line, middle management and senior positions. From time to time it's good to step back and assess the gender mix within teams and within the organization as a whole (Hendricks, 2006).

2.3 Organizational culture

In the last two decades, there has been a great deal of insight sharing and research concerning culture within organizations, and its impact on various aspects of the organization, motivation included. The term culture is abstract and general and involves various aspects of an organizational. Albeit there is diversity in literature concerning organizational culture, they all have one consensus – organizational culture has both tangible and non-tangible aspects (Sokro, 2012). Organizational culture is the organization's orientation towards its employees and customers, and includes written and verbal circulated rules that guide the employees' behavior, beliefs, values and principles, goals and philosophies, visible structures and processes, and the assumptions that underlie the thoughts processes, feelings, beliefs, and perceptions of individuals within organizations (Sokro, 2012).

Hence Contiu *et al.,* (2012) contends that employees are conscious of organizations culture, and they learn it in their life at workplace, then align their professional goals with the organization's goals. These values, rules, beliefs and principles also govern the management practices and systems used by an Organization (Sokro, 2012). Organizational culture helps the organizations members understand what the organizational culture stands for, how it operates, and what is its area of focus and scope of practice (Suppiah & Sandhu 2011). Thus, organizational culture becomes the underlying factor of member's decisions, choices; and is very vital since it can either unite or divide the organization’s team members. Therefore, it forms an integral part of an organization’s environment.

Organizational culture is recognized as a singularly powerful organizational tool and can be a key factor related to performance and adaptability. It can be used as a lever to enhance organizational performance by shaping employee behavior, instilling loyalty, and establishing parameters for acceptable behavior (Jenkins *et al.*, 2008). Organizational culture helps to influence employee behavior by providing members with a sense of identity, fostering loyalty, establishing a recognized and accepted basis for decision making, and defining parameters for acceptable and unacceptable behavior (Hofstede *et al.*, 2010).

Organizational outcomes can be broadly categorized as employee attitudes, operational effectiveness or financial effectiveness (Hartnell *et al.*, 2011). Previous research has shown substantive relationships between different cultural archetypes and a wide variety of specific organizational outcomes including team effectiveness, organizational safety climate, employee job satisfaction, product quality, employee involvement, turnover intentions, customer service, physician satisfaction, patient satisfaction, organizational profit, market performance and organizational commitment (Minkov & Blagoev, 2011). Organizational culture emerges from social interaction and is defined in terms of its values and beliefs, which are manifested in the practices of the organization. Shared values and beliefs quantify what is important and what works in the organizational setting; this value and belief system then interacts with employees, organizational structures, and systems to generate behavioral norms (Hofstede *et al.*, 2010).

A strong organizational culture makes an organization efficient by ensuring that members are aware of what is important, what needs to be done, and how the required tasks should be accomplished. There is no definitive good or bad culture. If a culture supports the mission of the organization it is adequate, but if an organization's culture is to be truly effective it must not only be efficient it must also be appropriate to the needs of the organization (Hofstede *et al.*, 2010). Organizational culture is integral to the identity of an organization and reflects the fundamental values important to that organization (Bellou, 2010).

An organization's culture may make that organization a more or less attractive employment prospect to different individuals based on each person's value structure, and research has shown that people tend to seek out and self-select organizations that epitomize their personal values and morals (Hofstede *et al.*, 2010). Thus, organizational culture has important implications for the retention of employees because it may be the most important factor in determining how well an individual fits with an organization (Jenkins *et al.*, 2008). Employees who fit well with their organization's culture are less likely to leave and are generally more satisfied with the conditions of their employment, while those that are a poor fit are more likely to leave voluntarily and less likely to be promoted (Hofstede *et al.*, 2010).

Employees tend to view the organization as possessing a personality, and attempt to interpret the actions of the organization (and its agents) by ascribing traits, motives, and values to it. If the organization's values and objectives are compatible with those of the employee, the employee's self-identity will be affirmed. This alignment of values should contribute to the perceived organizational support of the individual (Eisenberger

& Stinglhamber, 2011). Thus, an individual's perceived organizational support should be related to the culture (as reflected in its value structure) of the organization. An organizational culture that is supportive should be particularly effective in enhancing perceived organizational support through continued reinforcement of the positive valuation of employees (Minkov & Blagoev, 2011).

Hofstede (1980), on the other hand, defined culture as the collective programming of the mind which differentiates members of one human group in the society from the rest. The most influential model used by management researchers and which has formed the basis of most analyses of organizational culture is Hofstede's model. While most noted for his groundbreaking work on dimensions of national culture, Hofstede also identified six dimensions of organizational culture which can be used in defining the style of management in an organization (Contiu *et al.*, 2012). Most of the employees remain with the organization if they receive motivating tools such as bonuses but yet remuneration is not the only thing that can motivate employees to remain with the organization (Masaiti & Naluyele, 2011).

The biggest factor in attracting and most importantly retaining key employee is culture. It is important for employees to feel like they are part of a team, they require a link to the vision and direction of the organization and their co-employees, and they require ways of working better together, which ultimately lead to more cooperation. Recent research (Rashid *et al.,* 2009) established that discouraging organizational climate negatively affects job satisfaction which in turn may expedite employee turnover. Organizational culture is not a superficial concept, but a dynamic aspect in all organizations. Since all organizations have cultures, it is only logical that some organizational cultures stand lofty than others. Organizational culture can take one of two forms: strong or weak. The extent to which members of the organization adopt the organizational culture mainly depends on the type of culture that prevails within the organization (Sokro, 2012).

According to Koesmono (2014), a strong organizational culture is the set of values and beliefs that are strongly adhered to and shared widely within the organization, but such a culture requires the organization to do more culture specific investments, and such a culture is unlikely to change. This implies that in this form of culture, organizations should take serious actions to instill and spread its norms and values to its employees. On the other hand, weak organizational culture (Ashipaoloye, 2014) refers to values and beliefs not strongly and widely shared within the organization. This implies that individual members of the organization rely more on personal principles, norms and values. Organizations with a weak organizational culture engage little in culture specific investments, and such cultures are more volatile (Sandhu, 2011).

To guide the behaviour of its members, organizations with weak organizational cultures rely more on rules and regulations than on a shared understanding of values and beliefs, hence there is a strict emphasis of rules and regulations with which members' behaviour should be aligned. Since organizational culture has an influence on motivation of employees, it is necessary to understand motivation, how it develops and why it is necessary in an organization (Ashipaoloye, 2014). According to Suppiah and Sandhu (2011), the strength of an organizations culture is determined by the level of shared meaning of principles, norms and values; and the more universal the meaning is shared among the organization's members, the stronger the culture (Uddin *et al.*, 2012). An organizations' culture where employees' goals are aligned to the Organization's goals are often thought of as successful cultures (Karlsen, 2011).

2.3.1 Hofstede's six dimensions of culture

Psychologist Dr Geert Hofstede published his cultural dimensions' model at the end of the 1970s, based on a decade of research. Since then, it's become an internationally recognized standard for understanding cultural differences. Hofstede studied people who worked for IBM in more than 50 countries. Initially, he identified four dimensions that could distinguish one culture from another. Later, he added fifth and sixth dimensions, in cooperation with Drs' Michael, Bond and Michael Minkov (Minkov & Blagoev, 2011). These are: Power Distance Index (PDI), Individualism versus Collectivism (IDV), Masculinity versus Femininity (MAS) and Uncertainty Avoidance Index (UAI).

Power Distance Index (PDI) refers to the degree of inequality that exists and is accepted between people with and without power. A high PDI score indicates that a society accepts an unequal, hierarchical distribution of power, and that people understand "their place" in the system. A low PDI score means that power is shared and is widely dispersed, and that society members do not accept situations where power is distributed unequally (Hofstede *et al.,* 2010). Individualism versus Collectivism (IDV) refers to the strength of the ties that people have to others within their community. A high IDV score indicates weak interpersonal connection among those who are not part of a core "family." Here, people take less responsibility for others' actions and outcomes. In a collectivist society however, people are supposed to be loyal to the group to which they belong, and, in exchange, the group will defend their interests. The group itself is normally larger, and people take responsibility for one another's wellbeing (Minkov & Blagoev, 2011).

Masculinity versus Femininity (MAS) refers to the distribution of roles between men and women. In masculine societies, the roles of men and women overlap less, and men are expected to behave assertively (Hofstede *et al.*, 2010). Demonstrating your success, and being strong and fast, is seen as positive characteristic. In feminine societies, however, there is a great deal of overlap between male and female roles, and modesty is perceived as a virtue. Greater importance is placed on good relationships with your direct supervisors, or working with people who cooperate well with one another (Hofstede, 2010).

Uncertainty Avoidance Index (UAI) dimension describes how well people can cope with anxiety. In societies that score highly for Uncertainty Avoidance, people attempt to make life as predictable and controllable as possible. If they find that they can't control their own lives, they may be tempted to stop trying (Minkov, 2011). These people may refer to "mañana," or put their fate "in the hands of God." People in low UAI-scoring countries are more relaxed, open or inclusive. Bear in mind that avoiding uncertainty is not necessarily the same as avoiding risk. Hofstede argues that you may find people in high-scoring countries who are prepared to engage in risky behavior, precisely because it reduces ambiguities, or in order to avoid failure (Hofstede *et al.*, 2010).

Pragmatic Versus Normative (PRA) is a dimension is also known as Long-Term Orientation. It refers to the degree to which people need to explain the inexplicable, and is strongly related to religiosity and nationalism. In general terms, companies that score highly for PRA tend to be pragmatic, modest, long-term oriented, and thriftier. In low-scoring companies, people tend to be religious and nationalistic. Self-enhancement is also important here, along with a person's desire to please their parents (Minkov, 2011).

Hofstede's sixth dimension, discovered and described together with Michael Minkov, is also relatively new, and is therefore accompanied by less data. Companies with a high IVR score allow or encourage relatively free gratification of people's own drives and emotions, such as enjoying life and having fun (Minkov, 2011). In a society with a low IVR score, there is more emphasis on suppressing gratification and more regulation of people's conduct and behavior, and there are stricter social norms (Minkov & Blagoev, 2011).

2.4 Theoretical framework

The research was guided by the following theories; equity theory, resource based theory and transactional costs theory.

2.4.1 Equity theory

Equity theory recognizes that individuals are concerned not only with the absolute amount of rewards they receive for their efforts, but also with the relationship of this amount to what others receive. Based on one's inputs, such as effort, experience, education, and competence, one can compare outcomes such as salary levels, increases, recognition and other factors. When people perceive an imbalance in their outcome-input ratio relative to others, tension is created. This tension provides the basis for motivation, as people strive for what they perceive as equity and fairness (Adams, 1998). One of the prominent theories with respect to equity theory was developed through the work of J.S. Adams. Adams' theory is perhaps the most rigorously developed statement of how individuals evaluate social exchange relationships (Adams, 1998).

The major components of exchange relationships in this theory are inputs and outcomes. In a situation where a person exchanges her or his services for pay, inputs may include previous work experience, education, effort on the job, and training. Outcomes are those factors that result from the exchange (Al-Zawareh & Al Madi 2003). The most important outcome is likely to be pay with outcomes such as supervisory treatment, job assignments, fringe benefits, and status symbols taken into consideration also. Equity theory rests upon three main assumptions. First, the theory holds that people develop beliefs about what constitutes a fair and equitable return for their contributions to their jobs. Second, the theory assumes that people tend to compare what they perceive to be the exchange they have with their employers. (Adams, 1998).

The other assumption is that when people believe that their own treatment is not equitable, relative to the exchange they perceive others to be making, they will be motivated to take actions they deem appropriate. This concept of equity is most often interpreted in work organizations as a positive association between an employee's effort or performance on the job and the pay she or he receives. Adams (1963) suggested that individual expectations about equity or "fair" correlation between inputs and outputs are learned during the process of socialization and through the comparison with inputs and outcomes of others. To further establish the causes of perceived and actual inequity in organizations, Sweeney and McFarlin (2005) stated that feelings of inequitable treatment tend to occur when "people believe they are not receiving fair returns for their efforts and other contributions." The challenge therefore for organizations is to develop reward systems that are perceived to be fair and equitable and distributing the reward in accordance with employee beliefs about their own value to the organization (Sweeney & McFarlin, 2005).

The consequences of employees perceiving they are not being treated fairly create a variety of options for the employees (Al-Zawareh and Al Madi, 2003). These options include the employees reducing their input through directly restricting their work output, attempting to increase their output by seeking salary increases or seeking a more enjoyable assignment. Other possibilities are to decrease the outcomes of a comparison other until the ratio of that person's outcomes to inputs is relatively equal or increasing the other's inputs. In addition to the above mentioned, the employee could simply withdraw from the situation entirely, that is, quit the job and seek employment elsewhere (Armstrong, 2010).

2.4.2 Resource based theory (RBV)

Resource Based View is an approach to achieving competitive advantage that emerged in 1980s and 1990s, after the major works published by Wernerfelt, B. "The Resource-Based View of the Firm", Prahalad & Hamel "The Core Competence of the Corporation", and others. The supporters of this view argue that organizations should look inside the company to find the sources of competitive advantage instead of looking at competitive environment for it (Rothaermel, 2012).

