

**THE INFLUENCE OF TRAINING AND DEVELOPMENT  
PRACTICES ON EMPLOYEE RETENTION AT MADISON  
INSURANCE COMPANY LIMITED, HEAD OFFICE, NAIROBI,  
KENYA**

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## DECLARATION

This research project is my original work and has not been presented for a degree in any other University.

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This research project has been submitted for presentation with my approval as University Supervisor.

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## **DEDICATION**

I dedicate this project to God the Almighty and my Family. To My Husband, Koori Njoka who supported me psychologically and financially. To my children – Micere and Miano who always asked the hardest questions whenever I came home late from classes.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

<b>AKI</b>	Association of Kenya Insurers
<b>GDP</b>	Gross Domestic Product
<b>IRA</b>	Insurance Regulatory Authority
<b>OJT</b>	Off-the-job training
<b>SPSS</b>	Statistical Package for Social Science
<b>HCT</b>	Human Capital Theory
<b>SET</b>	Social Exchange Theory
<b>SET</b>	Social Exchange Theory
<b>SD</b>	Standard Deviation

## ABSTRACT

The role performed by training and development is of great importance in achievement of organizations' goals because it enhances efficiency and effectiveness not only for the organization but for the employees too. Similarly, it plays a critical role of improving employees' performance in the firm. Among many assets that a company possesses, HR is one of them, so their role cannot be underestimated. This current study sought to establish the influence of training and development practices on employee retention at Madison Insurance Company Limited, Head Office Nairobi, Kenya. A descriptive cross-sectional survey was used in this study. The study targeted all employees at Madison Insurance Company Limited, head office in Nairobi, who are 132 in total. This was a census study where all employees of the head office were the target respondents. A questionnaire was used as data collection tool. Data was processed using SPSS version 23.0 where quantitative data was analyzed using descriptive methods. Regression analysis was done to establish the influence of training and development practices on employee retention at Madison Insurance Company Limited, Head office Nairobi, Kenya. Presentation of the analyzed data was done in tables and figures. Results obtained established that training and development (T&D) positively influence retention of employees at Madison Insurance Company Limited, Head Office Nairobi Kenya. The study therefore concludes that T&D practices positively and significantly influences retention of employee. There is need to increase T&D practices in the organization. Various forms of training matching the needs of employees this will increase employee motivation which in turn increases their rate of retention. The study recommends management of Madison insurance company to have customized interventions, like sessions on coaching that are focused on covering the personal needs of workers and personal deficiency gaps. The interactive coaching activities help in motivating and encouraging workers towards making decisions and taking initiatives; this will improve employee confidence and enhance their potential and capacities.

## **CHAPTER ONE: INTRODUCTION**

### **1.1 Background of the Study**

Training and development are activities directed to workers to safeguard the organization against employee turnover (Gunu & Olabisi, 2012). Aligning of employees' work with the firms needs and giving staff the training and development they need, increases their work performance and their willingness of being in the organization. Most managers are concerned about the retention of skilled employees (Adeyemi, 2011). Reason being that firms aim to attain certain set goals and human resources are very critical in the attainment of goals in the organization. Human resources need to be motivated so as to stay in the organization. The motivational factors that ensure employee retention are very important, because they affect the organization performance. Training and developing employees improves job satisfaction and also promotes their retention, because skilled staff assists the organization to have competitive advantage (Awolusi, 2013). Researchers have found T&D practices to have positive influence on retention of employees (Abbas, 2014; Oduma, 2014; Monis & Sreedhara, 2011).

The study was anchored on human capital theory, and social exchange theories. In the human capital theory general usage of investments is distinguished from explicit investment in employees. The difference is essential if the investment is in form of employee training. Though, the results of training can be appreciated through continuous association with the training organization, generally training enhances worker's productivity in most organizations in addition to those who provide it (Becker, 1964). The social exchange theory argues that it is essential for staff to have a positive attitude and value the organization so as to have the motivation to stay in the

firm. This condition of ensuring retention of employees is built on the theory of social exchange which states that employer and employee exchange relationship is not just the act of exchanging personal resources which include money, knowledge and services but rather it comprises social exchanges such as support, respect and approval (Eisenberger *et al.*, 1991).

In Kenya, the insurance sector performs a very crucial role in ensuring the economy grows and develops. There has been drastic growth in the insurance sector over the past 20 years and the result has been the leading GDP contributor. However, the impressive growth in premiums and incomes has not been matched with penetration into the potential market (Olima, 2010). This shows that the sector may be improved even further if much emphasis is given towards the underlying factors like employee training, development and retention to determine the performance of insurance firms. The Kenyan legal regulatory framework insurance Act provides the significance of having competent and qualified employees to manage insurance firms. Reason being that having competent and skilled employees facilitates the proper functioning of Kenyan insurance firms. To compete effectively in the business environment employers desire to have competent employees. Therefore, employee should be trained on compliance of insurance act requirements and also to improve their skills and knowledge (IRA Report, 2018).

The study focused on the insurance industry because there are high levels of employee client interaction. Competent employees are able to handle clients well through clarification of issues and problem solving. Therefore, it is very vital to train staff to improve their skills and knowledge. Training in the Insurance industry has been carried

out to improve performance and comply with the industry requirement. It is against this background that the study sought to establish the influence of training and development on employee retention at Madison Insurance Company Limited, Head Office, Nairobi.

### **1.1.1 Training and Development Practices**

Cardy (2010) posit that T&D terms are not synonyms. Training mainly focuses on improving performance of employees by imparting them with explicit skills and knowledge while development acts on providing staff with abilities needed in the organization. Training and developing leads to improved profitability, job skills and knowledge at every organization level. Chew (2014) indicated that training and developing staff with explicit skills and correcting performance deficiencies, whereas development involves providing staff with abilities needed for future firm needs.

Ngirwa (2013) argued that training and development is a learning process where employees obtain skills, knowledge, attitude and experience needed so that they can perform their work better. It bridges employees work requirements and the present specifications of employees. That is changing the knowledge employee have on their job, towards the organization. Armstrong (2010) noted training and developing of employees is a logical and planned process of behaviour modification through programs, events and activities which lead to attainment of new abilities, knowledge, skills and competencies.

The practices of training and development by firms is considered to be some form of on-the-job training, provided to staff when performing their duties in their work areas. Off-the-job training, conducted in a new environment, implying that the main focus is on training (Nassazi, 2013). Another method through which employees get their skills

developed is through job rotation where they are transferred from one job to another. Job orientation is a process of familiarizing and training new employees on new jobs within a firm. Conferences which is a program of training involving presentations to a large audience (Boyatzi, 2011; Bediako, 2012).

For organizations to reach their goal there is need to put some resources in training and development of employees to allow them to attain sustainable competitive advantage. Employees who have not received training have no chance of getting promotion; therefore, the future is uncertain, so many employees search for other jobs where they would be able to get training. Samuel and Chipunza (2012) indicated that training, development and education is seen by employees as being very important towards their career growth, goal achievement and can motivate their retention; this is so in organization that tend to provide them with such opportunities. Moreover, if the training is financed by the company, the staff can be moral obliged by ensuring that the organization money is not wasted through their commitment in the organization.

### **1.1.2 Employee Retention**

The retention of workers involves putting some strategies in place encourage staff to work in the firm for certain duration of time. Staff retention depends on organization efforts of ensuring that employees remain in the organization (O'Neal & Gebauer, 2006). Sue (2011) noted that retention of employees is a way of ensuring that staff needed in the organization remain in the organization and aren't lost to other rival companies. This implies that, firms need the right staff in the right numbers with the required abilities and skills. This can only be possible when the firm has an effective

plan of recruiting, selecting, training, developing and retaining competent and skilled staff (Hilmer & McRobert, 2014).

However, Sue (2011) argued that a motivated staff is productive, satisfied and can work longer in the firm. Therefore, it is important to consider motivation has a major way of ensuring employee retention. A company's retention power determines its ability to succeed. Companies that are unable to retain talented staff face challenges in customers' retention and this highly affects their profits (Hilmer & McRobert, 2014). Firms are working to find ways of ensuring employee retention since inability to retain employees leads to reduction of organization productivity and rises recruitment costs on induction, training and employees placement (Brown, Gaia & Martin, 2009). This has forced the management of most firms to develop strategies that encourage retention of employees (Armstrong, 2010).

It is expensive to keep skilled and experienced employees but employee turnover is much more expensive. Failure to retain employees has grave financial implications to the company. The organization can gain competitive advantage by retaining valuable staff. In service companies, like the financial institutions and banks, individuals may lose confidence in the company that is unable to retain employee and there are integrity problems. Most companies have realized that retaining employees and management of talent are very important in ensuring leadership sustainability and firm growth (Smith, 2014). This means that, recruiting and hiring of competent staff is important in ensuring talent and skill management in the firm. It is less costly to retain talented staff than to hire in experienced employees.

Smith (2014) argues that managers find appropriate methods of hiring and keeping talented workers and understands that money and benefits can attract employee into the organization, however, poor management skills and unconducive work environment may make employees leave the organization. This comes as a result of poor process of recruitment, improper management practices and organization inefficiencies resulting to increase in turnover and poor productivity. Organizations that experience low turnover are more stable and this pleases the organization shareholders.

