Int Journal of Social Sciences Management and Entrepreneurship 5(2): 905-920 2021

ISSN 2411-7323 **www.sagepublishers.com**

DETERMINANTS OF EMPLOYEE RETENTION AMONG FAST MOVING CONSUMER GOODS FIRMS IN NAIROBI COUNTY, KENYA

[1] Musyoka Roda Mutethya, [2] Dr. Mose Thomas, [3] Nyamwaro Lorna Kerubo

[1]Masters Student, Jomo Kenyatta University of Agriculture and Technology
[2,3] Lecturer, Jomo Kenyatta University of Agriculture and Technology

ABSTRACT

The costs of employee turnover are high and have a serious impact on the organizations bottom line. In Kenya, nearly 70% of private organizations have reported having difficulties in replacing staff. Statistics indicate that over 50 % of people recruited in to the fast moving consumer goods sector in Kenya will leave within the first 2 years and one in four of new hires will leave within 6 months. The study sought to examine the determinants of employee retention among fast moving consumer goods manufacturing firms in Nairobi County, Kenya. Particularly, this research explored how motivational factors and organization related factors influence employee retention. The research employed the descriptive research design. The unit of analysis in this study was all the 217 fast moving consumer goods firms in Nairobi County while the unit of observation was human resource managers or their equivalents. The sample size of the study was determined using Yamane's Formula; the sample size for the study was 140 respondents. The study employed simple random sampling in selecting the FMCG firms. The study then used purposive sampling to select human resource managers in each of the company. The study used primary data gathered through questionnaires, which was dropped and picked from the selected respondents. The questionnaire covered the demographic information, and the information pertaining to the study's variables. The research employed 10% of the population required for pilot testing and the Cronbach alpha was used to examine the study's instrument reliability. The data obtained from the research instruments was analyzed by use of descriptive statistics (percentages and frequencies) and also inferential statistics through the aid of the SPSS statistical software. The multiple regression equation was employed in the relationship determination between the dependent and independent variables after which the data that's been analyzed was presented inform of tables, pie charts and bar charts. The study concludes that motivational factors influences retention of employees among FMCG firms in Nairobi County. In addition, the study concludes that organizational factors influences retention of employees among FMCG firms in Nairobi County. From the findings, the study recommends that the management of fast moving consumer goods firms in Nairobi City County should ensure regular employee compensation and employee incentives to facilitate employee retention. In addition, the study recommends that the management of fast moving consumer goods firms in Nairobi City County should ensure regular employee training to equip the employees with necessary skills required to perform their duties.

Key Words: Employee Retention, Motivational Factors and Organization Related Factors

Background of the Study

Employees are the most valuable assets of an organization. Their significance to organizations calls for not only the need to attract the best talents but also the necessity to retain them for a long term (Sousa, 2019). In any organization, employees stay as the most important asset as it's the human resource function, which dictates the management and utilization efficiency of the other organizations assets (Dwomoh & Frempong, 2017). For achieving individual as well as organizational goals, it is very much essential to retain talented employees thus, the HR manager must know how to attract and keep good employees (Haider et al., 2015). Organization therefore should examine the value of assessment and feedback in talent engagement and retention, and to look at developing employees via experience-based development initiatives (Schultz & Duane 2010).

Today, employee retention has become an important strategic aspect for each and every organization due to the increasing competition (Fernando & Gamage, 2019). Retaining employees is not only about granting them with promotion and a noticeable raise in their basic salary at the end of the year, however, it has lot more dimensions that need to be catered timely (Yousuf & Siddiqui, 2019). Thus, to manage and to retain top talent it requires a constant balance between the human desires and the strategic and financial needs of the business (Sousa, 2019). Success and competitiveness of any organization is mainly depends on the talented, efficient and committed workforce (Swamy, Nagesh & Nanjundeswaraswamy, 2019). Employee retention however remains one of the major problems facing companies facing the competitive environment (Silva, Amorim & Dias, 2019).

Employee retention issues are emerging as the most critical workforce management challenges of the immediate future (Rogoff, 2012). In today's world, there is a lot of competition in international and global market so organization should be more elastic to increase the productivity of an organization, although this reduces the job security of workers at all level in the organization but on the other hand managers try to pull towards the employees and keep them it's very critical (Binuyo & Binuyo, 2019). Often, however, exactly these employees are difficult to retain due to their tendency to attach more importance to marking out their own career path than to organizational loyalty; a tendency, which results in, increased rates of voluntary turnover (Silva, Amorim & Dias, 2019).

Employee retention is very important for any organization since there a direct connection exists between employee performance and organization efficiency. However, retaining competent employee is more important than hiring (Silva, Amorim & Dias, 2019). Organizations are always searching for talented employees and spent time and money on their employees for future return aspects (Haider et al., 2015). When an employee leaves, the organization bears the replacement cost such as advertising; recruitment and training of new employee it also affect the productivity level of the organization (Maharjan, 2012). As such, finding, recruiting and training the best employees represent major investment challenges thus, once a company has captured talented people it should invest towards retaining them (Rogoff, 2012).

The fast-moving consumer goods (FMCGs) sector is unarguably one of the biggest manufacturing firms in the world and comprised varieties of product offerings such as foods, drinks, personal care products, electronics, household goods and many more (Binuyo & Binuyo, 2019). A critical feature of FMCG is that as much as the profits generated from the sale of FMCG products are minimal, the fact that the products sell in large quantities results in high profits generated cumulatively on those products (Wanjohi, 2018). Employees are thus the future of the manufacturing entities workforce, and FMCG companies should be in the look for them (Sousa, 2019). The FMCG market in the world and particularly in Kenya is extremely volatile characterized by stiff competition, low customer loyalty and high operational costs. The FMCG industry is one of the most competitive areas in recruitment (Njenga, 2016).