The resource based view (RBV) posits that human and organizational resources more than physical, technical or financial resources can provide a firm with sustained competitive advantage because they are particularly difficult to emulate. How a firm's system among its other attributes, enable it to achieve competitive advantage is the central idea of resource based view. The RBV argues that firms possess resources, a subset of which enables them to achieve competitive advantage and a subset of those that lead to superior performance. To generate competitive advantage, the resource must be valuable, rare, and inimitable. The RBV points out that firms can sustain competitive advantage only by creating value in a way that is rare and difficult for competitors to imitate. Human resource systems can contribute to sustained competitive advantage through facilitating the development of competencies that are firm specific, promote complex social relationships and generate tacit organizational knowledge. Joo and Mclean (2006) state that engaged employees are strong assets for sustained competitive advantage and strategic asset. The theory is relevant to the current study as it addresses the effect of employee engagement and career development in employee retention.

2.4.3 The theory of transaction costs

The theory of transaction cost economics, also called social cost theory, is a contractual concept developed by British economist Ronald Coase in 1937 and refined by American economist Oliver Williamson in 1981. The theory addresses the importance of companies or firms in a market economy. The theory of the firm was traditionally one branch of Microeconomics which studied the supply of goods by profit-maximizing agents. In this theory, production costs played a crucial role. Coase (1937) was one of the first pointing out that in addition to production costs of the usual sort, one must also consider transaction costs in explaining institutions like the firm. He focused on the comparative transaction costs of alternative organizational structures, such as firms and markets. This theory was later extended by Oliver Williamson and became widely known as transaction-cost economics or more broadly the economics of organization (Williamson, 1981).

Transaction costs are costs e.g. in terms of money or time incurred when making an economic exchange. If we extend this term, transaction costs do not only include bilateral transactions but subsume contractual relationships between individuals. In general, transaction costs symbolize “friction losses”, i.e. the lost resources for the involved parties, but which are inevitable to reach certain goals. In firms, transaction costs may include the costs of organizing business activity over time, planning the future and limiting as well as allocating risks which may arise in the future. It therefore includes the elements of uncertainty and opportunism, which are both indispensable for debates in corporate governance (Hinkin & Tracey, 2008).

Coase (1937), argued in his article that transaction costs explain both the existence of firms and their optimal size. In “The Nature of the Firm” he identified certain transactions which are prohibitively costly if the parties involved could only deal with instant market transactions. In order to carry out a market transaction it is necessary to identify the party one wishes to deal with, establishing terms and conditions, conducting negotiations and concluding a contract. After the conclusion of the contract monitoring is needed to make sure that all terms and conditions are fulfilled. If slight changes are wished, the whole transaction process needs to be initiated again.

2.5 Research gap

Previous studies have reported that employee turnover could pose a serious threat to the growth and productivity of any business organization (Mrope & Bangi, 2014). In fact, Armstrong (2009) recognizes that employees’ turnover rates are considered to be one of the persistent problems in organizations. From the literature, the foremost critical issue for employees today in all industries is hiring and keeping qualified and capable employees. The researchers however, did not bring in the issue of how organizational culture can moderate the reduction of employee turnover. It is important to note that for manufacturing companies to stand the test of time in a highly competitive environment, the issue of employees' turnover must be addressed and organizational culture can help to leverage on the costs, although it may not be feasible for any organization to totally eliminate employees' turnover due to several reasons, nevertheless it could be reduced to the barest minimum.

2.6 Summary of Literature

It is apparent from the literature review that this study is necessary as stated in the statement of the problem. It is imperative to note that the success of any manufacturing company depends to a large extent on the quality of its labour force. The demand for human capital drives talent management which is gaining popularity as a significant predictor of employee and business performance as it enhances integration of new workers, developing and retaining existing workers. Retention strategy focus on five primary areas: attracting, selecting, engaging, developing and retaining employees. With the challenging world in terms of technology and the war for market share and capitalization, an organization has to appreciate the usefulness a good organizational culture to aid in staff retention.

2.7 Conceptual framework

The study was guided by the following conceptual framework with motivation strategy, reward strategy, training strategy and recruitment strategy as the independent variables and company turnover costs as the dependent variable and organization culture as a moderator. Motivation is key when retention of employees is concerned. Creating an organizational culture of employee motivation reduced the employees desire to exit the organization. Rewards also play a crucial role in reducing turnover. The availability of both financial and non-financial rewards in an organization helps in reducing turnover hence reduced company turnover costs. Training is one of the methods that organizations use to grow their employees and sharpen their skill, which leads to reduced mistakes and improves operational efficiency. Provision of such in an organization forms a basis of motivation and employees tend to stay longer because of this benefits, thus reducing company turnover costs. The process of employee recruitment can also act as a good strategy for reducing company turnover costs. Through recruitment, the organization can bring on board employees who are likely to stay longer. This can be achieved through structured interviews and doing background checks together with the behavioral tests. **Independent variable**

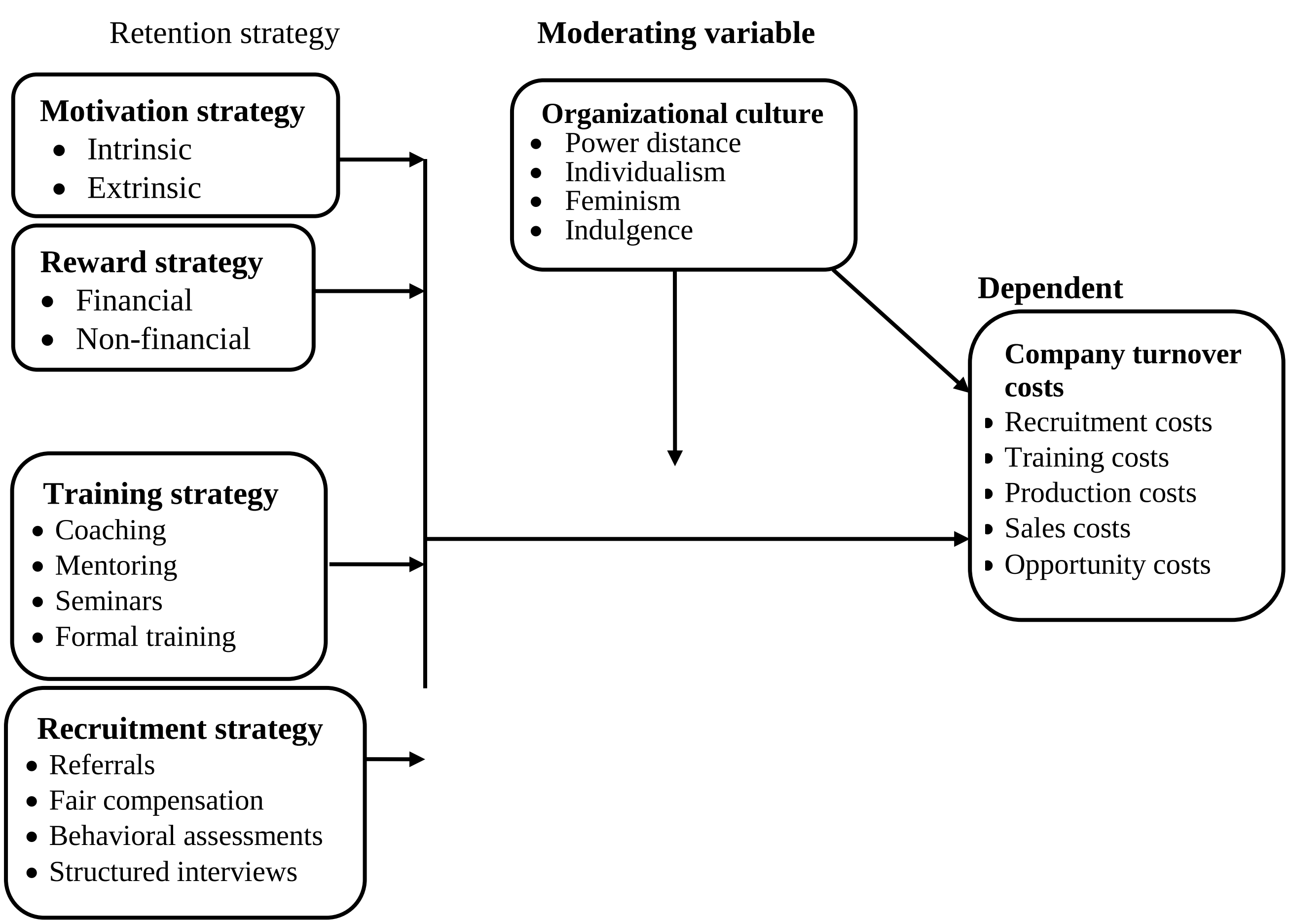


Figure 2.2 Conceptual model of the moderating role of organizational culture on relationship between retention strategy and turnover costs.

(Source: Author, 2017).

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter provides a detailed description of the selected research design, study area, target population, sample size and sampling procedure, data collection instruments and procedure, validity, reliability, measures of construct, data analysis, models and ethical considerations.

3.1 The Research design

This study adopted an explanatory research design. The design is basically concerned with assessing relationship among variables. It is based on the premise that if a statistically significant relationship exists between two variables, then it is possible to predict one variable using the information available on another variable (Bless and Higson-Smith, 2005). The explanatory research design is quantitative in nature and hypothesis is tested by measuring the relationships between variables and data is analyzed using statistical techniques. It will also include other types of quantitative research such as multiple regressions which attempt to identify causal relationships through the analysis of correlations between variables (Maxwell & Mittapalli 2008).

The explanatory research design will be suitable because the study is mainly concerned with quantifying a relationship or comparing groups purposely to identify a cause-effect relationship. The design will also be adopted as it supports the use of quantitative data and promotes comparison and statistical analysis. The present study was of explanatory type as we examine the relationship among variables of retention strategy on turnover costs of manufacturing companies using organizational culture as a moderator.

3.2 The study area

The research was based in Eldoret town targeting 13 manufacturing companies. Eldoret is a principal city in western Kenya which also serves as the capital of Uasin Gishu County. The population was 289,380 in the 2009 census, and it is currently the fastest growing town in Kenya. It is also the second largest urban center in Midwestern Kenya after Nakuru and the fifth largest urban center in the Kenya. (Kenya | U.S. Agency for International Development, 2013).

Eldoret is the fastest growing town in Kenya, which has been earmarked for a city status. In 2017, the government launched a special economic zone in Eldoret with 700-acre industrial park that will house firms focusing on agro-processing to other value addition industries. With the incoming of this development coupled with the already available manufacturing industries, competition for skilled and talented employees will be enhanced, thus firms that will not have sufficient retention strategy coupled with a conducive organization culture are bound to pay dearly for turnover costs.

3.3 Target population

The study targeted 130 respondents comprising of the management team. The target population is organized as shown in table 3.1.

Table 3.1 Target population

Category	**Target population**
Management	130
Total	**130**

(Source: Manufacturing firms in Eldoret town, 2017)

3.4 Sample size

Yamane's formula is used in statistical analysis as a tool to determine the sample size of a population that must be taken for a specific study. Since things like IQ scores tend to follow a predictable distribution pattern, it is easy to find an appropriate sample size for studying this topic (Yamane, 1967). Using the formula, statisticians can come up with a reliable sample size to study a given population without having to study the entire population individually. To decide how the sample size, the researcher adopted the Yamane formulae. Yamane's formula is used to calculate the sample size (n) given the population size (N) and a margin of error (e). It is computed as;

n = N/ (1+Ne^2) (Yamane, 1967).

Where;

n = the number of samples needed,

N = total population and

e = error tolerance.

The sample size was arrived at as follows,

Target population 130 respondents

Confidence level of 95% thus margin of error of 0.05.

n = N/ (1+Ne^2).

130/(1+130x0.05^2) = 98.113 thus 99 respondents will be sampled.

Table 3.2 provides an explanation on how the sample size for the medium manufacturing companies will be arrived at.

Table 3.2 Sample Size

Category	Target population	Sample size {n = N/ (1+Ne^2)}
Management	130	99
Total	**130**	**99**

(Source: Manufacturing companies in Eldoret town, 2017)

3.5 Sampling techniques

The research adopted a random sampling technique to select the respondents. Each individual was chosen entirely by chance and each member of the population has an equal chance of being included in the sample (Cochran & William, 2007).

3.6 Data collection instruments

Primary data was collected by use of questionnaires. Self-administered questionnaires with both closed ended and open ended questions were used. This is because the study is concerned with variables that cannot be directly viewed or observed like views, opinions, perception, feelings and attitudes of the respondents. Such information is best collected through the use of a questionnaire. The questions were structured according to the objectives of the study where section A contained questions on demographic information of the respondents and Section be to contain specific objective questions rated on a Likert scale of 1-5 where; (1- strongly disagree, 2- disagree, 3- neutral, 4- agree, 5-strongly agree).

3.6.1 Data collection procedure

After sampling and making all the preliminary preparations, the relevant authority was informed of the intended study to sensitize them on the whole exercise and enlighten the respondents at least a month in advance. This reduced suspicion and enhanced cooperation. The researcher personally administered the research tools after a prior visit to assist in refining timings for purpose of distribution of questionnaires. This also provided a rough picture of the respondents' expectations. The researcher agreed with the respondents when the research instruments are to be administered and specific dates for collecting the questionnaires was set. The respondents were given adequate time to respond to the questions.

