

**FACTORS INFLUENCING EMPLOYEE TURNOVER AT CUSTOMS  
MOMBASA**

**MICKEY AWUOR OCHIENG**

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**2018**

**DECLARATION**

This project is my original work and has not been presented for a post graduate diploma in any other academic or non-academic institution.

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Signature

Date

**MICKEY A. OCHIENG**

**HDB335-C016-2491/2016**

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

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Signature

Date

**BEN MUMIA**

**CPA-K, M.I.N.C.U**

**KENYA SCHOOL OF REVENUE ADMINISTRATION**

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## **LIST OF ACRONYMS/ABBREVIATIONS**

<b>CCC</b>	Customs Co-operation Council
<b>CSD</b>	Customs Services Department
<b>FSHC</b>	Firm-Specific Human Capital theory
<b>GATT</b>	General Agreement on Tariffs and Trade
<b>HR</b>	Human Resource
<b>HRM</b>	Human Resource Management
<b>KRA</b>	Kenya Revenue Authority
<b>LTO</b>	Large Taxpayers Office
<b>MST</b>	Medium and Small size Traders
<b>WCO</b>	World Customs Organization

## **DEFINITIONS OF TERMS**

<b>Customs</b>	An authority or agency in a country responsible for collecting tariffs and controlling the flow of goods, people, animals, transport, personal effects, and hazardous items, into and out of a country (KRA, 2018).
<b>Customs duty</b>	A tariff or tax on the importation or exportation of goods (KRA, 2018).
<b>Employee turnover</b>	A percentage figure which shows the rate at which employees move in and out of the organization (Kreitner, 2003).
<b>Remuneration</b>	Refers to all forms of financial returns and tangible benefits that employees receive as part of their compensation package (Grobler, et al, 2002).
<b>Retention</b>	A human resource function of reducing the number of employees leaving the company by improving key processes and conditions (Mathimaran& Kumar, 2017)

## ABSTRACT

Managing turnover successfully is considered to be the most challenging task, yet it is extremely crucial in achieving organizational goals. High employee turnover is a major headache for both private and governmental organizations. The objective of the study is to determine the effects of employee turnover intentions on productivity at Customs, Mombasa. Specifically, the study aims to identify how organizational culture affects employee turnover on productivity at customs; to determine how work environment influences employee turnover on productivity at customs and to find out the influence of employee retention strategy on turnover at Customs, Mombasa. The study is anchored on three theories namely; job embeddedness theory; firm-specific human capital (FSHC) theory and job matching theory. The research employed a descriptive research design. The population of the study constituted all the border control officers, customs officers and human resource manager at customs, Mombasa. The study concentrated on this group because they are better placed to give detailed information regarding employee turnover at Mombasa Customs. The study used questionnaires as the data collection instrument. Primary and secondary data was used for this study. Secondary data was collected from published and organizational documents such as employee files, payroll, reports and journals. The primary data however was sourced through a structured questionnaire that helped to gather vital information from the respondents. The data collected was taken through a cleaning, validation, and editing to assert that they are accurate, uniform, consistent and complete. Statistical package for social science (SPSS) was used to generate inferential and descriptive statistics. To determine the effects of employee turnover on productivity at Customs, Mombasa, a regression model was used. From the findings, the study concludes that work environment, retention strategies and organizational culture have a significant positive effect on productivity. This implies that employee turnover as influenced by work environment, retention strategies and organizational culture affects productivity of customs at Mombasa. The study also concludes that there is a direct relationship between employee retention strategies, organizational culture and work environment. This means that an improved employee retention strategies, organizational culture and work environment leads to improved productivity at customs. The relationship between employee retention strategies and work environment and productivity is however not significant. The study recommends that the management of customs department consider creating understanding of the current corporate plan because it is part of the important performance evaluation benchmark. Based on the findings, the study recommends that customs department should formulate detailed written HR policy on employee retention practices that ensure lively and conducive working environment to promote employee retention.

## **CHAPTER ONE**

### **INTRODUCTION**

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

Customs is an authority or agency in a country responsible for collecting tariffs and controlling the flow of goods, people, animals, transport, personal effects, and hazardous items, into and out of a country. Each country has its own laws and regulations for the import and export of goods into and out of a country, which its customs authority enforces. The import or export of some goods may be restricted or forbidden. In most countries, customs are attained through government agreements and international laws. A customs duty is a tariff or tax on the importation (usually) or exportation (unusually) of goods. The view of customs from early history was based on historical facts, since customs duties, in the form of tolls or taxes were known back in the old ages. They were levied by the state or individual cities. The old Greeks imposed a duty of 2% on imports and exports over the Pierian Mountains in Athens. The Romans used to levy such duties as state and provincial or city taxes. As early back as the Roman times, customs duties made up a significant part of public revenues for the state treasury. At certain communication points in the provinces there were customs stations where the duties were charged for the goods passing through. In the middle ages, in addition to import and export duties, the transit duties were also levied.

In an increasingly globalized world, it can be difficult to understand the behaviour or even the purpose of Customs agencies. What gave rise to such an institution, and why its laws are so complex? Although we tend to think of globalization as a modern phenomenon; the hallmarks of its activity, from free trade zones to duty rates, have been around for millennia. Evidence of Customs activity has been excavated all over the world, from the ports of Ancient Greece to the Great Wall of China. The evidence suggests that complex systems of controls and taxes on traded commodities were in existence well before industrialization, as well as the reasoning behind them. It was easy to

see among small populations that unmitigated dependence on foreign merchandise would in-debt and stress the community. Scholars believe that the earliest Customs fees were actually voluntary, and offered by travelling merchants as a bribe to sovereigns for considerate treatment. Over time, this bribe became mandatory. It was called 'duty,' a fee charged for the privilege of trading in a particular kingdom. The collection itself was outsourced to tax farmers, who would use any means necessary - including violence - to obtain what had become an essential revenue source for monarchies.

The first written Customs tariff was developed in Palmyra (present day Syria) was engraved on stone pillar in both Greek and Aramaic and outlined different tax rates for different commodities being imported via Palmyra for the Roman Empire. Palmyra, a beautiful oasis city in the Syrian desert, was given the role of collecting municipal customs duties by the Roman Emperor Hadrianus. Trade was state-controlled as it was considered a very important economic activity so, despite the tariff charges, imports were to be encouraged and exemptions from duties could be considered by the supervisor or frontier officer of the "customs farm". Despite its age, the ancient tariff bears a striking resemblance to the modern harmonized system, and included specific duty rates for commodities such as camels, slaves, fleece, and aromatic oils.

A newer concept of Customs as a complex, evolving filter began at the dawn of the industrial age when nations promoted exporting as a powerful tool for national wealth. As trade increased, so did competition and streams of legislation become a necessity to balance the needs of domestic labour with market forces? Countervailing duty was charged against subsidized products, and anti-dumping duty against unsold surplus. Unbridled attempts to push exports led to a series of trade wars that halted shipping and resulted in economic crashes, revealing the dangers of protectionism. Following the wars, international organizations were established, and an era of 'somewhat'

transparent cooperation continues to this day. Despite major advances, the essence of Customs has neither disappeared nor changed. While today's agencies screen for a variety of novel threats, from security to the environment, protecting the local market is the motivation behind every decision, even if it is not always clear to the importer.

### **1.1.1 Customs Department**

The Customs Services Department (CSD) is a Department of the KRA that was established by an Act of Parliament in 1978. It is the largest of the four revenue departments in terms of manpower, revenue collection and countrywide operational network. The KRA Customs Department accounts for over 45% of all our revenue collection. The department's functions are geographically scattered throughout the country and include air and sea port operations, border operations, x-ray cargo scanners, transit management, trade statistics management function (KRA, 2013). The core businesses of the department are Collection and accounting of revenue, security and trade facilitation, compilation of trade statistics for economic planning and enforcement of prohibitions and restrictions. Up until 2005, the department was known as the Customs & Excise Department incorporating both the customs and domestic excise collection functions. Removal of the domestic excise collection function from the general Customs administrative function to Domestic Taxes Department was the first major Customs modernization initiative in KRA (KRA, 2013). This move was spurred by the need to streamline the Customs administration to focus on the core customs functions of trade facilitation and border protection while also enhancing customs revenue collection.