Globally, skilled workers retention has shown to be a major issue to managers in regards to an employee turnover that's always increasing. According to Wynen and Beeck (2014), in the United States, turnover among employees in various organizations has been a constant concern for at least the past 20 years. Mahadi et al (2020) indicates that top five countries with highest voluntary employee turnover rate is Argentina (16.8%), Venezuela (16.7%), Romania (16.5%), Indonesia (15.8%) and Philippines (15.5%). The top five countries with lowest voluntary employee turnover rate are Slovenia (1.6%), Finland (1.7%), Greece (2.3%), Puerto Rico (2.5%) and Italy (2.8%). In Malaysia, employee turnover rate is increasing trend from 13.2% in 2014 to 14.3% in 2015 with manufacturing business is the most affected industry by high turnover rate among employee (Mahadi et al., 2020).

Across the world, the consumer goods industry ranks second when it comes to sectors with the highest rate of employee turnover (Sousa, 2019). Some of the reasons appointed as the cause for this high turnover rate are the lack of opportunities for advancement, dissatisfaction with the leadership of senior management and the need for more challenging work. Skills and talent shortage are other issues that the consumer goods industry faces right now in terms of recruitment (Binuyo & Binuyo, 2019). It’s predicted that in the next five to ten years the industry will see a decrease in skilled people due to a large block of long-standing employees retiring. Even though there are a lot of applicants, most of them don’t have the right experience or the needed skills to work in the industry (Sousa, 2019).

A number of global organizations like the SAS General Mills in the United States over the years have recorded a turnover rate of 2% which is very low, SC Johnson & Sons, Intel, national instrument and meridian health has a 3% rate of turnover but they are multinationals. This means that multinational companies are retaining their employees while ensuring their high performance (Hassan et al., 2013). However, in India, Umamaheswari and Krishnan (2016) posits that employee turnover rates is predicted to rise to 23.4% and the number of global departures in 2018 is expected to be 192 million and surveys in the country have predicted that highest turnover rate of 26% in India placing India in the eye of employee turnover storm (Umamaheswari & Krishnan, 2016).

Current researches undertaken globally indicate that keeping of employees who are highly skilled has turned out to be challenging for employers in some nations. For example, Sinha and Sinha (2012) in India found that competence and relationship oriented, scholastic and futuristic oriented and developmental and reward had a substantial role to play in making employees stay. Agyeman and Ponniah (2014) in Pakistan analyzed the issues that influence retention and turnover and came to a conclusion that increasing job satisfaction, provision of a working environment that’s good and opportunities of career growth, increasing recognition and rewards are some of the strategies that can help minimize the turnover rate.

The fast moving consumer good industry (FMCG) industry happens to be one of the largest industry in the globe, the goods are also called the consumer packaged goods (CPG). The FMCG as an industry where low involvement and convenient products such as food, beverage, personal hygiene and household cleaning utensils are traded (Ogongi-Anunda, 2012). The products sell very quickly, are relatively affordable, have low margins but due to the relatively high turnover on volumes, cumulative profits are normally high. The FMCG industry is characterized by firms which supply low-cost products that are in constant high demand (Wanjohi, 2018). Examples of these companies include PZ Cussons, Unilever, Henkel, coca cola and Nestlé (Mwangi, 2017).

The FMCG sector is one of the largest sectors in the economy of Kenya (Ogongi-Anunda, 2012). Fast moving consumer goods in Kenya consists of food as well as nonfood items like; health drinks, biscuits, chocolates, aerated drinks, napkins toilet soaps, toothpaste and hair care sanitary (Wanjohi, 2018). FMCG firms have encountered challenges in regard to their performance contrary to the expectations of the stakeholders who span across shareholders, employees, consumers, and government among others. On average, however, manufacturing has been growing at 3.6% from 2008-2015 which is a slower rate than the overall Kenyan economy, which expanded by 5.6% in 2015 (Njue & Kiiru, 2018).

The FMCG in Kenya remains described by solid rivalry, switching consumer loyalty and high operational costs (Mwangi, 2017). The major FMCG companies in Kenya include Interconsumer Limited, Bidco Oil Refineries, Kapa Oil, Finlay, ARM, Kenya Seek Company, House of Dawda Group, Maisha Flour Mills, Melvin Marsh International, Nestle Foods Kenya, Eveready East Africa, Premier Food Industries, Proctor & Allan (E.A), Coca-Cola, PepsiCo, Ramzco, and HACO Industries (Njenga, 2016).

Like in other countries, some of the former Kenyan FMCG giants are facing hard times due to increased competition and technological advancements that have rendered some of the products obsolete. Despite the problems facing some of the industry players, Kenya's FMCG market is projected to grow and will continue to attract both domestic and foreign investors (Njenga, 2016). In the last few years, the FMCG industry in Kenya has experienced a dramatic growth; both qualitative and quantitative improvements have taken place in the consumer durables segment. Multiple players in the Kenya market deal with FMCG with an objective of generating profits from various markets. Products produced by large and small manufacturing firms in Kenya play a major role in the Kenya economy through levies charged by the Government (Ogongi-Anunda, 2012).

Statement of the Problem

Employee retention is vital as it brings implications for organizational competitiveness in an increasingly global landscape (Hassan et al., 2013). Retaining key employee is a vital source of competitive advantage for any organization (Al Mamun & Hasan, 2017). However, Mahadi et al (2020) posits that the average global voluntary employee turnover rate remains at 9.1%. According to Leong (2020) 86% of employers across the world experience difficulty in attracting new employees while 58% of organizations indicate that they experience difficulty retaining their employees. Aguenza and Som (2018) indicates that 48.4% leave due to work/challenge, 42.6% career growth/learning, 41.8% relationships/working with great employees, 31.8% fair pay and 25.1% supportive management/great boss. As such, in a globalized environment, retention and engagement of high prospective employees remains a huge challenge to FMCG firms especially in times of high turnover rates (Aguenza & Som, 2018).

