FACTORS AFFECTING EMPLOYEES TURNOVER IN THE PHARMACEUTICAL INDUSTRY: A CASE OF PHILLIPS GROUP OF COMPANIES KENYA

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JULY, 2014
DECLARATION

This project is my original work and has not been presented for a degree or any other award in any other university.

Signed…………………………………… Date………………………

FELISTER W. MWANGANGI  EMBA/00039/3/2013

This research project has been submitted for examination with my approval as university supervisor

Signed…………………………………………………..Date…………………………

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DEDICATION

This project is dedicated to my dear husband, Johnson K. Maundu and the entire family for their effort, support and encouragement during my project study, and to my departed mother, Francisca K. Mwangangi for her support and firm belief in my potential.
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ABSTRACT

The efficiency and success of an organization depends mainly on its capacity to retain its employees. High staff turnover may result in an organization not being able to meet its objectives, loss of business of millions of shillings, loss of customers and it can spoil the good reputation of an organization. Previous studies emphasis the importance of regarding human resource as the most important asset of any serious organization determined to realize its goals and objectives. Mokaya, (2010) states that recruitment, selection and training are a very expensive exercise for any organization, and therefore staff retention should be key for organization’s survival. The purpose of this study was to determine the factors that influence employee turnover in the pharmaceutical industry, with an aim of coming up with recommendations aimed at curbing or significantly reducing it and enhancing staff retention at Phillips group of companies. This study adopted a descriptive research method. The target populations for the study were the employees of Phillips Group Of Companies. This included both the employees on permanent and temporary contracts of employment which is 595 employees. The study used descriptive research design and a stratified random sampling technic. Therefore, the sample size for this study was 151 and since the sample was drawn from all cadres of staff, the populations were regarded heterogeneous. The study collected both primary and secondary data. The researcher selects a pilot group of 10 individuals from the target population to test the reliability of the research instrument. Tables and other graphical presentations were appropriately used to present the data that was collected for ease of understanding and analysis. From the findings the study established that better remuneration package discouraged employees’ turnover in Phillips group of companies. The study revealed that reward and recognition discouraged employee turnover in Phillips group of companies. It also found out that failure of management to provide opportunities for career progression encouraged employees’ turnover in Phillips group of companies. Employment security, workplace organization and the working environment were the most important factors that employees do consider. The study found that poor working conditions encourages employee turnover in Phillips group of companies.
CHAPTER ONE

1.1 Introduction

This chapter contains the background of the study, statement of the problem, study objectives, specific objectives, and research questions, significance of the study, scope of the study, limitation of the study and conclusion.

1.2 Background of the Study

1.2.1 Employees Turnover

The attraction and retention of high-quality employees is more important today than ever before. A numbers of trends (globalization, increase in knowledge work, accelerating rate of technological advancement) make it vital that firms acquire and retain human capital. In human resources context, turnover can be viewed as the rate at which an employer gains and misplaces employees or how long employees tend to stay in a particular organization. Turnover is measured for individual companies and for their industry as whole (Turner, 2010).

Research suggests that to gain an accurate perspective of internal causes of turnover, it is useful to look at both quantitative and qualitative information (IDS, 2004). To identify underlying reasons for turnover, qualitative information on the reasons why employees have left is necessary. The UK Chartered Institute of Personnel and Development (CIPD, 2004) suggest that it is important employers have an understanding of their rates of labour turnover and how they affect the organization’s effectiveness. Depending on the size of the business, understanding the levels of turnover across occupations, locations and particular groups of employees (such as identified high performers) can help inform a comprehensive retention strategy, (Pearce & Mawsons, 2009). By understanding the
nature of the turnover problem an organization can decide whether to adopt targeted retention initiatives, for example at particular sites or groups of employees, or to manage overall levels so that there is sufficient labour (Hogarth and Dean, 2008). Many factors play a role in the employee turnover rate of any company, and these can stem from both the employer and the employees. Wages, company benefits, employee attendance, and job performance are all factors that play a significant role in employee turnover. Companies take a deep interest in their employee turnover rate because it is a costly part of doing business, (Beam, 2009).

Potential negative consequences of employee turnover include operational disruption, demoralization, negative public relations, personnel costs, strategic opportunity costs, and decreased social integration, (Phillips & Connell, 2003). The most common reason for employee turnover rate being so high is the salary scale because employees are usually in search of jobs that pay well. Those who are desperate for a job may take the first one that comes along to carry them through while searching for better paying employment. Also, employees tend to leave a company because of unsatisfactory performance appraisals. Low pay is good reason as to why an employee may be lacking in performance, (Rampur, 2009).

Unequal or substandard wage structures fall under this category as well. When two or more employees perform similar work and have similar responsibilities, differences in pay rate can drive lower paid employees to quit. In a like vein, if you pay less than other employers for similar work, employees are likely to jump ship for higher pay, if other factors are relatively equal, (Scarpello and Carraher, 2008). According to Laser, (2008) most people feel that the major cause of employee turnover is the issue of salary. While there is some support for this view, its importance has been greatly exaggerated; it is
widely held because individuals frequently cite salary as their excuse for leaving, making the organization and its pay scale a convenient target for employee frustrations. This is largely due to the fact that few workers want to give more personal reasons for leaving and thereby risk the possibility of not receiving a good reference at a later date, (Scarpello and Carraher, 2008).

Another reason that employees leave is because of the lack of benefits available to them through the company in which they work. High employee turnover could also be due to no potential opportunity for advancements or promotions. Employees prefer other companies which may provide them with higher posts and increased compensation packages, (Vilma and Egle, 2007). Lack of opportunity for advancement or growth can cause a high turnover rate for any organization. If the job is basically a dead-end proposition, this should be explained before hiring so as not to mislead the employee.

According to Zografos, (2003), Chief Executive Officer of the Donut Company in South Africa, money is not the only motivator. As long as employees are being paid comparably to what other franchisees are paying then other factors comes into play such as work environment, respect and responsibility play a huge role in keeping an employee. In fact, if your employee turnover is low and your goals are met, you can focus on why employees stay with your company and continue to strengthen and improve them. Either way, the turnover statistic is a valuable piece of information. The franchisor or franchisee organizations that achieve the lowest turnover statistic and maintain those levels are usually the ones that make it a priority (Zografos, 2006).

According to Pires (2006), there are nine steps an organization can take to reduce employee turnover. Pires (2006), says, hiring employees with the right "fit" ensures compatibility which is critical to retention. Behavioural based interviewing and
competency screening goes a long way in determining personality, work style and potential match and success within your company. Consider hiring older candidates who are seeking stability. Older applicants may not be looking for the development opportunities that their younger counterparts may be in need of. Make sure you describe the job as accurately as possible so candidates will know what is expected. Misconceptions regarding the job responsibilities and work environment are one of the major causes of employee turnover.

Develop competitive compensation and benefit packages. Understand and research market pay ranges in your area and consider the value of benefits and employee perks; offering such extras to your workforce may be the key to your retention efforts. Challenge your employees. Employees want to be challenged in the job they are performing to feel like they are growing both personally and professionally when challenged with attainable assignments. Provide excellent supervision. Incompetent supervisors are often one of the first issues linked to employee turnover, (Mangel and Useem, 2000).

Employees are more willing to stay with a company if they feel a sense of pride and success in their work. When employees meet or succeed your expectations, show your appreciation for a job well done. Provide an employee-friendly work environment. Be accommodating to your employees’ outside demands. Providing employee’s with flexible schedules makes for a productive, satisfied workforce. The stress of balancing work and life diminishes when employees can work around their outside obligations. (Provide career advancement opportunities. Whenever possible, provide opportunities within the company for cross-training and career progression. Employees are seeking to develop themselves, and offering that opportunity to them may provide the satisfaction and stability they are seeking (Pires, 2009).
1.2.2 Pharmaceutical Industry in Kenya

The pharmaceutical industry consists of three segments namely the manufacturers, distributors and retailers. All these play a major role in supporting the country’s health sector, which is estimated to have about 4,557 health facilities countrywide. Kenya is currently the largest producer of pharmaceutical products in the Common Market for Eastern and Southern Africa (COMESA) region, supplying about 50% of the regions’ market. Out of the region’s estimated of 50 recognised pharmaceutical manufacturers; approximately 30 are based in Kenya. It is approximated that about 9,000 pharmaceutical products have been registered for sale in Kenya. These are categorized according to particular levels of outlet as free-sales/OTC (Over the Counter), pharmacy technologist dispensable, or pharmacist dispensable/prescription only.

The pharmaceutical sector consists of about 30 licensed Companies which includes local manufacturing companies and large Multi-National Corporations (MNCs), subsidiaries or joint ventures. Most are located within Nairobi and its environs. These firms collectively employ over 2,000 people, about 65% of who work in direct production (Kenya Pharmacy and Poisons board). The industry compounds and packages medicines, repacking formulated drugs and processing bulk drugs into doses using predominantly imported active ingredients and excipients. The bulk of locally manufactured preparations are non-sterile over-the-counter (OTC) products. The number of companies engaged in manufacturing and distribution of pharmaceutical products in Kenya continue to expand, driven by the Government’s efforts to promote local and foreign investment in the sector.
The Kenya Medical Suppliers Agency (KEMSA), a division of the Ministry of Health, largely carries out the distribution of pharmaceutical products in Kenya. It distributes drugs to Public health facilities. KEMSA has been an autonomous body since 1st July 2003. Its policy is to make available essential drugs and equipment primarily to public facilities. KEMSA competes with other suppliers especially the Faith based Mission for Essential Drugs Supply (MEDS) and other business oriented pharmaceutical distributors.

Pharmaceutical products in Kenya are channeled through pharmacies, chemists, health facilities and shops. There are about 700 registered wholesale and 3,300 retail dealers in Kenya, manned by registered pharmacists and pharmaceutical technologists (Kenya Pharmacy and poison’s board-PPB). The drugs on sale in Kenya are sold according to three categorization namely prescription only medicine, over the counter (OTC) medicine and restricted sedating drugs.

1.3 Statement of the Problem

The efficiency and success of an organization depends mainly on its capacity to retain its employees (Rampur, 2009). High staff turnover may result in an organization not being able to meet its objectives, loss of business of millions of shillings, loss of customers and it can also spoil the good reputation of an organization. However, it has been observed that there has been a challenge on retention of employees in many organizations. In the pharmaceutical industry, there have been incidences where the employees are resigning in large numbers month on month, at times jumping from one company to another within the same industry, which results in high cost of undertaking frequent recruitments and training sessions and loss of valuable time to focus on customers (Pharmaceutical Association of Kenya).
Lack of proper handling of employees has also locked out opportunities such as knowledge sharing from experienced employees whereby frequent resignations mean no customer handing over to new employees and therefore loss of customer loyalty as they are quickly converted to competitor products (Zografos, 2006).