### **1.1.3 Insurance Industry in Kenya**

In Kenya, insurance sector among most risky businesses to undertake because it involves a lot of potential risk and it is therefore important to know how to survive in the insurance business. The insurance sector players in Kenya comprise the risk managers, insurance firms, reinsurance firms, insurance brokers and the insurance agents. In Kenya, there are laws that regulate the insurance industry and they are highlighted in Chapter 487 of the Kenya's laws and there is also the insurance act. There is also the self regulation of insurance companies which is under Association of Kenya Insurers (AKI). The professional body of the insurance industry is the insurance institute of Kenya.

The Insurance Regulatory Authority (IRA) was initiated in 2006 to perform roles such as regulation, supervision and the development of insurance sector players. In Kenya, insurance sector has constantly endeared itself to the present and potential customers through novel products and improvement of the platforms of service delivery, assuring customers world class delivery of services. The industry comprises of 44 licensed insurance firms 20 of which are general insurance writers, 8 life insurance writing and 16 composites. The insurance sector in Kenya is highly concentrated in the urban cities



with Nairobi covering 65.1%. According to IRA report (2017) 77% of insurance in Nairobi was for life and non-life insurance (IRA, 2017).

The contributions of the sector in the economy include the provision of financial security, mobilization of savings and promotion of investments both directly and indirectly. In 2017, the gross domestic product increased by 4.9% while the penetration of insurance decreased from 71% in 2016 to 2.68% in 2017. The gross premium income for the year ended 2017 was Kshs. 209.00 billion, this was a growth of 6.3% from ksh. 196.64 billion in 2016. The business on general insurance contributed approximately two thirds 60.4% of the total gross premium income (IRA, 2017). Quarter report in 2018 indicated that the industry gross premiums written stood at KES 112.39 billion as at end of June 2018 showing an increase of 3.1% from KES 109.05 billion in 2017. The industry growth was largely spurred by the general segment that rose by 4.5% compared to a growth of 0.7% in the long term segment (IRA, 2018).

#### **1.1.4 Madison Insurance Company Limited**

Madison is Kenyan insurance company that is owned locally. Incorporation of Madison insurance company in Kenya was in 1987 under the Kenyan law and this was after Kenya Commercial Insurance Corporation and Crusader Plc (1974) merged. It is one of the leading insurance firms in the country and it offers both the general and life insurance. The company's headquarters is in the capital city, Nairobi and the company has a total of 22 branches distributed across the country in major towns. The branches are found in four regions which include; Central, Nairobi, Western and Coast Regions. The company also works with established insurance brokers and independent agents in product distribution. While the contracted agents are mainly used to market retail

products, the brokers mainly distribute corporate products to firms and organization, both in the public and private sector (Madison, 2017).

Madison Insurance has three distinct divisions each focusing on a specific line of business. The three divisions are: The General Insurance Division which deals with the non-life insurance policies like Motor Insurance, Professional Indemnity, Medical Insurance and Property Insurance. The Ordinary Life Division deals with retail life products which include Personal Accident Insurance, School Fees Insurance and Endowment policies. The Group Life Division which handles Corporate Insurance products targeting companies (Madison, 2018). Since 2012, Madison has gone through some strategic changes to assist the company regain the lost market share and enhance the industry ranking (Madison, 2018). There have been changes in the top management, introduction of new systems and departments restructuring. The company is currently ranked 15<sup>th</sup> in increased market share and still pushing to be ranked up. In 2017, the company's premium income was over Kshs 2.4 billion which was a 20% growth from 2016 (Madison, 2018).

## **1.2 Research Problem**

The role played by training and development is very crucial in achievement of organizations' goals because it enhances efficiency and effectiveness not only for the organization but for the employees too. Similarly, it plays a critical role of improving employees' performance in the firm. Among the many assets that a company has, one of the major assets is HR, so their role cannot be underestimated (Armstrong, 2001). Training and development enhances employee satisfaction with the organization. Satisfied employees with the commitment of their organization to offering training and

development opportunities give positive reviews regarding aspects of employee engagement, sense of direction, competitiveness, integrity and interest in their well-being of the organization (Cropanzano *et al.*, 2011). Maintaining a pool of talent significantly increases organizational performance. Enhancing employee retention also reduces or eliminates the cost of advertising, interviewing, hiring, and training new staff. It is therefore vital to develop adequate internal organizational structures and processes that will emphasize learning and development more heavily to retain organizations employees (Paul, Meyskens & Robbins, 2010).

Previous studies on Kenya' insurance industry training and development show that 20% of workers leave jobs because they do not receive training and development opportunities. Most employees in insurance firms have been trained but there little evidence of career development. Therefore, employees find it difficult to get promotions while the insurance firms are in need of competent employees to provide quality services (Caroline, 2014). IRA requires that Insurance companies train and develop their employees and also come up with a career path that clearly defines how employees should achieve career growth within the company after attaining professional training (IRA, 2016). Various researchers have emphasized that having continuous training and development programs in working environment does not only reduce turnover and improve employee retention but also improve their performance and commitment towards the organizational goals (Grawitch, Gottschalk & Munz, 2006). Nowadays, low retention levels, high staff turnover and brain drain are some of the challenges facing Kenyan insurance firms.

Ldama and Bazza (2016) studied ways through which training and development influence employee retention in Nigeria's commercial banks and revealed that retention of employees in the organization was positively enhanced through training and development. Shelton (2011) did a study on employee development strategies and how they affect job satisfaction and staff employee in Bermuda-America for T&D, it was established that programs of developing employees positively affect their job satisfaction and retention. Sirtuy (2015) studied how retention of employees at KPLC are affected by learning and development, the results of the study established that the company offers its employees with opportunities to grow professionally and also provides them with learning opportunities and other opportunities out of work to facilitate their personal growth. Mwangi (2017) carried out research study with the aim of determining how performance of employees among Somalis NGOs was affected by training and development practices, the study revealed that T&D positively influence staff performance.

Empirical studies done have been conducted in other industries rather than the insurance sector, also most of the studies done on T&D have focused on employee performance rather than employee retention. Employee retention is the scope of the current study and therefore the research gap that this study aimed at filling. This study sought to answer whether training and development practices influence employee retention at Madison Insurance Company Limited, Head Office Nairobi, Kenya?

### **1.3 Research Objective**

To establish the influence of training and development practices on employee retention at Madison Insurance Company Limited, Head Office Nairobi, Kenya.

#### **1.4 Value of the Study**

This study is significant because it can be used to improve the theories of human capacity and social exchange. This can be done through improvement of explanation of the theories to provide more understanding on training and development.

The study is very significant since it may add to the present literature, stock of books ready written on how employee training and development influence retention on various firms. Academicians and policy makers working directly with the insurance sector to ensure meaningful proposals and suggestions to enhance insurance industry services in Kenya a great deal might also benefit. To students the study may play a big role as reference material to individuals who would like to carry out research related to this area and may act as foundational basis for researches conducted in the future on topics relating to the influence training and development has on retention of employees.

The study would benefit Human Resource Practitioners since most firms are composite social systems and continually, associating with the environment. They are expected to operate within this environment and meet their organizational goals. All Human Resources Practitioners need to always be able to manage employee in an effective and efficient manner in order to attain the organizational objective. The firm's training and development policy is similar in many firm operations as it provides guidelines to improve operations. The study intends to contribute to an efficient training and development policy practice and further their applicability in whatever organisations they operate in.

The study would also benefit the policy makers as they regulate the insurance industry. They are expected to come up with strategies and policies that encourage training and development in the organizations. Most companies would be expected to adapt the set

strategies for the purpose of improving the skills and knowledge of employees. This would also promote employee retention in the organization.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter reviews literature on the influence of training and development practices on employee retention. It covers the theoretical foundation of the study, training and development practices, factors that influence employee retention and empirical studies on training and development and employee retention.

### **2.2 Theoretical Foundation of the Study**

Human capital theory (HCT) and social exchange theory (SET) were the theories applied in this study.

#### **2.2.1 Human Capital Theory**

Becker (1964) a Nobel prize-winning economist developed HCT in a seminar work on economics of provision of training by the employer. According to the theory training or education provides important skills and knowledge to employees which is important in enhancing income and productivity (Becker, 1964). According to this theory, individuals investing in training as well as education would improve level of skill and productivity than the unskilled, this justifies high earnings due to investments. Grant (1996a); Hatch and Dyer (2004) indicated that the theory play a significant part in contemporary staff learning and development literature, it emphasize on the notion that staff skills and knowledge can be improved by investing in training or education.

According to Becker (1964), productivity can be enhanced by investing in training and development, moreover, the mode of training determines the person to cater for the training, whether it is the firm of the employee. Pigou (1999) concluded that companies may not have enough funds for investing in the skills of workers because some of the

trained staff may leave the organization to go and work somewhere else. However, investing in staff training promotes the retention of employees.

Though the human capital theory has contributed immensely on people management, the theory has been criticized. The theory investigations on income and education ignore the part on worker's experience. Further, Becker did not measure experience, in spite its significance to employers, who use it during selection and hiring (Oliveira & Da Costa, 2014).