In Kenya, the FMCG market stands at approximately 57% of the total population and accounts for 11 percent of the Gross Domestic Product (Wanjohi, 2018). However, over 70% of FMCG sector organizations experience employee retention challenges which negatively affects their production and service delivery (Mwangi, 2017). According to Muindi (2010) nearly 70% of FMCG firms in Kenya have reported having difficulties in replacing staff especially millennial and young employees due to insufficient skills and experience. Ng'ethe et al (2012) posits that over 50 % of the individuals recruited in to the Kenyan FMCG leave within the first 2 years and one in four of new hires will leave within 6 months. As such, Njue and Kiiru (2018) notes that despite the efforts put on human resource departments by FMCG firms in Kenya to enhance workers retention, employee turnover rates continue to increase.

In an empirical perspective, several employee retention researches have been undertaken in various organizations and in different parts of the world. Sultana, Islam and Hasan (2017) for instance examined the issues influencing employees' retention and documented that salary, job security and leadership were key factor but the study's context was not FMCGs. In Kenya, Nyanjom (2013) studied the employee retention determinants in the state corporations and documented training and career development, performance appraisal, commitment and compensation enhanced workers retention but the study focused on parastatals. Ng'ethe *et al* (2012) explored the retention of academic staff determinants in public universities and revealed that leadership style and promotion influence staff retention but the study was based on public academic institutions. From the reviewed studies, it evident that most studies of employee retention have been undertaken in different contexts with very few covering the FMCG industry making it difficult to generalize the results to the sector hence contextual gaps. Further, the studies used different methodologies and different variables to those being examined by this study hence empirical and methodological literature gaps. This study therefore sought to address the gap by examining the determinants of employee retention among fast moving consumer goods manufacturing firms in Nairobi County in Kenya.

General Objective

The research sought to study the determinants of employee retention among fast moving consumer goods firms in Nairobi County, Kenya.

Specific Objectives

The specific objectives of this study are:

i. To determine how motivational factors affect the retention of employees among FMCG firms in Nairobi County

ii. To assess how organizational factors affect the retention of employees among FMCG firms in Nairobi County

Theoretical Review

The Dispositional Job Satisfaction Theory

The dispositional job satisfaction theory was developed by Staw, Bell, and Clausen (1986) and indicates that the individual possesses relatively stable unobservable mental states such as needs or attitudes that will impact their perceptions and behavior (Baker, 2014). According to the theory, job satisfaction or dissatisfaction may result not only from work environment but also from the manner in which an individual processes job related information. Such information processing is consistent with the positive or negative dispositions that individuals bring to their workplace. In other words, like external job factors, the internal state of an individual can affect employee job satisfaction (Chordiya, Sabharwal & Battaglio, 2019).

The theory indicate that job satisfaction is a series of information processing steps which indicates how individual differences influence the assessment, recall, and reporting of job attitudes (Staw & Cohen-Charash, 2005). Hence, organizations can shape people's beliefs through socialization and group influence, and this is especially true when the person spends long hours within the confines of the organization, and when the organization controls key outcomes for the individual such as income, status, and social identification (Chordiya, Sabharwal & Battaglio, 2019). The theory has however been criticized that it only focuses on the organization and job attributes as the key factor that affect employees behaviour and attitude thus ignore external and personal aspects (Staw & Cohen-Charash, 2005).

The theory states that certain relatively stable characteristics of a person influence job satisfaction independently of the job characteristics and situation (Baker, 2014). According to the theory, organizations can exert enormous pressure on individuals' attitudes and behavior. In this study, the theory explains the external factors that affect employee retention in FMCG firms. Job satisfaction, in relation to this research, is an indication of the feelings of employees towards their work. This is evident in employees' positive attitude to the work that they have and the work environment. Conversely, an unsatisfied employee would exhibit a negative attitude toward their work in one form or another.

The Equity Theory

The equity theory was authored by Stacey Adams in 1963 and is concerned with people's perception on how they are being treated. In other words it recognizes that individuals are concerned not only with the absolute amount of rewards they receive for their efforts, but also with the relationship of this amount to what others receive (Leong, 2020). When people perceive an imbalance in their outcome-input ratio relative to others, tension is created. This tension provides the basis for motivation, as people strive for what they perceive as equity and fairness (Gulati & Khera, 2012). The theory acknowledges that subtle and variable factors affect an employee's assessment and perception of their relationship with their work and their employer (Olorunsola & Ayodele, 2012).

The theory indicates that feelings of inequitable treatment tend to occur when people believe they are not receiving fair returns for their efforts and other contributions (Leong, 2020). The consequences of employees perceiving they are not being treated fairly create a variety of options for the employees such as reducing their input through directly restricting their work output, attempting to increase their output by seeking salary increases or seeking a more enjoyable assignment (Olorunsola & Ayodele, 2012). The challenge therefore for organizations is to develop reward systems that are perceived to be fair and equitable and distributing the reward in accordance with employee beliefs about their own value to the organization (Gulati & Khera, 2012).

According to the theory, individuals seek equity by distorting the input or outcomes in their own minds or by physically taking actions to alter the inputs or outcomes. These physical actions can involve the quitting the job with the group or organization where they experience the inequity (Ahmad & Azumah, 2012). The Stacey Adam's equity theory guides the study in assessing organizational factors that affects retention of workers among FMCG firm. In this study, the theory supports that equity is most often interpreted in work organizations as a positive association between an employee's effort or performance on the job and the pay she or he receives. Thus, if employee feel or perceive inequity they could simply withdraw from the situation entirely, that is, quit the job and seek employment elsewhere. In association to this research, the theory can be employed to explain that perceptions of the staff in regards to outcome and inputs could be wrong and a worker who assumes he or she is overcompensated may raise his hard work.

Conceptual Framework

A conceptual framework is a concise description of the phenomenon under study accompanied by a graphical or visual depiction of the major variables of the study (Mugenda, 2013). It is used to outline possible courses of action or to present a preferred approach to an idea or thought. In this study conceptual framework is the relationship between independent: satisfaction factors, motivational factors, market external factors, organizational related factors variables and dependent variable; employee retention.