Previous studies emphasise the importance of regarding human resource as the most important asset of any serious organisation determined to realize its goals and objectives. Mokaya, (2010) states that recruitment, selection and training are a very expensive exercise for any organization, and therefore staff retention should be key for organization’s survival. It is important for employees to feel they are being fairly compensated for their contribution in an organization, and the management is equally committed to provision of advancement opportunities as well as employee welfare.

High employee turnover if not addressed can impact organizations negatively through loss of highly skilled staff, loss of knowledge and experience, established customer relations and may even result in poor customer satisfaction, poor sales and resultant possible loss of revenue and market share before newly recruited sales representatives can forged relationships and understand customer needs Pillay, (2009).

Related studies undertaken to provide insight on employee turnover with aim of increasing retention have indicated a gap which could have been occasioned by poor sampling methods, unrepresentative target population, poor data collection tools and techniques, poor analysis and wrong interpretation of results (Zografos, 2006). The purpose of this study was to determine the factors that influence employee turnover in the pharmaceutical industry, with an aim of coming up with recommendations aimed at curbing or significantly reducing it and enhancing staff retention at Phillips group of companies.
1.4 Objectives of the Study

1.4.1 General Objective

The general objective of the study was to determine the factors affecting employee’s turnover in the pharmaceutical sector with a focus at Phillips group of companies.

1.4.2 Specific Objectives

The study was guided by the following research objective

i. To find out how remuneration affect employees’ turnover in Phillips group of companies in Kenya.

ii. To determine the extent to which reward and recognition affect turnover in Phillips group of companies in Kenya.

iii. To establish the extent to which opportunities for career progression affect employees’ turnover in Phillips group of companies in Kenya.

iv. To examine how working conditions influences employee turnover in Phillips group of companies in Kenya.

1.5 Research Questions

The study sought to answer the following research questions?

i. How does remuneration affect employees’ turnover in Phillips group of companies in Kenya?

ii. To what extent does reward and recognition affect turnover in Phillips group of companies in Kenya?

iii. To what extent does opportunities for career progression affect employees’ turnover in Phillips group of companies in Kenya?

iv. How does working conditions influences employee turnover in Phillips group of companies in Kenya?
1.6 Significance of the Study

The findings of this study will benefit the management of Phillips group of companies to come up with strategic interventions that will improve staffing levels. The study will be of great importance to the top management in coming up with strategies to deal with what is perhaps the number one issue facing the human capital management field, being employee retention. The findings further will lay emphasis on the fact that employees in Phillips group of companies should be motivated. The findings will also influence the review of human resource policies currently and in the future. The study information will assist in identifying motivational gaps and demonstrate ways of mitigation. As a result of the findings the Phillips group of companies will work towards improving employee satisfaction by meeting their needs and therefore improved performance. The findings of the study will be of great importance to future scholar and academician as it will form the basis for future research in the area of employee turnover.

1.7 Scope of the Study

The study aimed at determining the factors affecting employee’s turnover in the pharmaceutical sector with a focus on Phillips group of companies. The study focused more on determining the various factors affecting employee’s turnover in the pharmaceutical sector with a focus at Phillips group of companies, located along Mombasa road, Nairobi County in Kenya. This involved collecting information from 151 members of management staff on factors affecting employee’s turnover at Phillips group of companies. The time frame of the study ran from March 2014 to August 2014.
1.8 Limitation of the Study

The limitations of this study included the following; the variables affecting turnover are many. The numbers of companies in pharmaceutical sector are many and widely distributed/located, and thus the study covered only Phillips group of companies. Another limitation was in the form of delays from respondents especially the top level management, due to out of the country travels. This was managed through planning, time scheduling, booking and locking appointment with these managers.
CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter contains literature review as derived from research and works by other researchers obtained from journals, manuals, magazines and the internet. It also contains theoretical review, critical review as well as the conceptual framework. It aims at assisting in the problem definition, and makes it possible to understand what other researchers and writers have done or contributed to the topic.

2.2 Theoretical Review

The research focused on theories which explain the various factors which influence employee turnover in work place. The study focused on two key theories; the Herzberg two factor theories and the Maslow’s hierarchy of needs theory which explain many of the reasons behind employee turnover at work place.

2.2.1 Herzberg two Factor Theory

This theory was designed to better explain the factors that affected employee’s job attitudes and motivation. Herzberg performed studies including interviews, to determine which factors in employee’s work environment caused satisfaction or dissatisfaction. He found that factors causing job satisfaction (motivator factors) were different from those causing dissatisfaction (hygiene factors). Herzberg theory (Loiseau, 2011) argues that there are two distinct human needs influencing employee’s motivation and attitude: Physiological needs that can be fulfilled by money for example to purchase food and shelter; and Psychological need to achieve and grow, only fulfilled by activities that cause one to grow.
Factors determining dissatisfaction include: company policy, supervision, relationship with boss, work condition, salary, and relationship with peers, all of which are external factors while those leading to satisfaction include achievement, recognition, work itself, responsibility, advancement and growth, which are intrinsic factors. Critics of Herzberg theory argue that the two factors are observed because it is natural for people to take credit for satisfaction and to blame dissatisfaction on external factors, and that job satisfaction does not necessarily imply a high level of motivation or productivity. The Hertzberg two factors theory was used in this study to explain how motivation factors influence affecting employee’s turnover in the pharmaceutical sector with a focus at Phillips group of companies.

2.2.2 Maslow Hierarchy of Needs Theory

Commonly known as the hierarchy of needs, is also a motivational theory, developed under believed that human beings are motivated by needs that are in-born (Saleemi, 2005). Maslow’s theory comprises of five needs: Physiological need (most basic - air, water, sleep, food), safety needs (stability and consistency), love and need to belong (affiliate) needs, self-esteem needs (confidence/ respect) and Self-actualization needs. Theory states that lower needs must be satisfied before one can progresses to the next level of needs. In work place, employee’s needs must be met, especially safety needs and esteem need (recognition, acceptance and reward) failure to which, they will be bound to leave in search of satisfaction (Handelman, 2009). Maslow theory is a motivation theory. It shows how remuneration, career progression, working condition and reward and recognition influence employee turnover. Thus, Maslow theory was used in the study to shed some light on importance of these factors to employees, and how likely they were in influencing employee’s turnover at Phillips group of companies.
2.3 Conceptual Framework

2.3.1 Working Conditions

A poor work environment may cause discomfort to some employees who may end up being attracted to other organizations with better working conditions. In a study conducted by Pillay (2009), public sector employees felt employment security, workplace organization and the working environment were the most important factors, whereas the private sector employee rated workplace organization, employment security and professional practice as being the most important. It should be realized that, working conditions in an organization, have a role to play in deciding whether to stay or leave. These are the gaps that may be explored. Good working conditions may serve as a motivating factor to employees, in order to stay in an organization. This, therefore, means that the impact of service benefits in staff retention cannot be ignored.

Various employee service benefits are regulated by the legislation in Kenya and leave; working time; employment remuneration; termination of employment; and others; are some of the benefits that they are entitled to. It is evident that public and private sector employment have to comply with the Employment Act (2007) at a minimum level; working conditions should be continuously improved. However, if the organization wants to retain its valued employees, service conditions should be attractive. Therefore, employers must demonstrate commitment and responsibility so as to ensure that all workers, irrespective of specialist field, are treated fairly. The Basic Conditions of Employment Act can be utilized to ensure that basic working conditions are maintained and improved. However, it has to be acknowledged that some organizations provide more favourable benefits above the minimum and therefore, employees will always have a choice to move from one organization to another.
The Basic Conditions of Employment Act (BCEA) if used correctly is one of the tools that are used to motivate and retain employees in various fields of work, but as previously mentioned, the issues enshrined in the BCEA are part of the keys to motivate all employees. Employees need a work environment that they like and find appropriate.

Necessary tools and proper equipment is also a prerequisite by law for all organization as stipulated under the Occupational Health and Safety Act (2007), (G.O.K, 2007). If the workplace lacks important facilities, such as proper lighting, furniture, clean restrooms, and other health and safety provisions, employees won't be willing to put up with the inconvenience for long (Handelman, 2009). There should also be regular routine maintenance and modern equipment to cope up with change in technology. The demand for such facilities has recently been caused by changes in global and regional legislation resulting from employee’s awareness of their human rights. Secondly employees must have adequate personal protective equipment. This refers to protective clothing, gloves, shoes, masks, helmets, goggles, or other garments or equipment designed to protect the wearer’s body from injury by blunt impacts, electrical hazards, heat, chemicals, and infection, for job related occupation safety and health purposes. The use of personal protective equipment is to reduce employee exposure to hazards. The steps to donning and doffing personal protective equipment need be done in correct order (Handelsman, 2009).

It is also important to consider work schedule when dealing with working conditions .The work schedules associated with different jobs vary, some jobs may be performed during normal daily work hours and work days and some jobs require working nights, weekends and extended hours. As Kodz and Lynch (2002), explains the principle of work life balance is that there should be a balance between an individual’s work and their life
outside work and this balance should be healthy. As defined by work Foundation (2003b) the concept of work life balance is about employees achieving a satisfactory equilibrium between work and non-work activities and potential responsibilities. Flexible working is considered the most practical solution to establishing an effective work life balance. This covers home working, part time working, compressed working weeks, annualized hours, and job sharing creating an environment in which staff who opts to work flexibility and those who raise work life issues will require a cultural shift in many organizations, backed by senior level support (Handelman, 2009).

Research has shown that flexible work-schedules lead to greater work-life balance and can offset work stress (Pearce & Mawsons, 2009). Therefore, organizations should be in a position to provide their employees with the opportunity to work flexible hours. Research suggests that when adults and children to their family, men and women tend to become more traditional in how they divide workloads, in other words, tasks become delegated by gender rather than by interest or ability (Hogarth and Dean, 2008). When work interferes with family and relationships there is a higher absenteeism rate and turnover than when the individual is able to balance family needs with the support of organizational programs. In additional interpersonal relations with supervisors and managers is an important aspect of conditions of work. For employees to perform and continue working for an organization there should be a culture that encourages positive attitude to work and promoting interest and excitement in the jobs they do.

According to Lawler (2009), employees who are enjoying themselves, who are being supported and developed and who feel fulfilled and respected at work will provide best service to customers.
There should be ‘talent relationship management’ policies which are concerned with building effective relationships with people in their roles, treating individual employees fairly, recognizing their value, giving them a voice and providing opportunities for growth. Emphasize as a core value of the organization that management at all levels must be prepared to listen and respond to any contribution their people make.