3.7 Validity and reliability of research instruments

3.7.1 Validity

Hair *et al.* (2010) explain that scale validity assesses whether a scale measures what it is supposed to measure. The validity of a scale can be defined as the extent to which differences in observed scale scores reflect true differences in what is being measured, rather than systematic or random error (Hair *et al.*, 2010). The author asserts that a scale that reflects a perfect validity would contain no measurement error. Before the actual data collection took place, the researcher pre-tested the quality of the research instruments in companies that were not part of the final research activity. Both face and content validity measures were used. The research supervisors were consulted to check on whether the research instrument is valid and is able to answer the research questions appropriately. Suggestions from the supervisors were effected before the data collection process.

3.7.2 Measures of reliability

Hair *et al.* (2010) defined reliability as an assessment of the degree of consistency between multiple measurements of a variable. This study assessed the consistency of the entire scale with Cronbach's alpha and its overall reliability. Cronbach's alpha determines the internal consistency or average correlation of items in a survey instrument to gauge its reliability (Cronbach, 1951). Alpha coefficient ranges in value from 0 to 1 and may be used to describe the reliability of factors extracted from dichotomous (that is, questions with two possible answers) and/or multi-point formatted questionnaires or scales (i.e., rating scale: 1 = strongly disagree, 5 = strongly agree). The higher the score, the more reliable the generated scale is. Nunnaly (1978) has indicated 0.7 to be an acceptable reliability coefficient but lower thresholds are sometimes used in the literature. In order to validate the instrument, the study was considered construct validation using entire scale with Cronbach's alpha at a reliability coefficient more than 0.7 (Cronbach, 1951).

3.8 Measures of construct

Fourteen items on motivation were adopted from scale used by Taylor (2010) which was slightly modified to suit this study. Fourteen items on training was adopted from scale used by Simpson *et al.,* (2004) which was slightly modified to suit this study. Fourteen items on organizational reward systems was adopted from scale used Simpson *et al.* (2004) and was slightly modified to suit this study. Twelve items on organizational culture was adopted from scale used by Gundry and Rousseau 1994 and was slightly modified to suit this study. Seven items on turnover costs was adopted from scale used by Bliss (2007) which was slightly modified to suit this study.

3.9 Data analysis

The data gathered was prepared for analysis by editing, coding, categorizing and recording and analyzed using descriptive and inferential statistics then presented using frequency tables, percentages and pie charts. These methods ensured easy understanding of presented data and information.

3.9.1 Models

The hypotheses were tested using multiple regression analyses to analyze the moderating effect of organizational culture on the relationship between retention strategy and turnover cost of manufacturing companies in Eldoret, Kenya.

The research will adopt the following model;

$TC = \beta_0 + \beta_1 MS + \beta_2 RS + \beta_3 TS + \beta_4 \hat{R}S + e$……………………………………………………………………………..…………………i

$TC = \beta_0 + \beta_1 MS + \beta_2 RS + \beta_3 TS + \beta_4 \hat{R}S + \beta_5 OC + e$…………………………………………………………………………...…..………ii

$TC = \beta_0 + \beta_1 MS + \beta_2 RS + \beta_3 TS + \beta_4 \hat{R}S + \beta_5 OC + \beta_6 (MS*OC) + e$……………..…………………………………………………………………………...iii

$TC = \beta_0 + \beta_1 MS + \beta_2 RS + \beta_3 TS + \beta_4 \hat{R}S + \beta_5 OC + \beta_6 (MS*OC) + \beta_7 (RS*OC) + e$…………………………………………………………………………………...……iv

$TC = \beta_0 + \beta_1 MS + \beta_2 RS + \beta_3 TS + \beta_4 \hat{R}S + \beta_5 OC + \beta_6 (MS*OC) + \beta_7 (RS*OC) + \beta_8 (TS*OC) +$…………………………………………………………………...…………v

$TC = \beta_0 + \beta_1 MS + \beta_2 RS + \beta_3 TS + \beta_4 \hat{R}S + \beta_5 OC + \beta_6 (MS*OC) + \beta_7 (RS*OC) + \beta_8 (TS*OC) + + \beta_9 (\hat{R}S*OC)$..…………………………………………………………..vi

Where: TC = Turnover cost

MS = Motivation Strategy

TS = Training Strategy

RS = Reward Strategy

OC = Organizational Culture

$\hat{R}S$ = Recruitment strategy

3.10 Ethical considerations

Brydon-Miller (2008) argue that despite the high value of knowledge gained through research, knowledge cannot be pursued at the expense of human dignity. The major ethical issues of concern are informed consent, privacy and confidentiality, anonymity and researcher's responsibility. The researcher therefore, sought informed consent from the necessary authorities and the respondents before obtaining information from them. The researcher ensured that the respondents are made aware of the intended use of the data and that the information obtained was treated with confidentiality and that were not disclosed or discussed with any unauthorized persons. The respondents were notified that the intention of the study is for academic purpose only.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

The chapter describes the methods applied in order to achieve the study objectives. The chapter is organized as follows: response rate, reliability and validity analysis, back ground information, descriptive analysis, hypothesis testing and discussion of the study findings.

4.2 Response rate

Data was collected from management team drawn from different companies. A total 99 questionnaires were issued from which 93 were filled and returned which represents a response rate of 93.94 %(93). The response rate was considered satisfactory. Nyamjom, (2013) argues that a response rate of 75% was considered excellent and a representative of the population. The achieved response rate of 93.94% in the current study was more than 75% which implied that the response rate was very good. The success rate was attributed to the self-administration of the questionnaires by the researcher and follow-up calls to clarify queries were made thus enhancing the high response rate. The response rate is represented in table 4.1

Table 4.1 Response rate questionnaire

	Count	**Percentage**
Returned	93	93.94
Non returned	6	6.06
Total	**99**	**100**

(Source: Manufacturing companies in Eldoret town, 2017)

4.3 Descriptive results

The section was subdivided descriptive analysis for demographic information, independent and dependent variables.

4.3.1 Respondents gender

The study findings revealed that majority 48(51.6%) of the respondents were males, while 45(48.4%) were female as shown in Table 4.2. Though the manufacturing firms are skewed to males, it does not violate the gender based policy enshrined in the constitution which stipulates that none of the gender should be more than one third. Thus both genders were fairly sampled to generate representative data.

Given the difference was very small, it can be inferred that manufacturing firms in Eldoret are gender sensitive institutions that provide equal opportunities to both male and female employees. This agrees with Kireru (2013) that gender equality was very important as a trait as it can be used to improve talent management of all the staff involved. He argued that it fosters teamwork and also creates a sense of unity and an aspect of working together for a common goal with every individual effort being important to the attainment of the overall objectives.

Table 4.2 Respondents gender

	Frequency	**Percent**	**Cumulative Percent**
Male	48	51.6	51.6
Female	45	48.4	48.4
Total	**93**	**100.0**	

(Source: Manufacturing companies in Eldoret town, 2017)

4.3.2 Respondents age

The study sought to identify the different age categories of the respondents. As table 4.3 shows majority of the respondents were aged between 20 to 30 years as well as between 31 and 40 years as accounted for by 33 (35.5%), followed by 24.7% who aged between 41 to 50 years and 4.3% aged over 50 years. Therefore, the sample was representative enough to capture the views of different age groups in management in the private sector. The findings however imply that the respondents were young enough to provide valuable responses that pertains the relationship between retention strategy and turnover costs of manufacturing companies in Eldoret.

This is further reinforced by the fact that some of the respondents had stayed in the firm for more years hence conversant with the turnover costs of manufacturing companies in Eldoret. This agrees with Berry, (2010), that age is a restraining factor keeping employees on the job and decreasing turnover intention. Young workers have high expectations from the work place and hence at risk of turnover. This agrees with Kireru (2013) that younger employees are likely to leave than older ones. Older workers on the other hand prefer to retain their status quo, since they do not want to disrupt their benefits such as pension.

Table 4.3 Respondents age

	Frequency	Percent	Cumulative Percent
20-30 years	33	35.5	35.5
31-40 years	33	35.5	71.0
41-50 years	23	24.7	95.7
Over 50 years	4	4.3	100.0
Total	**93**	**100.0**	

(Source: Manufacturing companies in Eldoret town, 2017)

4.3.3 Descriptive results for years worked

The study sought to find out how long the employees involved in the study had worked in their manufacturing companies. From the findings in table 4.4, it was found that majority 44(47.3%) had served in the manufacturing companies for a period ranging between 1 to 5 years, followed by 34(36.6%) had served in the manufacturing companies for a period ranging between 6 to 10 years, with 10.8% who had worked for a period of 10 to 15 years. In addition, 3.2% had worked for a period of 16 to 20 years and 2.2% had worked for over 21 years.

This implies that majority of the respondents had worked in the manufacturing companies for a time long enough for them to understand the relationship between retention strategy and turnover costs of manufacturing companies in Eldoret. Studies suggest that for investment on human capital to be realized, employees should remain in the organization for a long period. How long an employee has worked in a firm gives them institutional memory and therefore places them in a vantage position to understand how the organization works.

Table 4.4 Years worked in manufacturing companies

	Frequency	**Percent**	**Cumulative Percent**
1 - 5 years	44	47.3	47.3
6 - 10 years	34	36.6	83.9
10 - 15 years	10	10.8	94.7
16 - 20 years	3	3.2	97.9
Over 21 years	2	2.1	100.0
Total	**93**	**100**	

(Source: Manufacturing companies in Eldoret town, 2017)

4.3.4 Respondents highest educational level

The employee's level of education was categorized into; O' level, diploma, bachelor's degree, masters and PhD as shown in Table 4.5. From the results majority 61(65.6% of the respondents had attained bachelor's degree level of education, followed by 22(23.7%) were diploma holders, 7.5% had secondary education, while 3.2% had master's degree qualifications. This implies that the manufacturing companies had a homogenous pool of staff though skewed towards bachelor holders. The findings agree with the findings by Malachi and Wario (2013) that 50% of the employees had university degrees while the rest had diplomas. The findings show that the respondents had sufficient academic qualifications not only to head departments but also to understand and appreciate the importance of retention strategy and turnover costs at whatever policy programs.

Table 4.5 Respondents highest educational level

	Frequency	Percent	Cumulative Percent
O' level	7	7.5	7.5
Diploma	22	23.7	31.2
Degree	61	65.6	96.8
Masters	3	3.2	100.0
Total	**93**	**100**	

(Source: Manufacturing companies in Eldoret town, 2017)

4.3.5 Term of service

The study findings revealed that majority 89.2% were under permanent and pensionable term of service, followed by 9.7% on contract and 1.1% were on probation as Table 4.6. This implied that majority of the respondents were working under permanent and pensionable term of service and thus were in a position to give reliable information on the relationship between retention strategy and turnover costs of manufacturing companies in Eldoret.

Table 4.6 Term of service

	Frequency	Percent	Cumulative Percent
Permanent and pensionable	83	89.2	89.2
Contract	9	9.7	98.9
Probation	1	1.1	100.0
Total	**93**	**100.0**	

(Source: Manufacturing companies in Eldoret town, 2017)

4.4 Descriptive analysis for independent and dependent variables

Descriptive analysis is used to describe the basic features of the data under study as they provide summaries about the sample and its measures. In the current study descriptive analysis included means, standard deviation, frequencies percentages and graphical presentations. The mean was used as a measure of central tendency while standard deviation was used as a measure of dispersion to inform how the responses were dispersed from the mean. On a five point Likert Scale the respondents were requested to indicate their level of agreement; strongly disagree, disagree, neutral, agree and strongly agree on the effect of the objectives on turnover costs of manufacturing organizations.

4.4.1 Motivation strategy

The first objective of the study was to establish the effect motivation strategy on turnover costs of manufacturing firms in Eldoret. The study sought to find out from respondents the extent to which their organizations view the effect of motivation strategy on turnover costs. The descriptive results for motivation strategy indicates that the employees of manufacturing firms neither agreed nor disagreed with mean and standard deviation values of (M = 3.02, SD = 0.794) respectively and was remarkably consistent as shown in Table 4.7. The employees of manufacturing firms neither agreed nor disagreed on motivation strategy. This agrees with Contiu *et al.,* (2012) that motivated members of an Organization are likely to be persistent, creative and productive whereas non-motivated members are inefficient and costly.

The satisfaction of employees in the organization is connected with internal organizational practices and personal preferences. The resulting factors show a connectedness of turnover and perception of equal and fair treatment. A perceived imbalance between colleagues at the same hierarchical level in the stated factors often leads to tendencies to leave the employment. Employee turnover is also influenced by unfair internal organizational practices. The surveyed employees rather leave their job positions ahead of time than view the lack of ethical action by the firm, machinations with finances and an unclear vision and future.

Table 4.7 Descriptive results on motivation strategy

	Mean	Std. Dev	Skewness	Kurtosis
The company has good leadership	3.74	1.17	-0.81	-0.22
The company has ensured job security	3.46	1.33	-0.31	-1.21
The company provides for family friendly HR practices	3.40	1.14	-0.43	-0.63
The company offers job related training	3.53	1.11	-0.83	0.04
The company provides career development	3.01	1.22	-0.20	-1.06
The company has provided pension scheme for staff	2.95	1.35	0.02	-1.37
There is good management of employee expectation	2.82	1.28	0.04	-1.12
The company has good induction process in place	3.17	1.15	-0.61	-0.75
The company offers a good salary structure	2.58	1.27	0.29	-1.14
The company has a good employee welfare plan	2.58	1.19	0.28	-1.07
The company has good staff medical insurance plan	2.39	1.23	0.67	-0.51
The company has good working environment	3.23	1.22	-0.63	-0.75
The company has staff provident fund	2.43	1.23	0.63	-0.73
The company has a timely payment process	3.06	1.37	-0.25	-1.29
Overall mean	**3.02**	**.794**	**.143**	**-.722**

(Source: Author, 2017)

4.4.2 Training strategy

The second objective of the study sought to determine the effects of training strategy on company turnover costs. It was important to note that there was training strategy in manufacturing organizations since majority (M =2.89, SD =0.84) neither agreed nor disagreed that it affects turnover costs as shown in table 4.8.