### **2.2.2 Social Exchange Theory**

The SET was initiated by George Homans in 1958. The focus of this theory is employment relationships as comprising of economic and social exchanges. Economic exchange associations comprise the economic benefits exchange for the efforts of employees and it depends on formal contracts enforceable legally. Also, the process of social exchange is voluntary and is initiated by firms treating their employees, expecting that staff would be indebted to counter the organization's good deeds (Fathaniy, 2011).

The SET view on the commitment or engagement of the organization suggests that people accept to be part of an organization to gain some rewards. From this view, individuals join a company with certain skills, goals, desires and also expect to get an environment that is conducive to use the skills they have, to attain their desires and goals. Employees view on suitable rewards or exchanges can lead to enhanced employee engagement in the firm. Otherwise, when an organization fails to provide enough rewards in exchange of staff, it leads to the decrease in employee engagement. From the theory, staff reacts to assumed preferable work condition by reacting in such a way that it will be important to the company and fellow colleagues. Moreover, workers



react when they are dissatisfied with certain conditions and behave negatively towards their work including being absent, going to work late or leaving the firm (Chew & Entrekkin, 2004).

The theory is used in explaining the attitude of employees and their engagement to the firm. From the perspective of exchange, workers share their loyalty, identification and organization attachment, to get the firm's incentives. This means that a person's decision to be and remain the company is ascertained by their view on whether there is fairness and balance in organization encouragement and worker's contribution. Mapesela and Strydom (2004) indicated that treating employees fairly is very important to improve their commitment in the firm.

### **2.3 Training and Development Practices**

On-the-Job Training is a mode of training whereby an individual learn from the actual performance of a task. An individual focus on a particular task, learns and develop expertise in the area. An organization is not required to prepare a special training rather it assigns a work who has experience to train a fellow worker. The method may not be very effective of efficient. No transfer of learning is needed so long as there is on-job training. According to Kleynhans (2017) this type of training is one which an experienced employee learns from a co-worker in the process of performing the actual work. The method is effective to some extent in that training takes place while one is performing the assigned tasks. Those being trained learn from what the managers and peers do and they can imitate that in their work (Mullins, 2014). On-the-Job Training is suitable in situations where there is need for new technology, in departments based on cross- training and in areas where a worker is promoted or transferred to undertake new tasks. One form of OJT is rotation whereby employees are moved from ne department

or task to another for the purpose of improving their skills as well as knowledge and introduce them to company's general operations (Pavlov, 2014).

For off-the-job-training, it requires employees to focus of training and this mean that they have to leave their usual work for some duration of time. This method of training is highly adopted in organizations nowadays because of the limitations of OJT like environment, facilities, unavailability of group discussions and taking part fully in the training by individuals from varied disciplines. Ascertaining the person to become the trainer and methods that should be adopted in difficult situations (Braathen, Chaligha & Fjeldstad, 2015). This can only be possible on training taking place away from the workplace. It may be in a special training center, at the company premises or college. This mode of training is suitable while developing skills that can be transferred and be adopted in most of the varied business parts. For instance, it can be used for training employees on how they can use new equipment and new methods or updating then on any law changes (Mathis & Jackson, 2016).

Onyango (2015) states that job rotation is the movement of an individual through a schedule of activities designed to give an employee a wide exposure to entire operations within the workplace. It mainly involves the provision of series of job assignments to employees in numerous functional areas of the firm or shifting of job in a particular functional area. In addition, Flynn (2014) states that it exposes workers to different experiences as well as skills which are responsible for enhancing job satisfaction as well as cross training. Kellen (2015), sought to investigate relationship between job rotation and human resource development and found that when there is rotation of employees, an organization gets information on how well different employees fit the different jobs as well as profitability of every job.

Coaching is a guided, structured process which is closely monitored to ensure improvement so as to bring a trainee near a certain established maximum level of performance for a particular organization function. Companies are incorporating customized interventions, like sessions on coaching that are focused on covering the personal needs of workers and personal deficiency gaps, with the traditional business activities. The interactive coaching activities help in motivating and encouraging workers towards making decisions and taking initiatives (Colomo & Casado, 2016). Motivating workers help in improving their productivity which in turn improves the performance of the firm (Nohria Groysberg & Lee, 2016). The results from coaching interventions include; improved employee confidence and enhanced potential and capacities. The confidence acquired enable coaches to bring in new challenges which improve participation and come up with innovative problem solving methods (Nohria Groysberg & Lee, 2016).

Induction encompass describing procedures, how to do things, peer introduction, structures and facilities, aiding interpersonal acceptance, assist in socialization in the organization, employment, understanding on how a job relate to the firm, the goals of departments and the importance of employees involvement in overall attainment of the company goals (Aswathappa, 2016). Aswathappa (2016) indicated that induction was initiated in 1970s in the United States and it's very popular nowadays. Nyambegera (2015) posits that re-orientation is a program where each employee is periodically provided with fresh introductions and forms part of follow-up. Orientation is essential in situations where the policies or structure of the firm have changed. For instance, if a firm merges or takes control of partly with another, employee re-orientation in the two companies is essential since there are alterations in policies and operating associations.

In most businesses existing employees and internal candidates given new roles are at the risk of being left out during induction. Since the managers may assume that they have an understanding on the culture and firm's knowledge, however, individuals given a new task should be given supported and given information to assist in adjusting to the new duties and responsibilities.

#### **2.4 Factors that influence Employee retention**

Among the many HR practices that are applied in ensuring retention of employees in an organization, training is one of them; there are different forms of training that are applied on employees and they include vocational training, on-the-job training, and specific training. Eisen (2015) states that the employee development programs are associated with seventy percent rise in workers retention rate. Villegas (2016) posit that training is directly related to the retention of workers since it assist the firm to enhance the retention levels and minimize turnover. Provision of training programs to employees make them feel that the organization need them and also wish to grow their career. Workers feel that the firm see them as important resources that is why it invests on them. This is one factor that influence worker retention, however, it is not enough for purposes of retention. Sleimi and Davut (2015) also indicated that T&D programs motivate development of knowledge as well as skills and work enrichment of bank staff. It decreases turnover, improves retention levels and promotes employees value addition. Training and development as a continuous process assist workers to perform better.

According to Brown (2013) compensation refers to the provision of monetary value to people in exchange for performed work. Compensation is usually in form of rewards, pay and wages with an objective of improving the performance of workers. Nyanjom

(2013) noted that it is the responsibility of the management to identify talented workers and good performance and recognize them in certain ways such as financial incentives. Lack of benefits and poor compensation may lead to increase in turnover in the organization. The reasons that make workers leave a firm increases the challenges of recruiting new employees. Challenges are experienced in organizations when trying to come up with a structure of compensation so as to ensure the development of employees. Most companies assert that raise on pay is dependent on performance but it is usually not the case. According to Sinha and Sinha (2012) some companies put emphasis on teamwork but they reward individuals on personal levels. This makes workers frustrated and they may leave the organization. Moreover, staff can stay in the firm when they are satisfied with the compensation methods and structure of the company (Nyanjom, 2013).

Empowerment of employees can lead to the development of sense of ownership and belongingness towards a company. This improves employee confidence as well as their performance. Indirectly, it can improve customer satisfaction and service quality (Hummayoun & Muhammad, 2010). In a business environment characterized by stiff competition, it is important to ensure that capable and competent employees are retained in a firm. The empowerment of employees creates a form of obligation between workers to remain in the company. So, staff may stay in the firm even in situations where there is pressure from colleagues to move out of the firm since they felt that they are a part of the firm (Choong, Wong & Lau, 2011). This implies that employee decision to remain in the organization largely depends on their level of work satisfaction. Individuals that are highly satisfied with their jobs have a greater

likelihood to commit themselves to the company. There are high chances that they stay in the firm.

The commitment of workers plays a major part in ensuring retention of employees. Low commitment level may lead to poorly done work. Employees do what they think is enough. They are not focused on their jobs and on achieving the organization mission. Their concern is on attaining personal success rather than that of the business. Less committed individuals do not consider themselves as part of the organization. When they get a new job they are likely to leave the organization (Habib, Khursheed & Idrees, 2010). On the other hand, highly committed employees to the firm consider themselves an vital of the company. They are usually bothered by any challenges that the organization may be facing. Such workers are highly concerned about the values and mission of the firm and find ways of improving their jobs. This implies that committed workers do their job for the good of the organization and they feel that they are part of the organization (Khan *et al.*, 2010).

Akhtar, Aziz, Ali, Hussain, and Salman (2014) posits that the role of motivation is significant in worker retention. Springer (2011) refers to motivation as the process adopted by a firm to encourage employees to perform their work better. In most firms, staff level of motivation affects their efficiency and effectiveness and the firm's success. De-motivated workers put less effort and once they get a new opportunity they leave the organization (Cheema, Shujaat, & Alam, 2013). The levels of turnover in the organization may rise when employees are not motivated. Motivation may be extrinsic or intrinsic. Intrinsic motivation of a job improves employee's internal satisfaction and comprises job succession, appreciation, new challenges at work and employer soft behaviour (Ryan & Deci, 2000). Job security, pay, bonus and promotions are

categorized as extrinsic motivation (Prabakaran, Ispriya, Amsa, & Angulakshmi, 2014). Aguenza (2012) posit that intrinsic motivation play an essential role in improving workers motivation and their willingness to remain in the firm. Further, Asad, Akhtar, Haider, and Javaid (2011) indicated both types of motivation are essential to all workers in an industry including the banking industry. Therefore, it's crucial that the focus of managers be on motivating employees both intrinsically and extrinsically to improve their level retention.