2.3.2 Remuneration

Remuneration is provided for in exchange for the employees contributions to the organization. An effective remuneration program can help shape performance and improve job satisfaction (Armstrong, 2009). Employee compensation has long been a topic of interest to employers and employees alike. The concept of an employment relationship implies that employees work in exchange for some reward, and this reward is usually monetary remuneration. Pay, pay satisfaction, and attitudes towards benefits have emerged as popular variables for use in organizational research (Carraher, Klein and Francis, 2004; Gerhart and Rynes, 2003; Scarpello and Carraher, 2008). They exhibit significant relationships with organizationally important outcomes such as absenteeism, turnover intentions, perceived organizational attractiveness for jobseekers, organizational citizenship behaviours’, and job performance (Vilma and Egle, 2007).

Businesses of all sizes are competing in a global marketplace for employees (Vilma and Egle, 2007; Welsh and Pendleton, 2006). They face the difficult task of providing competitive compensation and benefit packages to employees in a cost effective manner (Simmons, 2001), attracting (and retaining) employees with the needed knowledge, skills, and abilities in order to effectively perform their jobs (Sturman, 2003), and trying to have the organization remain profitable.
Research with small, medium, and large businesses from around the world has found that employee benefit and compensation packages can play a strategic role in enhancing organizational performance and profitability (Mangel and Useem, 2000). Employers view compensation as a major cost factor of production and as a necessary inducement for attracting suitable job applicants in addition to retaining valued employees, motivating performance, and other desirable behaviours (Sturman, 2003). Within budget constraints, employers attempt to provide fair pay with respect to the external labour market, the relative value of the job; and the “added-value” individuals produce for the organization.

Within an industry employers tend to experience similar business costs and require the services of similarly skilled individuals. To maintain competitive positions within product markets, employers typically control their compensation outlays by assessing the compensation practices of other employers within their industry. Employers may also attempt to maintain competitiveness with respect to benefit offerings, (Vilma & Egle, 2007). Heneman and Berkley (1999) found that many small Businesses were so successful with their compensation and benefit packages that they had significantly more applicants per vacancy than larger firms. In 2003, MetLife found job satisfaction to be higher with small employers than for large employers (54 percent satisfied vs 37 percent), but found no differences in benefit satisfaction based upon organizational size. They also found that 25 percent of employees and 27 percent of employers believed that employee benefits were an important reason for joining an organization while 42 percent of employees reported their organization’s benefits as an important reason to stay with the organization (MetLife, 2003). Dale-Olsen (2006) found that fringe benefits have a stronger influence on reducing turnover than would be indicated by the direct costs of the benefits.
Employer compensation practices are intended to provide “fair” compensation (Scarpello and Carraher, 2008). The term “fair,” however, is defined by the compensation system’s ability to balance competitive business interests through the cost control of compensation outlays with the compensation goals of attracting, retaining, motivating, and developing a competent workforce (Pohlen&La Londe, 1994). Because employer business costs vary across industries and countries, “fair” pay and benefits may be relative terms (Carraher & Welsh, 2009). Studies conducted by Tetty (2005) have indicated that dissatisfaction with salaries is a key factor undermining the commitment of academic to their institutions and careers and consequently their decision or intent to leave. Receiving adequate and equitable pay is one of the critical reasons employees choose to remain in an organization. However pay is more than dollars and cents. It acknowledges the employees with and the value of his or her contributions.

In some instances, employees have greater need for benefits than pay. Employees always flock to companies who offer more benefits (Rampur, 2009). Benefits can demonstrate to employees that a company is supportive and fair, and there is evidence to suggest that stable benefits are at the top of the list of reasons why employees choose to stay with their employer or to join the company in the first place (Lockhead & Stephens, 2004).

The introduction of flexibility in benefits packages can be a key ingredient in ensuring good retention, particularly since it affords greater responsiveness to the specific needs and circumstances of individuals (Lockhead & Stephens, 2004). According to Connell & Phillips (2003) a typical benefits solution has several components. Including medical insurance, dental insurance, vacation time, sick time, flex time, housing, physical fitness facilities.
Benefits should match employee needs; some employees may want retirement plans, whereas others want more money. Flexible organizations address the need for benefits by allowing employees to select from a variety of choices and benefit plans.

In addition to pay and benefits employees want to be recognized for a job well done. According to Long, (2012) Rewards and recognition respond to this need by validating performance and motivating employees toward continuous improvement. Through a reward program the entire organization can experience the commitment to excellence.

When reward system is credible, rewards are meaningful. Rewards and recognition should be based on a clear set of standards with performance verifiable or observable, (Tanner, 2012). Unrecognized and non-valued performance can contribute to turnover. Recognition for a job well done fills the employees need to receive positive, honest feedback for their efforts. There must be positive reinforcement for good performance which can be in terms of rewards of money, verbal praise, written awards or special rewards. Positive behavior may not continue without recognition and reinforcement.

2.3.3 Opportunities for Career Progression

Employee turnover rate may be affected by training, Albrecht & Andretta, (2011). According to a study done by the ASTD in 2003, 41% of employees at companies with poor training planned on leaving within a year, as against 12% planned departures at companies with excellent training (Origon & Nzonzo, 2011), (Clouden, 2009). Different types of training can play an important role in creating and reinforcing high involvement work processes (Vandenberg, Richardson and Eastman, 1999). It is imperative for the organization to provide development opportunities for individual employees in order enhance their skills and improve their chances of getting higher posts,(Origon & Nzonzo, 2011). According to Werner, (2009) Training and Development focus on changing or
improving the knowledge, skill and attitudes of individuals. Training typically involves providing employees the knowledge and skills needed to do a particular task or job, though attitude change may also be attempted (in sexual harassment training).

Developmental activities in contrast, have a longer term focus on preparing for future work responsibilities while also increasing the capacities of employees to perform their current jobs (Origon & Nzonzo, 2011). Training and development activities are planned programs of organizational improvement, and it is important that they be planned as thoroughly as possible, for their ultimate objective is to link training content to desired job behaviors. According to Dessler, (2011) the training process consists of four steps. First conduct a need analysis by identifying the specific knowledge and skills the job requires, and compare these with the prospective trainee’s knowledge and skills. Then determine training needs, formulate specific training objectives, review possible training program content and estimate a budget for the training program. The third step is to implement the program, by actually training the targeted employee group using methods such as online training. Finally, is an evaluation step, in which you asses the program’s success.

According to Wendell, (2007) training & development activities begin when a new employee enters the organization, usually in the form of employee orientation and skills training. Employee orientation is the process by which new employees learn important organizational values and norms, establish working relationships, and learn how to function within their jobs. Skills and technical training programs then narrow in scope to teach the new employee a particular skill or area of knowledge. Once new employees have become proficient in their jobs, human resource development activities should focus more on developmental activities specifically, coaching and counseling.
In the coaching process individuals are encouraged to accept responsibility for their actions, to address any work-related problems and to achieve and sustain superior levels of performance.

Coaching involves treating employees as partners in achieving both personal and organizational goals (Gary, 2011). Counseling techniques are used to help employees deal with personal problems that may interfere with the achievement of these goals. Counseling programs may address such issues as substance abuse, stress management, smoking cessation or fitness, nutrition, and weight control. Human Resource Department (HRD) professionals are also responsible for coordinating management training and development programs to ensure that managers and supervisors have the knowledge and skills necessary to be effective in their positions. These programs may include supervisory training, job rotation, seminars, or college and university courses, (Vilma and Egle, 2007).

Formal training programmes are an effective way of directly transferring the organisational goals and values to a whole group of people simultaneously (Shen, 2006). Appropriate training can develop managers at all levels including the knowledge and skills required to gain competency in order to manage change in organisation in any business environment (John, 2000) In multinational companies, training can provide an important impetus to achieve shared values and facilitates network building between headquarters and subsidiaries. Hellriegel, (2001) states that training of employees in organisation increases higher productivity through better job performance, more efficient use of human resources, goals and objectives more effectively met, reduced cost due to less labour turnover, reduced errors, reduced accidents and absenteeism, more capable, and mobile workforce and retention of the existing staff.
Similarly, Echard & Berge (2008) stated that effective training techniques can produce significant business results especially in customer service, product development, and capability in obtaining new skill set. This linkage of training to business strategy has given many businesses the needed competitive edge in today’s global market. Echard and Berge, (2008) also provides that effective training and development improves the culture of quality in business, workforce, and ultimately the final product(Huang, 2001) an educated and well trained workforce is considered to be essential to the maintenance of a business firm’s competitive advantage in a global economy.

Human Resource Management (HRM) practices of training and development enhance employee skills, knowledge and ability which in turn enhance task performance of individual and in the long run increases the organisational productivity (Huselid 1995). However, Wood, (1999) argues that HRM practices are universal across organisations or whether the effectiveness of human resources management is contingent upon factors while (Asgarkhani, 2003) argues that the success of training is contingent upon the effectiveness of performance planning and measuring. The fact of the matter is that the three fundamental aspects surrounding this approach are process classification, selection of proposed methods, and delivery. We could go further and consider Shandratilek (1997) and Dessler 2005 who emphasized that the point that the availability of high quality employees, places the organisation in a competitive advantage over others even within the same industry and that the inadequacy of expertise is a major constraint as such organisation take major concrete measures to organize training programmes. The resultant effects of properly executed training programmes are reflected through the performance management process (Dessler, 2005).
According to Phillips and Connell (2003) today’s employees want to be able to grow in their careers by improving skill set and experience in desired positions. Employees also want to advance in the organization, although this may not be through traditional promotions. Growth may mean employees work in areas that lead to new challenges; such as a special project or being a part of special team. Unless leaders address fundamental questions about individual career development, employees are always likely to move to another organization. Combining training with real world experience and a higher education program can result in a license or certificate which provides an excellent way for employees to achieve professional growth (Gary, 2011). Effective career management means that at all levels in the organization are well qualified workers who can assume more responsible positions as needed and that as many members of the organization as possible are highly motivated and satisfied with their jobs and careers (Jones, George & Hill, 2000). Therefore, opportunities such as promotions and training should be made available to employees in an organization. Since job status may play an important role in reducing turnover, organizations should use it as a career reward and incentive to retain qualified employees (Zhao & Zhou, 2008).

As suggested by Dessler, (2005) interesting work assignments can lead to professional growth and career advancement. Such as on the job training can offer new challenges such as special projects or working on a process improvement team. A developmental assignment should be suited to the abilities of the employee. When properly designed, developmental assignments can train employees for more responsibilities. Such assignments provide an environment of growth and development by requiring the employee to use new skills that were not required in the regular job situation. New projects and assignment enable learning and provide a way through which employees can increase skills on the job through doing new tasks.
Critical to employee success is the guidance and assistance of leadership with mentoring employees, can undertake new assignments that benefit their own knowledge and skill levels and the organization’s goals. Employees who experience professional growth are more inclined to remain with the organization.