The Department's goal is to enhance service delivery by providing quality service to taxpayers and other stakeholders while ensuring compliance in order to optimize revenue collection and envisions to be globally recognized as a modern Customs Administration that is responsive to the needs of the

21st century customer and aims to be the Department of choice that values staff development and empowerment while institutionalizing professionalism and internalizing the core values of the Authority. Apart from its fiscal responsibilities, the customs services department is responsible for facilitation of legitimate trade; and protection of society from illegal entry and exit of prohibited goods.

## **1.2 Statement of the Problem**

Managing turnover successfully is considered to be the most challenging task, yet it is extremely crucial in achieving organizational goals. High employee turnover is a major headache for both private and governmental organizations. Yared (2007) conducted a study on International rescue committee, a non- governmental organization and concluded that the causes of turnover are a combination of factors which includes family problems, poor leadership, dissatisfaction with job, better opportunity in external market, and frustration with work place conditions. People, technology and other fixed assets are considered to be the key inputs within a production system, according to Federal Enterprise Architecture (2005) the people are the most important form of inputs because they control the efficiency of their inputs based on their competencies. As such, the human capital is generally considered the most fundamental form of input that influences the overall effectiveness of inputs. Armstrong & Armstrong (2011) however, asserts that people without the help of technology and other resources required in a production process cannot create any meaningful output. It is therefore important to note that without competent human resources effectiveness in transforming inputs into outputs cannot be guaranteed; and hence the role of people in any production system remains critical.

The Customs administrations are a major component in the efficiency of international trade as they process every consignment to ensure compliance with national regulatory requirements as well as

international trading rules. Customs have the responsibility of revenue collection, protection of society and safeguarding the supply chain besides enhancing trade facilitation to promote investment and reduce poverty. Customs department is faced with extremely unique challenges in the increasing volume of trade which it has to control within the mandate given by the government. There is also increased demand by traders for faster clearance of cargo and the government's ever increasing revenue expectations. Customs department therefore has to meet these challenges and expectations against the backdrop of human and financial resource constraints. It is therefore imperative that Customs uses its resources more efficiently by empowering their work force, embracing modern technology and working methods. Failure to which leads not only to unnecessarily long delays at the border, but also very ineffective and inefficient use of the limited control systems and inspection staff capacity and capabilities. However, the employee turnover at the CSD creates an unstable environment that leaves Customs understaffed with frustrated employees, long working hours, high security risk and exposure to corruption and compromises. Customs department is predominantly human resource oriented and rely on the skill and expertise of their employees to meet targets and achieve the organizational goals. Employee turnover leaves the department exposed to various challenges.

KRA did not meet its target in revenue collection in the year 2014. The performance fell short of the initial treasury projection of 24.6% growth (KRA returns, 2015). Further, more of this generation Y employees after being taken up by KRA, most of them don't sign their contract, while others are taken up by other organizations. In spite of the great importance of employee retention to an organization, KRA has not addressed this issue to the maximum. This was shown by a survey conducted to determine the employee satisfaction index of the organization in 2012/2013 financial year which showed a drop in: Reward system by 20%, promotions by 25%, training of employees by 26%, employee involvement in decision making by 28% and delegation of work from

supervisors 10%, from what was got in 2009/2010 financial year's reports (Annual report 2013). It is against this background that the study seeks to determine the effects of employee turnover on the overall productivity at Customs, Mombasa.

### **1.3 Objectives**

To determine the influences of employee turnover intentions on productivity at Customs, Mombasa.

#### **1.3.1 Specific Objectives**

- i. To identify how organizational culture influences employee turnover at customs, Mombasa.
- ii. To determine how work environment influences employee turnover at customs, Mombasa.
- iii. To find out the influence of employee retention strategy on turnover at Customs, Mombasa.

### **1.4 Research Questions**

- i. How does organizational culture influence employee turnover at customs, Mombasa?
- ii. How does work environment influence employee turnover at customs, Mombasa?
- iii. What is the influence of employee retention strategy on turnover at Customs, Mombasa?

### **1.5 Significance of the Study**

The researcher contends that the findings of this study would make concrete recommendations to the KRA Customs Department in minimizing employee turnover. It is hoped that this study would also benefit other Governmental Departments of Kenya and make recommendations for improving organizational effectiveness and employee performance. The study would also help business organizations by identifying their turnover problems, analyzing the information and recommending possible solutions.

## **1.6 Scope of the Study**

This study was based in the KRA Customs Department, Mombasa, and limited to the Port of Kilindini. Customs Employees from various departments at Kilindini, Mombasa, were included to participate in this study. The study focused on all the border control officers, customs officers and human resource manager at customs, Mombasa. The data was collected one covering demographic information, organizational culture, work environment and employee turnover and the retention strategies.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter will serve as the foundation for the development of the study. First, theories related to employee turnover are reviewed focusing on past studies on the subject in an effort to highlight their relationship with this research. It will then review relevant empirical literature relating to the factors that affect employee turnover and organizational productivity. Then a review of the conceptual framework that shows the relationship between the variables of the study and critique of literature of the study. Finally, a summary of literature and research gap therefore given.

#### **2.2 Theoretical Review**

The research section reviews three theoretical foundations that are relevant to the area of research. The theories include job embeddedness theory; firm-specific human capital (FSHC) theory and job matching theory.

##### **2.2.1 Job Embeddedness Theory**

Mitchell et al. (2001) posit that individuals who are embedded are immersed in their backgrounds and become tied to their surroundings. Drawing on the Field Theory by (Lewin, 1951), they argue that since aspects of individuals' perceptual life space are interconnected, job embeddedness can similarly be illustrated by a web in which individuals can become immersed. The level of embeddedness is determined by the density of connections e.g. social, material, which can aggregate in a variety of combinations. As such, the denser the web, the more immersed the individual is into his or her surroundings, and the more difficult it becomes to separate.

Job embeddedness has been conceptualized to consist of two dimensions: on-the-job, organizational embeddedness and off-the-job, community embeddedness (Mitchell et al., 2001). On-the-job

embeddedness refers to the degree to which individuals are immersed in their organizations, while off-the-job embeddedness represents the degree to which individuals are immersed in their communities. Each embeddedness dimension is composed of three facets: fit, links, and sacrifice. Fit refers to an individuals' perceived compatibility or comfort with their work and non-work environments. In other words, organizational fit is the degree of similarity or compatibility between an individual and an organizational culture, overlap between the individual abilities and organizational demands, and match between individual interests and organizational rewards. Community fit is the degree of match, similarity, or compatibility between an individual and their community. Links refers to the formal or informal connections of individuals with other people, projects, locations, activities, and groups in their organizations and communities e.g. relations, friendships, task interdependence. The third facet, sacrifice, refers to the ease with which the links can be broken upon quitting work or moving to another home or community e.g. giving up benefits, withdrawing kids to a new school. Specifically, it is grounded in the perceived cost of material and psychological benefits that would be given up upon leaving the job or community (Mitchell et al., 2001; Ng & Feldman, 2009).

Interestingly, job embeddedness has been conceptualized as a less affective construct compared to other workplace attitudes such as organizational commitment, and thus reflects primarily work environment-based factors that drive perceptions of job stability or motility (Sekiguchi, Burton, & Sablinski, 2008). However, job embeddedness moves beyond job satisfaction and availability of external opportunities, and recognizes that individuals may choose to remain in their jobs even if they are dissatisfied or the labor market offers better job vacancies (Rosenfeld, 1992) and permits job mobility (Rusbult & Farrell, 1983). Initial conceptualization of job embeddedness includes organizational and community dimensions, however, as literature progressed, studies have consistently begun to focus on organizational embeddedness as the primary metric of job

embeddedness since it has been shown to better predict work attitudes and outcomes (Allen, 2006). Mitchell, Holtom, Lee, Sablinski and Erez (2001) describe job embeddedness as a net or web in which an individual can become stuck where those who are highly embedded have many closely connected ties in both the community and the organization. These individuals are more likely to remain at a current job than those who have fewer connections.