The findings agree with Walker (2007) that career development plan for employees play a vital role in the retention of employees. Providing career development opportunities restrict employees from leaving the organization and increases loyalty. Also it concurs with Birt, (2007) that the world of work has also undergone changes in both the nature of work and the emergence of new forms of work, which result from innovation, the development of new knowledge, increased competition and other factors.

Table 4.8 Descriptive results on training strategy

	Mean	Std. Deviation	Skewness	Kurtosis
The company has employee coaching guidelines	3.43	1.29	-0.64	-0.66
The company provides for staff mentorship	3.14	1.21	-0.42	-0.96
The company facilitates seminars	3.44	1.15	-0.63	-0.44
The company incorporates role play in task execution	2.83	1.33	-0.10	-1.46
The company allows and facilitates formal training	3.01	1.29	-0.30	-1.19
The company offers on-the job training	3.10	1.31	-0.69	-1.12
The company offers simulation training	2.34	1.20	0.53	-0.93
The company encourages self-directed learning	2.81	1.29	-0.22	-1.56
The company offers apprenticeship training	2.48	1.20	0.25	-1.27
The company allows job shadowing	2.13	1.01	0.70	-0.27
The company provides mandated training	2.77	1.23	-0.23	-1.39
The company offers new hire training	2.99	1.33	-0.49	-1.36
The company provides management training	2.81	1.28	-0.14	-1.21
The company provides systems training	3.22	1.30	-0.68	-0.94
Overall mean	**2.89**	**0.84**	**-0.26**	**-0.87**

(Source: Author, 2017)

4.4.3 Reward strategy

The third objective of the study sought to determine the effects of reward strategy on company turnover costs. The overall mean score and standard deviation for reward strategy was (M =2.7, SD =0.72) indicating that respondents neither agreed nor disagreed on reward strategy as indicated in table 4.9 below. This agrees with Ahmad *et al., (*2013) that rewards go beyond standard remuneration by embracing the organizations culture, and is aimed at giving all employees a voice in the operation, with the employer in return receiving an engaged employee performance.

Table 4.9 Descriptive results on reward strategy

	Mean	**Std. Deviation**	**Skewness**	**Kurtosis**
The company recognizes good performance	3.43	1.22	-0.51	-0.71
The company has created a sense of job autonomy	3.16	1.29	-0.37	-1.14
The company has performance bonus scheme for staff	2.51	1.20	0.39	-1.02
The company facilitates for travelling allowance	3.42	1.24	-0.64	-0.62
The company issues certificate of achievement	2.65	1.26	0.27	-1.18
The company has put up a wall of fame	2.41	1.24	0.44	-1.02
The company issues gift cards	2.77	1.43	-0.02	-1.51
The company has an award for years of service	2.59	1.39	0.33	-1.33
The company has an employee appreciation	2.25	1.24	0.67	-0.89
The company provides for annual bonuses	2.29	1.19	0.63	-0.79
The company praises staff verbal	2.83	1.33	-0.30	-1.52
The company gives out company-branded gear	2.92	1.35	-0.38	-1.47
The company has profit sharing scheme	1.91	0.94	1.06	0.43
The company provides for leave allowance	2.65	1.40	0.47	-1.15
Overall mean	**2.70**	**0.72**	**0.23**	**-0.56**

(Source: Author, 2017)

The findings agree with Patricia and Jay (2000) that total reward components which refer to individual growth, compelling future, total pay and positive workplaces. They hold that people work for more than just pay, they are also looking for an organization which has a powerful vision of where it is going and how it plans to get there, and they want to get individual growth in acquiring skills that prepare them to add value to the business. Thus, combinations of base pay, variable pay, recognition and celebration and benefits are essential to providing a complete total reward package.

4.4.4 Recruitment strategy

The fourth objective of the study sought to determine the effects of recruitment strategy on company turnover costs. The respondents neither agreed nor disagreed on recruitment strategy since the overall mean score and standard deviation (M =2.91, SD =0.8) was obtained as shown in table 4.10

The respondents agreed on the statement that the company recognizes good performance and company facilitates for travelling allowance. This agrees with Hendricks, (2006) that recruitment is the process of finding and hiring the best-qualified candidate (from within or outside of an organization) for a job opening, in a timely and cost effective manner.

This agrees with Butcher, (2007) that recruitment provides an opportunity to select from a pool of qualified applicants. Employee retention starts at orientation. After the orientation, feedback should be given as to what was effective and what should be done differently for future orientations.

HRM should provide an outline of relevant information to new employees regarding policies, values, operations, and culture. It should be thorough and include time in the training for questions from new employees. HR department is responsible for designing a plan for employee retention. Treating all employees with dignity and respect is the key in retaining employees. The objective of HRM is to help an organization meet strategic goals by attracting and maintaining employees as well as manage them effectively (Butcher, 2007).

Table 4.10 Descriptive results on recruitment strategy

	Mean	**Std. Deviation**	**Skewness**	**Kurtosis**
The company gives enough recruitment time	3.39	1.22	-0.45	-0.77
The company encourage employee referrals	3.42	1.25	-0.41	-0.99
The company screens job applicants for cultural fit	2.86	1.26	-0.03	-1.11
The company offers fair compensation	2.81	1.30	0.10	-1.24
The company creates a positive onboarding experience	2.82	1.23	-0.03	-1.16
The company carries out behavioral assessments	2.68	1.21	0.05	-1.29
The company employs both 5-point and 7-point assessment scale	2.54	1.18	0.28	-1.09
The company provides for a good gender mix	2.75	1.27	-0.07	-1.40
Overall mean	**2.91**	**0.80**	**0.13**	**-0.95**

(Source: Author, 2017)

4.4.5 Organization culture

The moderator variable during the study was organization culture. The respondents rated the organization culture to be above average since the overall mean score and standard deviation of 3.11 and 0.7 respectively was obtained as indicated in table 4.11. The respondents disagreed that company provides for fairness of rewards. This agrees

Contiu *et al.,* (2012) that employees are conscious of organizations culture, and they learn it in their life at workplace, then align their professional goals with the organization's goals. These values, rules, beliefs and principles also govern the management practices and systems used by an Organization (Sokro, 2012). Organizational culture helps the organizations members understand what the organizational culture stands for, how it operates, and what is its area of focus and scope of practice (Suppiah & Sandhu 2011).

Table 4.11 Descriptive results on organization culture

	Mean	**Std. Deviation**	**Skewness**	**Kurtosis**
The company upholds power distance	3.76	1.23	-0.83	-0.21
The company's support for masculinity	3.57	1.16	-0.48	-0.56
The company's support for feminism	2.86	1.19	-0.27	-1.06
There is uncertainty management by the company	2.77	1.31	0.22	-1.13
The company embraces commitment of employees	3.27	1.28	-0.62	-0.86
There company has rules and regulations	3.69	1.34	-1.06	-0.09
There is solidarity of employees in the company	3.35	1.28	-0.70	-0.65
The company has provided for continuous learning	2.77	1.28	-0.11	-1.30
The company provides for fairness of rewards	2.43	1.25	0.55	-0.86
The company provides for internal cooperation	2.89	1.28	-0.18	-1.31
In our company there is personnel involvement	3.04	1.25	-0.53	-1.15
The company upholds the knowhow of personnel	2.87	1.27	-0.21	-1.20
Overall mean	**3.11**	**0.70**	**-0.49**	**-0.21**

(Source: Author, 2017)

4.4.5 Turnover cost

The dependent variable during the study was the turn over costs. Majority of the respondents strongly agreed that the company incurs lost production costs as accounted by a mean of 4.13 and standard deviation of 1.07. The company incurs lost sales costs and incurs lost sales costs since majority of the respondents agreed as shown by a mean of 4.05 and 4.03 respectively. The 5 statements used to explain turnover cost had an overall mean score of 4.00 and a standard deviation of 0.88. This shows an indication that respondents agreed on the company turnover costs associated with employee turnover as shown in table 4.12.

Table 4.12 Descriptive results on turnover cost

	Mean	**Std. Deviation**	**Skewness**	**Kurtosis**
The company incurs training costs	3.87	1.15	-0.96	0.17
The company incurs lost production costs	4.13	1.07	-1.37	1.26
The company incurs lost sales costs	4.05	0.98	-1.24	1.27
The company experiences lost opportunity costs	4.03	1.08	-1.18	0.75
The company has to content with recruitment costs	3.92	1.14	-0.92	-0.13
Overall mean	4.00	0.88	-1.06	0.71

(Source: Author, 2017)

4.5 Reliability and validity analysis

4.5.1 Reliability of the constructs

Reliability is the extent to which a variable is consistent in what was supposed to measure (Hair *et al*., 2010). Reliability of the items for the study was assessed by determining the items' Cronbach's alpha coefficients. A research instrument is reliable if after being administered to different groups of respondent's yields consistent results.

Various methods such as inter rater reliability used to test how different observers give consistent ratings on a research instruments, test retest which is evaluated on same group for different time periods, reliability was evaluated on similar research instrument at different time periods and internal consistency reliability evaluated to test the internal consistency across the research items mostly tested using Cronbach's alpha. The Cronbach's alpha measures reliability using coefficient ranging between 0 to 1.

In the current study Cronbach Alpha was used as a measure of internal consistency. All the variables construct considered had recorded Cronbach's alpha reliability coefficient of above 0.7. Such as motivation (0.820); Training (0.834), reward (0.802), culture (0.774), turnover (0.845) and recruitment (0.721). All the dimensions in the construct had exceeded the recommended threshold value of 0.70 for Cronbach's alpha coefficients demonstrating good internal consistency. The generally acceptable level of Cronbach's alpha is above 0.70 and it may decrease to 0.60 in exploratory research (Hair *et al*., 2010) and the desired minimum level of Cronbach's alpha for this study was above 0.70.

Table 4.13 Reliability statistics

Variable	Cronbach's Alpha	No. of Items
Motivation	.820	14
Training	.834	14
Reward	.802	14
Culture	.774	12
Turnover cost	.845	5
Recruitment	.721	8

(Source: Author, 2017)

4.5.2 Validity of the constructs

Validity refers to the extent to which a research instrument measures what it was intended to measure (Zikmund *et al*., 2010). The degree to which a research instrument measures what it is supposed to measure is called validity. Prior to using the questionnaire for data collection the researcher discussed it with the supervisors and colleagues. During the pilot survey the questionnaire was administered to 99 employees working in manufacturing firms in Eldoret. Since the researcher self-administered the questionnaire he encouraged the respondents to express their opinion on the clarity and clearness of the questions in the questionnaire. The respondent's opinion was used to improve the research instrument for the final study.

4.6 Factor analysis

Factor analysis was employed in this regard to help in identifying the actual number of factors that actually measured each construct as perceived by the respondents. The validity of the instrument was measured through Bartlett's Test of Sphericity (Muhammad, 2009). In addition, Kaiser-Mayor-Oklin measures of sampling adequacy (KMO) was applied to test whether the correlation between the study variables exist. The component factor analysis with varimax rotation was conducted on all variables to extract factors from the scales of each construct. Based on the previous works of (Hair *et al.*, 2010) all items loading below 0.50 were deleted and those with more than 0.50 loading factor retained. All items were well loaded into their various underlying variable structure of dimensions. The principle component analysis and Varimax rotation were performed, all the items that had factor loadings lower than 0.50 were eliminated as postulated by Hair *et al.,* (2010). After performing the factor analysis of each variable, the statement responses were summed to create a score and subjected to inferential analysis.

Motivation strategy

The factor analysis results of motivation strategy, indicated that the KMO was 0.843 and the Bartlett's Test of sphericity was significant ($p<.05$) as shown in Table 4.14. The Varimax rotated principle component resulted in three factor loading on motivation strategy variable that explained 66.19 % of variance with Eigen values larger than 1. However, all the fourteen statements explaining motivation strategy were retained for further analysis.

Table 4.14: Factor analysis of motivation strategy

	Component		
	1	**2**	**3**
The company has good leadership		.675	
The company has ensured job security			.711
The company provides for family friendly HR practices		.808	
The company offers job related training		.742	
The company provides career development		.793	
The company has provided pension scheme for staff	.786		
There is good management of employee expectation	.755		
The company has good induction process in place	.669		
The company offers a good salary structure	.766		
The company has a good employee welfare plan	.809		
The company has good staff medical insurance plan	.719		
The company has good working environment	.787		
The company has staff provident fund	.687		
The company has a timely payment process	.641		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	843		
Bartlett's Test of Sphericity (df =91)	.000		
Total variance explained	66.195		

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 8 iterations.