2.3.4 Reward and Recognition

Reward had been seen to be a vital instrument in employee performance. A well rewarded employee feels that he/she is being valued by the company that he/she is working for (Markova and Ford 2011). They are also encouraged to work harder and better if they are aware that their well-being is taken seriously by their employers, and that their career and self-development are also being honed and taken care of by their company. Employees are the engine of organization vehicles while reward is the fuel. No organization can achieve its stated objectives without its employees, (Vilma & Egle, 2007).

Akerele, (2011) blamed the productivity of workers on several factors, among them is employer’s failure to provide adequate compensation for hard work and the indiscipline of the privileged class that arrogantly displays their wealth, which is very demoralizing to working class and consequently reduced their productivity. Markova and Ford (2011) mentions that the real successes of companies originate from employees’ willingness to use their creativity, abilities and know-how in favor of the company and it is organization’s task to encourage and nourish these positive employee inputs by putting effective reward practices in place.

The importance of motivated employees cannot be highlighted enough in an organizational context (Lotta, 2012). Motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who
are experiencing low levels of motivation (Hunter, 2010). Entwistle (2007) is of the view that if an employee performs successfully, it leads to organizational rewards and as a result motivational factor of employees lies in their performance. The highly motivated employees serve as the competitive advantage for any company because their performance leads an organization to well accomplishment of its goals (Rizwan & Ali, 2010).

Luthans (2010) highlights two types of rewards which are financial (extrinsic) and non-financial (intrinsic) reward and both can be utilized positively to enhance employees performance. Financial rewards means pay-for-performance such as performance bonus, job promotion, commission, tips, gratuities and gifts etc. Non-financial rewards are non-monetary/non-cash and it is a social recognition, praise and genuine appreciation etc. Lotta (2012) agree that financial incentives are indeed effective in motivating employees. Also, Ojokuku and Sajuyigbe (2009) find out that financial incentives (pay satisfactions dimensions) have significant effect on employee’s performance. Perry, (2006) discover that financial reward is not the most motivating factor and financial incentives have a demotivating effect among employees (Srivastava, 2011). Nelson, (2004) notes that praise and recognition are the most efficient intrinsic reward that enhance employee’s performance. Werner & Desimore, (2009), see intrinsic reward as a tool that motivates employees to perform as expected.

Managers and Human resource practitioners alike are recognising that money is not the only, nor the most effective motivator. Around the world, several reward systems have been established ranging from group based rewards/team based rewards, project based rewards and individual based reward. Each reward system has its pros and cons, for
example a group based reward system may inadvertently encourage some members of the group not to exert as much effort in their work since they may have an opportunity to ride on the other members of the team, while the individual based reward system may put too much emphasis on the individual performance leading to excessive competitiveness which may be destructive to the organization, (Campell-Allen, Huston, & Mann, 2008).

Moreover, Employee of the month schemes, profit sharing, monetary payment for higher productivity or commission on sales revenue are also widely used to boost employee productivity. There appears to little understand however, as to why particular incentives are used in different situations or at specific times. The use of team-based rewards systems has interested managers but many hesitate to implement a team-based system since team rewards appear more complex and may have adverse effects on individual performance, (Kearns, 2005).

Employees have a say on the most effective rewards. (Giancola, 2010) pointed out that, the most important reward to any employee is; work that is appealing, good leadership, decent remuneration and an opportunity for career progression. Studies have shown that human resource practitioners in America have emphasised on the need to understand the various generational groups namely the baby blommers and generation X and the combinations of rewards that would motivate them to improve productivity. (Giancola, 2010).

According to Armstrong (2006) Reward management consists of the following elements namely; reward systems, reward strategy, reward policies, total reward, total remuneration, basic pay, job evaluation, contingent pay, Employee benefits, performance management and non-fiancial rewards. Rewards have been categorised into two main
categories manly tangible and intangible rewards. Tangible rewards include the base pay or fixed pay for the job performed which can be determined via a job evaluation or negotiated through collective bargaining. Employee benefits such as pensions, sick pay, insurance cover form part of the tangible rewards to employees. (Torrington, Hall, & Taylor (2008) & (Armstrong, 2006). Intangible rewards on the other hand, cannot be directly quantified since there is no direct financial benefit. These rewards include recognition, job autonomy, skill development and training opportunities, career development, quality of life and work life balance. (Torrington, Hall, & Taylor, 2008).

2.4 Critique of Existing Literature

Employee turnover within an organization is a normal part of organizational functioning and while a certain level of turnover is to be expected and be beneficial to the organization, excessively high turnover may be dysfunctional to the organization (Armstrong, 2004). Yoder and Staudohar, (2005) argued that when an employee leaves an organization, it has a variety of effects that not only impact on the organization but also the individual employee and the wider society. These effects can be positive or negative and a greater understanding process of employee turnover can increase the degree to which organizations and employees within organizations can influence these effects. According to Armstrong (2004) a minimum level of staff turnover is beneficial to the organization in that, it reduces the task of retrenchment, and also allows recruitment of new employees from outside thus, preventing in-breeding within the organization and introduction of new ideas and innovation from the new employee(s). The minimum rate of employee turnover is determined by the size of the employee force in the organization, the industry, working conditions and remuneration.
Vandenberg and Nelson, (2009) argued that, turnover is an index of organizational effectiveness and warrants attention and understanding per se. Therefore management of turnover may have the greatest organizational benefit where it is targeted at encouraging the retention of valued employees, or where the opportunity for change in personnel is capitalized upon, ineffective employees can be replaced with more effective employees (Price, 2007).

The success of any organization depends on its human resources, its technology and the type of materials it has. Technology and materials cannot operate in isolation; they need the human touch and hands to make an organization perform effectively and efficiently. The current state of the economy characterized by information explosion, liberalization, globalization and intense competition from within and outside the country has led many organizations both in the private and public sector become preoccupied on how to increase the “added value” of their employees. There is need to encourage employees to remain in the organization and to increase productivity beyond that which is at a minimum accepted standard using scarce resources, (Kimathi, 2000).

2.5 Summary

Turnover, in a Human resources context refers to the characteristic of a given company or industry, relative to rate at which an employer gains and loses staff. If an employer is said to have a high turnover, it most often means that employees of that company have a shorter tenure than those of other companies in that same industry. Similarly, if the average tenure of employees in a particular sector is lower than that in other sectors, that sector can be said to have a relatively high turnover. High turnover often means that employees are unhappy with the work or compensation, but it can also indicate unsafe or unhealthy conditions, or that too few employees give satisfactory performance (due to
unrealistic expectations or poor candidate screening). Low turnover indicates that none of the above is true: employees are satisfied, healthy and safe, and their performance is satisfactory to the employer, (Sagimo, 2002)

Many psychological and management theories exist regarding the types of job content which is intrinsically satisfying to employees and which, in turn, should minimize external voluntary turnover. Examples include Hertzberg's two factor theory (Loiseau, 2011), McClelland's Theory of Needs, and Hackman and Oldham's Job Characteristics Mode. However, high turnover rates of skilled professionals can pose as a risk to the business or organization, due to the intellectual property (such as skills, training, and knowledge) lost. Notably, given the natural specialization of skilled professionals, these employees are likely to be re-employed within the same industry by a competitor. Therefore, turnover of these individuals incurs both replacement costs to the organization, as well as resulting in a competitive disadvantage to the business, (Cole, 2001).

2.6 Conceptual Framework

The main variables of the thesis proposal include working conditions, work remuneration, opportunities for career progression and reward and recognition. These variables are considered independent and are to be analyzed in relation to how they affect employee turnover in Phillips Group Of Companies. Conceptual framework is a set of broad ideas and principles intended to assist the researcher to develop awareness and understanding of the situations under scrutiny and to communicate the same.
Research Gaps

Turnover costs of many companies are very high and significantly affect the financial performance of the company. Direct costs include recruitment, selection, and training of new people. Much time and expense go into this process. Indirect costs include specific things as increased workloads and overtime expenses for co-workers, as well as reduced productivity associated with low employee morale. Moreover, employee turnover could also bring negatively impact morale, employee training and transfers (Gomez-Mejia, 1998). This study aims at investigating the labour turnover among the pharmaceutical companies and finding suitable solution to curb the problems. Labour turnover is very costly to any Company because it affects its productivity and reputation.
With the growth in the pharmaceutical sector and the number of institutions offering related training, the sector has experienced fast and massive growth in the recent past. The aim of the study is to determine the factors affecting employee’s turnover in the pharmaceutical sector with a focus at Phillips Group Of Companies.
CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Introduction

This chapter discusses the methodology of the study and highlights the research design, target population, sampling technique, data collection instruments and data analysis and presentation.

3.2 Research Design

This study adopted a descriptive survey. Kothari, (2004) describes descriptive research as including survey and facts finding enquiries adding that the major purpose of descriptive research is description of affairs as it exists at present. A descriptive research determines and reports the way things are and attempts to describe such things as possible behavior, attitudes, values and characteristics, Mugenda & Mugenda, (2003). The study hence considered descriptive survey suitable since data was gathered from Phillips Group Of Companies and used to represent, factors affecting employee’s turnover in the pharmaceutical sector. The methods of data collection were tested for validity and reliability, conditions which according to Kothari, (2006) must be present in descriptive studies.

3.3 Target Population

Target population as defined by Frederic (2010), is a universal set of the study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. The target population for the study was the employees of Phillips Group Of Companies. This included both the employees on permanent and temporary contracts of employment which is 595 employees. The employees were categorized as follows in Table 3.1.
3.4 Sample Size and Sampling Technique

According to Denning (2001) sampling is the process by which a relatively small number of individual, object or event is selected and analyzed in order to find out something about the entire population from which it was selected. Mugenda and Mugenda (2003) define the target population as a complete set of individuals, case or objects with the same common observable characteristics. The total number of respondents in this study was 151, arrived at using a 30% ratio of the total population, in line with Mugenda and Mugenda, (2003) suggestion that for descriptive studies, at least 10% - 30% ratio of the total population is enough. Since the sample was drawn from all cadres of staff, the population was regarded heterogeneous. The stratified random sampling technique was employed. This is because the respondents were stratified into three categories i.e. top management, middle level management and low level management.