### **2.2.2 Firm-Specific Human Capital (FSHC) Theory**

Drawing from the Human Capital Theory, strategy scholars often emphasize the importance of Firm-Specific Human Capital for creating and sustaining competitive advantage (Kor, 2013; Mayer, Somaya, & Williamson, 2012). In theory, firm-specific skills (less valuable externally) create a gap between employees' value in their current job and their next best alternative. Such gains are assumed to be shared between employees and firms and hinder mobility as other firms would offer lower wages (Becker, 1993). Hence, FSHC reflects essential knowledge that sustains advantages and allows firms to appropriate some of the value created (Coff, 1997). However, this logic requires labor markets to be informationally efficient in that actors have unbiased estimates of general and firm-specific human capital (Coff&Raffiee, 2015).

Many scholars have argued that resources and capabilities may take the form of FSHC (Kor and Leblebici, 2005); knowledge, skills, and abilities that have limited value outside of a given firm. There are three reasons that FSHC is central to the resource-based view. First, a firm's unique capabilities typically require valuable and rare distinctive knowledge (Barney, 1991) – firm heterogeneity often demands FSHC. Second, FSHC functions as an isolating mechanism (Lippman and Rumelt, 1982). Human capital can only serve as a source of a sustained advantage if rivals are unable to acquire or imitate the resource. Since FSHC is less valuable to other firms, it is thought to be promising as an ex-post limit to resource mobility (Peteraf, 1993). This assumption is drawn

from the classic human capital literature (Glick and Feuer, 1984; Hashimoto, 1981; Jovanovic, 1979; Parsons, 1972). That is, FSHC will create a gap between the value of workers' skills in the focal firm and their value to other employers, resulting in a pay cut should workers decide to move. The gap in the value of FSHC means that the focal firm may be able to retain employees with FSHC for less than their value in use. That is, employees' next best offer would be lower and the firm could beat external offers and still capture some of the value created. For example, Bidwell (2011) found that, while external hires tended to have relatively stronger signals of general human capital e.g. education and were paid significantly more, lower paid internal hires (with FSHC) tended to be more productive on average. Increasingly the literature has explored the dilemma that workers may avoid investing in FSHC over concerns about hold-up problems (Wang and Wong, 2012). That is, employers may act opportunistically by lowering wages or benefits once an investment is made (Kessler and Lulfesmann, 2006). This dilemma is thought to be quite significant, prompting the use of extensive governance safeguards (Mahoney and Kor, 2015) or even driving costly corporate diversification so FSHC can be deployed across divisions (Wang and Barney, 2006). Here we use the term general human capital to refer to human capital that is not specific to a firm. This includes industry-specific human capital since that is valuable to rivals and thus subject to competitive pricing. This logic also assumes that the use-value of general human capital is homogeneous across firms (Campbell et al., 2012).

### **2.2.3 Job Matching Theory**

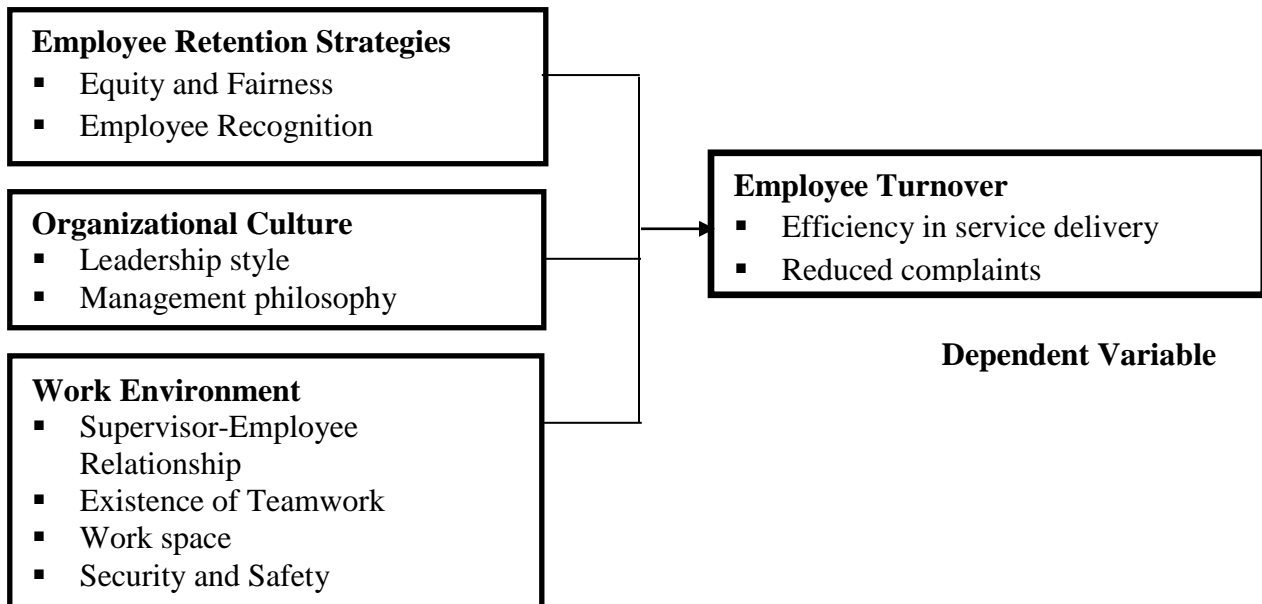
Job Matching theory was established by Jovanovic (1979) and Burdett (1978). The key insight of this theory is that firms will search for employees and job seekers will search for firms until there is a good match for both parties. However, the conditions for an optimal matching may change over time, leading to continuous reallocation of labour. For instance, a firm that has upgraded its production technology will substitute skilled for unskilled labour (Ahn, 2001). Moreover,

established firms also need ‘new blood’ to provide fresh stimulus to the organization. On the other hand, a worker who has acquired higher qualifications via education, training, or learning-by-doing may seek a better career opportunity. Regular employee turnover helps both employers and employees avoiding being locked in sub-optimal matches permanently.

### 2.3 Conceptual Framework

Figure 2.1 represents the conceptual framework developed and examined in this paper showing the concepts of staff turnover, productivity and the underlying relationship between the two concepts. Staff turnover is influenced by several factors, which are determined by work-life balance, job satisfaction, alternative job, and remuneration and managerial/leadership effectiveness. The study explores the influence of employee turnover, organizational culture and work environment as independent variables on the productivity at customs department in Mombasa. Productivity at customs therefore is the dependent variable

**Figure 2.1: Conceptual Framework**



#### Independent Variables

## **2.4 Review of Variables**

### **2.4.1 Employee Retention Strategies**

Armstrong (2006) posit that employee retention refers to how an organization keeps their employees from leaving the organization thus coming up with retention strategies to ensure that employees remain in the company. Research shows that HR practices can be especially powerful in enabling an organization to achieve its retention goals. These practices includes: Recruitment, Selection, Socialization Training and Development, compensation and rewards, employee engagement (Griffeth, 2002). Yazinski (2009) in his study gives a brief review of the twelve retention factors working towards the preservation of an organizations most valuable asset – skill recognition, learning and working climate, job flexibility cost effectiveness, Training, benefits, career development compensation organization commitment, communication, Employee Motivation, Conduct of stay and exit interviews caring management and culture.

Employee retention on the other hand refers to the percentage of employees remaining in the organization (Phillips and Connell, 2003). The top priority for any organization should be the attraction and retention of key employees. Even the most proficient companies can be seriously damaged because of failing to implement good employee retention strategies. A considerable investment in both time and money is required in order to find the right people. The key for all organization is to make rational decisions about retention strategies and prioritize employee's interests (Putting People First: Employee Retention and Organizational Performance, 2011).