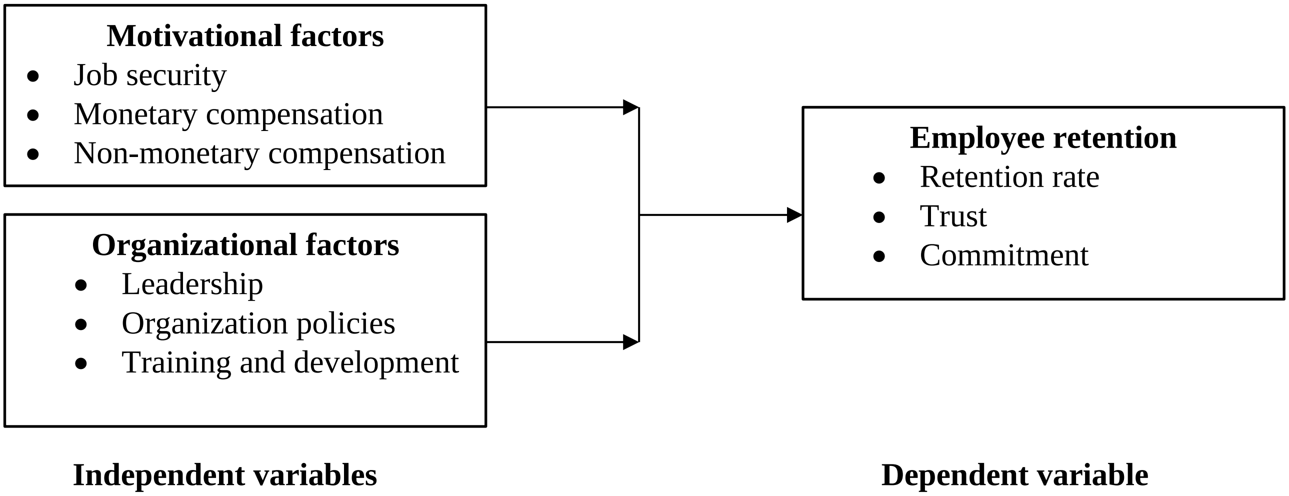

Figure 2. 1: Conceptual Framework

Motivational Factors

Employee motivation is one of the important factors that can help the employer to improve employee and organizational performance. Through employee motivation, the employer can encourage the employees by enhancing their skills and also by improving their morale (Aguenza & Som, 2018). Motivation acts as a catalyst to an individual's success, and hence corporate team leaders and managers must constantly motivate the employees to bring out the best in them (Afenyo, 2012). Motivation leads to an increase in productivity but only to a certain level, where further increase in motivation leads to a decrease in productivity (Wan & Abdurahman 2015). Motivated employees are essential to the success of an organization as motivated employees are generally more productive at the work place (Silva, Amorim & Dias, 2019).

Motivational factors are classified two broad terms namely; the monetary factors and non-monetary factors (Afenyo, 2012). Monetary factors may be offered in terms of money incentives to employees. Such incentives are extremely attractive to employees, particularly to lower level management (Silva, Amorim & Dias, 2019). The non-monetary motivators included: improved benefit programs, flexible work schedules, stock options and better training. Most of the employees stay with the workplace if they receive motivating tools such as bonuses but yet remuneration is not the only thing that can motivate employees to stay (Aguenza & Som, 2018).

Organizational Related Factors

Various organizational factors denoting the interaction between employees and their job or organization, may explain turnover behavior (Wynen & Beeck, 2014). Organizational values and beliefs remain one of the non-monetary developing elements in influencing employee retention (Matazu, 2017). Organizational support is also a factor for revealing employee engagement and loyalty. Perceived organization support is the reason for an employee to stay and committed to their job and organization (Al Shamsi & Alsinani, 2018). Organizational policies and its environment also have a bearing on a person's decision to stay or quit (Ahmad & Azumah, 2012).

Organizations that have clearly established goals and hold managers and employees accountable for accomplishing results are viewed as better places to work, especially by individuals who aim to advance financially and career-wise (Motlou, Singh & Karodia, 2016). Organizational instability has been shown to have a high degree of high turnover. Indications are that employees are more likely to stay when there is a predictable work environment and vice versa. The different organizational factors that influence employee retention include leadership, organizational policies (culture and structure), communication, team working relationships, organizational commitment (Al Shamsi & Alsinani, 2018).

Empirical Review

Motivational Factors and Organization Performance

In their study, Aguenza and Som (2018) investigated the motivational factors that influence employee retention and examines their impacts on both organizations and employees. The study argued that motivational factors that were crucial in influencing employee retention are financial rewards, job characteristics, career development, recognition, management and work-life balance. Thus, organizations should formulate appropriate retention strategies in a holistic manner to reduce turnover rates, and these require a commitment from employers, but it will be well worth the investment in the long term.

Matazu (2017) examined the influence of motivational factors on employee retention in the hospitality industry in North-West region of Nigeria. The study adopted cross-sectional exploratory research design and gathered data through questionnaires and focus group discussions guides from 266 graduates working in the hospitality industry. Through the regression model, the research found that there were positive correlation between the motivational factors and employee retention in the hospitality industry which was statistically tested. Findings also indicated that about 30 percent of employed graduates were found already left their employment within a period of five years.

Afenyo (2012) examined the effect of motivation on retention of workers in the private sector, using Zoomlion Company Ltd as case study. Data was obtained from a total of 85 staff of the company using structured questionnaires. The results showed that salary and monetary compensation, job security, good safety measures, employee assistance program and health benefits are the highest motivators for employees. The findings of the study reveals that workers in the private sector are more satisfied with the general conditions of work such as hours worked each week, flexibility of schedules as well as salary and benefits.