(Source: Author, 2017)

Training strategy

The factor analysis results of training strategy, indicated that the KMO was 0.866 and the Bartlett's Test of sphericity was significant ($p<.05$) as shown in Table 4.15). The Varimax rotated principle component resulted in three factor loading on training strategy variable that explained 66.96% of variance with Eigen values larger than 1. However, all the fourteen statements explaining training strategy were retained for further analysis.

Table 4.15: Factor analysis of training strategy

	Component		
	1	**2**	**3**
The company has employee coaching guidelines			.831
The company provides for staff mentorship			.722
The company facilitates seminars		.804	
The company incorporates role play in task execution		.593	
The company allows and facilitates formal training		.733	
The company offers on-the job training	.591	.598	
The company offers simulation training			
The company encourages self-directed learning	.821		
The company offers apprenticeship training	.690		
The company allows job shadowing	.599		
The company provides mandated training	.794		
The company offers new hire training	.882		
The company provides management training	.797		
The company provides systems training	.725		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.866		
Bartlett's Test of Sphericity (df =78)	.000		
Total variance explained	66.96		

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

(Source: Author, 2017)

Reward strategy

The factor analysis results of reward strategy, indicated that the KMO was 0.800 and the Bartlett's Test of sphericity was significant ($p<.05$) as shown in Table 4.16. The Varimax rotated principle component resulted in four factor loading on reward strategy variable that explained 68.31 % of variance with Eigen values larger than 1. However, all the fourteen statements explaining reward strategy were retained for further analysis.

Table 4.16 Factor analysis of reward strategy

	Component			
	1	**2**	**3**	**4**
The company recognizes good performance		.734		
The company has created a sense of job autonomy		.838		
The company has performance bonus scheme for staff		.676		
The company facilitates for travelling allowance			.907	
The company issues certificate of achievement	.561			
The company has put up a wall of fame	.648			
The company issues gift cards	.796			
The company has an award for years of service	.695			
The company has an employee appreciation day	.856			
The company provides for annual bonuses	.775			
The company praises staff verbal	.735			
The company gives out company-branded gear	.746			
The company has profit sharing scheme	.613			
The company provides for leave allowance				.846
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.800			
Bartlett's Test of Sphericity (df =91)	.000			
Total variance explained	68.31			

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 5 iterations.

(Source: Author, 2017)

Recruitment strategy

The factor analysis results of recruitment strategy, indicated that the KMO was 0.770 and the Bartlett's Test of sphericity was significant ($p<.05$) as shown in Table 4.17. The Varimax rotated principle component resulted in two factor loading on recruitment strategy variable that explained 63.24 % of variance with Eigen values larger than 1. Only the statement that company gives enough recruitment time was deleted and the other statements retained for further analysis.

Table 4.17 Factor analysis of recruitment strategy

	Component	
	1	**2**
The company gives enough recruitment time		
The company encourage employee referrals		.863
The company screens job applicants for cultural fit	.629	
The company offers fair compensation		.735
The company creates a positive onboarding experience	.728	
The company carries out behavioral assessments	.845	
The company employs both 5-point and 7-point assessment scale	.917	
The company provides for a good gender mix	.859	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.770	
Bartlett's Test of Sphericity (df =28)	.000	
Total variance explained	63.24	

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

(Source: Author, 2017)

Organization culture

The factor analysis results of organization culture indicated that the KMO was 0.737 and the Bartlett's Test of sphericity was significant ($p<.05$) as shown in Table 4.18. The Varimax rotated principle component resulted in four factor loading on organization culture variable and explained 67.74% of variance with Eigen values larger than 1. All the eight statements were retained for further analysis.

Table 4.18 Factor analysis of organization culture

	Component			
	1	**2**	**3**	**4**
The company upholds power distance				.821
The company's support for masculinity				.818
The company's support for feminism	.515			
There is uncertainty management by the company			.767	
The company embraces commitment of employees			.792	
There company has rules and regulations		.860		
There is solidarity of employees in the company		.838		
The company has provided for continuous learning	.885			
The company provides for fairness of rewards	.805			
The company provides for internal cooperation	.669			
In our company there is personnel involvement		.527		
The company upholds the knowhow of personnel	.521		.510	
The company upholds the knowhow of personnel	.566			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	0.732			
Bartlett's Test of Sphericity (df =66)	.000			
Total variance explained	67.74			

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 6 iterations.

(Source: Author, 2017)

Turnover cost

The turnover cost factor analysis results had KMO of 0.780 and a significant ($p<.05$) Bartlett's Test of Sphericity (Table 4.19). Only one component was extracted and there was no need for Varimax rotation which explained 66.58 % of the variance.

Table 4.19 Factor analysis of turnover cost

	Component
	1
The company incurs training costs	.652
The company incurs lost production costs	.891
The company incurs lost sales costs	.879
The company experiences lost opportunity costs	.863
The company has to content with recruitment costs	.769
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.780
Bartlett's Test of Sphericity (df =10)	.000
Total Variance Explained	66.577

a. 1 component extracted.

(Source: Author, 2017)

4.7 Inferential statistics

Having described the study variables using descriptive statistics the study sought to establish the moderating role of organizational culture on the relationship between retention strategy and turnover costs of manufacturing companies in Eldoret, Kenya. The researcher sought to establish the bivariate nature of both dependent and independent variables. According to Kothari (2007) in order to evaluate the bivariate nature of two variables the researcher can either apply correlation to establish the strength of the relationship between the dependent and independent variable or regression analysis to establish the nature of the relationship between the dependent variable and independent variable. In this both correlation and regression analysis will be used as inferential statistics. The 5 % level of significance was taken as the level of decision criteria whereby the null hypothesis was rejected if the *p* value was less than 0.05 and accepted if otherwise.

4.7.1 Correlation results

The study sought to find out the strength of the relationship between motivation, training, reward and recruitment strategies, organizational culture and turnover costs of manufacturing companies in Eldoret, Kenya. To achieve this Pearson's moment correlation was used. It was appropriate because all the variables were in ratio scale. Correlation coefficient (rho) was used as the measure of the strength of the relationship. The study findings depicted that there is a significant positive relationship between motivation strategy and turnover costs (r=0.788, p-value=0.00) as shown in Table 4.20. Therefore, an increase in motivation will lead to an increase in turnover costs. There is a significant positive relationship between training strategy and turnover costs (r= 0.831, p value =0.000). An increase in training strategy in manufacturing firms leads to an increase in turnover costs.

Results of the study showed that there is a significant positive/negative relationship between reward strategy and turnover costs (r=0.831, p value =0.00). This implies that an increase in reward strategy reduces/improves the rate of turnover costs. The study findings showed that there is a significant positive relationship between recruitment strategy and turnover costs (r =0.750, p value =0.000). The most influential factor in relation to and turnover costs was training and reward strategy since it had the highest correlation coefficients. The study findings showed that there is a significant negative/positive relationship between organization culture and turnover costs (r

=0.595, p value =0.000). Therefore, organization culture positively influences turnover costs.

Table 4.20 Correlation analysis

		Turnover	Motivation	Training	Rewards	Recruit	Culture
Turnover	Pearson Correlation	1					
	Sig. (2-tailed)						
Motivation	Pearson Correlation	.788**	1				
	Sig. (2-tailed)	.000					
Training	Pearson Correlation	.831**	.826**	1			
	Sig. (2-tailed)	.000	.000				
Rewards	Pearson Correlation	.831**	.820**	.871**	1		
	Sig. (2-tailed)	.000	.000	.000			
Recruitment	Pearson Correlation	.750**	.725**	.824**	.847**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
Culture	Pearson Correlation	.595**	.720**	.750**	.805**	.700**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	

**. Correlation is significant at the 0.01 level (2-tailed).
b. Listwise N=93

(Source: Author, 2017)

Motivation increase leads to an increase in turnover costs. This agrees with Condly (2010), that higher levels of motivation can translate into a 53 percent reduction in employee turnover. An increase in reward strategy improves the rate of turnover costs. This agrees with Contiu *et al.*, (2012) that there should be an effective reward system to retain the high performers in organizations and reward should be related to their productivity. There is a significant positive relationship between training strategy and turnover costs.

This agrees with Staffan & Ellström, (2012) that the primary goals of many employee development programs is to communicate the vision of the organization, help workers understand the corporate values and culture, and show employees at every level how they can help the company succeed.

Although the need for technical training in a specific position will never disappear, understanding an organization's culture and fitting into it are becoming increasingly important for employee success. There was a significant positive relationship between recruitment strategy and turnover costs. This agrees with Sullivan, (2009) that recruitment is the cornerstone of human capital management. There is a need to strike a balance at the recruitment stage between sending out messages which are entirely positive and sending out messages which are realistic. It is important not to mislead candidates about the nature of the work that they will be doing.

The organization culture positively influences turnover costs. This agrees with Hofstede *et al.*, (2010) that culture supports the mission of the organization, that if an organization's culture is to be truly effective it must not only be efficient it must also be appropriate to the needs of the organization. Organizational culture is integral to the identity of an organization and reflects the fundamental values important to that organization (Bellou, 2010). A strong organizational culture makes an organization efficient by ensuring that members are aware of what is important, what needs to be done, and how the required tasks should be accomplished. Organizational culture emerges from social interaction and is defined in terms of its values and beliefs, which are manifested in the practices of the organization.

4.8 Test of regression assumptions

Meaningful data analysis relies on the researcher's understanding and testing of the assumptions and the consequences of violations. Multiple linear regression requires at least two independent variables, which can be nominal, ordinal, or interval/ratio level variables. The assumptions of multiple linear regression that were identified as primary concern in the research include linearity, homoscedasticity, normality, and Multicollinearity. This section specifically presented each assumption and address how to test for each assumption, and the interpretation of results.

Linearity assumption

Linearity defines the dependent variable as a linear function of the predictor (independent) variables (Darlington, 1968). Multiple linear regression requires the relationship between the independent and dependent variables to be linear. The linearity assumption was tested with scatterplots and all the values were correlated. Figure 4.2 visually demonstrates two examples of a curvilinear relationship (left) and a linear relationship (right).

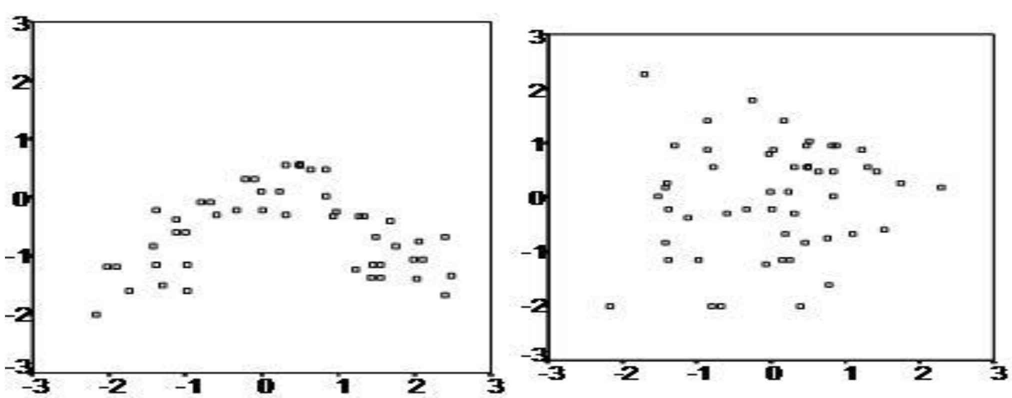


Figure 4.1. Scatterplots showing relationships with standardized residuals by predicted values

Homoscedasticity assumption

The assumption of homoscedasticity refers to equal variance of errors across all levels of the independent variables (Osborne & Waters, 2002). This means that researchers assume that errors are spread out consistently between the variables (Keith, 2006). The rule of thumb for this method is that the ratio of high to low variance less than ten is not problematic (Keith, 2006). Bartlett's and Hartley's tests have been identified in the research as flexible and powerful tests to assess homoscedasticity (Aguinis et al., 1999).

Multicollinearity assumption

Multiple linear regression assumes that there is no multicollinearity in the data. Multicollinearity occurs when the independent variables are too highly correlated with each other (Darlington, 1968; Keith, 2006). The researcher should be able to interpret regression coefficients as the effects of the independent variables on the dependent variables when collinearity is low (Keith, 2006). The more variables overlap (correlate) the less able researchers can separate the effects of variables. Multicollinearity was checked by the use of Variance Inflation Factor (VIF). The VIFs of the linear regression indicate the degree that the variances in the regression estimates are increased due to multicollinearity. VIF values higher than 10 indicate that multicollinearity is a problem. None of the researchers VIF values exited 10 (Mason & Perreault Jr., 1991).

Normality assumption

Multiple regression assumes that variables have normal distributions (Osborne & Waters, 2002). This means that errors are normally distributed, and that a plot of the values of the residuals will approximate a normal curve (Keith, 2006). Multiple linear regression analysis requires that the errors between observed and predicted values (i.e., the residuals of the regression) should be normally distributed. This assumption was checked by ensuring all the variables are normally distributed and use random sampling.

4.9 Multiple hierarchical regression analyses and hypotheses testing

In order to fit the data into the conceptualized model in the conceptual framework, ordinary regression analysis was chosen since the dependent variable was in ratio scale (turnover costs). In this section the coefficient of determination (R square) was used as a measure of the explanatory power, to show how the independent variables explain the dependent variable. Adjusted R square was used as a measure of explanatory power of the independent variable in exclusion of the dependent variable. The F statistics (ANOVA) was used as a measure of the model goodness of fit. The regression coefficient summary was used to explain the nature of the relationship between the dependent and independent variables.