**Table 3.2: Sample size**

<table>
<thead>
<tr>
<th>Category</th>
<th>Target Population</th>
<th>Ratio</th>
<th>Sample size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>90</td>
<td>30%</td>
<td>27</td>
</tr>
<tr>
<td>Middle level Management</td>
<td>175</td>
<td>30%</td>
<td>53</td>
</tr>
<tr>
<td>Low level management</td>
<td>235</td>
<td>30%</td>
<td>71</td>
</tr>
<tr>
<td>Total</td>
<td>595</td>
<td>30%</td>
<td>151</td>
</tr>
</tbody>
</table>

**Table 3.1: Target Population**

<table>
<thead>
<tr>
<th>Category</th>
<th>Target Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>90</td>
<td>15%</td>
</tr>
<tr>
<td>Middle level Management</td>
<td>175</td>
<td>29%</td>
</tr>
<tr>
<td>Low level management</td>
<td>235</td>
<td>56%</td>
</tr>
<tr>
<td>Total</td>
<td>595</td>
<td>100</td>
</tr>
</tbody>
</table>

HRM, Phillips Group of Companies (2013)
3.5 Data Collection Instruments

The study collected both primary and secondary data. Primary data was gathered using semi-structured questionnaires where the respondents were issued with the questionnaires. Questionnaires are preferred because according to Cox (2000), they are effective data collection instruments that allow respondents to give much of their opinions in regard to the research problem. According to Festing (2007), the information that was obtained from questionnaires was free from bias and researchers’ influence. This means that accurate and valid data was gathered. Secondary data was gathered from past published scholarly articles explaining theoretical and empirical information on diversity management issues.

3.6 Pilot Test

The aim of the pilot study was to test the reliability of the questionnaires. According to Ebrahim (2003), a pilot test is necessary for testing the reliability of data collection instruments. Cox (2000), explains reliability of research as determining whether the research truly measure that which was intended to measure or how truthful the research results were. Pilot study was conducted to detect weakness in design and instrumentation and to provide proxy data for selection of a sample (Kuvaas 2010).

The researcher selected a pilot group of 10 individuals from the target population to test the reliability of the research instrument. The pilot data was not included in the actual study. The pilot study allowed for pre-testing of the research instrument. The clarity of the research instruments to the respondents was established so as to enhance the instrument’s validity and reliability, (Kothari, 2006). The pilot study enabled the researcher to be familiar with research and its administration procedure as well as identifying items that required modification.
The result helped the researcher to correct inconsistencies that were seen to arise from the instruments, which ensured that they measure what was intended.

3.7 Data Analysis and Presentation

Before processing the responses, the completed questionnaires were edited for completeness and consistency. Descriptive analysis was used. The Statistical Package for Social Sciences (SPSS) computer software was used for analysis to generate data array that would be used for subsequent analysis of the data. SPSS has descriptive statistics features that assisted in variable response comparison and give clear indications of response frequencies. The data was coded to enable the responses to be grouped into various categories. Descriptive statistics was used to summarize the data. This included percentages and frequencies. Tables and other graphical presentations were appropriately used to present the data that was collected for ease of understanding and analysis. Content analysis was applied to analyze the data that was obtained from the open ended questions where the respondents gave their personal opinions on factors affecting employee’s turnover in the pharmaceutical sector with a focus at Phillips Group Of Companies.
CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter discusses the presentation and interpretation of the findings obtained from the field. The chapter presents the background information of the respondents, findings of the analysis based on the objectives of the study. Descriptive and inferential statistics have been used to discuss the findings of the study. The study targeted a sample size of 151 respondents from which 142 filled in and returned the questionnaires making a response rate of 94%. This response rate was satisfactory to make conclusions for the study.

4.2 Reliability Analysis

<table>
<thead>
<tr>
<th>Table 4.3: Reliability Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scale</td>
</tr>
<tr>
<td>Working Condition</td>
</tr>
<tr>
<td>Remuneration</td>
</tr>
<tr>
<td>Career Progression</td>
</tr>
<tr>
<td>Rewards and recognition</td>
</tr>
</tbody>
</table>

Reliability analysis was subsequently done using Cronbach’s Alpha which measures the internal consistency by establishing if certain item within a scale measures the same construct. Cooper and Schindler (2006) established the Alpha value threshold at 0.7 which the study benchmarked against. Cronbach Alpha was established for every objective in order to determine if each scale (objective) would produce consistent results should the research be done later on.
Table 4.3 shows that working condition had the highest reliability ($\alpha=0.841$) followed by remuneration ($\alpha=0.811$), then reward and recognition ($\alpha = 0.773$) and career progression ($\alpha=0.713$). This illustrates that all the four scales were reliable as their reliability values exceeded the prescribed threshold of 0.7.

4.3 Respondents Information

Age of the respondent

The study requested the respondent to indicate their age category, from the findings as shown in Figure 4.1 above the study established that most of the respondents as shown by 32% were aged between 41 to 45 years, 24.6% of the respondents were aged between 31 to 40 years, 20.4% of the of the respondent were aged between 20 to 30 years, 15.5% of the of the respondent were aged between 46 to 50 years whereas 7% of the respondents indicated that they were above 50 years. This is an indication that respondents were well distributed in terms of age.
Gender of the respondent

The study sought to determine the gender of the respondents, from the findings, the study established that majority of the respondents as shown by 57.6% were males whereas 42.4% of the respondents were females, this is an indication that both genders were well involved in this study and thus the finding of the study did not suffer from gender bias.

Highest level of education

The study requested respondents to indicate their highest education level, from the findings, 43.7% of the respondents indicated their highest education level as post graduates, 31.7% of the respondents indicated their highest education level as bachelors’ degree 21.1% of the respondents indicated their highest education level as college diploma whereas 3.5% of the respondents indicated their highest education level as
college certificate. This is an indication that majority of the employee engaged in this research had were well educated and thus they were in apposition to read, understand and answer questions accordingly.

**Period of service in the organization**

![Figure 4.4: Period of service in the organization](image)

The study requested the respondent to indicate the number of years they had served for in organization. From the research findings most of the respondents as shown by 45.1% indicated to have served in the organization for more than 5 years, 23.2% of the respondent indicated to have served for a period of 3 to 5 years, 20.4% of the respondents indicated to have served for a period of 1 to 3 years whereas 11.3% of the respondents indicated to have worked with the organization for a period of not exceeding 1 year. This is an indication that most of the respondents had served for a considerable period and thus they were in a position to give credible information relating to this study.

**4.4 Effects of Remuneration on Employees’ Turnover**

**Table 4.4: Remuneration affects employees’ turnover**

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>130</td>
<td>91.5</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>8.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>142</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
The study sought to establish whether remuneration influences employee turnover in Phillips group of companies, from the research findings, majority of the respondents as shown by 91.5% agreed that remuneration influences employee turnover in Phillips group of companies whereas 8.5% of the respondents were of contrary opinion. This implies that remuneration influenced employee turnover in Phillips group of companies. The study revealed those employees who were dissatisfied with their salaries were more likely to move to other organization in search for a place where they could get better salaries. Remuneration is provided for in exchange for the employees contributions to the organization. An effective remuneration program can help shape performance and improve job satisfaction (Armstrong, 2009).

Table 4.5: Extent to which remuneration affects employees’ turnover in Phillips group of companies

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>45</td>
<td>31.7</td>
</tr>
<tr>
<td>great extent</td>
<td>67</td>
<td>47.2</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>16</td>
<td>11.3</td>
</tr>
<tr>
<td>Little extent</td>
<td>14</td>
<td>9.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>142</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which remuneration influenced employee turnover. From the research findings 47.2% of the respondents indicated to a great extent, 31.7% of the respondents indicated to a very great extent, and 11.3% of the respondents indicated to a moderate extent whereas 9.9% of the respondents indicated to a little extent.
This implies that remuneration influences employee turnover in Phillips group of companies to a great extent. Pay, pay satisfaction, and attitudes towards benefits have emerged as popular variables for use in organizational research (Carraher, Klein and Francis, 2004).

**Table 4.6: Statements relating to effects of remuneration on employees’ turnover in Phillips group of companies**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Moderate</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>An effective remuneration program can help shape performance and improve job satisfaction</td>
<td>48</td>
<td>81</td>
<td>10</td>
<td>1</td>
<td>48</td>
<td>1.80</td>
<td>0.25</td>
</tr>
<tr>
<td>Employee benefit and compensation packages can play a strategic role in enhancing organizational performance and profitability</td>
<td>56</td>
<td>78</td>
<td>5</td>
<td>2</td>
<td>56</td>
<td>1.70</td>
<td>0.25</td>
</tr>
<tr>
<td>Employers view compensation as a major cost factor of production and as a necessary inducement for attracting suitable job applicants in addition to retaining valued employees, motivating performance, and other desirable behaviours</td>
<td>52</td>
<td>76</td>
<td>8</td>
<td>4</td>
<td>52</td>
<td>1.80</td>
<td>0.24</td>
</tr>
<tr>
<td>Employers may attempt to maintain competitiveness with respect to benefit offerings</td>
<td>44</td>
<td>86</td>
<td>7</td>
<td>2</td>
<td>44</td>
<td>1.85</td>
<td>0.26</td>
</tr>
</tbody>
</table>

The research sought to determine the level at which respondents agreed with the above Statements relating to the effects of remuneration on employees’ turnover in Phillips group of companies. From research findings majority of the respondents agreed that: employee benefit and compensation packages can play a strategic role in enhancing organizational performance and profitability as shown by a mean of 1.75, employers view compensation as a major cost factor of production and as a necessary inducement...
for attracting suitable job applicants in addition to retaining valued employees, motivating performance, and other desirable behaviours, an effective remuneration program can help shape performance and improve job satisfaction as shown by mean of 1.80 in each case, employers may attempt to maintain competitiveness with respect to benefit offerings as shown by mean of 1.85, the study further established that remuneration awarded to teams increases productivity levels because the team is looking out for the collective good of the team. Pooling employees in a team with a collective goal increases productivity if provided worth wild remuneration, such as bonuses or extra commission, the above findings concurs with (MetLife, 2003). Dale-Olsen (2006) found that fringe benefits have a stronger influence on reducing turnover than would be indicated by the direct costs of the benefits.

4.5 Reward and Recognition

Table 4.7: Reward and recognition affect employee turnover

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>114</td>
<td>80.3</td>
</tr>
<tr>
<td>No</td>
<td>28</td>
<td>19.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>142</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study sought to determine whether reward and recognition influences employee turnover in Phillips group of companies, from the research findings, majority of the respondents as shown by 80.3% agreed that reward and recognition influences employee turnover in Phillips group of companies whereas 19.7% of the respondents were of contrary opinion. This is an indication that reward and recognition indeed influenced employee turnover in Phillips group of companies. A well rewarded employee feels that he/she is being valued by the company that he/she is working for (Markova and Ford 2011).
Table 4.8: Extent to which reward and recognition affects employee turnover

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>46</td>
<td>32.4</td>
</tr>
<tr>
<td>Great extent</td>
<td>61</td>
<td>43.0</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>22</td>
<td>15.5</td>
</tr>
<tr>
<td>Little extent</td>
<td>13</td>
<td>9.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>142</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which reward and recognition influenced employee turnover, from the research findings 43% of the respondents indicated to a great extent, 32.4% of the respondents indicated to a very great extent, 15.5% of the respondents indicated to a moderate extent whereas 9.2% of the respondents indicated to a little extent. This implies that reward and recognition influences employee turnover in Phillips group of companies to a great extent. Akerele, (2011) blamed the productivity of workers on employer’s failure to provide adequate compensation for hard work and the indiscipline of the privileged class that arrogantly displays their wealth, which is very demoralizing to working class and consequently reduced their productivity.