Iqbal et al (2015) investigated the aspects impacting employee’s performance at the place of work in Pakistan’s banking sector putting focus on Faisalabad banks through the use of 200 workers sample. These variables comprise of financial rewards, stress, communication barriers, trainings and working hours. The research discovered that trainings and financial rewards contain an effect that’s positive on employee’s performance but working hours, communication barriers and stress deters employee’s performance.

Organizational Related Factors and Organization Performance

Al Shamsi and Alsinani (2018) examined the relationship between employee retention, and core elements of organizational factors which includes organizational leadership, organizational policies, communication, team working relationships, organizational commitment. The data analysis carried out via Spearman’s correlation in indicated significant relationships between organizational factors (organizational leadership, organizational policies, communication, team working relationships, organizational commitment) and employee retention.

Rezwan, Shabnaz and Shajahan (2015) examined the organizational factors affecting employees’ retention in private commercial banks of Bangladesh. The study focused on compensations & benefits, career advancement opportunity, job security, work place environment, organization growth and reputation, relation between top management. Data was collected through question and analysed through descriptive statistical tools. The results revealed that organizational factor influenced worker retention but the priority of these factors differs based on management level.

Fukofuka (2014) examined the factors that predict employee retention in profit and not-for-profit organizations. Across sectional survey design and the respondents comprised of employees of not-for -profit and for-profit organizations in Silang Area, Cavite, Philippines. Multiple regression analysis was used for analysis and it was found that mission attachment, organizational commitment, and employee engagement predicts employee retention.

In Kenya, Okotoh (2015) investigated the impacts of management of reward activities on retention of employees. The research employed research design that's descriptive and the study population comprised of all Communications Authority of Kenya employees. The results from the correlation analysis recognized existence of a positive association amidst practices of management of reward. The research came to a conclusion that the policy and strategy of use reward, grading and job evaluation, total reward and survey of salary influences retention of employee. The research suggested the organization establish loyalty team /clubs building and conditions of work that are good.

RESEARCH METHODOLOGY

Research Design

Research design is defined as a plan, structure and strategy of investigation conceived to obtain answers to research questions and control variance. According to Orodho (2012), research design means every process chosen by a scholar to study specific hypotheses or questions, as well as a data analysis and collection framework that is suitable to the question of research. A roadmap of how one goes about answering the research questions can also be used to define a research design. A good research design has a clearly defined purpose and has consistency between the research questions and the proposed research method (Sekaran, 2010).

The study employed a descriptive research. A descriptive survey is a method of collecting information by interviewing or administering a questionnaire to a sample of individuals (Orodho, 2012). According to Kothari (2011), the major purpose of descriptive research is description of the state of affairs as it exists at present. Creswell (2013) observes that a descriptive research design is used when data are collected to describe persons, organizations, settings or phenomena. The descriptive design also has enough provision for protection of bias and maximized reliability (Kothari, 2011). Descriptive design was adopted for this study as it would enable the researcher to obtain a cross-referencing data, some independent confirmation of data, and arrange of options.

Target Population

Population implies the whole collection of events, things of interest or people the researcher wants to study. According to Cooper and Schindler (2012), it is a group of objects items or individuals whereby samples are gotten from. According to Kenya Association of Manufacturers (KAM, 2020), there are 217 fast moving consumer goods firms in Nairobi County (Appendix V). Therefore, the unit of analysis in this study was all the 217 fast moving consumer goods firms in Nairobi County while the unit of observation was human resource managers or their equivalents. The distribution of study target population is as shown in Table 3.1.

Table 3. 1: Target Population

Category	Frequency	Percentage of Total Population
Alcoholic Beverages & Spirits	36	16.7%
Bakers & Millers	35	16%
Cocoa, Chocolate and Sugar Confectionery	24	11%
Dairy Products	21	9.7%
Juices / Waters / Carbonated Soft Drinks	45	20.7%
Slaughtering, Preparation and Preservation of Meat	22	10.1%
Tobacco	4	2%
Vegetable Oils	30	13.8%
Total	**217**	**100%**

Source: Kenya Association of Manufacturers (2020)

Sample and Sampling Technique

Kombo and Tromp (2009) define a sample as a collection of units chosen from the universe to represent it. It is the sub set of population that is selected for a study which is representative of that population (Nalzaro, 2016). A sample is needed because a study that is insufficiently precise, lacks the power to reject a false null hypothesis and is a waste of time and money (Gerstman, 2013). According to Oso and Onen (2009), a sample is part of the target population that has been procedurally selected to represent it. The sample size of the study was determined using Yamane's Formula (Yamane, 1997):

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

Where N= target population (217)

e = margin of error (0.05)

$$n = \frac{217}{1+217(0.05^2)} = 140.6807131$$

Therefore, the sample size for the study was 140 respondents. This represented 64.8% of the study target population. Mugenda and Mugenda (2018) recommends that the sampling of at least 10% of the population should be represented thus the choice of 64% % is considered a representative sample.

Table 3. 2: Sample Size

Category	Target Population	Sample Size
Alcoholic Beverages & Spirits	36	23
Bakers & Millers	35	23
Cocoa, Chocolate and Sugar Confectionery	24	15
Dairy Products	21	14
Juices / Waters / Carbonated Soft Drinks	45	29
Slaughtering, Preparation and Preservation of Meat	22	14
Tobacco	4	3
Vegetable Oils	30	19
Total	**217**	**140**

The study employed simple random sampling in selecting the FMCG firms. Accoding to Mugenda and Mugenda (2018), the advantage of using simple random sampling is that each element has equal chance of being selected. Once the 140 firms have been selected, the study used purposive sampling to select human resource managers in each of the company.

Data Collection Instrument

The primary data of the research was gathered through questionnaire use (Appendix II). The questionnaire covered the demographic information, and the information pertaining to variables of the study. Kothari (2011) defines a questionnaire as a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from the respondents. It is an easier method of collecting data because it is economical and convenient to administer in terms of time and cost. Questionnaire has standardized answers that make it simple to compile data. The questionnaire contained both open and close ended questions. A letter of introduction to the potential respondents stating purpose of the research was attached to the questionnaire (Appendix I).