In this part the stepwise analysis included multiple and hierarchical regression models to test the hypotheses. In order to test whether there is a moderating role of organizational culture on the relationship between retention strategy and turnover costs of manufacturing companies, their interactions were tested. The study followed the suggestions given by Aiken and West (1991) to standardize all the predictor variables to reduce multicollinearity problem that arises when a moderator variable is computed as a product of two predictor variables. To avoid multicoilinearity risk created by generating a new variable through multiplying two existing variable, interacted variables were converted to Z scores with mean of zero and standard deviation of one. The interaction variables were therefore created by multiplying the standardized variables together.

In a six-step hierarchical regression, step 1, multiple regressions on the four independent variables; motivation, training, reward and recruitment strategies were entered and they were hypothesized as follows: motivation has no significant effect on turn over costs, training has no significant effect on turn over costs, reward strategy has no significant effect on turn over costs, recruitment strategy has no significant effect on turn over costs respectively. In step 2, the moderator variable organizational culture was introduced.

Step 3, 4, 5 and 6 interactions of organization culture and the four variables of retention strategies were introduced and explained as follows. First, organizational culture was hypothesized not to moderate effect of motivation strategy on turn over costs (sub-hypothesis H_{O6a}). Second, organizational culture was hypothesized not to moderate effect of training strategy on turn over costs (sub-hypothesis H_{O6b}). Third, organizational culture was hypothesized not to moderate effect of reward strategy on turn over costs (sub-hypothesis H_{O6c}). Lastly, organizational culture was hypothesized not to moderate effect of recruitment strategy on turn over costs (sub-hypothesis H_{O6d}).

4.9.1 Model summary on interactions between organizational culture and retention strategies variables on turn over costs

Hierarchical regression model summary results between retention strategies and turn over costs, indicates that the four independent variables explained 75% (R^2 = 0.750) of the variance on turn over costs and they were statistically significant as shown in model 1. The moderator organization culture explained only 78.2% (R^2 = 0.782) of the variance on turn over costs thus contributing an additional R^2 of 0.032 (3.2%) which was significant as shown in model 2 as shown in Table 4.21.

Model summary interaction results shows that model 3 interaction of Z score motivation *Z score culture which explained 78.3% (R^2 = 0.783) of the variance on turn over costs which resulted in R^2 change of 0.01 (0.0%) which was not significant as shown in model 3. In addition, interaction of Z score training * Z score culture explained 79.4% (R^2 = 0.794) of the variance in turn over costs. This contributed additional R^2 of 0.011 (1.1%) which was significant as shown in model 4. The interaction of Z score reward * Z score culture explained 79.8% (R2 = 0.798) of the variance in turn over costs. This contributed additional R^2 of 0.005 (0.5%) which was not significant as shown in model 5. The interaction of Z score recruitment * Z score culture explained 79.9% (R^2 = 0.799) of the variance in turn over costs. This contributed R^2 change of 0.000 (0%) which was not significant as shown in model 6.

Table 4.21: Model summary on interactions between organizational culture and retention strategies variables on turn over costs

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.866[a]	.750	.739	.51085782	.750	66.131	4	88	.000
2	.885[b]	.782	.770	.47959695	.032	12.846	1	87	.001
3	.885[c]	.783	.768	.48211015	.000	.095	1	86	.758
4	.891[d]	.794	.777	.47231299	.011	4.605	1	85	.035
5	.894[e]	.798	.779	.46979556	.005	1.913	1	84	.170
6	.894[f]	.799	.777	.47236026	.000	.090	1	83	.765

a. Dependent Variable: ZTurnover
b. Predictors: (Constant), ZRecruitment, ZMotivation, ZTraining, ZRewards
c. Predictors: (Constant), ZRecruitment, ZMotivation, ZTraining, ZRewards, ZCulture
d. Predictors: (Constant), ZRecruitment, ZMotivation, ZTraining, ZRewards, ZCulture, ZMotCul
e. Predictors: (Constant), ZRecruitment, ZMotivation, ZTraining, ZRewards, ZCulture, ZMotCul, ZTracul
f. Predictors: (Constant), ZRecruitment, ZMotivation, ZTraining, ZRewards, ZCulture, ZMotCul, ZTracul, ZRewcul
g. Predictors: (Constant), ZRecruitment, ZMotivation, ZTraining, ZRewards, ZCulture, ZMotCul, ZTracul, ZRewcul, ZReccul

(Source: Author, 2017)

4.9.2 Interactions between organizational culture and retention strategies variables on turn over costs ANOVA Results

Results indicated by model 1, 2, 3, 4, 5 and 6 shows good model fit as illustrated by overall test of significance with p value 0.000 (< 0.05 level of significance). Model one was not significant as summarized in Table 4. In other words, the independent variables, moderator and the four interactions were statistically highly significant predictors of turn over costs (Table 4.22). Thus, models 2 to 6 in were valid and fit to predict turn over costs using interaction of the five independent variables with organizational culture.

Table 4.22 Interactions between organizational culture and retention strategies variables on turn over costs ANOVA Results

Model		*Sum of Squares*	*df*	*Mean Square*	*F*	*Sig.*
1	Regression	69.034	4	17.259	66.131	.000[b]
	Residual	22.966	88	.261		
	Total	92.000	92			
2	Regression	71.989	5	14.398	62.595	.000[c]
	Residual	20.011	87	.230		
	Total	92.000	92			
3	Regression	72.011	6	12.002	51.636	.000[d]
	Residual	19.989	86	.232		
	Total	92.000	92			
4	Regression	73.038	7	10.434	46.773	.000[e]
	Residual	18.962	85	.223		
	Total	92.000	92			
5	Regression	73.461	8	9.183	41.605	.000[f]
	Residual	18.539	84	.221		
	Total	92.000	92			
6	Regression	73.481	9	8.165	36.592	.000[g]
	Residual	18.519	83	.223		
	Total	92.000	92			

a. Dependent Variable: ZTurnover
b. Predictors: (Constant), ZRecruitment, ZMotivation, ZTraining, ZRewards
c. Predictors: (Constant), ZRecruitment, ZMotivation, ZTraining, ZRewards, ZCulture
d. Predictors: (Constant), ZRecruitment, ZMotivation, ZTraining, ZRewards, ZCulture, ZMotCul
e. Predictors: (Constant), ZRecruitment, ZMotivation, ZTraining, ZRewards, ZCulture, ZMotCul, ZTracul
f. Predictors: (Constant), ZRecruitment, ZMotivation, ZTraining, ZRewards, ZCulture, ZMotCul, ZTracul, ZRewcul
g. Predictors: (Constant), ZRecruitment, ZMotivation, ZTraining, ZRewards, ZCulture, ZMotCul, ZTracul, ZRewcul, ZReccul

(Source: Author, 2017)

4.10 Multiple regression

The regression coefficients for motivation strategies on turn over costs ($\beta = 0.207$, $t = 2.04$, $P < 0.05$), training and turn over costs ($\beta = 0.333$, $t = 2.67$, $P < 0.05$), rewards and turn over costs ($\beta = 0.340$, $t = 2.61$, $P < 0.05$) were statistically significant. However, recruitment on turnover costs ($\beta = 0.056$, $t = 0.358$, $P > 0.05$) was not statistically significant as shown in table 4.23. The study findings depicted that there was a positive significant relationship between motivation strategy on turnover costs (β_1=0.207 and p value<0.05). Since the p value was less than 0.05 the null hypothesis (Ho_1**)** was rejected and the alternative hypothesis accepted.

Therefore, we can conclude that motivation strategy has a significant influence on turnover costs. The findings agree with Koesmono (2014) that initially an employee may be satisfied and motivated by the monetary compensation he/she receives, but over time other factors need to be considered to keep the employee motivated. This also agrees with Contiu *et al.*, (2012) that motivated members of an organization are likely to be persistent, creative and productive whereas non-motivated members are inefficient and costly. From the findings the training strategy as the predictor was making a significant contribution to the model; $\beta_2 = 0.333$ ($P<0.05$) which implies that we reject the null hypothesis (H_{O2}) stating that there is no significant effect of training strategy and turnover costs. The findings agree with Staffan & Ellstrom, (2012) that one of the key factors of the retention of skilled employees is the provision of training and development opportunities.

The study hypothesized that there is no significant effect of reward strategy on turnover costs. The study findings depicted that there was a positive significant relationship between reward strategy on turnover costs (β_3=0.340 and p value<0.05). Since the p value was less than 0.05, therefore the null hypothesis (Ho_3) was rejected and the alternative hypothesis accepted. Therefore, we can conclude that reward strategy has a significant influence on turnover costs. The findings agree with Yusof *et al.,* (2016) that external motivation refers to behavior triggered by external rewards or consequences that accrue from the performance.

The coefficients results showed that the predicted parameter recruitment strategy was not significant; β_4 = 0.358 (P>0.05) which implies that we fail to reject the null hypothesis (H_{O4}) stating that there is no significant effect of recruitment strategy and turnover costs. It contradicts with Sheila and Bernthal, (2008) that a better recruitment strategies result in improved organizational outcomes. The more effectively organizations recruit and select candidates, the more likely they are to hire and retain satisfied employees. In addition, the effectiveness of an organization's selection system can influence bottom-line business outcomes, such as productivity and financial performance. Hence, investing in the development of a comprehensive and valid selection system is money well spent.

Table 4.23: Regression coefficients of organizational culture and retention strategies variables predicting turn over costs

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.189	.529		-.357	.722		
	ZMotivation	.207	.101	.207	2.039	.044	.276	3.624
	ZTraining	.333	.125	.333	2.672	.009	.183	5.476
	ZReward	.340	.130	.340	2.608	.011	.167	5.976
	ZRecruitment	.038	.156	.038	.358	.721	.251	3.988
2	(Constant)	-.197	.497		-.397	.693		
	ZMotivation	.249	.096	.249	2.592	.011	.272	3.679
	ZTraining	.376	.118	.376	3.196	.002	.181	5.534
	ZReward	.515	.132	.515	3.911	.000	.144	6.933
	ZRecruitment	.040	.146	.040	.399	.691	.251	3.988
	ZCulture	-.309	.086	-.309	-3.584	.001	.337	2.968
3	(Constant)	-.202	.499		-.405	.687		
	ZMotivation	.251	.097	.251	2.596	.011	.270	3.709
	ZTraining	.368	.121	.368	3.050	.003	.173	5.774
	ZReward	.508	.134	.508	3.778	.000	.140	7.147
	ZRecruitment	.043	.148	.043	.426	.671	.248	4.029
	ZCulture	-.305	.088	-.305	-3.473	.001	.329	3.042
	ZMotCul	-.017	.047	-.017	-.309	.758	.838	1.193
4	(Constant)	-.417	.499		-.835	.406		
	ZMotivation	.174	.101	.174	1.716	.090	.236	4.245
	ZTraining	.395	.119	.395	3.320	.001	.171	5.837
	ZReward	.515	.132	.515	3.910	.000	.140	7.152
	ZRecruitment	.095	.149	.095	.930	.355	.234	4.268
	ZCulture	-.341	.088	-.341	-3.892	.000	.317	3.159
	ZMotCul	.163	.085	.163	1.637	.105	.244	4.103
	ZTracul	-.218	.094	-.218	-2.146	.035	.236	4.240
5	(Constant)	-.331	.501		-.660	.511		
	ZMotivation	.156	.102	.156	1.535	.129	.232	4.315
	ZTraining	.418	.120	.418	3.500	.001	.168	5.957
	ZReward	.551	.134	.551	4.126	.000	.134	7.436
	ZRecruitment	.079	.149	.079	.779	.438	.232	4.319
	ZCulture	-.373	.090	-.373	-4.138	.000	.295	3.388
	ZMotCul	.249	.100	.249	2.129	.036	.175	5.709
	ZTracul	-.090	.127	-.090	-.662	.510	.129	7.767
	ZRewcul	-.213	.137	-.213	-1.383	.170	.101	9.911
6	(Constant)	-.356	.511		-.698	.487		
	ZMotivation	.153	.103	.153	1.485	.141	.229	4.366
	ZTraining	.423	.121	.423	3.489	.001	.165	6.075
	ZReward	.541	.138	.541	3.906	.000	.126	7.906
	ZRecruitment	.085	.152	.085	.814	.418	.225	4.443
	ZCulture	-.365	.094	-.365	-3.877	.000	.273	3.660
	ZMotCul	.246	.101	.246	2.079	.041	.174	5.762
	ZTracul	-.079	.133	-.079	-.553	.582	.119	8.376
	ZRewcul	-.186	.159	-.186	-1.039	.302	.100	9.900
	ZReccul	-.038	.121	-.038	-.301	.765	.152	6.600

a. Dependent Variable: Zscore (Turnover cost)

(Source: Author, 2017)

4.10.1 Moderating effect of organizational culture on the relationship between retention strategies variables on turn over costs

In the model 2 it was possible to accurately assess the true impact of organization culture on turnover costs. The hierarchical regression results indicated that organization culture (β = - 0.309, t = 3.56, $P < 0.05$), was positive and statistically significant predictors of turnover costs. This indicated that organization culture at this stage was a moderator as it influenced turnover costs. Hypothesis predicted that there was no significant effect of organization culture on turnover costs. The results led to rejection of the hypothesis suggesting that there was positive and significant relationship between organization cultures and turnover.