Table 4.9: Effects of reward and recognition on employee turnover

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Moderate</th>
<th>Disagree</th>
<th>Strongly disagree</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The real successes of companies originate from employees’ willingness to use their creativity, abilities and know-how in favor of the company and it is organization’s task to encourage and nourish these positive employee inputs by putting effective reward practices in place</td>
<td>47</td>
<td>82</td>
<td>10</td>
<td>1</td>
<td>2</td>
<td>1.81</td>
<td>0.25</td>
</tr>
<tr>
<td>Motivated employees are more productive, more efficient and more willing to work</td>
<td>51</td>
<td>81</td>
<td>7</td>
<td>2</td>
<td>1</td>
<td>1.75</td>
<td>0.25</td>
</tr>
</tbody>
</table>
towards organizational goals than the employees who are experiencing low levels of motivation

Reward had been seen to be a vital instrument in employee performance

A well rewarded employee feels that he/she is being valued by the company that he/she is working for

Employees are the engine of organization vehicles while reward is the fuel

The research sought to determine the level at which respondents agreed with the above statements relating effects of reward and recognition on employees’ turnover in Phillips group of companies. From research findings majority of the respondents agreed that: employees are the engine of organization vehicles while reward is the fuel as shown by mean of 1.71, motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation as shown by mean of 1.75, reward had been seen to be a vital instrument in employee performance as shown by mean of 1.76, a well-rewarded employee feels that he/she is being valued by the company that he/she is working for as shown by mean of 1.79, and that the real successes of companies originate from employees’ willingness to use their creativity, abilities and know-how in favor of the company and it is organization’s task to encourage and nourish these positive employee inputs by putting effective reward practices in place as shown by mean of 1.81, the above findings concurs with Markova and Ford (2011) states that employees are the engine of organization vehicles while reward is the fuel. Employers view compensation as a major cost factor of production and as a necessary inducement for attracting suitable job applicants in addition to retaining valued employees, motivating performance, and other desirable behaviours (Sturman, 2003).
4.6 Opportunities for Career Progression

Table 4.10: Opportunities for career progression affect employees’ turnover in Phillips group of companies

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>108</td>
<td>76.1</td>
</tr>
<tr>
<td>No</td>
<td>34</td>
<td>23.9</td>
</tr>
<tr>
<td>Total</td>
<td>147</td>
<td>100</td>
</tr>
</tbody>
</table>

The study sought to determine whether opportunities for career progression influences employee turnover in Phillips group of companies, from the research findings, majority of the respondents as shown by 76.1% agreed that opportunities for career progression influences employee turnover in Phillips group of companies whereas 23.9% of the respondents were of contrary opinion. This is an indication that opportunities for career progression indeed influenced employee turnover in Phillips group of companies.

Different types of training can play an important role in creating and reinforcing high involvement work processes (Vandenberg, Richardson and Eastman, 1999).

Table 4.11: Extent to which opportunities for career progression affect employees’ turnover in Phillips group of companies

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>31</td>
<td>21.8</td>
</tr>
<tr>
<td>great extent</td>
<td>76</td>
<td>53.5</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>21</td>
<td>14.8</td>
</tr>
<tr>
<td>Little extent</td>
<td>14</td>
<td>9.9</td>
</tr>
<tr>
<td>Total</td>
<td>142</td>
<td>100</td>
</tr>
</tbody>
</table>

The study sought to determine the extent to which opportunities for career progression influenced employee turnover, from the research findings 53.5% of the respondents indicated to a great extent, 21.8% of the respondents indicated to a very great extent, 14.8% of the respondents indicated to a moderate extent whereas 9.9% of the respondents indicated to a little extent.
This implies that opportunities for career progression influences employee turnover in Phillips group of companies to a great extent. Werner, (2009), states that training and development focus on changing or improving the knowledge, skill and attitudes of individuals.

Table 4.12: Statements that relating effects of opportunities for career progression on employees’ turnover in Phillips group of companies

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Moderate</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Mean</th>
<th>Std Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Different types of training can play an important role in creating and reinforcing high involvement work processes</td>
<td>71</td>
<td>64</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>1.61</td>
<td>0.25</td>
</tr>
<tr>
<td>Training typically involves providing employees the knowledge and skills needed to do a particular task or job, though attitude change may also be attempted</td>
<td>69</td>
<td>66</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>1.60</td>
<td>0.25</td>
</tr>
<tr>
<td>Developmental activities in contrast, have a longer –term focus on preparing for future work responsibilities while also increasing the capacities of employees to perform their current jobs</td>
<td>73</td>
<td>61</td>
<td>5</td>
<td>1</td>
<td>2</td>
<td>1.59</td>
<td>0.25</td>
</tr>
<tr>
<td>Formal training programmes are an effective way of directly transferring the organisational goals and values to a whole group of people simultaneously</td>
<td>64</td>
<td>71</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1.64</td>
<td>0.25</td>
</tr>
<tr>
<td>Training can provide an important impetus to achieve shared values and facilitates network building between headquarters and subsidiaries.</td>
<td>57</td>
<td>80</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1.68</td>
<td>0.26</td>
</tr>
</tbody>
</table>

The research sought to determine the level at which respondents agreed with the above Statements that relating effects of opportunities for career progression on employees’ turnover in Phillips group of companies.
From research findings majority of the respondents agreed that: developmental activities in contrast, have a longer –term focus on preparing for future work responsibilities while also increasing the capacities of employees to perform their current jobs as shown by a mean 1.59, training typically involves providing employees the knowledge and skills needed to do a particular task or job, though attitude change may also be attempted as shown by a mean 1.60, different types of training can play an important role in creating and reinforcing high involvement work processes as shown by a mean 1.61, Formal training programmes are an effective way of directly transferring the organisational goals and values to a whole group of people simultaneously as shown by a mean 1.64, Training can provide an important impetus to achieve shared values and facilitates network building between headquarters and subsidiaries as shown by a mean 1.68, the study further established that career progression helps builds employee loyalty, and loyalty increases productivity. The above findings concur with the research findings by (Clouden, 2009). It is imperative for the organization to provide development opportunities for individual employees in order enhance their skills and improve their chances of getting higher posts, (Origon & Nzonzo, 2011).

4.7 Working Conditions

Table 4.13: Working conditions influences employee turnover in Phillips group of companies

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>96</td>
<td>67.6</td>
</tr>
<tr>
<td>No</td>
<td>46</td>
<td>32.4</td>
</tr>
<tr>
<td>Total</td>
<td>142</td>
<td>100</td>
</tr>
</tbody>
</table>

The research sought to determine whether working conditions influences employee turnover in Phillips group of companies, from the research findings, majority of the
respondents as shown by 67.6% agreed that working conditions influences employee turnover in Phillips group of companies whereas 32.4% of the respondents were of contrary opinion. This is an indication that working conditions indeed influenced employee turnover in Phillips group of companies. A poor work environment may cause discomfort to some employees who may end up being attracted to other organizations with better working conditions, (Pillay, 2009).

Table 4.14: Extent to which working conditions influence employee turnover

<table>
<thead>
<tr>
<th>Extent</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very great extent</td>
<td>45</td>
<td>31.7</td>
</tr>
<tr>
<td>great extent</td>
<td>62</td>
<td>43.7</td>
</tr>
<tr>
<td>Moderate extent</td>
<td>20</td>
<td>14.1</td>
</tr>
<tr>
<td>Little extent</td>
<td>15</td>
<td>10.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>142</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

The study sought to determine the extent to working conditions influenced employee turnover, from the research findings 43.7% of the respondents indicated to a great extent, 31.7% of the respondents indicated to a very great extent, and 14.1% of the respondents indicated to a moderate extent whereas 10.6% of the respondents indicated to a little extent. This implies that working conditions influences employee turnover in Phillips group of companies to a great extent. It is also important to consider work schedule when dealing with working conditions (Handelsman, 2009).
Table 4.15: Statements relating to effects of working conditions on employee turnover

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Moderate</th>
<th>Disagree</th>
<th>strongly disagree</th>
<th>Mean</th>
<th>Std deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A poor work environment may cause discomfort to some employees who may end up being attracted to other organizations with better working conditions</td>
<td>61</td>
<td>75</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>1.66</td>
<td>0.26</td>
</tr>
<tr>
<td>Employment security, workplace organization and the working environment were the most important factors that employees do consider.</td>
<td>65</td>
<td>71</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1.61</td>
<td>0.26</td>
</tr>
<tr>
<td>If the workplace lacks important facilities, such as proper lighting, furniture, clean restrooms, and other health and safety provisions, employees won't be willing to put up with the inconvenience for long flexible work-schedules lead to greater work-life balance and can offset work stress</td>
<td>59</td>
<td>69</td>
<td>8</td>
<td>4</td>
<td>2</td>
<td>1.75</td>
<td>0.23</td>
</tr>
<tr>
<td>Organizations should be in a position to provide their employees with the opportunity to work flexible hours.</td>
<td>55</td>
<td>81</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1.70</td>
<td>0.26</td>
</tr>
</tbody>
</table>

The research sought to determine the level at which respondents agreed with the above statements relating to effects of working conditions on employee turnover in Phillips group of companies. From research findings majority of the respondents agreed that: employment security, workplace organization and the working environment were the most important factors that employees do consider, organizations should be in a position to provide their employees with the opportunity to work flexible hours as shown by a mean of 1.61 in each case, a poor work environment may cause discomfort to some employees who may end up being attracted to other organizations with better working conditions as shown by a mean of 1.66, flexible work-schedules lead to greater work-life
balance and can offset work stress as shown by a mean of 1.70, If the workplace lacks important facilities, such as proper lighting, furniture, clean restrooms, and other health and safety provisions, employees won't be willing to put up with the inconvenience for long as shown by a mean of 1.75. The study further established that the environment in which an employee works should be considered safe, and abide by health and safety, the above findings concurs with As Kodz, (2002) explains the principle of work–life balance is that there should be a balance between an individual’s work and their life outside work and this balance should be healthy.