Pilot Test

Pilot testing was carried out to determine if the questions were able to measure what it should measure, appropriateness and practicality, the clarity of the wording and whether the respondents interpreted the questions in the same way (Kothari, 2008). According to Kothari, (2008), (10%) of the population is sufficient for pilot testing. The research employed 10% of the population target for pilot testing. The respondents were selected randomly. Magenta and Magenta (2012) notes that the main objective of pilot testing is to assist the study to assess the instruments of research in regards to validity and reliability.

Data Processing and Presentation

The data obtained from the research instruments was analyzed by use of descriptive statistics (frequencies and percentages) as well as inferential statistics. Inferential statistics entailed the regression model, which was used to establish the association amidst the variables of study. The SPSS computer software version 21 is to be employed to analyze the data and the analyzed data was presented inform of tables, pie charts and bar charts. The multiple regression equation was employed to establish the link between the dependent and independent variables and formulation is as follows

$$Y=\beta_0+ \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where:

Y= Employee retention, β_0=Constant, β_1, and β_2 = Beta coefficients, X_1= Motivational factors, X_2= Organizational related factors, & ε = Error

DATA ANALYSIS PRESENTATION AND INTEPRETATION

Descriptive Statistics

Motivational Factors and the Retention of Employees

The first specific objective of the study was to determine how motivational factors affect the retention of employees among FMCG firms in Nairobi County. The participants were requested to indicate the extent with which various motivational factors influence employee retention at their organization. A five point Likert scale was used Whereby 1 represent Not at all, 2 is Little extent, 3 is Moderate extent, 4 is Large extent and 5 is Very large extent. The results were as shown Table 4.1.

From the results, the respondents agreed that Job security affect retention of employees among FMCG firms in Nairobi County to a large extent. This is shown by a mean of 3.955 (std. dv = 0.850).As shown by a mean of 3.951 (std. dv = 0.862), the respondents agreed that Social relationships affect retention of employees among FMCG firms in Nairobi County to a large extent. Further, with a mean of 3.744 (std. dv = 0.753), the respondents agreed that recreational facilities affect retention of employees among FMCG firms in Nairobi County to a large extent.

The participants agreed that promotional opportunities affect retention of employees among FMCG firms in Nairobi County to a large extent. This is shown by a mean of 3.737 (std. dv = 0.974). As shown in the results, the respondents agreed that good salary and monetary compensation affect retention of employees among FMCG firms in Nairobi County to a large extent. This is shown by a mean of 3.717 (std. dv = 0.658). Further, with a mean of 3.572 (std. dv = 0.859), the respondents agreed that bonuses affect retention of employees among FMCG firms in Nairobi County to a large extent. In addition, as shown by a mean of 3.537 (std. dv = 0.928), the participants agreed that employee assistance programs affect retention of employees among FMCG firms in Nairobi County to a large extent.

Table 4. 1: Motivational Factors and the Retention of Employees

	1	2	3	4	5	Mean	Std. Deviation
Job security	4.1	11.7	17.9	46.9	19.3	3.955	0.850
Good salary and monetary compensation	6.9	6.9	22.8	34.5	29.0	3.717	0.658
Promotional opportunities	9.7	10.3	8.3	40.0	31.7	3.737	0.974
Employee assistance programs	11.7	12.4	13.8	34.5	27.6	3.537	0.928
Social relationships	4.1	4.1	21.4	33.1	37.2	3.951	0.862
Bonuses	4.8	15.9	20.7	34.5	24.1	3.572	0.859
Recreational facilities	5.5	8.3	24.1	30.3	31.7	3.744	0.753
Aggregate						**3.792**	**0.883**

Organizational Factors and the Retention of Employees

The third specific objective of the study was to examine how organizational factors affect the retention of employees among FMCG firms in Nairobi County. The participants were requested to indicate the extent with which various organizational factors influence employee retention at their organization. A five point Likert scale was used Whereby 1 represent Not at all, 2 is Little extent, 3 is Moderate extent, 4 is Large extent and 5 is Very large extent. The results were as shown Table 4.2.

From the results, the respondents agreed that organizational leadership affects retention of employees among FMCG firms in Nairobi County to a large extent. This is shown by a mean of 4.270 (std. dv = 0.984). As shown by a mean of 4.255 (std. dv = 0.839), the respondents agreed that fairness affect retention of employees among FMCG firms in Nairobi County to a large extent. Further, with a mean of 4.242 (std. dv = 0.898), the respondents agreed that corporate culture affect retention of employees among FMCG firms in Nairobi County to a large extent.

The participants agreed that organizational support affect retention of employees among FMCG firms in Nairobi County to a large extent. This is shown by a mean of 4.133 (std. dv = 0.751). As shown in the results, the respondents agreed that provision of job related training affect retention of employees among FMCG firms in Nairobi County to a large extent. This is shown by a mean of 4.115 (std. dv = 0.112). Further, with a mean of 4.109 (std. dv = 0.859), the respondents agreed that organizational policies affect retention of employees among FMCG firms in Nairobi County to a large extent. In addition, as shown by a mean of 4.088 (std. dv = 0.928), the participants agreed that team relationships affect retention of employees among FMCG firms in Nairobi County to a large extent.

From the results, the respondents agreed that organizational values affect retention of employees among FMCG firms in Nairobi County to a large extent. This is shown by a mean of 4.055 (std. dv = 0.172). As shown in the results, the respondents agreed that effective communication affect retention of employees among FMCG firms in Nairobi County to a large extent. This is shown by a mean of 3.527 (std. dv = 0.935).