The study hypothesized that there is no significant effect of organizational culture on turnover costs. The study findings depicted that there was a positive significant relationship between organizational culture on turnover costs (β= -0.309 and p value<0.05) which implies that we reject the null hypothesis (H_{O5}) stating that there is no significant effect of organization culture on turnover costs. Therefore, we can conclude that organizational culture has a negative significant influence on turnover costs. The findings agree with Jenkins *et al.,* (2008) that organizational culture is recognized as a singularly powerful organizational tool and can be a key factor related to performance and adaptability. Also concurs with Hofstede *et al.,* (2010) that organizational culture helps to influence employee behavior by providing members with a sense of identity, fostering loyalty, establishing a recognized and accepted basis for decision making, and defining parameters for acceptable and unacceptable behavior. Organizational culture can be used as a lever to enhance organizational performance by shaping employee behavior, instilling loyalty, and establishing parameters for acceptable behavior.

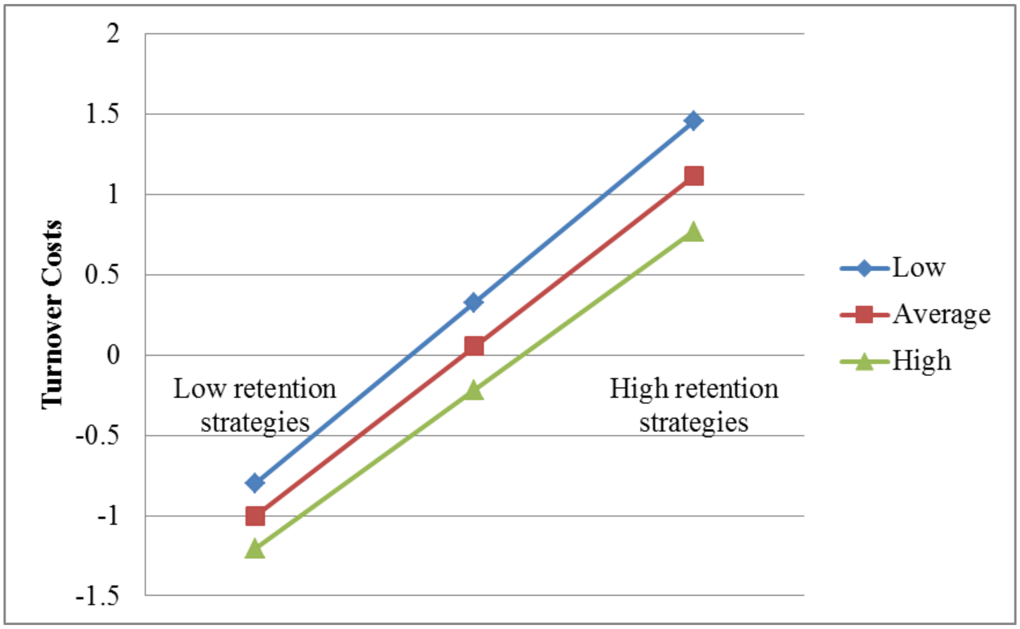
In this study therefore, the results met the criteria of introducing moderator. Since moderator variable can be considered when the relationship between a predictor variable and a dependent variable was strong, but most often it is considered when there is an unexpectedly weak or inconsistent relationship between a predictor and a dependent variable (Holmbeck, 1997). A moderator effect could increase the effect of the exogenous on the endogenous variable called enhancing moderator, decrease the effect of the exogenous on the endogenous variable called buffering moderator or reverse the effect of the exogenous variable on the endogenous variable called antagonistic moderation (Aiken & West, 1991).

The regression coefficients of interaction between organization culture and motivation strategy on turn over costs (β_1 = -0.015, t = - .309, P >0.05). Hypothesis H_{06a} stated that organization culture does not moderate the relationship between motivation strategies and turn over costs. The results led to acceptance of the hypothesis H_{06a} suggesting organization culture does not moderate the relationship between motivation strategies and turn over costs. This confirmed that organization culture buffered and antagonize the effect of reward and turn over costs. This agrees with Koesmono, (2014) that here are various motivational factors that can be incorporated into organizational culture in order to motivate employees Since motivation is more individual dependent, various methods of motivating employees have differing strengths, hence it is logical to expect differences in the impact of various organizational structures. This agrees with Sokro, (2012) that intrinsic motivation cannot be influenced directly but can be triggered through indirect ways such as ensuring that the employee feels valuable and respected at the workplace.

The regression coefficients of interaction between organization culture and training strategy on turn over costs (β_2 = - 0.203, t = -2.15, P < 0.05). Hypothesis H_{06b} stated that organization culture does not moderate the relationship between training strategies on turn over costs. The results led to rejection of the hypothesis H_{06b} suggesting organization culture does not moderate the relationship between training strategies on turn over costs. This confirmed that organization culture moderates the relationship between training strategies on turn over costs. This agrees with Ongori and Agolla (2009) that satisfying these intrinsic needs helps build trust, morale, loyalty and overall satisfaction in employees. It is therefore important to give employees opportunities to develop and learn such that employees maintain their capabilities as effective employees resist redundancy and are retained by their organization. This concurs with Baert, (2011) that although salary and benefits play a role in recruiting and retaining employees, people are also looking for opportunities to learn, the challenge of new responsibilities and the prospect of personal and professional growth.

The regression coefficients of interaction between organization culture and reward strategy on turn over costs (β_3 = -0.190, t = -1.38, P >0.05). Hypothesis H_{06c} stated that organization culture does not moderate the relationship between reward strategies and turn over costs. The results led to acceptance of the hypothesis H_{06c} suggesting organization culture does not moderate the relationship between reward strategies and turn over costs. This confirmed that organization culture buffered and antagonized the effect of reward and turn over costs. This agrees with Gomez-Mejia *et al.*, (2012), that employees would quit their organization due largely to reasons that ranged from personal characteristics, job characteristics, to economic factors. The findings agree with Gomez-Mejia *et al.*, (2012) that the employee had been offered better job, career change, family reasons, poor working conditions, low pay or benefits, a bad relationship with a supervisor.

The regression coefficients of interaction between organization culture and recruitment strategy on turn over costs (β_4 = -0.036, t = -.301, P >0.05). Hypothesis H_{06d} stated that organization culture does not moderate the relationship between recruitment strategies and turn over costs. The results led to acceptance of the hypothesis H_{06d} suggesting organization culture does not moderate the relationship between recruitment strategies and turn over costs. This confirmed that organization culture buffered and antagonized the effect of recruitment and turn over costs. This agrees with Sheila and Bernthal (2008) that strategies used by organizations to recruit both managerial/professional and non-management candidates differ. Realistic job interviews are therefore most important when candidates, for whatever reason do not know a great deal about the job for which they are applying for. This may be because of limited job experience or because the job is relatively unusual and not based on type of workplace with which the job applicants are familiar. Examination of the interaction plot showed an enhancing effect that as retention strategies increased and organizational culture change, the turnover costs of manufacturing firms in Eldoret increased as shown in Figure 4.1.



(Source: Manufacturing companies in Eldoret town, 2017)

Figure 4.2 The interaction effect of organization culture

The findings agree with Sheila and Bernthal, (2008), that organizations offering candidates and employees a positive culture (e.g., innovative, diverse, potential to advance) and learning environment have more satisfied employees and are more successful at retaining them. Today's tight labor market is making it more difficult for organizations to find, recruit, and select talented people. This shortage of applicants makes it all the more important for organizations to be able to effectively attract, select, and retain quality candidates (Sheila and Bernthal, 2008).

The organizations that have developed a successful recruitment, selection and retention theory often have a low resignation rate, which can save an organization a significant amount of time and money. Hiring and training can be costly for an organization (Kimberly, 2009). Extensive research and organizational involvement including human resources, department managers and valued employees should be considered when developing principles and policies. Many considerations can lead to successful recruitment, selection and retention (Kimberly, 2009). The findings agree with Eisenberger & Stinglhamber, (2011) that the alignment of values should contribute to the perceived organizational support of the individual. Thus, an individual's perceived organizational support should be related to the culture (as reflected in its value structure) of the organization. It agrees with (Minkov & Blagoev, 2011) that an organizational culture that is supportive should be particularly effective in enhancing perceived organizational support through continued reinforcement of the positive valuation of employees.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The current chapter presents the summary of the study based on specific objectives and hypothesis, conclusions reached based on the findings and recommendations as well as suggestions for further research. The purpose of the study was to establish the moderating effect of organizational culture on the relationship between retention strategy and company turnover costs of manufacturing companies in Eldoret, Kenya.

5.1 Summary

For organizations today, the ability to hold on to highly talented core employees are crucial for their future survival. Employee retention strategies are becoming the most critical workforce management challenges of the immediate future. The purpose of this study was to investigate the moderating role of organizational culture on the relationship between retention strategy and turnover costs of manufacturing companies in Eldoret. Specifically, the objectives were to establish the effects of motivation, training, reward strategy and recruitment strategy on turnover costs in manufacturing companies in Eldoret.

To achieve this primary data was collected through the use questionnaires. Simple random sampling technique was used to select a sample of 99 respondents out of which 93 questionnaires were returned. Internal consistency was tested using Cronbach's alpha and all the variables indicated reliable values. Data collected was then analyzed using both descriptive (mean, standard deviation, frequency and percentage) and inferential statistics (correlation and multiple linear regression) Correlation design was adopted to explain the causal relationship between retention strategy and turnover costs of manufacturing companies.

5.1.1 Effects of motivation strategy on company turnover costs

The first objective of the study was to establish the effect of motivation strategy on turnover costs of manufacturing firms in Eldoret. The descriptive results for motivation strategy indicates that the employees of manufacturing firms neither agreed nor disagreed with mean and standard deviation values of ($M = 3.02$, $SD = 0.794$) respectively and was remarkably consistent. There is a significant positive relationship between training strategy and turnover costs ($r= 0.831$, p value $=0.000$). An increase in training strategy in manufacturing firms leads to an increase in turnover costs. The motivation strategy predictor used in the model captured the variation in the turnover costs in manufacturing companies. The β-value (0.207) for motivation strategy had a positive coefficient, depicting positive relationship with turnover costs. Motivated members of an organization are likely to be persistent, creative and productive whereas non-motivated members are inefficient and costly.

5.1.2 Effects of training strategy on company turnover costs

The second objective of the study sought to determine the effects of training strategy on company turnover costs. The respondents disagreed on the statements that the company allows job shadowing. It was important to note that there was training strategy in state corporations since majority (mean = 2.7) neither agreed nor disagreed that it affects turnover costs. There is a significant positive relationship between training strategy and turnover costs ($r= 0.831$, p value $=0.000$). An increase in training strategy in manufacturing firms leads to an increase in turnover costs. The β-value was (0.333) had significant influence on turnover costs

5.1.3 Effects of reward strategy on company turnover costs

The third objective of the study sought to determine the effects of reward strategy on company turnover costs. The respondents differed that the company provides for annual bonuses, company has an employee appreciation day, company has put up a wall of fame and company has profit sharing scheme as accounted for a mean score of below 2.4. The overall mean score for reward strategy was 2.7 indicating that respondents neither agreed nor disagreed on reward strategy. Results of the study showed that there is a significant positive relationship between reward strategy and turnover costs ($r=0.831$, p value $=0.00$). This implies that an increase in reward strategy improves the rate of turnover costs. The reward strategy has a significant influence on turnover costs with a β-value of (0.340) had significant influence on turnover costs

5.1.4 Effect of recruitment strategy on company turnover costs

The fourth objective of the study sought to determine the effects of recruitment strategy on company turnover costs. The respondents neither agreed nor disagreed on recruitment strategy since the overall mean score of 2.91 was obtained. The study findings showed that there is a significant positive relationship between recruitment strategy and turnover costs ($r =0.750$, p value $=0.000$). The most influential factor in relation to and turnover costs was training and reward strategy since it had the highest correlation coefficients. The β-value (0.038) had no significant influence on turnover costs.

5.1.5 Organizational culture and turnover costs in manufacturing companies in Eldoret

The moderator variable during the study was organization culture. The respondents rated the organization culture to be above average since the overall mean score of 3.11 was obtained. The respondents disagreed that company provides for fairness of rewards. Therefore, an increase in motivation will lead to an increase in turnover costs. The study findings showed that there is a significant positive relationship between organization culture and turnover costs (r =0.595, p value =0.000). Therefore, organization culture positively influences turnover costs.

5.1.6 Moderating effect of organizational culture on the relationship between retention strategies variables on turn over costs

Hierarchical regression model summary results between retention strategies and turn over costs, indicates that the working experience as the control variables explained 0.5% (R^2 = 0.005) of the variance on turn over costs and was not statistically significant. The four independent variables explained 75% (R^2 = 0.750) of the variance on turn over costs and they were statistically significant. The moderator organization culture explained only 78.3% (R^2 = 0.783) of the variance on turn over costs. Model summary interaction results shows that the interaction of motivation and culture explained 78.3% (R^2 = 0.783) of the variance on turn over costs. In addition, interaction of training and culture explained 79.4% (R^2 = 0.794) of the variance in turn over costs. The interaction of reward and culture explained 79.8% (R^2 = 0.798) of the variance in turn over costs. This contributed additional R^2 of 0.005 (0.5%) which was not significant. The interaction of Z score recruitment and culture explained 79.9% (R^2 = 0.799) of the variance in turn over costs.