## **2.5 Training and Development and Employee retention**

Al-sharafi, Mat Hassan and Alam (2018) reviewed how training and career development affect the retention of workers in telecommunication firms in Yemen. The goal was to find out how career advancement, training and non-monetary incentives affect the retention of employees in telecommunication organizations. A sample of one hundred non-management staff in four organization was selected. Findings showed that training positively impacted on the retention and satisfaction of employees.

In an evaluation Omoikhudu (2017) studied how employee training impacted on their retention; the study was carried out in retail industry among leading retailers selected from Dublin, Republic of Ireland. The research investigated the impact of training and coaching on worker retention. Data used was from primary and secondary sources and was obtained using questionnaires. Results showed that training in form of coaching has a significant effect on employees' retention.

A review by Ldama and Bazza (2015) on how employee T&D affect their retention in Adamawa State-Nigeria commercial banks. Data was obtained from 197 employees from Mubi north, Yola north, Yola south and Numan local government regions. Questionnaires were used. Regression method was adopted. Results revealed that

training and developing had a positive effect on retention of bank workers. The retention of staff in the banks can be improved by training and developing the employees as a way of motivating them.

Nkosi (2015) reviewed employee training effects on performance, commitment and retention in local municipality of South African. The main aim was to do an analysis on how employee training effects on performance, commitment and retention. A convenient method of sampling was used to select 130 employees to participate in the research. Questionnaire was use to retrieve data and it was analyzed by use of SPSS. A Cronbach value of 0.813 and Keiser-Meyer-Olkin of 0.865 was achieved. Findings exhibited that training affect the level of staff performance, commitment and retention.

Duah and Danso (2017) researched on effect of employee T&D on their retention in capital bank in Ghana. The goal was establish the role training and growth plays in lowering turnover rates in banks using Capital Bank. The study adopted a quantitative approach. The specific design that was adopted is case study. The primary data were gathered through direct administration of questionnaires. One hundred (100) employees were selected. The study found that most of the respondents had knowledge of the existence of career development plan for members of staff at Capital Bank. As many as 78% of the respondents held this view. Almost all the respondents indicated that training and developing employees affect their retention. Most of the respondents also added that the trainings they receive are relevant to their work. The revealed challenges include poor compensation, poor communication, lack of clear cut policies, systems for appraisals that are untimely and lack of growth and clear career path.

Sirtuy (2015) did a study on how employee development and learning influence their retention at Kenya Power. The study aimed at ascertaining the perception of employee



learning as a retention strategy. The population targeted was staff members of KPLC headquarters in Nairobi. Results obtained established that in the organization, employees are provided with learning opportunities and other opportunities for their personal growth. Some of the practices that the organization offers is programs for coaching and mentoring which involved senior and junior managers, there is also reward systems and they provide off job training. The findings further established that the company does not practice o a great extent self-directed learning, teaching groups, allocation of assignments and special projects. Also, the organization does not apply the use of work rotation and distant learning as forms of learning. In addition, organization employees indicated that their level of engagement is increased through training and development which results in growth and development professionally and also results in career development.

## **CHAPTER THREE: RESEARCH METHODOLOGY**

### **3.1 Introduction**

This section covers the methodology to be used in conducting the study. It includes the target population, sampling methods and the techniques that will be used to select the sample size, and analysis and presentation of data.

### **3.2 Research Design**

Kerlinger (2007) refer to research design as method of choosing information types and sources for the study. A descriptive cross-sectional survey was applied. A cross sectional study is usually conducted once (Cooper & Schindler, 2006). Saunders *et al*, (2007) posit that a descriptive cross-sectional study is the one which involves gathering of data by questioning individuals who form the research object and belong to a representative sample, using a standardized questioning method with an objective of analyzing the associations of variables at a certain time. Descriptive study entails collecting information that describe situations and organizing, tabulating and describing data by use of visual aids like the graphs and charts to help the reader understand the distribution of data (Glass & Hopekins, 1984).

### **3.3 Population of the Study**

Population is the group of elements, individuals, or subjects that are being investigated (Ngechu, 2004). The study targeted all employees at Madison Insurance Company Limited, head office in Nairobi, who are 132 in total. This was a census study where all employees of the head office were the target respondents.

### **3.4 Data Collection**

A questionnaire was used. It had three sections. First part covered the demographic information; the second section covered training and development practices and the third section covered retention of employee. The questionnaire was structured comprising of 5-scale likert questions. The study used questionnaires because they are effective instruments of data collection and allow participants to provide their opinion about the study problem (Cooper & Schindler, 2011). Questionnaire administration was done by the researcher and the questionnaire was self-administered. Also a follow-up was done for those respondents who chose to fill the questionnaires at different times.

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

Analysis of the collected data was done in SPSS version 23.0 where quantitative data collected was analyzed by descriptive statistics which included SD, means, percentages and frequencies. To establish the influence of training and development practices on employee retention at Madison Insurance Company Limited, Nairobi Kenya, the study performed regression analysis. The results of the analysed data were presented in tables and figures. The regression model adopted was of the form;  $Y = \beta_0 + \beta X + E$

Where:

Y = Employee retention

X = Training and development practices

$\beta_0$  = Constant

$\beta$  = Regression coefficient

E = Error term

## **CHAPTER FOUR: DATA ANALYSIS, INTERPRETATION AND DISCUSSION**

### **4.1 Introduction**

This chapter discusses data analysis, interpretation, presentation and discussion of the research findings based on the data collected from the field. Also the chapter presents demographic information and results of analysis based on study's objectives. Both descriptive and inferential statistics have been applied.

### **4.2 Response Rate**

Selected sample for this study was all 132 employees of Madison Insurance Company Limited, head office in Nairobi. The selected sample of 132 respondents received questionnaires for data collection but only 102 dully filled their questionnaires and returned forming 77.27% return rate and presented in table 4.1. The rate of response was considered excellent and was therefore used for analysis. Mugenda and Mugenda (2003) explained that if the data collected forms a response of 50% and above, it is adequate, if it is 60% it is good and 0% and above is excellent. Our response was 102 out of 132 (77.27%) which is above 70% and was therefore excellent for analysis and reporting.

**Table 4.1: Response Rate**

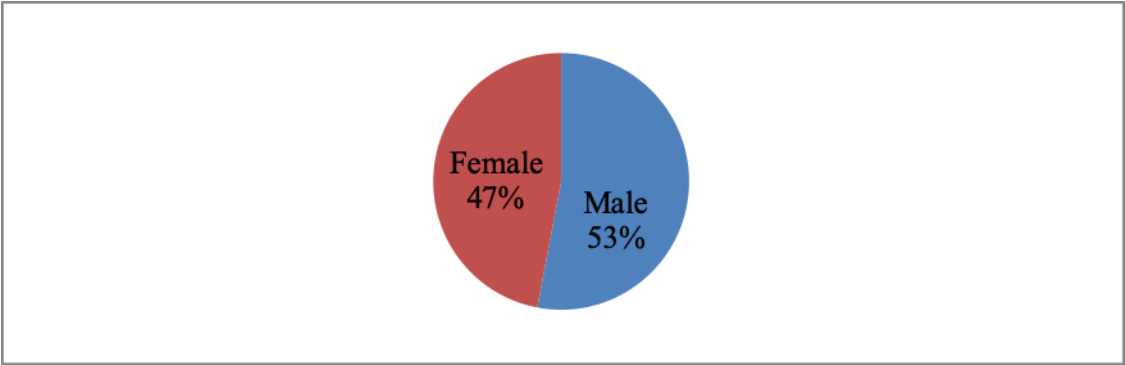
<b>Questionnaires</b>	<b>Frequency</b>	<b>Percent</b>
<b>Returned</b>	102	77.27
<b>Unreturned</b>	30	22.73
<b>Total</b>	<b>132</b>	<b>100.00</b>

**4.3 Demographic Information**

Respondents’ demographic information was sought and the results obtained were presented in this section. Specifically the study sought to determine the gender, age, experience in the company and level of education.

**4.3.1 Gender of Respondents**

Gender of respondents was important in order to determine whether there is gender biasness at Madison insurance and therefore, respondents were asked to indicate their gender and the findings were presented in Figure 4.1.