Table 4. 2: Organizational Factors and the Retention of Employees

	1	2	3	4	5	Mean	Std. Deviation
Organizational leadership	3.6	7.3	16.4	33.9	38.8	4.270	0.984
Organizational policies	3.6	7.3	7.3	38.2	43.6	4.109	0.859
Effective communication	12.7	13.3	9.7	17.0	47.3	3.527	0.935
Team relationships	1.8	3.6	9.1	24.8	60.6	4.088	0.928
Organizational support	3.6	5.5	10.9	33.9	46.1	4.133	0.751
Organizational values	3.6	7.9	9.1	38.2	41.2	4.055	0.172
Fairness	1.8	1.8	9.1	43.6	43.6	4.255	0.839
Corporate culture	1.8	3.6	9.1	39.4	46.1	4.242	0.898
Provision of job related training	5.5	5.5	7.3	35.8	46.1	4.115	0.112
Aggregate						**4.025**	**0.251**

Correlation Analysis

The present study used Pearson correlation analysis to determine the strength of association between independent variables (motivational factors and organizational factors) and (the retention of employees among FMCG firms in Nairobi County) dependent variable

Table 4. 3: Correlation Coefficients

		Employee Retention	Motivational Factors	Organizational Factors
Employee Retention	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	134		
Motivational Factors	Pearson Correlation	.888**	1	
	Sig. (2-tailed)	.000		
	N	134	134	
Organizational Factors	Pearson Correlation	.788**	.314	1
	Sig. (2-tailed)	.001	.041	
	N	134	134	134

From the results, there was a very strong relationship between motivational factors and the retention of employees among FMCG firms in Nairobi County (r = 0.888, p value =0.000). The relationship was significant since the p value 0.000 was less than 0.05 (significant level). The findings are in line with the results of Aguenza and Som (2018) that there is a very strong relationship between motivational factors and employee retention.

Further, findings revealed that there was a very strong relationship between organizational factors and the retention of employees among FMCG firms in Nairobi County (r = 0.788, p value =0.001). The relationship was significant since the p value 0.001 was less than 0.05 (significant level). The findings are in line with the findings of Iqbal *et al* (2015) that there is a very strong relationship between organizational factors and employee retention.

Regression Analysis

Multivariate regression analysis was used to assess the relationship between independent variables (motivational factors, and organizational factors) and (the retention of employees among FMCG firms in Nairobi County) dependent variable.

Table 4. 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.930	0.865	0.866	0.06184

The model summary was used to explain the variation in the dependent variable that could be explained by the independent variables. The r-squared for the relationship between the independent variables and the dependent variable was 0.865. This implied that 86.5% of the variation in the dependent variable (the retention of employees among FMCG firms in Nairobi County) could be explained by independent variables (motivational factors, job satisfaction factors, organizational factors and external factors).

Table 4. 5: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.294	2	9.647	660.68	.000
	Residual	.943	131	.0073		
	Total	20.237	133			

The ANOVA was used to determine whether the model was a good fit for the data. F calculated was 660.68 while the F critical was 2.442. The p value was 0.000. Since the F-calculated was greater than the F-critical and the p value 0.000 was less than 0.05, the model was considered as a good fit for the data. Henceforth, it can be used to predict the influence of motivational factors and organizational factors on the retention of employees among FMCG firms in Nairobi County.

Table 4. 6: Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	**(Constant)**	0.249	0.088		2.830	0.001
	motivational factors	0.260	0.076	0.261	3.421	0.002
	organizational factors	0.332	0.068	0.333	4.882	0.000

The regression model was as follows:

$Y = 0.249 + 0.260X_1 + 0.332X_2 + \varepsilon$

According to the results, motivational factors has significant effect on the retention of employees among FMCG firms in Nairobi County β_1=0.260, p value= 0.002). The relationship was considered significant since the p value 0.002 was less than the significant level of 0.05. The findings are in line with the results of Aguenza and Som (2018) that there is a very strong relationship between motivational factors and employee retention.

Furthermore, the results revealed that organizational factors has significant effect on the retention of employees among FMCG firms in Nairobi County $\beta 1$=0.332, p value= 0.000). The relationship was considered significant since the p value 0.000 was less than the significant level of 0.05. The findings are in line with the findings of Iqbal et al (2015) that there is a very strong relationship between organizational factors and employee retention.

Conclusions

The study concludes that motivational factors influences retention of employees among FMCG firms in Nairobi County. Findings revealed that motivational factors (job security, monetary compensation and non-monetary compensation) influence employee retention. This implies that improvement in motivational factors (job security, monetary compensation and non-monetary compensation) leads to better employee retention.

In addition, the study concludes that organizational factors influences retention of employees among FMCG firms in Nairobi County. Findings revealed that organizational factors (leadership, organization policies and training and development) influence employee retention. This implies that improvement in organizational factors (leadership, organization policies and training and development) leads to better employee retention.

Recommendations

The study findings revealed that motivational factors influence retention of employees among FMCG firms in Nairobi County. This study therefore recommends that the management of fast moving consumer goods firms in Nairobi City County should ensure regular employee compensation and employee incentives to facilitate employee retention.

In addition, the study findings revealed that organizational factors influence retention of employees among FMCG firms in Nairobi County. This study therefore recommends that the management of fast moving consumer goods firms in Nairobi City County should ensure regular employee training to equip the employees with necessary skills required to perform their duties.

REFERENCES

Afenyo, S. K. (2012). The effect of motivation on retention of workers in the private sector: a case study of Zoomlion Company Ghana Ltd. *Unpublished Project*, Kwame Nkrumah University of Science and Technology.

Aguenza, B. B., & Som, A. P. M. (2018). Motivational factors of employee retention and engagement in organizations. *International Journal of Advances in Management and Economics,* 1(6), 88-95

Agyeman, C. M., & Ponniah, V. M. (2014). Employee demographic characteristics and their effects on turnover and retention in MSMEs. *International Journal of Recent Advances in Organizational Behaviour and Decision Sciences*, 1(1), 12-29.