### **2.4.2 Organizational Culture**

Organizational culture is an invisible, unique, but powerful force that influences the behavior of members of a particular group. An Organizational Culture can therefore be defined as a system of shared assumptions, values, and beliefs, which governs how people behave in organizations. These

shared values have a strong influence on the people in the organization and dictate how they dress, act, and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization (Jon, Zia & Jossey, 2010).

Organizational culture is composed of characteristics that members of organizations must make judgments on the value placed on these characteristics and then adjust their behavior accordingly to match the perceived set of values. Cultures are dynamic and shift incrementally and constantly in response to external and internal changes. Trying to assess organizational culture can be complicated, but also opens the possibility that culture change can be managed as a continuous process rather than through big shifts, often in response to crises. The culture of the organization is always a learning and developing process (Michael, 2013). Clark-Rayner and Harcourt (2000) identified the effectiveness of the organizational culture and leadership to be having a critical role in promoting staff retention or turnover within organizations. Hendry (2012) however noted that human resource management is a complex process which requires both managerial and leadership skills.

Ellickson (2002) observed that organizational leadership that values the inputs of its staff members within an organization while making critical decisions affecting the employees usually fosters higher job satisfaction among the employees, thus leading to higher retention intentions. People want to work for organizations whose executives and managers are actively involved in leading and directing the organization thoughtfully through strategies and plans.

### **2.4.3 Work Environment**

Horton (2007) argued that work environment is often described as good or bad, where a good environment is a place where the workers feel at ease and appreciated. Workers in these sorts of

environments are often more productive and happy. A bad work environment is a location where the worker feels under-appreciated, threatened or unsettled. Due to the nature of these environments, there is often a high worker turnover rate, and the workers typically fail to live up to their potential. Providing a stimulating workplace environment, fosters happy, motivated and empowered individuals, lowers employee turnover and absentee rates. Promoting a work environment that fosters personal and professional growth also promotes harmony and encouragement in all levels of organization (Martin, 2005).

According to Linda (2002) one of the largest factors that determine employee turnover rates is the workplace atmosphere. Employees need to feel respected and important to the business, as opposed to expendable. How the organization view and behave towards employees is of particular importance, since many employees will have to deal with management on a daily basis and rely on them for workplace reviews, raises, and requests for vacation or sick leave. Breugh, (2000) argued that to make work environment suitable, organizations should be prepared in case of emergency situations with first aid kit, food and water supplies should be stored accessibly. Employees must also have the necessary tools to perform their duties including proper equipment, machinery and technology as well as adequate lighting and work space. Poor working conditions due to physical elements lead to low productivity and overall job dissatisfaction. The latter, particularly when left unaddressed, leaves employees feeling unappreciated and they ultimately leave (Bratton, 2003).

Work-Life Imbalance has also been pointed out by numerous studies (Ton & Huckman, 2008) as one of the key factors affecting staff turnover in organizations. Personal lives of the employees have frequently been compromised by the employers. This happens in organizations with high turnover of their staff because the workforce is overloaded with more working hours and limited time for personal life activities. Poor work-life balance as a result of increased staff workloads is a resultant

cause for staff turnover in organizations. Having a sense of work and life balance will improve job satisfaction among employees because they will feel that they're not overlooking the other areas of their lives that are, if not more, important to them than work. When employees fulfill their various needs and goals in life, such as those of family, friends, spiritual pursuits and self-growth, they can then feel more confident about themselves and perform their best at work. Apart from that, employees that are exposed to more experiences in life outside of work can use what they have gained and apply that to their work.

#### **2.4.4 Productivity at Customs Department**

Productivity is the measures of an organization to achieve its targeted production with the means of workforce, authority's strategies, machineries, equipments and assets (Munsaka, 2014). Turnover directly affects the production and productivity as it causes a replacement which is costly and time consuming. So many formalities have to be maintained to replace a person and during that time production is hampered to a great extent. According to Muhammad et al (2013) employees who are experienced in producing a particular unit of output use less energy in producing the unit within a shorter period of time than non- experienced ones. This implies that, high staff turnover which leads to large number of inexperienced employees within an organization can adversely affect productivity within the organization. Though Upadhaya et al (2014) argues that employees' skills and competence is the key determinant in productivity regardless of the length of period that the employee has been working. A study conducted by Talent Management Alliance (2013) in manufacturing sector in Saudi Arabia revealed that employees with lower job tenure struggled with attaining production goals than their experienced counterparts. The concept of efficiency can also be linked with productivity in the sense that, it determines the ratio of energy used and the total output produced (Upadhaya et al, 2014). Employees with long working experience in their organizations experience have higher productivity efficiencies than their counterparts with no or

very little experience (Ton & Huckman, 2008). It is also important to note that, efficiency is also associated with stage within organizations, where a study conducted by Upadhaya et al (2014) revealed that new employees in organizations tend to be wasteful because they are not used to the activities and processes within the organization.

## **2.5 Empirical Review**

Huselid (1995) investigated the impact of human resource management practices on turnover, productivity and corporate finance performance. He collected data using questionnaire technique from 1200 publicly held U.S firms using correlation technique to find out the effect of variables (level of turnover, employee separation and wages, benefits and working conditions, productivity, cooperate finance performance) on employee outcomes (turnover and productivity). He found out that the impact of high performance work practices on corporate financial performances influences employee turnover and its productivity.

Ahmed (2001) examined the impact of reward and recognition program on employee's motivation and satisfaction. The study was conducted from UNILEVER companies on nine variables using the questionnaire technique from 80 employees of UNILEVER. They used correlation technique to find out the effect of nine variables (work content, payment, promotion, recognition, working conditions, benefits, personal, leader or supervisor) on employee motivation and satisfaction. They found the most significant factors which affect the employee motivation and satisfaction are payment, promotion, working condition, personal. They recommended that if more focus is placed on reward and recognition it may positively impact on motivation that enhances high level of performance and retention.

Saritas (2007) investigated the effects of training and development activities on employee turnover for the Turkish insulation sector. He collected the data using questionnaire technique from 31 firm

employees and interviewed from large and small firms collecting a wide range of data. The study used correlation technique to find out the effect of training and development on employee turnover, collecting data in three levels; low level, mid-level and high level employee training. He recommended that though training and development may reduce turn over in low level and mid-level employees, there is no significant effect on turnover of top level management.

Borstorff, Marker (2007) investigated the turnover drivers and retention factors on affecting hourly workers. They collected the data on eleven variables using the questionnaire technique from 110 hourly employees. he used questionnaire technique to find out the effect of eleven variables (health benefit, base pay, life/work balance, hours work environment , supervisor quality, job fit, opportunity for advance, union representation, recognition, challenging work) of turnover and retention factors . They found the most significant factor which effect the employee turnover are health benefit, base pay and life/ work balance are more important factors for hourly workers. They recommended supervisor must be supported and give life/ work balance to their employees and good supervisor also impact on retaining the employees.

Quazi, Tay and Kelly (2005) examined the relationship between work life initiatives and their impact on employee and organization outcome. They collected data on three variables using the questionnaire technique from employees. The researcher used regression technique to find out the three variables (work life benefits, direct supervisor support, top management support) impact on employee behavior and employee performance. They found work life benefits, direct supervisor support and top management support are the most significant factors. They recommended that employees who find work life benefits and who receive support from their direct supervisor and top management are more committed with their work.

Sutton (1985) investigated the role of employee benefits to reduce employee turnover for the service sector. He collected data on four variables using the questionnaire technique from 100 firms and used correlation technique to find out the effect of four variables (Wages, Salary, Insurance Benefits and Retirement Plans) on employee turnover. He found out that most significant factors of motivation are wages, Salary, insurance benefits and retirement plans. He recommended and identified factors of motivation that help to build work which include job satisfaction and making personal decision about turnover. The results show that a good insurance and retirement plan are significant factors in the firms' factors in retaining employees.