4.8 Regression Analysis

In this study, a multiple regression analysis was conducted to test the influence among predictor variables. The research used statistical package for social sciences (SPSS V 20) to code, enter and compute the measurements of the multiple regressions

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.832&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.692</td>
<td>.660</td>
<td>.09038</td>
</tr>
</tbody>
</table>

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable, from the findings in the above table the value of adjusted R squared was 0.660 an indication that there was variation of 66% on employee turnover in pharmaceutical companies due to changes in working condition, career progression, reward and recognition and remuneration at 95% confidence interval. This shows that 66% changes in employee turnover in pharmaceutical companies could be accounted for by working condition, career progression, reward and recognition and remuneration.
R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in the table above there was a strong positive relationship between the study variables as shown by 0.832.

**Table 4.17: ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>19.612</td>
<td>4</td>
<td>4.903</td>
<td>10.288</td>
<td>.000b</td>
</tr>
<tr>
<td>Residual</td>
<td>65.826</td>
<td>138</td>
<td>0.477</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>85.438</td>
<td>142</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the ANOVA statics in table above, the processed data which is the population parameters, had a significance level of 0% which shows that the data is ideal for making a conclusion on the population’s parameter as the value of significance (p-value ) is less than 5%. The calculated value was greater than the critical value (10.288 > 1.984) an indication that working condition, career progression, reward and recognition and remuneration significantly influence employee turnover in pharmaceutical companies in Kenya.

**Table 4.18: Coefficient**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>3.032</td>
<td>.348</td>
<td>8.702</td>
<td>.000</td>
</tr>
<tr>
<td>Working Condition</td>
<td>-.028</td>
<td>.127</td>
<td>-.025</td>
<td>-.221</td>
</tr>
<tr>
<td>Remuneration</td>
<td>-.148</td>
<td>.115</td>
<td>-.160</td>
<td>-1.292</td>
</tr>
<tr>
<td>Career Progression</td>
<td>-.080</td>
<td>.175</td>
<td>-.064</td>
<td>-.459</td>
</tr>
<tr>
<td>Rewards and</td>
<td>-1.112</td>
<td>.183</td>
<td>-.616</td>
<td>-6.085</td>
</tr>
<tr>
<td>recognition</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the data in the above table the established regression equation was

\[ Y = 3.032 - 0.028 X_1 - 0.148 X_2 - 0.080 X_3 - 1.112 X_4 \]
From the above regression equation it was revealed that holding working condition, career progression, reward and recognition and remuneration to a constant zero, employee turnover in pharmaceutical industry would be at 3.032, a unit increase in working condition would lead to decrease in employee turnover in pharmaceutical industry by a factors of 0.028, unit increase in remuneration would lead to decrease in employee turnover in pharmaceutical industry by factors of 0.148, a unit increase in career progression would lead to decrease in employee turnover in pharmaceutical industry by a factor of 0.080 and unit increase in reward and recognition would lead to decrease in employee turnover in pharmaceutical industry by a factors of 1.112.

4.9 Factor Analysis

Table 4.19: Communalities

<table>
<thead>
<tr>
<th>Item</th>
<th>Initial</th>
<th>Extraction</th>
</tr>
</thead>
<tbody>
<tr>
<td>An effective remuneration program can help shape performance and improve job satisfaction</td>
<td>1.000</td>
<td>.791</td>
</tr>
<tr>
<td>employee benefit and compensation packages can play a strategic role in enhancing organizational performance and profitability</td>
<td>1.000</td>
<td>.831</td>
</tr>
<tr>
<td>Employers view compensation as a major cost factor of production and as a necessary inducement for attracting suitable job applicants in addition to retaining valued employees, motivating performance, and other desirable behaviours</td>
<td>1.000</td>
<td>.754</td>
</tr>
<tr>
<td>Employers may attempt to maintain competitiveness with respect to benefit offerings</td>
<td>1.000</td>
<td>.727</td>
</tr>
<tr>
<td>the real successes of companies originate from employees’ willingness to use their creativity, abilities and know-how in favour of the company and it is organization’s task to encourage and nourish these positive employee inputs by putting effective reward practices in place</td>
<td>1.000</td>
<td>.782</td>
</tr>
<tr>
<td>Motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation</td>
<td>1.000</td>
<td>.776</td>
</tr>
<tr>
<td>Reward had been seen to be a vital instrument in employee performance</td>
<td>1.000</td>
<td>.778</td>
</tr>
<tr>
<td>A well rewarded employee feels that he/she is being valued by the company that he/she is working for</td>
<td>1.000</td>
<td>.776</td>
</tr>
</tbody>
</table>
Employees are the engine of organization vehicles while reward is the fuel

<table>
<thead>
<tr>
<th>Employees are the engine of organization vehicles while reward is the fuel</th>
<th>1.000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Different types of training can play an important role in creating and reinforcing high involvement work processes</td>
<td>1.000</td>
</tr>
<tr>
<td>Training typically involves providing employees the knowledge and skills needed to do a particular task or job, though attitude change may also be attempted</td>
<td>1.000</td>
</tr>
<tr>
<td>Developmental activities in contrast, have a longer –term focus on preparing for future work responsibilities while also increasing the capacities of employees to perform their current jobs</td>
<td>1.000</td>
</tr>
<tr>
<td>Formal training programmes are an effective way of directly transferring the organisational goals and values to a whole group of people simultaneously</td>
<td>1.000</td>
</tr>
<tr>
<td>Training can provide an important impetus to achieve shared values and facilitates network building between headquarters and subsidiaries</td>
<td>1.000</td>
</tr>
<tr>
<td>A poor work environment may cause discomfort to some employees who may end up being attracted to other organizations with better working conditions</td>
<td>1.000</td>
</tr>
<tr>
<td>Employment security, workplace organization and the working environment were the most important factors that employees do consider</td>
<td>1.000</td>
</tr>
<tr>
<td>If the workplace lacks important facilities, such as proper lighting, furniture, clean restrooms, and other health and safety provisions, employees won't be willing to put up with the inconvenience for long</td>
<td>1.000</td>
</tr>
<tr>
<td>Flexible work-schedules lead to greater work-life balance and can offset work stress</td>
<td>1.000</td>
</tr>
<tr>
<td>Organizations should be in a position to provide their employees with the opportunity to work flexible hours</td>
<td>1.000</td>
</tr>
</tbody>
</table>

The above table helps the researcher to estimate the communalities for each variance. This is the proportion of variance that each item has in common with other factors. For example ‘If the workplace lacks important facilities, such as proper lighting, furniture, clean restrooms, and other health and safety provisions, employees won't be willing to put up with the inconvenience for long’ has 87.5% communality or shared relationship with other factors. This value has the greatest communality with others, while ‘Developmental activities in contrast, have a longer term focus on preparing for future work
responsibilities while also increasing the capacities of employees to perform their current jobs the least communality with others of 68.4%.

**Figure 4.5: Scree plot**

The researcher used the scree plot to determine the number of factors which would be retained for the analysis. According to the above scree plot, four factors were retained; this is because it’s at the fourth factor where the plot takes an elbow shape. In addition, the researcher used the varimax rotation procedure to rotate the factor matrix so that the statement would be allocated to the retained factors.
Table 4.20: Component Matrix*

<table>
<thead>
<tr>
<th></th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>An effective remuneration program can help shape performance and</td>
<td>.378</td>
</tr>
<tr>
<td>improve job satisfaction</td>
<td></td>
</tr>
<tr>
<td>Employee benefit and compensation packages can play a strategic</td>
<td>.409</td>
</tr>
<tr>
<td>role in enhancing organizational performance and profitability</td>
<td></td>
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<td>Employers view compensation as a major cost factor of production</td>
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<td>performance, and other desirable behaviours</td>
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<td>Employers may attempt to maintain competitiveness with respect</td>
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<td>the real successes of companies originate from employees’</td>
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<td>willingness to use their creativity, abilities and know-how in</td>
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<td>favour of the company and it is organization’s task to</td>
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<td>encourage and nourish these positive employee inputs by</td>
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<td>Motivated employees are more productive, more efficient and</td>
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<td>more willing to work towards organizational goals than the</td>
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<td>A well rewarded employee feels that he/she is being valued</td>
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<td>by the company that he/she is working for</td>
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<td>Employees are the engine of organization vehicles while reward</td>
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<td>Different types of training can play an important role in</td>
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<td>creating and reinforcing high involvement work processes</td>
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<td>Training typically involves providing employees the knowledge</td>
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<td>attitude change may also be attempted</td>
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<td>Developmental activities in contrast, have a longer – term</td>
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<td>focus on preparing for future work responsibilities while also</td>
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<td>increasing the capacities of employees to perform their current</td>
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<td>Formal training programmes are an effective way of directly</td>
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values to a whole group of people simultaneously
Training can provide an important impetus to achieve
shared values and facilitates network building between
headquarters and subsidiaries
A poor work environment may cause discomfort to
some employees who may end up being attracted to
other organizations with better working conditions
Employment security, workplace organization and the
working environment were the most important factors
that employees do consider
If the workplace lacks important facilities, such as
proper lighting, furniture, clean restrooms, and other
health and safety provisions, employees won't be
willing to put up with the inconvenience for long
flexible work-schedules lead to greater work-life
balance and can offset work stress
Organizations should be in a position to provide their
employees with the opportunity to work flexible hours

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The initial component matrix was rotated using Varimax (Variance Maximization) with Kaiser Normalization. The above results allowed the researcher to identify what variables fall under each of the 5 major extracted factors. Each of the 19 variables was looked at and placed to one of the four factors depending on the percentage of variability; it explained the total variability of each factor. A variable is said to belong to a factor to which it explains more variation than any other factor. From the above table, the individual variables constituting the four factors extracted are summarized and identified below:

**Factor 1: Remuneration**

- An effective remuneration program can help shape performance and improve job satisfaction.

- Employee benefit and compensation packages can play a strategic role in enhancing organizational performance and profitability.
• Employers view compensation as a major cost factor of production and as a necessary inducement for attracting suitable job applicants in addition to retaining valued employees, motivating performance, and other desirable behaviours.

• Employers may attempt to maintain competitiveness with respect to benefit offerings.

Factor 2: Reward and Recognition

• The real successes of companies originate from employees’ willingness to use their creativity, abilities and know-how in favour of the company and it is organization’s task to encourage and nourish these positive employee inputs by putting effective reward practices in place.

• Motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation.

• Reward had been seen to be a vital instrument in employee performance.

• A well rewarded employee feels that he/she is being valued by the company that he/she is working for.

• Employees are the engine of organization vehicles while reward is the fuel.

Factor 3: Opportunities for Career Progression

• Different types of training can play an important role in creating and reinforcing high involvement work processes.

• Training typically involves providing employees the knowledge and skills needed to do a particular task or job, though attitude change may also be attempted.
• Developmental activities in contrast, have a longer term focus on preparing for future work responsibilities while also increasing the capacities of employees to perform their current jobs.