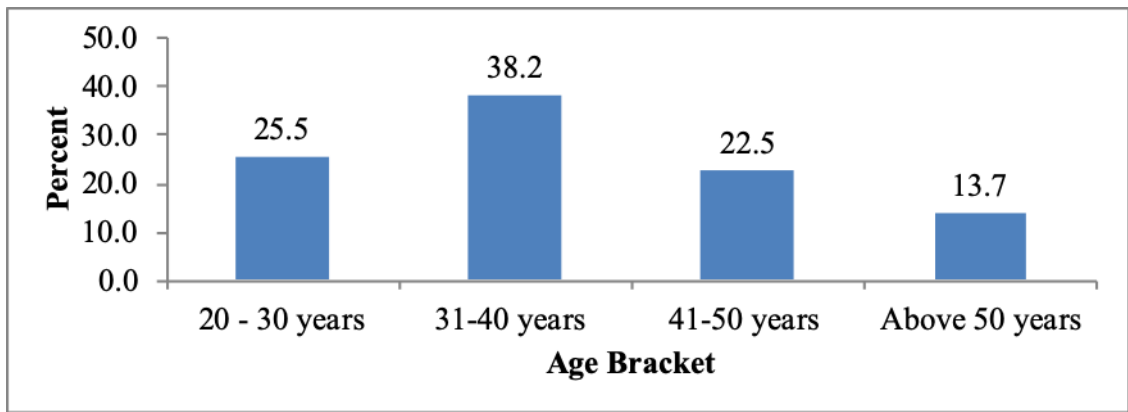


**Figure 4.1: Gender of Respondents**

Results presented in figure 4.1 show that majority (53%) of employees at Madison Insurance Company are male while 47% are female. The results is a clear indication that the study was not gender biase. The findings also indicate that Madison Insurance Company Limited is not gender biased when employing their employees because both genders are fairly and adequately represented.

**4.3.2 Age of Respondents**

Age was important in order to determine the age diversity of employees at Madison Insurance company and therefore respondents gave their ages and the results obtained were presented in Figure 4.2.

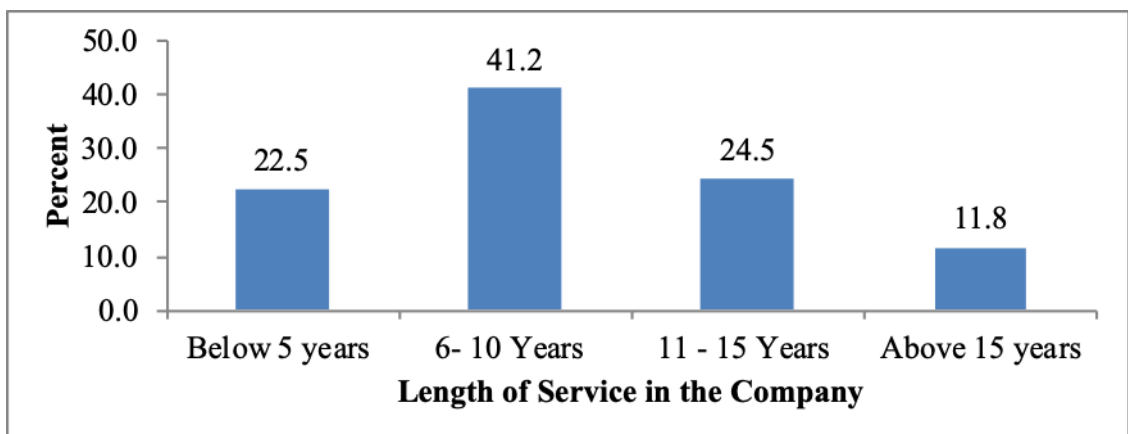


**Figure 4.2: Age of Respondents**

From the findings, 38.2% of the respondents indicated that they were aged 31 to 40 years, 25.5% were aged 20 to 30 years, 22.5% were aged 41 to 50 years, and 13.7% were aged above 50 years. These findings therefore suggest that employees at Madison Insurance Company Limited, Head Office, Nairobi, Kenya are of varied ages. Most (38.2%) were aged between 31 and 40 years.

#### **4.3.3 Respondents Length of Service with the Company**

Working experience of respondents was important to establish whether they are well conversant with organizations practices of training and development and their effect on retention of employees. Figure 4.3 presented the findings obtained.

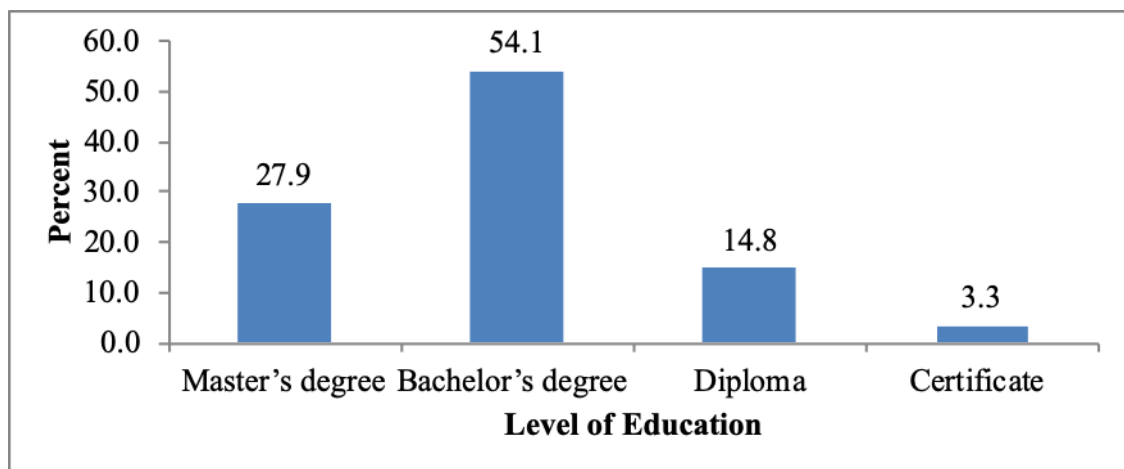


**Figure 4.3: Respondents Length of Time Serving in the Company**

Results presented in Figure 4.3 show that most (41.2%) of employees at Madison insurance company had served for 6 to 10 years, 24.5% for 11 to 15 years, 22.5% for less than five years, and 11.8% for more than 15 years. From the results above, it is evident that respondents had varied working experience with the company. Most (41.2%) had worked for 6 to 10 years. Therefore employees are well conversant with organizations practices pertaining training and development because of their long working experience with the company.

#### 4.3.4 Respondents Level of Education

In order to establish whether the respondents had the ability of understanding and filling the questionnaire as desired, their level of education was important. Figure 4.4 presents the findings obtained.



**Figure 4.4: Respondents Level of Education**

Results in figure 4.4, majority (54.1%) employees at Madison insurance company had bachelor's degree, 27.9% had master's degree, 14.8% had diploma, and 3.3% had certificate. From the findings, all respondents had some level of education that allowed them to understand the questionnaire and fill it accordingly. Majority (54.1%) employees at Madison insurance have bachelor's degree, an indication that level of

education is considered at Madison Insurance Company Limited, Head Office, Nairobi, Kenya when employing new employees.

#### 4.4 Training and Development Practices

In order to determine ways through which training and development practices practiced at Madison Insurance company affected retention of employees, respondents were asked to indicate the extent to which they agreed or disagreed with various statements using the 5-point likert scale where 1 is strongly disagree and 5 is strongly agree.

**Table 4.2: Training and Development Practices**

Statements	1	2	3	4	5	Mean	Std. Dev.
<b>On-the-job training (OJT)</b>							
OJT is a preferred practice since employees are trained with the workplace tools.	4	4	4	77	13	3.892	1.276
OJT assist in building a strong workforce.	4	4	7	77	10	3.833	1.272
OJT provide employers with knowledge about their employees skills.	2	4	5	84	7	3.882	1.413
<b>Off-the job training</b>							
Training outside work is preferred practice since training is conducted away from the office.	7	4	4	80	7	3.745	1.340
It is economical to have off-the-job-training because large group of employees receive training at the same time.	4	4	10	76	8	3.784	1.252
Off-the job training has assisted the organization to train a large number of staff.	4	4	7	72	15	3.882	1.178
Off-the job training reduces production error since employees are trained away from their work station.	4	4	7	80	7	3.804	1.334
<b>Job rotation/ transfers</b>							
Job rotation has enabled me to learn new skills	4	0	11	72	15	3.922	1.177
Job rotation has assisted the management to explore hidden talents	4	4	4	79	11	3.873	1.314
Job transfer has enabled the my organization to develop new skills	0	4	4	87	7	3.951	1.471
<b>Coaching and Mentoring</b>							
Coaching and mentoring has helped in improving the relationship between the management and staff	4	4	4	80	10	3.863	1.334
Coaching and mentoring has helped in building	4	0	4	87	7	3.912	1.476



new skills in the organization							
Coaching and mentoring has assisted in improving work confidence	4	4	4	83	7	3.833	1.396
<b>Induction/ Orientation</b>							
I went through induction when they I joined the organization	4	4	2	77	15	3.931	1.282
The induction program enabled me understand the organization and settle in more easily	4	4	7	84	3	3.765	1.422
Orientation assisted me to understand my roles when I joined the organization.	0	4	4	87	7	3.951	1.471
Orientation enables me to have a positive attitude towards my assignments.	0	0	4	94	4	4.000	1.616

#### 4.4.1 On-the-job training (OJT) Practices

Regarding OJT practices, respondents concurred that; on-the job training is a preferred practice since employees are trained with the workplace tools (M=3.892, SD=1.276); OJT provide employers with knowledge about their employees skills (M=3.882, SD=1.413); and OJT assist in building a strong workforce (M=3.833, SD=1.272). These concurs with Pavlov (2014) who explained that one form of OJT is rotation whereby workers are shifted from one task to another for the purpose of improving their skills as well as knowledge and introduce them to company's general operations; this is therefore suitable in situations where there is need for new technology, in departments based on cross- training and in areas where a worker is promoted or transferred to undertake new tasks.