Baker, W. K. (2014). Antecedents and consequences of job satisfaction: Testing a comprehensive model using integrated methodology. *Journal of Applied Business Research*, 20(3), 31-43

Fukofuka, S. (2014). Factors that predict employee retention in profit and not-for-profit organizations. *Global Journal of Human Resource Management*, 2(4), 1-8.

Haider, M., Rasli, A., Akhtar, S., Yusoff, R. B. M., Malik, O. M., Aamir, A., & Tariq, F. (2015). The impact of human resource practices on employee retention in the telecom sector. *International Journal of Economics and Financial Issues*, 5, 63-69

Hassan, W., Razi, A., Qamar, R., Jaffir, R., & Suhail, S. (2013). The effect of training on employee retention. *Global Journal of Management and Business Research*. 6(1), 17-20

Khera, S. N., & Gulati, K. (2012). Job satisfaction: Perceptual analysis of IT organizations. *International Journal of Management & Information Technology*, 1(3), 111-117.

Kothari C. R. (2011). *Research design and methodology*. New Age International (P) Limited

Kowaleski, B. B. (2015). *Staff Retention and Job Satisfaction in Child Protection.* Accessed online from http://sophia.stkate.edu/msw_papers/472

Kurdi, B., & Alshurideh, M. (2020). Employee retention and organizational performance: Evidence from banking industry. *Management Science Letters*, 10(16), 3981-3990.

Mahadi, N., Woo, N. M. F., Baskaran, S., & Yaakop, A. Y. (2020). Determinant factors for employee retention: Should I stay? *International Journal of Academic Research in Business and Social Sciences*, 10(4), 201–213.

Maharjan, S. (2012). Association between work motivation and job satisfaction of college teachers. *Administration and Management Review*, 24(2), 45-55.

Matazu, M. A. (2017). Motivational factors influencing employee retention in the hospitality industry in north-west region of Nigeria. *Doctoral dissertation,* Kenyatta University.

Matindo, J., Pekeur, S., & Karodia, A. M. (2015). An investigation on factors affecting the retention of employees at Kitwe central hospital (KCH)-Zambia. *Nigerian Chapter of Arabian Journal of Business and Management Review*, 62(1891), 1-29.

Motlou, R. G., Singh, S., & Karodia, A. M. (2016). An evaluation of the impact of job satisfaction on employee retention at Lonmin Rowland Shaft North West province. *Kuwait Chapter of the Arabian Journal of Business and Management Review*, 5(10), 15-49

Osibanjo, A. O., Adeniji, A. A., Falola, H. O., & Heirsmac, P. T. (2014). Compensation packages: a strategic tool for employees' performance and retention. *Leonardo Journal of Sciences*, (25), 65-84.

Paschal, G. (2015). The role of motivations in retention of employees: A case of Tanzania Portland Cement Company Twiga Cement. *Unpublished Project.* Open University of Tanzania

Rezwan, F., Shabnaz, S., & Shajahan, B. (2015). Analyzing the attitude of customers towards Islamic banking and conventional banking in Bangladesh. *Journal of Economics and Finance*, 6(5), 2321-5933.

Rogoff, B (2012). Learning without lessons: opportunities to expand knowledge. Infancia y Aprendizaje / *Journal for the Study of Education and Development*. 35 (2): 233–252

Schultz, C. & Duane, M. (2010). Psychology and work today. New York: Prentice Hall.

Shao, L. S. (2013). Factors influencing employee retention in public organizations in Tanzania: *Unpublished Project.* Mzumbe University, Morogoro, Tanzania.

Shoaib, M., Noor, A., Tirmizi, S. R., & Bashir, S. (2009). *Determinants of employee retention in telecom sector of Pakistan.* Proceedings of the 2nd CBRC, Lahore, Pakistan. Army Public College of Management Sciences

Silva, M. R. A., de Amorim Carvalho, J. C., & Dias, A. L. (2019). Determinants of employee retention: A study of reality in Brazil. In Strategy and Superior Performance of Micro and Small Businesses in Volatile Economies (pp. 44-56). IGI Global.

Singh, S., Sharma, G. D., & Mahendru, M. (2010). A study of employee retention in ITeS Industry: A case of North India. *Res Manageria*, 1(1), 01-25

Sultana, N., Islam, M. T., & Hasan, M. M. (2017). An inter-services comparative study on the diversification of the factors of employee retention in Bangladesh. *Australian Academy of Business and Economics Review*, 3(3), 166-176.

Swamy, C. J., Nagesh, P., & Nanjundeswaraswamy, T. S. (2019). Factors effects on employee retention in manufacturing firms. *International Journal of Engineering and Advanced Technology*, 9(1), 4667-4672.

Tadesse, W. M. (2018). Factors affecting employee retention in Ethiopian public organizations. *Journal of Strategic Human Resource Management*, 7(3), 22-32

Taylor, G. (2015). Hackman and Oldham's job characteristics model. *Teaching Business & Economics*, 19(2), 7-15.

Umamaheswari, S., & Krishnan, J. (2016). Role of work environment, organization commitment, supervisor support and training & development in ceramic sanitary ware industries in India. *Journal of Industrial Engineering and Management*, 9(3), 612-619

Ahmad, W. I., & Abdurahman, S. M. (2015). Job satisfaction among academic staff of universiti Utara Malaysia: A work environment perspective. *Mediterranean Journal of Social Sciences*, 7(3), 251-256.

Wangiri, T. (2015). Factors influencing employee turnover in private tertiary colleges: A case of Embu College in Embu County, Kenya. *Unpublished Project*. University of Nairobi

Wanjohi, G. J. (2018). Effect of bottom of the pyramid strategies on market performance of fast moving consumer goods companies in Kenya. *Doctoral dissertation*, JKUAT-COHRED.

Yousuf, S. and Siddiqui, DA (2019). Factors influencing employee retention: A Karachi based comparative study on IT and Banking Industry. *International Journal of Human Resource Studies*, 9(1), 42-62.