• Formal training programmes are an effective way of directly transferring the organisational goals and values to a whole group of people simultaneously.

• Training can provide an important impetus to achieve shared values and facilitates network building between headquarters and subsidiaries.

Factor 4: Working Conditions

• A poor work environment may cause discomfort to some employees who may end up being attracted to other organizations with better working conditions.

• Employment security, workplace organization and the working environment were the most important factors that employees do consider.

• If the workplace lacks important facilities, such as proper lighting, furniture, clean restrooms, and other health and safety provisions, employees won't be willing to put up with the inconvenience for long.

• Flexible work schedules lead to greater work-life balance and can offset work stress.

• Organizations should be in a position to provide their employees with the opportunity to work flexible hours.
CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn were focused on addressing the objective of the study the researcher had intended to find out how remuneration affects employees’ turnover in Phillips group of companies, to determine the extent to which reward and recognition affect turnover in Phillips group of companies, to establish the extent to which opportunities for career progression affect employees’ turnover in Phillips group of companies, to examine how working conditions influences employee turnover in Phillips group of companies.

5.2 Summary of Findings

5.2.1 Effects of Remuneration on Employees’ Turnover

The study established that remuneration influences employee turnover in Phillips group of companies. Employee benefits and compensation packages play a strategic role in enhancing organizational performance and profitability as, employers view compensation as a major cost factor of production and as a necessary inducement for attracting suitable job applicants in addition to retaining valued employees, motivating performance, and other desirable behaviours, an effective remuneration program can help shape performance and improve job satisfaction. Employers should attempt to maintain competitiveness with respect to benefit offerings.
The study further established that remuneration awarded to teams increases productivity levels because members would be looking out for the collective good of the team. Pooling employees in a team with a collective goal increases productivity if they are provided worthwhile remuneration, such as bonuses, extra commission or paid for vacations.

5.2.2 Reward and Recognition

The study revealed that reward and recognition influences employee turnover in Phillips group of companies to a great extent. The employees are the engine of organization vehicles while reward is the fuel, motivated employees are more productive, more efficient and more willing to work towards organizational goals than the employees who are experiencing low levels of motivation. Reward was seen to be a vital instrument in employee performance. A well-rewarded employee feels that he/she is being valued by the company that he/she is working for.

The study revealed that there is need for organizations to put in place effective policies and procedures for recognizing and rewarding employees with outstanding performance, and those employees’ willing to use their creativity, abilities and know-how in favor of the company without being prompted. These procedures should be communicated to all employees, and should be free of human manipulation and biasness.

5.2.3 Opportunities for Career Progression

The study revealed that opportunities for career progression influences employee turnover in Phillips group of companies to a great extent. It established that developmental activities in contrast, have a longer –term focus on preparing employees for future work responsibilities while also increasing their capacities to perform their current jobs. Training typically involves providing employees the knowledge and skills needed to do a particular task or job as well as attempting to change employees’ attitudes.
The study revealed that different types of training can be employed to create and reinforcing high work processes involvement. Formal training programmes should be used as effective ways of directly transferring the organisational goals and values to a whole group of people simultaneously, to achieve shared values and facilitates network building between headquarters and subsidiaries. The study further established that career progression helps builds employee loyalty while loyalty increases productivity. Employees should be supported in pursing career progression programs within and outside the organization.

5.2.4 Working Conditions

The research revealed that working conditions influences employee turnover in Phillips group of companies to a great extent. The study established that employment security, workplace organization and the working environment were very important factors that employees consider at work place. A poor work environment may cause discomfort to some employees who may end up being attracted to other organizations with better working conditions. Flexible work-schedules lead to greater work-life balance and can offset work stress.

The study revealed that If the workplace lacks important facilities, such as proper lighting, furniture, clean restrooms, and other health and safety provisions, employees will not be willing to put up with the inconvenience for long. It further established that the environment in which an employee works should be considered safe, and abide by health and safety standards.
5.3 Conclusion

From the findings the study established that employers view compensation as a major cost factor of production and as a necessary inducement for attracting suitable job applicants in addition to retaining valued employees, motivating performance, and other desirable behaviours thus the study concludes that better remuneration packed discouraged employees’ turnover in Phillips group of companies.

The study established that the real successes of companies originate from employees’ willingness to use their creativity, abilities and know-how in favor of the company and it is organization’s task to encourage and nourish these positive employee inputs by putting effective reward practices in place thus the study concludes that reward and recognition discouraged employee turnover in Phillips group of companies.

Developmental activities in contrast, have a longer –term focus on preparing for future work responsibilities while also increasing the capacities of employees to perform their current jobs, thus the study concludes that failure by management to provide opportunities for career progression opportunities encouraged employees’ turnover in Phillips group of companies.

Employment security, workplace organization and the working environment were the most important factors that employees do consider, thus the study concludes that poor working conditions encourages employee turnover in Phillips group of companies.
5.4 Recommendations

In order to reduce employee turnover in Phillips group of companies, the study recommends that; the top management should provide the opportunity for career and personal growth through training and education, challenging assignments and more responsibility. This will help to build employee loyalty and trust with the organization thus reducing employee turnover.

The management should keep employee compensation and benefits aligned with current economic status, paying employees the fair going wage for their work (or better) and offer them competitive benefits. The management should recognize excellent performance, and especially, link pay to performance to reduce employee turnover. Employees are motivated when their above-average efforts are recognized and rewarded. This helps to build a sense of employee attachment to the organization thus reducing employee turnover.

The management should ensure work life balance among employees by encouraging and giving employees’ opportunity to connect with one another through acts of generosity, and the expression of gratitude. Employees will be healthier, happier, feel more like at home thus will be less likely to resign.

The study also recommends that the management should consider improving works environment like provision of safe working conditions, provision of flexible working schedule. Provision of flexible working schedule will help to create balanced work life balance hence eliminating stress.
5.5 Recommendations for further studies

The study sought to determine the factors affecting employee’s turnover in the pharmaceutical sector with a focus at Phillips group of companies. The study recommends that an in-depth study should be done on the effects of employee turnover on organization performance.
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APPENDICES

Appendix I: Introduction Letter

From: Felister .W. Mwangangi

To: Respondent

Dear, Respondent

RE: Questionnaire

I am a student at Management University of Africa pursuing Executive Masters of Business Administration. I am carrying out a study on the FACTORS AFFECTING EMPLOYEES TURN OVER IN PHARMACEUTICAL INDUSTRY: A CASE OF PHILLIPS GROUP OF COMPANIES KENYA.

You are kindly requested to complete the attached questionnaire so as to enable me accomplish the study. Please, note that all the information given shall be treated purely and used for academic purposes and shall be treated as confidential. Thank you for taking your time to complete the questionnaire and for your time and cooperation.

Yours sincerely

Felister .W. Mwangangi

Student Management University of Africa
Appendix II: Questionnaire

Kindly ticks in the space provided (✓) the correct answers or supply the required information where, required, please specify and elaborate.

**Part A: Respondents Information**

1. Name……………………………………………………………………………………………………. (Optional)

2. Age of the respondent
   - 20-30 years ( )
   - 31 to 40 years ( )
   - 41 to 45 years ( )
   - 46 to 50 years ( )
   - above 50 years ( )

3. Gender of the respondent?
   - Male [ ]
   - Female [ ]

4. What is your highest level of education?
   - Postgraduate [ ]
   - Degree [ ]
   - Diploma [ ]
   - Certificate [ ]

5. How long have you worked in this organization?
   - Less than 1 year [ ]
   - 1-3 years [ ]
   - 3-5 years [ ]
   - above 5 years [ ]

**Part B: Effects of Remuneration on Employees’ Turnover**

6. Does remuneration affects employees’ turnover in Phillips group of companies?
   - Yes [ ]
   - No [ ]
   - If yes on 6 above, please explain……………………………………………………………………
   - ……………………………………………………………………………………………………………
   - ……………………………………………………………………………………………………………

7. To what extent does remuneration affects employees’ turnover in Phillips group of companies?
   - Very great extent [ ]
   - Great extent [ ]
   - Moderate extent [ ]
   - Little extent [ ]
   - No extent [ ]
8. What is your level of agreement with the following statements relating to effects of remuneration on employees’ turnover in Phillips group of companies? Scale 1=strongly agree 2= agree 3= moderate 4= disagree 5=strongly disagree.

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<td>An effective remuneration program can help shape performance and improve job satisfaction</td>
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<td>Employers may attempt to maintain competitiveness with respect to benefit offerings</td>
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**Part C: Reward and Recognition**

9. Does reward and recognition affect employee turnover in Phillips group of companies?
   - Yes [ ]
   - No [ ]
   If yes on 9 above, please explain…………………………………………………………………..
         ……………………………………………………………………..
         ……………………………………………………………………..

10. To what extent does reward and recognition affect employee turnover in Phillips group of companies?
    - Very great extent [ ]
    - Great extent [ ]
    - Moderate extent [ ]
    - Little extent [ ]
    - No extent [ ]
11. What is your level of agreement with the following statements that relate to effects of reward and recognition on employee turnover in Phillips group of companies? Scale 1=strongly agree 2= agree 3= moderate 4= disagree 5=strongly disagree.

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**Part D: Opportunities for Career Progression**

12. Does opportunities for career progression affect employees’ turnover in Phillips group of companies?
   Yes [ ]
   No [ ]
   If yes on 12 above, please explain………………………………………………………………………………
   ………………………………………………………………………………………………………………………………………………….
   ………………………………………………………………………………………………………………………………………………….

13. To what extent does opportunities for career progression affect employees’ turnover in Phillips group of companies?
   Very great extent [ ]
   Great extent [ ]
   Moderate extent [ ]
   Little extent [ ]
14. What is your level of agreement with the following statements that relating effects of opportunities for career progression on employees’ turnover in Phillips group of companies? Scale 1=strongly agree 2= agree 3= moderate 4= disagree 5=strongly disagree.

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**Part E: Working Conditions**

15. Does working conditions influences employee turnover in Phillips group of companies?
   - Yes [ ]
   - No [ ]
   - If yes on 15 above, please explain……………………………………………………………………………
     ………………………………………………………………………………………………………………………………
     ………………………………………………………………………………………………………………………………

16. To what extent does working conditions influence employee turnover in Phillips group of companies?
   - Very great extent [ ]
Great extent  [  ]
Moderate extent  [  ]
Little extent  [  ]
No extent  [  ]

17. Indicate your level of agreement with the following statements relating effects of how working conditions influences employee turnover in Phillips group of companies
Scale 1=strongly agree 2= agree 3= moderate 4= disagree 5=strongly disagree.

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<td>A poor work environment may cause discomfort to some employees who may end up being attracted to other organizations with better working conditions</td>
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Thank you for your time