#### 4.4.2 Off-The Job Training Practices

Results in Table 4.2 show that the respondents agreed that off-the job training has assisted the organization to train a large number of staff (M=3.882, SD=1.178); off-the job training reduces production error since training of workers is one off their work place (M=3.804, SD=1.334); it is economical to have off-the-job-training because a large group of employees receive training together (M=3.784, SD=1.252); and that off-

the job training is a preferred practice since workers are trained away from their work station ( $M=3.745$ ,  $SD=1.340$ ). These findings concurs with Braathen, Chaligha and Fjeldstad, (2015) that the off-the –job training is highly adopted in organizations nowadays because of the limitations of OJT like environment, facilities, unavailability of group discussions and taking part fully in the training by individuals from varied disciplines. This is because when using this mode of training it allows skills development that can be transferred and be adopted in most of the varied business parts.

#### **4.4.3 Job Rotation/ Transfers Practices**

Regarding job rotation/ transfers practices, respondents concurred that; job transfer has enabled their organization to develop new skills ( $M=3.951$ ,  $SD=1.471$ ); job rotation has enabled them to learn additional skills ( $M=3.922$ ,  $SD=1.177$ ); and job rotation has assisted the management to explore hidden talents ( $M=3.873$ ,  $SD=1.314$ ). These concurs with Pavlov (2014) that the advantage of using job rotation as form of employee training in an organization is that it enables workers to better their knowledge as well as skills and introduce them in general organizational operations. Also, Kellen (2015) noted that when there is rotation of employees, an organization gets information on how well different employees fit the different jobs as well as profitability of every job.

#### **4.4.4 Coaching and Mentoring Practices**

Regarding coaching and mentoring practices, findings presented in Table 4.2 reveal employees agreed that coaching and mentoring has helped in building new skills in the company ( $M=3.912$ ,  $SD=1.476$ ); coaching and mentoring has helped in improving the relationship between the management and staff ( $M=3.863$ ,  $SD=1.334$ ); and coaching

and mentoring has assisted in improving work confidence ( $M=3.833$ ,  $SD=1.396$ ). These findings concur with Colomo and Casado (2016) that the interactive coaching activities help in motivating and encouraging workers towards making decisions and taking initiatives. It also agrees with Nohria Groysberg and Lee (2016) that motivating workers help in improving their productivity which in turn improves the performance of the firm. They added that other advantages of coaching interventions include; improved employee confidence and enhanced potential and capacities. The confidence acquired enable coaches to bring in new challenges which improve participation and come up with innovative problem solving methods.

#### **4.4.5 Induction/ Orientation Practices**

From the findings presented in table 4.2 on induction/ orientation practices, the respondents were in agreement that; orientation enables them to have a positive attitude towards their assignments ( $M=4.000$ ,  $SD=1.616$ ); orientation assisted them to understand their roles when they joined the organization ( $M=3.951$ ,  $SD=1.471$ ); they went through induction when they joined the organization ( $M=3.931$ ,  $SD=1.282$ ); and that the induction program enabled them understand the organization and settle-in more easily ( $M=3.765$ ,  $SD=1.422$ ). These findings agree with Aswathappa (2016) who explained the importance of induction as describing procedures, how to do things, peer, structures and facilities introduction, aiding interpersonal acceptance, assist in socialization in the organization, and understanding how employee tasks are relate to the firm, the goals of departments and the importance of employees involvement in overall attainment of the company goals. Orientation is essential in situations where the policies or structure of the firm have changed.

## 4.5 Employee Retention

Using the 5-point likert scale where 1=strongly disagree and 5=strongly agree, respondents gave the extent to which they agreed or disagreed with various statements regarding employee retention at Madison Insurance Company Limited and the results obtained presented Table 4.3.

**Table 4.3: Employee Retention**

<b>Statements</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>Mean</b>	<b>Std. Dev.</b>
<b>Training and Development</b>							
Employee training makes me feel that I'm valued hence willing to stay in the firm	4	4	4	73	17	3.931	1.206
Training and development motivates me hence I am willing to stay in the organization longer.	4	4	7	73	14	3.873	1.196
Employee training improves efficiency and competence hence I am willing to stay in the firm	4	4	4	77	13	3.892	1.276
<b>Compensation</b>							
My organization has good compensation strategies, this makes me remain in the organization.	7	4	7	73	11	3.755	1.196
The employees compensation is reviewed annually, this improves employee retention	4	4	4	69	21	3.971	1.146
The organization offers incentives to employees, this makes me remain in the organization.	4	4	7	73	14	3.873	1.196
<b>Employee empowerment</b>							
My organization empowers the employees through supporting their career progression, which make me to stay in the organization.	4	4	7	79	8	3.814	1.313
Employee empowerment improves confidence and performance, this makes me remain in the organization.	4	4	11	73	10	3.794	1.190
Employee empowerment leads to job satisfaction hence I am ready to stay longer in the company.	4	4	4	80	10	3.863	1.334
<b>Employee commitment</b>							
My organization provides flexible work schedules, this helps in improving employee commitment, hence I am ready to stay longer in the company.	4	4	4	73	17	3.931	1.206
Employee commitment helps me to have the organization at heart hence I have the will to continue working with the company.	0	4	7	69	22	4.069	1.143
Committed employees display positive behavior towards the organization hence less likely to	4	4	7	77	10	3.833	1.272

leave the current position.							
<b>Motivation</b>							
The employees are appreciated for their work and promotions are done internally, this makes me remain in the organization longer.	4	4	7	76	11	3.843	1.252
Motivated employees contribute positively to the organization, this positivity encourages me to remain in the organization.	7	4	7	77	7	3.716	1.277
Motivated employees enjoy their work and this has encouraged me to remain in the organization longer.	4	0	11	72	15	3.922	1.177

Regarding training and development as a strategy of enhancing employee retention at Madison Insurance Company Limited, Head Office, Nairobi, Kenya the respondents were in agreement that; employee training makes them feel that they are valued hence willing to stay in the firm (M=3.931, SD=1.206); employee training improves efficiency and competence hence they are willing to stay in the firm (M=3.892, SD=1.276); and training and development motivates them hence they have the will to continue working with the company (M=3.873, SD=1.196). These findings agree with Sleimi and Davut (2015) that work enrichment of employees and programs channeled towards training and development encourage skill and knowledge development. It decreases turnover, improves retention levels and promotes employees value addition. Training and development as a continuous process assist workers to perform better.

On compensation, the respondents agreed that the employees' compensation is reviewed annually, this improves employee retention (M=3.971, SD=1.146); the company offers incentives to employees, this makes them continue working with the company (M=3.873, SD=1.196); and that their organization has good compensation strategies, this encourages their retention (M=3.755, SD=1.196). These findings concur with Nyanjom (2013) who noted that lack of benefits and poor compensation may lead to increase in turnover in the organization.

Regarding employee empowerment, the respondents were in agreement that; employee empowerment leads to job satisfaction hence they are willing to continue working with the company (M=3.863, SD=1.334); employee empowerment improves confidence and performance, this encouraged their retention (M=3.794, SD=1.190); and that their organization empowers the employees through supporting their career progression, which encourages them to continue working in the company (M=3.814, SD=1.313). The findings concur with Choong, Wong and Lau (2011) that empowerment of employees creates a form of obligation between workers to remain in the company; therefore, employees may stay in the firm even in situations where there is pressure from colleagues to move out of the firm since they feel as being part of the firm.

On employee commitment, the respondents were in agreement that; employee commitment helps them to have the organization at heart hence they are willing to remain in the organization (M=4.069, SD=1.143); their organization provides flexible work schedules, this helps in improving employee commitment, hence encouraging their retention (M=3.931, SD=1.206); and committed employees display positive behavior towards the organization hence less likely to leave the current position (M=3.833, SD=1.272). These concurs with Nkosi (2015) who reviewed staff training effects on performance, commitment and retention and found that training affect the level of staff performance, commitment and retention.

On motivation, the respondents were in agreement that motivated employees enjoy their work and this has encouraged their retention in the company (M=3.922, SD=1.177); the employees are appreciated for their work and promotions are done internally, this makes me remain in the organization longer (M=3.843, SD=1.252); motivated employees contribute positively to the organization, this positivity influence

retention of employees in the company (M=3.716, SD=1.277). Motivation is the process adopted by a firm to encourage employees to perform their work better. These findings concur with Akhtar *et al.*, (2014) who posits that motivation performs a significant duty in worker retention. In most companies, the level of efficiency and effectiveness depends on the level to which employees feel motivated.