The regression coefficients for motivation strategies on turn over costs (β = 0.210, t = 1.94, $P < 0.05$), training on turn over costs (β = 0.331, t = 2.60, $P < 0.05$), rewards on turn over costs (β = 0.341, t = 2.58, $P < 0.05$) were statistically significant. However, recruitment on turn over costs (β = 0.052, t = 0.322, $P > 0.05$) was not statistically significant.

The hierarchical regression results indicated that organization culture (β = - 0.309, t = 3.56, $P < 0.05$), was positive and statistically significant predictors of *turnover costs*. This indicated that organization culture at this stage was a moderator as it influenced *turnover costs.* Hypothesis predicted that there was no significant effect of organization culture on *turnover costs*. The results led to rejection of the hypothesis suggesting that there was positive and significant relationship between organization culture on *turnover*.

The regression coefficients of interaction between organization culture and motivation strategy on turn over costs (β = -0.180, t = - .360, $P > 0.05$). Hypothesis H_{06a} stated that organization culture does not moderate the relationship between motivation strategies and turn over costs. The results led to acceptance of the hypothesis H_{06a} suggesting organization culture does not moderate the relationship between motivation strategies and turn over costs. This confirmed that organization culture buffered and antagonize the effect of reward and turn over costs.

The regression coefficients of interaction between organization culture and training strategy on turn over costs (β = -0.103, t = -2.12, $P < 0.05$). Hypothesis H_{06b} stated that organization culture does not moderate the relationship between training strategies on turn over costs. The results led to rejection of the hypothesis H_{06b} suggesting organization culture does not moderate the relationship between training strategies on turn over costs. This confirmed that organization culture moderates the relationship between training strategies on turn over costs.

The regression coefficients of interaction between organization culture and reward strategy on turn over costs ($\beta = -0.190$, $t = -1.375$, $P > 0.05$). Hypothesis H_{06c} stated that organization culture does not moderate the relationship between reward strategies and turn over costs. The results led to acceptance of the hypothesis H_{06c} suggesting organization culture does not moderate the relationship between reward strategies and turn over costs. This confirmed that organization culture buffered and antagonized the effect of reward and turn over costs.

The regression coefficients of interaction between organization culture and recruitment strategy on turn over costs ($\beta = -0.037$, $t = -.297$, $P > 0.05$). Hypothesis H_{06d} stated that organization culture does not moderate the relationship between recruitment strategies and turn over costs. The results led to acceptance of the hypothesis H_{06d} suggesting organization culture does not moderate the relationship between recruitment strategies and turn over costs. This confirmed that organization culture buffered and antagonized the effect of recruitment and turn over costs.

5.2 Conclusion

The key point for reducing turnover is to change the style of working with employees by encouraging independence, career planning, open communication and sharing information. As human resource management theory states, it is necessary to take into account the needs of employees at different levels of development. The needs that are often overlooked and problematic are those of solidarity, friendship, safety and security, fulfillment, recognition by a team and self-fulfillment. The perceived difference between the desired and real situations causes dissatisfaction and employees tend to leave their jobs. Employees need to be encouraged to perform their tasks in order to increase their feelings of importance, satisfaction and usefulness for the organization and in particular to maintain and increase the overall performance of the organization. It is obvious that employees who are not encouraged do not have enough information, while those that are criticized are almost certain to leave the organization.

The motivation strategy had a significant influence on turnover costs. The satisfaction of employees in an organization is connected with internal organizational practices and personal preferences. The resulting factors indicate a connectedness of turnover and perception of equal and fair treatment. A perceived imbalance between colleagues at the same hierarchical level in the stated factors often leads to tendencies to leave the employment.

The training strategy had a significant positive relationship with turnover costs. The world of work has also undergone changes in both the nature of work and the emergence of new forms of work, which result from innovation, the development of new knowledge, increased competition and other factors. Thus, the presence of a career development plan for employees plays a pivotal role in the retention of employees. The provision of career development opportunities tends to restrict employees from leaving the organization and increases loyalty.

There is a significant positive relationship between reward strategy and turnover costs. Rewards goes beyond standard remuneration by embracing the organizations culture, and is aimed at giving all employees a voice in the operation, with the employer in return receiving an engaged employee performance. People work for more than just pay, they are also looking for an organization which has a powerful vision of where it is going and how it plans to get there, and they want to get individual growth in acquiring skills that prepare them to add value to the business. Thus, combinations of base pay, variable pay, recognition and celebration and benefits are essential to providing a complete total reward package thus reducing the employees' quest to leave the organization.

The recruitment strategy had positive influence on turnover costs. The organization culture positively influences turnover costs. The retention strategies explained 75% (R^2 = 0.750) of the variance on turn over costs and were statistically significant. The process of recruitment should be done in a timely and effective manner.

The moderator organization culture explained only 78.3% of turn over costs. The organization culture moderates the relationship between training strategies on turn over costs. The organization culture buffered and antagonizes the effect of motivation, training and recruitment and turn over costs.

5.3 Recommendation

The management in organizations should increase the motivation strategies of their employees by adopting both intrinsic and extrinsic motivation practices in order to improve their productivity by reducing their turnover as indicated in the study findings. There is need for manufacturing firms to enhance the career development of their employees through coaching, mentoring, organizing for seminars and apprenticeship trainings and periodical trainings to enhance on the employee efficiency and effectiveness. This will serve well in reducing turnover and develop their employee's talent. They should also adopt more rewards mechanism; bonus scheme, awards for years' service, profit sharing and leave allowance in order to satisfy their employees and retain them in the organization. There is need for management of manufacturing companies to ensure that they follow the right recruitment by employing both 5-point and 7-point assessment scale and providing for a good gender mix in order to reduce turnover among the talented employees.

5.4 Areas for further research

It would be beneficial for future research to consider the following suggestions: this study was concerned with the manufacturing companies in Eldoret; a similar study should be carried out in the public sector so as to confirm the applicability of the results in the public firms. The current study was hinged on the moderating effect of organizational culture future studies should consider the moderating effect of other factors such as career development, compensation, talent management among others. There are different levels of manufacturing companies in Kenya future studies should compare the different sectors such as County and Central government in which the manufacturing firms are located despite in Eldoret.

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APPENDICES

APPENDIX I

QUESTIONNAIRE

Instructions

(Please take note of the following instructions)

(i). Do not write your name or any form of identification on this questionnaire.

(ii). Tick where appropriate or fill in the blank spaces where appropriate

PART A: BACKGROUND INFORMATION

Q1. Indicate your gender

a) Male [ ]

b) Female [ ]

Q2. Indicate your age bracket

a) 20-30 years [ ]

b) 31-40 years [ ]

c) 41-50 years [ ]

d) Over 50 years [ ]

Q3. How long have you worked in this organization?

1 - 5 years [ ]

6 - 10 years [ ]

10 - 15 years [ ]

16 - 20 years [ ]

Over 21 years [ ]

Q4. Indicate your highest educational level

a) O' level [ ]

b) Diploma [ ]

c) Degree [ ]

d) Masters [ ]

e) PhD [ ]

f) Others (please specify) ……..………………………...

Q5. Your term of service

a). Permanent and pensionable [ ]

b). Contract [ ]

c). Probation [ ]

d). Temporary/casual [ ]

e). Other (please specify) ……………………………………...

PART B:

RETENTION STRATEGY

Q6. Please indicate the extent to which you agree with the following motivation strategy.

(Tick as appropriate 1=Strongly agree, 2=Agree, 3=Neutral, 4=Disagree, 5=strongly disagree*)*.

No	**Motivation Strategy**	**1**	**2**	**3**	**4**	**5**
i	The company has good leadership					
ii	The company has ensured job security					
iii	The company provides for family friendly HR practices					
iv	The company offers job related training					
v	The company provides career development					
vi	The company has provided pension scheme for staff					
vii	There is good management of employee expectation					
viii	The company has good induction process in place					
ix	The company offers a good salary structure					
x	The company has a good employee welfare plan					
xi	The company has good staff medical insurance plan					
xii	The company has good working environment					
xiii	The company has staff provident fund					
xiv	The company has a timely payment process					

Q7. Please indicate the extent to which you agree with the following training strategy. *(Tick as appropriate* 1= Strongly agree, 2= Agree, 3=Neutral, 4=Disagree, 5=strongly disagree*).*

	Training strategy	1	2	3	4	5
i	The company has employee coaching guidelines					
ii	The company provides for staff mentorship					
ii	The company facilitates seminars					
iv	The company incorporates role play in task execution					
v	The company allows and facilitates formal training					
vi	The company offers on-the job training					
vii	The company offers simulation training					
viii	The company encourages self-directed learning					
ix	The company offers apprenticeship training					
x	The company allows job shadowing					
xi	The company provides mandated training					
xii	The company offers new hire training					
xiii	The company provides management training					
xiv	The company provides systems training					

Q8. Please indicate the extent to which you agree with the following reward strategy. *(Tick as appropriate* 1=Strongly agree, 2= Agree, 3=Neutral, 4=Disagree, 5=strongly disagree*).*

No	**Reward strategy**	**1**	**2**	**3**	**4**	**5**
i	The company recognizes good performance					
ii	The company has created a sense of job autonomy					
iii	The company has performance bonus scheme for staff					
iv	The company facilitates for travelling allowance					
v	The company issues certificate of achievement					
vi	The company has put up a wall of fame					
vii	The company issues gift cards					

viii	The company has an award for years of service					
ix	The company has an employee appreciation day					
x	The company provides for annual bonuses					
xi	The company praises staff verbal					
xii	The company gives out company-branded gear					
xiii	The company has profit sharing scheme					
xiv	The company provides for leave allowance					

Q9. Please indicate the extent to which you agree with the following culture orientation.

(Tick as appropriate 1=strongly agree, 2= Agree, 3=Neutral, 4=Disagree, 5=strongly disagree*).*

No	**Company's culture orientation strategy**	**1**	**2**	**3**	**4**	**5**
i	The company upholds power distance					
ii	The company's support for masculinity					
iii	The company's support for feminism					
iv	There is uncertainty management by the company					
v	The company embraces commitment of employees					
vi	There company has rules and regulations					
vii	There is solidarity of employees in the company					
viii	The company has provided for continuous learning					
ix	The company provides for fairness of rewards					
x	The company provides for internal cooperation					
xi	In our company there is personnel involvement					
xii	The company upholds the knowhow of personnel					

Q10. Please indicate the extent to which you agree with the following company turnover costs *(Tick as appropriate* 1= Strongly agree, 2= Agree, 3=Neutral, 4=Disagree, 5=strongly disagree*).*

No	**Turnover Costs**	1	2	3	4	5
i	The company incurs training costs					
ii	The company incurs lost production costs					
iii	The company incurs lost sales costs					
iv	The company experiences lost opportunity costs					
v	The company has to content with recruitment costs					

Q11. Please indicate the extent to which you agree with the following recruitment strategy *(Tick as appropriate* 1=Strongly agree, 2= Agree, 3=Neutral, 4=Disagree, 5=strongly disagree*)*

No	**Recruitment strategy**	1	2	3	4	5
i	The company gives enough recruitment time					
ii	The company encourage employee referrals					
iii	The company screens job applicants for cultural fit					
iv	The company offers fair compensation					
v	The company creates a positive onboarding experience					
vi	The company carries out behavioral assessments					
vii	The company employs both 5-point and 7-point assessment scale					
viii	The company provides for a good gender mix					

Thank you!

APPENDIX II

LETTER FROM THE UNIVERSITY

University of Eldoret
flame of knowledge and innovation

P.O. Box 1125-30100, ELDORET, Kenya
Tel: 053-2063111 Ext. 242
Fax No. 020-2141257
E-mail: hodbusinessmgt@uoe.ac.ke

SCHOOL OF BUSINESS & MANAGEMENT SCIENCES
DEPARTMENT OF BUSINESS MANAGEMENT

Date: 22nd August, 2017

TO WHOM IT MAY CONCERN

Thro'
Dean School of Business and Management Sciences
University of Eldoret.

Dear Sir,

RE: WEKESA MOSES - SBM/PGMBA/312/14

The above mentioned is a bonafide Masters student of University of Eldoret. He has completed course work and successfully defended his proposal. He is proceeding to the field for data collection.

Any assistance accorded to him will be highly appreciated.

Yours Sincerely,

HOD
Business Management
Dept.
UNIVERSITY OF ELDORET

MR. KENNETH CHELIMO
AG.HEAD, DEPARTMENT OF BUSINESS MANAGEMENT

CC Coordinator, Post graduate studies, School of Business
Dean, School of Business and Management Sciences

APPENDIX III

LETTER FROM NACOSTI

NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone: 020 400 7000,
0713 788787,0735404245
Fax: +254-20-318245,318249
Email: dg@nacosti.go.ke
Website: www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No. **NACOSTI/P/17/74806/18998**

Date: **21st September, 2017**

Moses Wekesa Mutoro
University of Eldoret
P.O. Box 1125-30100
ELDORET.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Moderating effect of organizational culture on the relationship between retention strategy and turnover costs of manufacturing companies in Eldoret Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **Uasin Gishu County** for the period ending **21st September, 2018.**

You are advised to report to **the County Commissioner and the County Director of Education, Uasin Gishu 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.

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Uasin Gishu County.