Munsaka (2014) points out that employee efficiency at workplace is a key determinant of his willingness to remain in their organization, as leadership has no direct influence on the motivation of the employees. Nevertheless, the nature of interaction that leaders usually have with their staff members can be considered an important indicator of their willingness to leave or stay in their organization. However, quite importantly, Haruna&Doorgapersad (2014) pointed out that the quality of supervision at workplace play a critical role in enhancing staff turnover because when employees are not given opportunities to experiment with new knowledge and skills, they feel less trusted and this can lead to their turnover.

Many theories have been proposed that consider excess employee turnover as dangerous, alternatively claiming that it is dysfunctional for the business organization (Dess& Shaw, 2001), that entails a loss of human capital for the firm and that makes the firm suffering the loss of output forgone as well as the cost of searching for a new employee (Sutherland, 2004) and even that produces a loss of social capital since it is disruptive for the morale of the workers who stay (Sheehan, 1995). However, a few of them have advanced the hypothesis that, at least to a certain degree, excess employee turnover can be beneficial to the firm performance, for example when

under-performing workers voluntarily quit or because it brings some 'fresh air' into the firm (Adelson&Baysinger, 1984). Mathis & Jackson (2011) considered low work-pay to be a key factor that influences job satisfaction leading to high turnover intentions among employees. Though a study conducted by Ellickson (2002) revealed that good pay alone cannot guarantee employee retention. Armstrong & Armstrong (2011) argues that it is important that organizations consider staff compensation as part of the factors contributing to the retention of their staff members.

Prior Research on Job Embeddedness Ramlall (2003) noted that people stay in organizations because of the location, the compensation, and the work itself. Ramlall (2003) posit that the reasons employees chose to leave were low compensation, lack of challenging work, and lack of opportunities for career advancement. These results coincided with the links, fit, and sacrifice components of job embeddedness outlined by Mitchell et al. (2001). The implication is that as overall embeddedness scores increased, the employee's intention to leave decreased. Mitchell's (2001) study supported the hypothesis that embeddedness would be associated with reduced intent to leave and reduced actual leaving, suggesting that a focus on money and job satisfaction as the primary factors for retention may be too limited.

FSHC theory and job matching theory suggest opposite effects of turnover on productivity, one does not necessarily invalidate the other. In fact, there are empirical evidence supporting the coexistence of both effects, albeit the effect of FSHC appears to dominate (Glenn et al. (2001)). It is our contention that, given that FSHC and job matching have opposite effects on productivity there is the distinct possibility that a certain turnover rate will maximize productivity. This study also found evidence that turnover is positively related to employee perceptions of firm-specificity and no evidence that, among those who move, perceptions of firm specificity lead to lower wages. These

results contradict existing strategy theory and may challenge the assumed role of firm-specific human capital as a source of sustained competitive advantage.

## **2.7 Research Gaps**

Studies on employee turnover have been conducted both in the developed and developing world. However, literature on employee turnover tends to employ quantitative research methods (Motshegwa, 2011; Suliman and Obaidli, 2011). The use of quantitative analysis alone may not be sufficient to gain an understanding of in-depth attitudes, beliefs and anecdotal data from respondents indicating this as a research gap. In order to enhance findings from these studies, the proposed research intends to employ qualitative research design. Most studies on employee turnover also tended to focus on industrial sector, NGOs and other private business corporate entities e.g. educational institutions and the banking sector, but not a government organization. As such, this study contributes to the literature as an empirical work to study effects employee turnover on productivity in a developing country using a public government organization as a unit of analysis

## **2.8 Summary of Literature Review**

After exploring the study's background information and establishing the research and objectives in chapter one, the first section of this chapter focuses on the theoretical framework underpinning staff turnover and productivity, then delves into the empirical review of the literature of the study. Further, the concept framework of this study is developed in the light of the key discussions and concepts emanating from the review of relevant literature. Later, the underlying effects of staff turnover on organizational productivity are further brought into focus. It also gives reasons why employee turnover should be of concern to the organizations and why measures need to be put in place to curb this problem. The chapter concludes with a critique of the existing literature relevant to the study, followed by a summary and research gaps.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This chapter describes the research methodology that will be used during data collection. The methodology focused on research design, target population, sample and sampling techniques, data collection instruments and procedure, pilot testing and data analysis.

#### **3.2 Research Design**

A research design can be thought of as a blueprint or structure of a research from inception to completion (Babbie and Mouton, 2001). Descriptive research provides insights into the research problem and helps collect data in order to answer questions concerning the current status of the subject under study (Mugenda and Mugenda, 2010). A descriptive method can be used when collecting information about people's attitudes, opinions, habits or any other social issues (Orodho and Kombo, 2002). Mugenda and Mugenda (1999) describes descriptive research as including surveys and fact-finding enquiries adding that the major purpose of descriptive research is description of the state of affairs as it exists at present. The research employed a descriptive research design due to its ability to ensure minimization of bias and maximization of reliability of evidence collected and describing true characteristics of events.

#### **3.3 Population**

Population is a group of individuals, objects or items from which samples can be drawn for purposes of measurement or an entire group of persons or elements that have at least one thing in common. Neuman (2006) defines target population as a concretely specified large group of many cases from which researchers draw a sample and later based on results from the sample make generalizations about the population. The study constituted all the border control officers, customs

officers and human resource manager at customs, Mombasa. The study concentrated on this group because they are better placed to give detailed information regarding employee turnover at Mombasa Customs. The population is as given in the Table 3.1:

**Table 3.1: Target and Sample Population at Customs, Mombasa**

<b>DEPARTMENT</b>	<b>Population</b>
Managers	5
Exemptions & Refunds	20
Exports	50
Manifest	35
Boarding	20
CNT (Transit & Enforcement)	50
Scanner Unit	40
<b>TOTAL</b>	<b>220</b>

**Source:** Research Data (2018)

### 3.4 Sampling Frame

Sampling is a process of drawing data from many sources including a variety of people, objects, textual materials, audio-visual and electronic records (Leedy and Ormrod, 2005). According to Mugenda & Mugenda, (2012) a sampling frame is a comprehensive list of all sampling units, which a sample can be selected. A list of the respondents in the population categories will be used as the sampling frame for the study. Leedy and Ormrod (2005) posit that identifying a sufficient sample size depends on the size of the population. A sample is a pre-determined portion of the population used by researchers to provide vital data in a research. It is basically a statistical population consisting of research respondents and participants (Kotrlik & Higgins, 2001).

### 3.5 Sample Size and Sampling Technique

Mugenda and Mugenda (2003) suggest that for descriptive studies at least 10% - 20% of the total population is enough to generalize the characteristics being observed. This research study employed

a stratified random sampling technique to select a sample of respondents. Dempsey (2003) posits that stratified sampling is considered appropriate since it gives all respondents an equal chance of being selected as a study respondent and thus has no bias and eases generalization of the obtained findings (Peil, 2005). The study applied stratified random sampling to group the respondents into two strata, namely; Customs Officers and Human Resource Management. The justification of the sample size is on the fact that according Mugenda and Mugenda (2013), a sample size of 10% of the population is considered adequate for a descriptive study.

To determine the sample size, a simplified formula by Yamane (1967) was used as follows:

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the sample size,

N is the population size,

e is the level of precision.

The formula is based on the assumption of 95% confidence level with P = .5.

This is shown in the Table 3.1 below:

**Table 3.1: Target and Sample Population at Customs, Mombasa**

<b>DEPARTMENT</b>	<b>Population</b>	<b>Sample</b>
Managers	5	3
Exemptions & Refunds	20	12
Exports	50	30
Manifest	35	15
Boarding	20	10
CNT (Transit & Enforcement)	50	20
Scanner Unit	40	10
<b>TOTAL</b>	<b>220</b>	<b>100</b>

**Source:** Research Data (2018)

### **3.6 Data Collection Instruments**

The study used questionnaires as my data collection instrument. Questionnaires are data collection instruments that enable researchers pose questions to respondents for answers. It is generally good practice not to rely solely on questionnaire data but to use the questionnaire in conjunction with at least one other data collection instrument.