#### 4.6 Regression Analysis

In order to determine the effects, the practices of raining and development had on retention of employees at Madison Madison Insurance Company Limited, Nairobi Kenya; the researcher performed regression analysis. The structure of the regression model was;  $Y = \beta_0 + \beta X + E$  Where: Y = Employee retention; X = Training and development practices;  $\beta_0$  = Constant;  $\beta$  = Regression coefficient; E = Error term. The findings were presented in three tables discussed in subsections below.

##### 4.6.1 Model Summary

Model summary was used to show the amount of variation in employee retention at Madison insurance company as a result of changes in training and development practices. Significance was tested at 5% level of significance.

**Table 4.4: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.882 <sup>a</sup>	0.778	.763	.1450235

Adjusted R<sup>2</sup> value is 0.763, an indication that 76.3% variation in employee retention at Madison Insurance Company Limited Head Office, Nairobi, Kenya can be attributed to training and development practices. The remaining 23.7% is an indicate that other than training and development practices, employee retention at Madison insurance company can be attributed to other factors that have not been discussed in this study. Further, the

variables under investigation have a strong and positive relationship indicated by R=0.882.

#### 4.6.2 Analysis of Variance

ANOVA was used to determine whether the model was a perfect fit for the data. The significance of the model was tested at 5% level of significance.

**Table 4.5: Analysis of Variance**

<b>Model</b>	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Square</b>	<b>F</b>	<b>Sig.</b>
1 Regression	5.040	1	5.040	12.354	.001 <sup>b</sup>
Residual	40.800	100	0.408		
<b>Total</b>	<b>45.840</b>	<b>101</b>			

From the findings, the model is seen to be significant since the p-value obtained (0.001) is less than 0.05 which was the selected level of significance. This therefore suggests that the model is significant. The F-critical value (3.936) is seen to be less than the F-calculated value (12.354); this implies that training and development practices have significant impact on retention of employee at Madison Insurance Company Limited, Head Office Nairobi, Kenya.

#### 4.6.3 Beta Coefficients of the study Variable

The study computed coefficients which were fitted on the regression model to form the following equation;

$$Y = 0.685 + 0.533X + E$$

From the above equation, it can be observed that when training and development practices and held to a constant zero, retention of employees at Madison Insurance Company Limited, Head Office Nairobi, Kenya will be at 0.685.



**Table 4.6: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.685	0.113		6.062	0.000
1 Training and development practices	0.533	0.093	0.431	5.731	0.003

a. Dependent Variable: Employee retention

Results in table 4.6 show that training and development practices have a positive influence on retention of employees at Madison Insurance Company Limited ( $\beta=0.533$ ). The p-value obtained (0.003) was less than the selected level of significance (0.05) suggesting that the influence was significant. Therefore a unit increase in training and development practices (OJT, off-the job training, Job rotation/ transfers, Coaching and Mentoring, and Induction/ Orientation) will result to an increase in employee retention at Madison Insurance Company Limited, Head Office, Nairobi, Kenya by 0.533 units.

## 4.7 Discussion of Findings

### 4.7.1 Training and Development Practices

On-the job training is a preferred practice since employees are trained with the workplace tools as indicated; it also provides employers with knowledge about their employees' skills; and assists in building a strong workforce. These concurs with Pavlov (2014) who explained that one form of OJT is rotation whereby staff get shuffled from one task to another for the purpose of improving their skills as well as knowledge and introduce them to company's general operations; this is therefore suitable in situations where there is need for new technology, in departments based on cross- training and in areas where a worker is promoted or transferred to undertake new tasks.

The study also found that off-the job assists the organization to train a large number of staff, reduces production error since employees are receive training outside the office, is economical since many employees receive training at once and is a preferred practice since workers are trained away from their work station. According to Braathen, Chaligha and Fjeldstad, (2015), off-the –job training is highly adopted in organizations nowadays because of the limitations of OJT like environment, facilities, unavailability of group discussions and taking part fully in the training by individuals from varied disciplines. This is because when using this mode of training it allows skills development that can be transferred and be adopted in most of the varied business parts.

The study found that job transfer has enabled their organization to develop new skills; job rotation has enabled learning additional skills; and job rotation assisted management to explore hidden talents. According to Pavlov (2014), the advantage of using job rotation as form of employee training in an organization is that it enables staff to better their knowledge as well as skills and introduce them in company general operations. Kellen (2015) also noted that when there is rotation of employees, an organization gets information on how well different employees fit the different jobs as well as profitability of every job. The advantage of using job rotation as form of employee training in an organization is that it enables staff to better their skills as well as knowledge and introduce them company’s general operations.

The study established that coaching and mentoring has helped in building new skills in the organization, has helped in improving the relationship between the management and has assisted in improving work confidence. These findings concur with Colomo and Casado (2016) that the interactive coaching activities help in motivating and

encouraging workers towards making decisions and taking initiatives. It also agrees with Nohria Groysberg and Lee (2016) that motivating workers help in improving their productivity which in turn improves the performance of the firm. They added that other advantages of coaching interventions include; improved employee confidence and enhanced potential and capacities. The confidence acquired enable coaches to bring in new challenges which improve participation and come up with innovative problem solving methods.

Orientation enables workers to have positive attitude on their assignments, understand their roles, understand the organization and settle-in more easily. Orientation is essential in situations where the policies or structure of the firm have changed. These findings agree with Aswathappa (2016) who explained the importance of induction as describing procedures, how to do things, peer, structures and facilities introduction, aiding interpersonal acceptance, assist in socialization in the organization, and understanding how employee tasks are relate to the firm, the goals of departments and the importance of employees involvement in overall attainment of the company goals. Orientation is essential in situations where the policies or structure of the firm have changed.

#### **4.7.2 Employee Retention**

Employee training makes employees feel that they are valued hence willing to stay in the firm; improves efficiency and competence hence employees are ready to stay in the firm; and training and development motivates workers and therefore have the will to stay in the organization. These findings agree with Sleimi and Davut (2015) that work enrichment of employees and programs channeled towards training and development encourage skill and knowledge development. It decreases turnover, improves retention

levels and promotes employees value addition. Training and development as a continuous process assist workers to perform better.

Employees' compensation is reviewed annually, this improves employee retention; the organization offers incentives to employees, this makes them remain in the organization; and that organization has good compensation strategies, this makes employees remain in the organization. These findings concur with Nyanjom (2013) who noted that lack of benefits and poor compensation may lead to increase in turnover in the organization.

Employee empowerment leads to job satisfaction, improves confidence and performance, and employee organization empowers the employees through supporting their career progression, which make them to stay in the organization. These results concurs with Choong, Wong and Lau (2011) that empowerment of employees creates a form of obligation between workers to remain in the company; therefore, employees may stay in the firm even in situations where there is pressure from colleagues to move out of the firm since they feel as being part of the firm.

Employee commitment helps employees to have the organization at heart and committed employees display positive behavior towards the organization hence lower probability of them leaving the organization. The company provides flexible work schedules, this helps in improving employee commitment, hence workers have the will to stay with the company. These concur with Nkosi (2015) who reviewed employee training influences commitment, retention and employee performance.

Retention of workers in an organization is greatly influence by level of motivation. Efficiency effectiveness and organizational success are greatly affected by staff level of motivation. Motivated employees enjoy their work and this has encouraged them to

remain working with the company; employer work appreciation as well as promotions makes employees remain in the organization longer; motivated employees contribute positively to the organization, this positivity encourages them to remain in the organization. Motivation is the process adopted by a firm to encourage employees to perform their work better. These findings concur with Akhtar *et al.*, (2014) who posits that motivation performs a crucial role in worker retention. Majority of the companies predict their level of efficiency and effectiveness using employee level of motivation.

## **CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

In this chapter the following are covered; summary of findings, conclusions drawn from the findings and recommendations made there to, limitations of the study and suggestions for further studies. They all focused on addressing the study's objectives which was: establish the influence of training and development practices on employee retention at Madison Insurance Company Limited, Head Office Nairobi, Kenya.

### **5.2 Summary of Findings**

#### **5.2.1 Training and Development Practices**

The study established that the reason why on-the-job training is most preferred form of training is because staff members are trained using the available tools, the ones they use on daily tasks; OJT provide employers with knowledge about their employees' skills; and OJT assist in building a strong workforce. Regarding the influence of off-the job training, the study found that the company has been able to train large number of employees, it reduces production error because training is conducted outside work environment; it is economical because large group of workers are trained at once; and is a preferred practice since workers receive training off work.

Regarding the influence of job rotation/ transfers the study found that job transfer has enabled their organization to develop new skills; job rotation has enabled them to learn new skills; and job rotation has assisted the management to explore hidden talents. The advantage of using job rotation as form of employee training in an organization is that it enables to better their knowledge as well as skills and introduce them in the organization general operations. Regarding the influence of coaching and mentoring the

study established that coaching and mentoring has helped in building new skills in the organization; coaching and mentoring has helped in improving the relationship between the management and staff; and coaching and mentoring has assisted in improving work confidence.

On induction/ orientation, the study established that orientation enables staff to nature a positive attitude towards their tasks; orientation assisted employees to understand their roles when they joined the organization; employees went through induction when they joined the organization; and induction program enabled employees understand the organization and settle-in more easily. Orientation is essential in situations where the policies or structure of the firm have changed.