### **3.7 Data Collection Procedure**

Primary and secondary data was used for this study. Secondary data was collected from published and organizational documents such as employee files, payroll, reports and journals. The primary data however was sourced through a structured questionnaire that helped to gather vital information from the respondents. The questionnaire had both open and close ended questions for all targeted audiences to ensure that it delivers the correct questions whose answers this study relied on, to make a solid and factual conclusion.

### **3.8 Pilot Testing**

Before conducting a research study, a pilot testing should always be carried out. The primary aim of this pilot testing procedure is to ensure that data collection is accurate and that the data retrieved is reliable. This is important in promoting reliability and validity. Reliability and validity of a research instrument can be determined through explanation of the concepts and relating the concepts to the research question. Reliability is the measure of the consistency degree of the various measurements of a variable. It reveals whether a measurement instrument has sufficiently measured the variable based on the diagnostic measure used.

Reliability of a measuring instrument is proven through production of consistent results given by an individual variable measured repeatedly under nearly identical conditions. Validity on the other hand is a measurement concept that is concerned with the degree to which a measurement

instrument actually measures what it purports to measure. The questionnaires were electronically forwarded to employees and recommendations were considered and alterations made accordingly before commencement of the study.

### 3.9 Data Analysis and Presentation

Data analysis means the categorizing, ordering and summarizing of data to get answers to research questions. The data collected was taken through a cleaning, validation, and editing to assert that they are accurate, uniform, consistent and complete. Statistical package for social science (SPSS) was used to generate inferential and descriptive statistics. Descriptive analysis was applied to analyze numerical data gathered using closed ended questions by calculating the number and percentages. To determine the effects of employee turnover on productivity at Customs, Mombasa, the following regression model was used:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

**Where:**

Y = Productivity (Dependent variable).

a = Constant

$\beta_1$ ,  $\beta_2$  and  $\beta_3$  = Coefficient of Independent variables

$X_1$  = Employee Retention Strategies

$X_2$  = Organization Culture

$X_3$  = Work Environment

$\varepsilon$  = Error term.

The t-test and p-values was employed to help in the determination of how significant each variable under study is while an F-test and p-values were established to test the suitability of the regression model. Computation of Pearson correlation coefficient,  $R^2$ , beta coefficients, and p values was also done. Multicollinearity was tested using the variance inflation factor (VIF), which assesses how

much the variance of an estimated regression coefficient increases if the predictors are correlated. In this measure, when the VIF is below 10.0 for each variable, then there is no multi-collinearity.

## **CHAPTER FOUR**

### **DATA ANALYSIS AND FINDINGS**

#### **4.1 Introduction**

This section gives research results and findings and then concludes by presenting detailed analysis. Primary data was collected using a questionnaire. The questionnaire covered demographic information; Employee retention strategies, organizational culture and working environment-related questions and the effects of employee turnover on productivity. The data analysis was based on the research objective and analyzed using the regression statistical tool by the assistance of SPSS analytical tool. The study aimed at establishing the effects of employee turnover intentions on productivity at Customs, Mombasa. This objective was based on the assessment of employee turnover as influence by organizational culture, work environment and employee retention strategy. The findings are presented as a report of the questions answered by the respondent.

#### **4.2 Response Rate**

Out of the 100 targeted respondents, 60 responded. This formed a response rate of 60%. The response rate was adequate for the study since it is above 50% as recommended by Mugenda (2003).

##### **4.2.1 Reliability and Validity Results**

Reliability is a measure of degree to which an instrument yields consistent results or data after repeated trials. Reliability is concerned with estimates of the degree to which a measurement is free of random or unstable error. It is important that the measurement instrument is reliable for it to measure consistently (Cooper and Schindler, 2011). Cronbach coefficient was used to assess the internal consistency or average correlation of items within the test. The coefficient alpha value ranges from zero (no internal consistency) to one (complete internal consistency) were used. This

study adopted the alpha coefficients ranges in value from 0 (no internal consistency) to 1 (complete internal consistency) to describe reliability factors extracted from formatted questionnaires on likert scale (rating from scale 1 to 5). Kaplan and Saccuzo (1982) postulate that basic research should have minimum Cronbach’s coefficients of 0.7. The study used value of 0.70 and above as a quick rule. The results for all the variables are above the 0.7. Test of reliability results are presented in Table 4.1 below:

**Table 4.1: Reliability Test**

<b>Variable</b>	<b>Number of Items</b>	<b>Cronbach’s Alpha</b>
Employee Retention Strategies	7	0.858
Organizational Culture	8	0.883
Working Environment	7	0.888
Productivity Indicators	12	0.960

**Source:** Research Data (2018)

Validity on the other hand is the ability of the research questionnaire or instrument to measure what is intended to measure in terms of accuracy and meaningfulness (Cooper and Schindler, 2011). It is the ability of the research instrument to measure what it is supposed to measure (Aiken and West, 1991). Pre-testing for validity on the questionnaire was done by initially involving a few respondents from the study population to improve the instrument. Construct and criterion validity was carried out on the instrument by randomly pilot testing 10 firms using specialists as previously done (Cooper and Schindler, 2011). The outcome of the pilot test was better review of the instrument, clear instructions and clarification on the measures to be captured that avoided unreliable results.

### **4.3 Demographic Analysis**

The demographic variables of respondents used included gender, age level of education, length of service and the designation. The Table 4.2 shows that respondents were both male and female with the males representing the majority at 51.7% and female closely at 48.7%. This shows that the data collected for the study had a balanced view from both gender. This shows fair representation of views from gender perspective. The Table also shows that majority of the respondents fall within the age bracket of 30-39 years of age with 35% followed by the age bracket of 40-49 with 26.7% and then the age bracket of 20-29 years at 23.3%. The least age bracket represented is the 50 and above at 15%. From the results it can be inferred that the response group is a well-balanced representative of all age groups. Regarding the level of education, the Table 4.2 shows that the majority of the respondents were graduates, followed by post-graduates and lastly the certificate holders at 11.7%. From these results it can be inferred that the bulk of respondents had relevant education level needed to respond to questions on employee turnover and related concepts. This makes the data collected reliable for making inference. Further, the Table 4.2 shows that majority of the respondents have worked in the organization for between 6-10 years followed by those who have worked for between 1-5 years. The least number of years were those who have worked for less than a year. From the results it can be inferred that all the relevant experience to give insight on employee turnover and productivity was available. Lastly, the Table 4.2 shows that verification officers were the majority of the respondents at 36.7% followed by custom enforcement officers at 25% and then the border control assistants representing 18.3%. The managers are few in number and were represented by 6.7%. The representation means that response was received from all the relevant officials of the organization. This analysis is as given in the table 4.2 below:

**Table 4.2: Demographics**

<b>Gender</b>		<b>Frequency</b>	<b>Percent</b>
Valid	Male	31	51.7
	Female	29	48.3
	<b>Total</b>	<b>60</b>	<b>100.0</b>
<b>Age Bracket</b>		<b>Frequency</b>	<b>Percent</b>
Valid	20-29	14	23.3
	30-39	21	35.0
	40-49	16	26.7
	50 and Above	9	15.0
	<b>Total</b>	<b>60</b>	<b>100.0</b>
<b>Education Level</b>		<b>Frequency</b>	<b>Percent</b>
Valid	Certificate	7	11.7
	Diploma	15	25.0
	Degree	22	36.7
	Post-graduate	16	26.7
	<b>Total</b>	<b>60</b>	<b>100.0</b>
<b>Length of Service</b>		<b>Frequency</b>	<b>Percent</b>
Valid	Less than a year	6	10.0
	1-5 years	21	35.0
	6-10 years	22	36.7
	Over 10 years	11	18.3
	<b>Total</b>	<b>60</b>	<b>100.0</b>
<b>Designation</b>		<b>Frequency</b>	<b>Percent</b>
Valid	Border Control Assistants	11	18.3
	Verification Officer	22	36.7
	Customs Enforcement Officer	15	25.0
	Head Verification Officer	8	13.3
	Manager	4	6.7
	<b>Total</b>	<b>60</b>	<b>100.0</b>

**Source:** Research Data (2018)

#### **4.4 Employee Retention Strategies, Organizational Culture and Working Environment**

Regarding the statements representing employee retention strategies, organizational culture and working environment related questions, the respondents were asked to indicate their level of agreement to each of the items given in the questionnaire as related to the three concepts using the scale of 1-5 where 1= Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree & 5 = Strongly agree.

The response is as given in the Table 4.3, 4.4 and 4.5 below:

**Table 4.3: Employee Retention Strategies**

<b>Variable</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Rank</b>
There is equity and fairness on treatment of employees.	60	3.4167	1.09377	3
The organization has career advancement opportunities.	60	3.9167	1.10916	1
The company has improved benefit package for all employees.	60	3.4000	1.15274	5
There are training and development opportunities for all employees at all levels.	60	3.9167	1.09377	1
There is employee involvement and participation in management issues.	60	3.7667	1.11030	2
There is recognitions of employees for achievements.	60	2.7667	.96316	5
The company has flexible working hours.	60	2.8333	1.13745	4
<b>Valid N (List wise)</b>	<b>60</b>	<b>3.4310</b>		

**Source:** Research Data (2018)

The Table 4.3 above shows that the fact the organization has career advancement opportunities and existence of training and development opportunities for all employees at all levels significantly reduce employee turnover rate with a mean of 3.9167. This is followed by the effect of employee involvement and participation in management issues on turnover with a mean 3.7667. The Table 4.3 also shows that equity and fairness on treatment of employees influence employee turnover with a mean of 3.4167. The least influence is the recognitions of employees for achievements with a mean of 2.7667.

**Table 4.4: Organizational Culture**

<b>Variable</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Rank</b>
I understand KRA's culture is that business is done the way it's done	60	3.7167	1.16578	2
I believe that the organization values my efforts and contributions	60	2.7000	2.76969	4
Employees are adequately involved in decision making processes	60	3.4167	1.23908	3
There are sufficient policies governing remuneration and promotions	60	3.7833	1.13633	1
I am satisfied with the nature of leadership in the organization	60	2.5000	1.12747	6
The organization has in place a system for rewards and recognitions	60	3.2500	2.78388	5
<b>Valid N (List wise)</b>	<b>60</b>	<b>3.2279</b>		

**Source:** Research Data (2018)

The Table 4.4 above shows that based on organizational culture influence on employee turnover, sufficient policies governing remuneration and promotions have a significance influence with a mean 3.7833 followed by the understanding that KRA's culture is that business is done the way it's done with a mean of 3.7167 and then employees being adequately involved in decision making processes with a mean of 3.4167. The least influence is the nature of leadership with a mean of 2.5.

**Table 4.5: Working Environment**

<b>Variable</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Rank</b>
The organization has great work space and adequate equipment to do the job	60	3.7000	1.10928	5
Employees enjoy adequate security and safety provided by the organization	60	3.7167	1.10610	4
There are sufficient resources and staff available to cover the work-load	60	3.8000	1.05445	2
There's a supportive and professional relationship with the leadership	60	3.7500	1.01889	3
The organization undertakes performance appraisals and gives feedback	60	2.3667	.91996	6
Employees enjoys flexibility in working hours	60	3.7000	1.06246	5
There is teamwork spirit amongst the employees	60	3.9500	1.01556	1
<b>Valid N (Listwise)</b>	<b>60</b>	<b>3.5691</b>		

**Source:** Research Data (2018)

The Table 4.5 shows that teamwork spirit amongst the employees has the highest influence on employee turnover with a mean of 3.95 followed by availability of sufficient resources and staff to cover the work-load with a mean of 3.8 and then existence of a supportive and professional relationship with the leadership having a mean of 3.75. The least influence is performance appraisal and feedback availability with a mean of 2.3667.

#### **4.5 Effects of Employee Turnover on Productivity**

The respondents were given a list of key productivity indicators. They were asked to indicate their level of agreement regarding whether employee retention strategies, organizational culture and working environment would lead to achievement of each of them by using the scale of 1-5 where 1= Not at all; 2 = Small extent; 3 = Moderate extent; 4 = Great extent & 5 = Very great extent. The findings are as outlined in the Table 4.6 below:

**Table 4.6: Effects of Employee Turnover on Productivity**

<b>Productivity Indicator</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Rank</b>
Increased revenue collection	60	3.9667	.88234	1
Increased transaction volume	60	3.8833	.88474	2
Reduced cost of operations	60	2.9167	.84956	4
Faster processing of custom procedures	60	2.6167	.90370	6
Low employee turnover rate	60	2.8833	1.00998	5
Improved internal cooperation	60	3.4500	5.55535	3
<b>Valid N (Listwise)</b>	<b>60</b>	<b>3.2861</b>		

**Source:** Research Data (2018)

The Table 4.6 above shows that employee turnover affects productivity. It shows that there was the highest effect on productivity indicated by increased revenue collection with a mean of 3.997 followed by increased transaction volume with a mean of 3.8833 and then improved internal communication with a mean of 3.45. The least effect was faster processing of custom procedures with a mean of 2.6167. The implication however is that employee turnover affects productivity with a mean of 3.2861.

#### 4.6 Regression Analysis

To determine the effects of employee turnover on productivity at Customs, Mombasa, a regression analysis was conducted and the result is as indicated in Table 4.7, 4.8 and 4.9 below:

**Table 4.7: Model Summary**

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
1	.620 <sup>a</sup>	.385	.301	.39909

a. Predictors: (Constant), Work Environment, Retention Strategies, Organizational Culture

**Source:** Research Data (2018)

In Table 4.7, the adjusted R<sup>2</sup> of 0.385 means that 38.5% of the variations in productivity can be explained by variations in work environment, retention strategies and organizational culture

variables. This means that 61.5% of the variations in productivity at customs is explained by variations in other variables not included in the current study. The R of 0.620 shows that the relationship between productivity and work environment, retention strategies and organizational culture strong and is positive.

**Table 4.8: 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	2.192	3	.731	4.587	.012 <sup>b</sup>
Residual	3.504	22	.159		
Total	5.696	25			

a. Dependent Variable: Productivity

b. Predictors: (Constant), Work Environment, Retention Strategies, Organizational Culture

**Source:** Research Data (2018)

In the analysis of variance, the Table 4.8 shows a p-value of 4.587 at 0.012 meaning that the model is statistically significant. This implies that work environment, retention strategies and organizational culture reliably predict productivity at customs in Mombasa, Kenya. The Table 4.8 further shows the mean squares and the sum of squares.

**Table 4.9: Regression Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
	(Constant)	.229	.934				.245	.809	1.165
Retention Strategies	.197	.166	.202	1.187	.248	-.147	.542	.967	1.034
1 Organizational Culture	.411	.191	.391	2.152	.043	.015	.806	.846	1.182
Work Environment	.359	.245	.268	1.463	.158	-.150	.868	.834	1.200

a. Dependent Variable: Productivity

**Source:** Research Data (2018)

From the Table 4.9 below, the following regression equation was established

$$Y = 0.229 + 0.197X_1 + 0.411X_2 + 0.359X_3$$

From the equation the study found that holding work environment, retention strategies and organizational culture constant, the productivity index (dependent variable) would be 0.229. The findings indicate that there is a direct relationship between employee retention strategies, organizational culture and work environment. This means that an improved employee retention strategies, organizational culture and work environment leads to improved productivity at customs. The relationship between employee retention strategies and work environment and productivity is however not significant. From the Table 4.9, it can also be noted that the VIF data suggests that collinearity is not a problem as the figures are well below 10.0 for each variable.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This chapter summarizes the research findings and then presents conclusions and recommendations.