### **5.2.2 Employee Retention**

Regarding training and development: employee training makes employees feel that they are valued hence have the will to continue working with the company; employee training improves efficiency and competence hence employees the will to continue working with the company; and training and development motivates employees hence the will to continue working with the company. On compensation, the study found that the employees' compensation is reviewed annually, this improves employee retention; the organization offers incentives to employees, this makes them remain in the organization; and that organization has good compensation strategies, this makes employees remain in the organization.

Regarding employee empowerment, the study established that employee empowerment leads to job satisfaction hence employees the will to continue working with the company; employee empowerment improves confidence and performance, this makes employees remain in the organization; and that employee organization empowers the

employees through supporting their career progression, which make them to stay in the organization. On employee commitment, the study revealed that employee commitment helps employees to have the organization at heart hence have the will to continue working with the company; organization provides flexible work schedules, this helps in improving employee commitment, hence employees have the will to continue working with the company; and committed employees display positive behavior towards the organization hence less likely to leave the current position.

On motivation, the study found that motivated employees enjoy their work and this has motivated them to continue working with the company; the employees are appreciated for their work and promotions are done internally, this makes employees remain in the organization longer; motivated employees contribute positively to the organization, this positivity encourages them to remain in the organization. Motivation is the process adopted by a firm to encourage employees to perform their work better. Motivation performs a crucial role towards worker retention. In most companies, the level of employee motivation affects their efficiency and effectiveness as well as the firm's success.

### **5.2.3 Training and Development Practices and Employee Retention**

The study found that training and development practices and employee retention are strongly and positively. Also, training and development practices had a significant effect on employee retention at Madison Insurance Company Limited, Head Office Nairobi, Kenya. The study also revealed that the influence of training and development practices on employee retention is significant. Therefore a unit increase in training and development practices OJT, offthe job training, Job rotation/ transfers, Coaching and



Mentoring, and Induction/Orientation) will result to an increase in employee retention at Madison Insurance Company Limited, Head Office, Nairobi, Kenya.

### **5.3 Conclusions**

OJT Practices were found to strongly and positively influence employee retention. Also, the study established that the influence of OJT Practices was significant. Therefore any changes in OJT Practices would lead to changes in employee retention. The study concludes that OJT Practices has a positive relationship with retention of employees. Off-the job training practices were found to positively influence employee retention. Therefore a unit increase in off-the job training practices will lead to an increase in employee retention. The study therefore concludes that off-the job training practices positively and significantly influences employee retention.

Job rotation/transfers practices significantly influence employee retention. This implies that job rotation/transfers practices has a significant and positive association with employee retention. Coaching and Mentoring Practices had a positive influence on employee retention. Induction/ Orientation Practices had a positive influence on employee retention. Therefore a unit increase in, Job rotation/ transfers, Coaching and Mentoring, and Induction/ Orientation will result to an increase in employee retention at Madison Insurance Company Limited, Head Office, Nairobi, Kenya. The study therefore concludes that training and development practices positively and significantly influences employee retention.

### **5.4 Recommendations**

The study recommends management of Madison Insurance Company to increase training and development practices. Various forms of training matching the needs of

employees this will increase employee motivation which in turn increases their rate of retention.

The study recommends management of Madison Insurance Company Limited, Head Office, Nairobi, Kenya to have customized interventions, like sessions on coaching that are focused on covering the personal needs of workers and personal deficiency gaps. The interactive coaching activities help in motivating and encouraging workers towards making decisions and taking initiatives; this will improve employee confidence and enhance their potential and capacities.

The study found that job rotation helped employees to learn new skills and develop new skills. The study therefore recommends management of the insurance company to incorporate job rotations and transfers as training and development practice; this will help the organization to explore hidden talents and get information on how well different employees fit the different jobs as well as profitability of every job.

Compensation was found to influence employee retention. The study therefore recommends Madison Insurance Company Limited, Head Office, Nairobi, Kenya to embrace effective and efficient compensation structures so as to ensure the development of employees. Compensations used can be in form of rewards, pay and wages; if compensation is satisfying, employees will stay in the firm.

### **5.5 Limitation of the Study**

The main limitation of study is the inability to get all information sought by the study since the insurance company employees are required to maintain confidentiality. To solve this problem the researcher provided a letter of introduction from the institution of learning and a research permit from NACOSTI to enable the members disclose

information. Respondents were also assured that the information they provide was used solely for academic purposes and that confidentiality of the information was to be maintained.

The study focused on establishing the influence of training and development practices on employee retention at Madison Insurance Company Limited, Head Office Nairobi, Kenya. The study was limited to Madison Insurance Company Limited head office. Data used was from primary sources and was collected using questionnaires. Since the information was obtained from employees of the insurance company, it was not possible to ascertain whether they provided honest information. The study was limited to On-the-job training (OJT), off-the job training, Job rotation/ transfers, Coaching and Mentoring, and Induction/ Orientation training and development practices.

#### **5.6 Suggestion for Further Studies**

The main objective for this study was to establish the influence of training and development practices on employee retention at Madison Insurance Company Limited, Head Office Nairobi, Kenya. The study focused on Madison Insurance Company, the study therefore recommends replication of the research study in other insurance companies in the country to facilitate comparison and generalization of research findings. The study further recommends a study to be conducted on effect of training and development practices on performance of the insurance company.

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## APPENDICES

### Appendix I: Questionnaire

Kindly Tick appropriately

#### Section A: Demographic Information

1. What is your gender?  
 Female[  ]  
 Male [  ]
2. What is your age bracket?  
 20 - 30 years [  ]  
 31-40 years [  ]  
 41-50 years [  ]  
 Above 50 years [  ]
3. For how long have you worked for Madison?  
 Below 5 years [  ]  
 6- 10 Years [  ]  
 11 - 15 Years [  ]  
 Above 15 years [  ]
4. What is the level of your education?  
 Master's degree [  ]  
 Bachelor's degree [  ]  
 Diploma [  ]  
 Certificate [  ]  
 Other \_\_\_\_\_

#### Section B: Training and Development Practices

5. Indicate the level at which you agree with the following statements about the influence of training and development on staff retention at Madison Insurance Company Limited, Nairobi Kenya. Where:  
 1=Strongly disagree 2=Disagree 3=Moderate 4=Agree 5=Strongly agree

Statements	1	2	3	4	5
<b>On-the-job training (OJT)</b>					
OJT training is a preferred practice since employees are trained with the workplace tools.					

OJT assist in building a strong workforce.					
OJT provide employers with knowledge about their employees' skills.					
<b>Off-the job training</b>					
Since off the job training is conducted outside work environment that makes it most preferred form of training.					
Off-the job training is economical since many employees receive training at once.					
Off-the job training has assisted the organization to train a large number of staff.					
Off-the job training reduces production error since employees are trained away from their work station.					
<b>Job rotation/ transfers</b>					
Job rotation has enabled me to learn new skills					
Job rotation has assisted the management to explore hidden talents					
Job transfer has enabled the my organization to develop new skills					
<b>Coaching and Mentoring</b>					
Coaching and mentoring has helped in improving the relationship between the management and staff					
Coaching and mentoring has helped in building new skills in the organization					
Coaching and mentoring has assisted in improving work confidence					
<b>Induction/ Orientation</b>					
I went through induction when they I joined the organization					
The induction program enabled me understand the organization and settle in more easily					
Orientation assisted me to understand my roles when I joined the organization.					
Orientation enable me to have a positive attitude towards my assignments.					

### Section C: Employee Retention

1. Indicate the level at which you agree with the following statements about employee retention at Madison Insurance Company Limited. Where: 1=Strongly disagree 2=Disagree 3=Moderate 4=Agree 5=Strongly agree

Statements	1	2	3	4	5
<b>Training and Development</b>					
Employee training makes me feel that I'm valued hence willing to stay in the firm					
Training and development motivates me hence I am willing to stay in the organization longer.					
Employee training improves efficiency and competence hence I am willing to stay in the firm					
<b>Compensation</b>					
My organization has good compensation strategies, this makes me remain in the organization.					
The employees compensation is reviewed annually, this improves employee retention					
The organization offers incentives to employees, this makes me remain in the organization.					
<b>Employee empowerment</b>					
My organization empowers the employees through supporting their career progression, which make me to stay in the organization.					
Employee empowerment improves confidence and performance, this makes me remain in the organization.					
Employee empowerment leads to job satisfaction hence I am ready to continue working with the company.					
<b>Employee commitment</b>					
My organization provides flexible work schedules, this helps in improving employee commitment, hence I am ready to continue working with the company.					
Employee commitment helps me to have the organization at heart hence I am willing to remain in the organization.					

Committed employees display positive behavior towards the organization hence less likely to leave the current position.					
<b>Motivation</b>					
The employees are appreciated for their work and promotions are done internally, this makes me remain in the organization longer.					
Motivated employees contribute positively to the organization, this positivity encourages me to remain in the organization.					
Motivated employees enjoy their work and this has encouraged me to remain in the organization longer.					

**THANK YOU**