#### 5.2 Summary of Findings

The summary is based on the findings of the study. The study found out that 38.5% of the variations in productivity can be explained by variations in work environment, retention strategies and organizational culture variables. The implication is that 61.5% of the variations in productivity at customs is explained by variations in other variables not included in the current study. The R of 0.620 equally shows that the relationship between productivity and work environment, retention strategies and organizational culture strong and is positive. The study further found out that the model is statistically significant. This implies that work environment, retention strategies and organizational culture reliably predict productivity at customs in Mombasa, Kenya. This implies that employee turnover as influenced by work environment, retention strategies and organizational culture affects productivity of customs at Mombasa.

Regarding regression coefficients, the following regression equation was established

$$Y = 0.229 + 0.197X_1 + 0.411X_2 + 0.359X_3$$

From the equation the study found that holding work environment, retention strategies and organizational culture constant, the productivity index (dependent variable) would be 0.229. The findings indicate that there is a direct relationship between employee retention strategies, organizational culture and work environment. This means that an improved employee retention strategies, organizational culture and work environment leads to improved productivity at customs.

The relationship between employee retention strategies and work environment and productivity is

however not significant. From the Table 4.9, it can also be noted that the VIF data suggests that collinearity is not a problem as the figures are well below 10.0 for each variable.

### **5.3 Conclusion of the study**

The objective of the study was to establish to determine the effects of employee turnover intentions on productivity at Customs, Mombasa. Specifically, the study was meant to identify how organizational culture affects employee turnover on productivity; to determine how work environment influences employee turnover on productivity and to find out the influence of employee retention strategy on productivity at Customs, Mombasa. From the findings, the study concludes that work environment, retention strategies and organizational culture have a significant positive effect on productivity. This implies that employee turnover as influenced by work environment, retention strategies and organizational culture affects productivity of customs at Mombasa.

The study also concludes that there is a direct relationship between employee retention strategies, organizational culture and work environment. This means that an improved employee retention strategies, organizational culture and work environment leads to improved productivity at customs. The relationship between employee retention strategies and work environment and productivity is however not significant.

### **5.4 Recommendations**

The study was meant to determine the effects of employee turnover intentions on productivity at Customs, Mombasa. The study recommends that the management of customs department consider creating understanding of the current corporate plan because it is part of the important performance evaluation benchmark. Based on the findings, the study recommends that customs department should formulate detailed written HR policy on employee retention practices that ensure lively and

conducive working environment to promote employee retention. This will not only motivate employee but will help increased productivity in an organization. A training need analysis also need to be carried out particularly on Managers to establish the gap in the relationship. In terms of compensation and reward, the organization should carry out a survey to establish what they offer their employee and try to match with their offer to their employees. This will assist in retaining professional employees who are being poached by those firms.

### **5.5 Delimitations of the study**

The study had a number of limitations. First there were difficulties in collecting data because the respondents scared regarding the sensitivity of some information. During the administration of the questionnaire, some respondents asked for additional time to return the questionnaires. This was resolved by assisting the respondents to go through the questionnaire to facilitate quick response. Some questionnaires were also dropped to the respondents and picked later. Secondly, the researcher used the Likert's scale. This represented possibilities of underrating or overrating their scores on the questions. To deal with this problem, several questions were used in response to same measure.

Thirdly, the population was restricted to employees at customs department. KRA has many other departments and therefore, the consistency of the study outcome may be challenged. However, these limitations did not compromise the research rigor, quality of data, findings' interpretation, reporting and the value of the study.

### **5.6 Suggestions for further Research**

This research has given rise to several new research avenues and practical implications. First, there is need to replicate this study using other departments at KRA. The current study focuses on customs department only. The study recommends that a similar study to be done on relationship

between employee turnover rate and organizational performance in other departments in other parts of the country. This would allow for generalization of study findings.

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## APPENDIX II – QUESTIONNAIRE

Hello! My name is Mickey Ochieng, a Student at the Kenya School of Revenue Authority (KESRA). Thank you for considering participating in this study which is a partial requirement for completing my Post-Graduate Diploma in Customs Administration. Your answers in this questionnaire will be treated with utmost confidentiality, but your views, in combination with those of others are extremely important for this study. Your responses will only be used for internal analysis in the study and will not be accessed by third parties. Therefore, your genuine, frank and timely responses are quite vital to determine the success of this study. As such, you are not required to indicate any of your identification details e.g. your names, places of residence or contact details, in this questionnaire. The topic of this research study is EFFECTS OF EMPLOYEE TURNOVER INTENTIONS ON PRODUCTIVITY AT CUSTOMS, MOMBASA.

This questionnaire contains six sections; kindly attempt all by selecting the most appropriate answer or filling in the spaces provided honestly to the best of your knowledge. If you do consent to take part, please click next and complete the questions otherwise you can exit the page.

Thank you for your participation.

### SECTION A – DEMOGRAPHIC INFORMATION

1. Respondents Gender
  - a. Male
  - b. Female
  
2. Your age bracket (Tick appropriately)
  - i. 20 – 29
  - ii. 30 – 39
  - iii. 40 – 49
  - iv. 50 and above
  
3. Highest level of education attained (Tick appropriately)
  - i. Certificate
  - ii. Diploma
  - iii. Degree
  - iv. Post-Graduate

4. How long have you worked in this organization (Tick appropriately)

- i. Less than a year [ ]
- ii. 1 – 5 years [ ]
- iii. 6 – 10 years [ ]
- iv. Over 10 years [ ]

5. Kindly indicate your designation

- i. Border Control Officer [ ]
- ii. Verification Officer [ ]
- iii. Assistant VO [ ]
- iv. HVO [ ]
- v. Manager [ ]
- vi. Other (Specify)

**SECTION B: EMPLOYEE RETENTION STRATEGIES, ORGANIZATIONAL CULTURE AND WORKING ENVIRONMENT**

The following statements represent employee retention strategies, organizational culture and working environment related questions. Please indicate your level of agreement to each of the following items as related to the three concepts using the scale of 1-5 where 1= Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree & 5 = Strongly agree	To what extent?				
	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
<b>A. EMPLOYEE RETENTION STRATEGIES</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. There is equity and fairness on treatment of employees.					
2. The organization has career advancement opportunities.					
3. The company has improved benefit package for all employees.					
4. There are training and development opportunities for all employees at all levels.					
5. There is employee involvement and participation in management issues.					
6. There is recognitions of employees for achievements.					
7. The company has flexible working hours.					
<b>B. ORGANIZATIONAL CULTURE</b>					

1. I understand KRA's culture is that business is done the way it's done					
2. I believe that the organization values my efforts and contributions					
3. Employees are adequately involved in decision making processes					
4. There are sufficient policies governing remuneration and promotions					
5. I am satisfied with the nature of leadership in the organization					
8. The organization has in place a system for rewards and recognitions					
<b>C. WORKING ENVIRONMENT</b>					
1. The organization has great work space and adequate equipment to do the job					
2. Employees enjoy adequate security and safety provided by the organization					
3. There are sufficient resources and staff available to cover the work-load					
4. There's a supportive and professional relationship with the leadership					
5. The organization undertakes performance appraisals and gives feedback					
6. Employees enjoys flexibility in working hours					
7. There is teamwork spirit amongst the employees					

## SECTION C: EFFECTS OF EMPLOYEE TURNOVER ON PRODUCTIVITY

The following is a list of key productivity indicators. Please indicate your level of agreement regarding whether employee retention strategies, organizational culture and working environment would lead to achievement of each of them by using the scale of 1-5 where 1= Not at all; 2 = Small extent; 3 = Moderate extent; 4 = Great extent & 5 = Very great extent.	To what extent?				
	Not at all	Small extent	Moderate extent	Great extent	Very great extent
Productivity Indicators	1	2	3	4	5
Increase revenue collection					
Increased Transaction Volume					
Reduced Cost of Operation					
Faster Processing of Customs Procedures					
Increased Customer Satisfaction					
Low Employee Turnover Rate					
Improved Internal Co-operation					
Improved Tax Compliance					
Increased accountability					
Reduced Cargo Diversion					
Centralized Processing of Customs Documents					
Improved Competence					