EFFECT OF VOLUNTARY BENEFITS ON RETENTION OF NON-TEACHING EMPLOYEES IN PUBLIC TERTIARY INSTITUTIONS IN KISUMU COUNTY, KENYA

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ABSTRACT

Public Tertiary Institutions (PTIs) are Technical and Vocational Training Colleges that provide training to over 70% of school leavers in Kenya. The PTIs thus, need to attract and retain competent workforce. However, staff turnover is prevalent in these institutions, a scenario that is largely blamed on the reduction in Government's budgetary allocations to the PTIs. Consequently, attention is on voluntary benefits which are the non-statutory payments made besides wages and salaries. Past studies on this have focused on benefits in general without specific attention to voluntary benefits and its effect on employee retention. This study thus, sought to establish the effect of voluntary benefits on retention of non-teaching employees in the PTIs in Kisumu County. The study was based on the Herzberg's two factor theory and Equity theory by John Stacey in 1963. It was guided by correlational research design. The study population was 85 non-teaching employees of which 15 were involved in questionnaire pre-testing. A saturated sample of 70 employees was therefore taken. Primary data were collected using structured questionnaires while secondary data were from the relevant institutional records. Pearson correlation was used to obtain association between the study variables while multiple regression was used to determine the magnitude and direction of effect of voluntary benefits on retention of non-teaching employees. The study revealed that Voluntary benefits significantly predicted employee retention ($R^2=0.724$, F (4, 65) = 46.232, p = 0.000), with employee services($\beta=0.581, p=0.000$) and health benefits ($\beta=0.390, p=0.000$) predictors. Voluntary benefits are therefore, antidote to employee turnover, thus employers should provide more of it so as to enhance employee retention in the PTIs.

KEYWORDS: *Voluntary benefits, Employee retention, Non-Teaching Employees, Kenya*

INTRODUCTION

Public tertiary institutions (PTIs) are Technical and Vocational Colleges including National Polytechnics and Technical Teacher Training Colleges offering Diploma and Higher Diploma levels of education respectively to over 70% of high school leavers (Kaane, 2003). Thus, they play a key role in the socio-economic and environmental development of any country by offering learning that mainly lead participants to acquire practical skills, know-how and understanding that is necessary for employment in a particular occupation, trade or groups of occupations (Kaane, 2003). Therefore, irrespective of their sizes, and whether public or private agencies, they need to attract and retain competent and motivated non-teaching workforce (Werner and Desimone, 2009).

A report by Ndemo (2014), indicated that PTIs generate little attention or budget provision and that over the past two decades, they have continued to receive less financial allocations from the Government than the estimated annual expenditure and a result, they experience high staff turnover among other challenges. Furthermore, Wafula (2014) posits that the supplementary budget for 2013/2014 financial year was reduced by Kshs.1.8 billion. Such limitations in the views of Viah, 2011, affect the contributions of the PTIs in developing countries. Focus is therefore, on voluntary benefits which may not necessarily be monetary in nature.

In order for the PTIs to retain the attracted employees, they need to provide employees with benefits which are either statutory or discretionary (Armstrong, 2009: Andrews, 2009). Employee retention is basically ensuring that people do not leave the organizations voluntarily in the first place (Torrington, Hall and Taylor, 2005). This is because it enhances higher productivity and efficiency, improves operational processes, aids in training new employees and makes old employees loyal customers and avid word-of-mouth advertisers (Ingram, 2013).

In the USA, Harris (2003) studied whether offering more benefits reduces employee turnover among Wyoming firms and revealed a negative relationship between the number of employee benefits and employee turnover. The findings were in tandem with Artz (2010), whose study focused on fringe benefits and job satisfaction in USA. Using the five most recent waves of the National longitudinal survey of youth and a recursive Bivariate Probit procedure, Artz (2010) established that fringe benefits are significant and positive determinants of job satisfaction. He recommended that a complete measure of fringe benefits should be included as a control variable in future job satisfaction estimation.

Magnusson and Silfverberg (2013) in Thailand identified and analyzed organizational reasons that contribute to job satisfaction and that can contribute to increased employee retention amongst white collar workers in a multinational manufacturing company. They used a quantitative survey to measure the perceived job satisfaction since it is a key component in strive for employee retention. Their findings were that organizational effort within work design, leadership, social support; development, compensation and benefits and working life balance were essential for employee retention. They then concluded that a continuous effort to increase job satisfaction reduces employee desire of movement and that the pros of staying and the risks of leaving the organization increase and the result is an increased opportunity for employee retention.

From the theoretical perspective, it is overt that employee benefits enhance employee retention. For instance, The Fredrick Herzberg's two factor theory which was founded on the Maslow's hierarchy of needs, posit that Job satisfaction is caused by hygiene set of factors in the workplace which include status, job security, fringe benefits and work conditions (Frenz, 2013; Aswathappa, 2003), while job dissatisfaction is ascribed to motivation set of factors in the workplace and includes challenging work, recognition, responsibility and growth (Nzuve, 2007). On the other hand, equity theory that was opined by John Stacey Adams in 1963 while studying work place behavior, indicates that employees become de-motivated when they perceive the existence of unfair treatment in the workplace and that it stands on three cornerstones of inputs, outcomes and equity and builds on the interrelationships among these three (McKenna and Beech, 2002; Reader, 2013). The knowledge gap in this case is absence of information on the magnitude of influence of the forms of benefits on employee retention. It is on this basis that the study sought to establish the effect of voluntary benefits on the retention of non-teaching employees in public tertiary institutions where such literature is scarce, so as to build more literature on the role they play as a factor of employee retention.

METHODOLOGY
Research Design:-

The researcher adopted correlation research design to establish the effect of voluntary benefits on retention of non-teaching employees in PTIs in Kisumu County, Kenya. Kruger and Wellman (2003) viewed correlation design as a tool that enables measurement of two or more variables at about more or less the same time and provides a suitable ground for the analysis of the relationship between the variables. The attribute of the design paved way for the establishment of relationships using regression technique.

Study Area:-

The study was generally conducted among PTIs in Kisumu County and specifically in Kisumu Polytechnic and Ramogi Institute of Advanced Technology (RIAT). Kisumu Polytechnic is approximately three kilometers east of the lake side city of Kisumu. It was started in 1967 as a technical secondary school, upgraded to technical training institute (TTI) in 1988, and made a National Polytechnic on 21.6.1997. Currently, it has 300, 60, and 3318 teaching and non-teaching employees, and students respectively (GoK, 2013). RIAT was founded on 5.12.1971 and is located in Kisumu city at RIAT hills off Kisumu –Kakamega road.

It has 101, 25, and 3000 teaching and non-teaching employees, and students respectively (GoK, 2013).

This area was chosen by the researcher due to the fact that PTIs have continued to receive less financial allocations from the government than the estimated annual expenditure, a situation that makes it hard to fully meet the employees' needs and hence, dissatisfied and would want to quit their positions. Kisumu County is one of the new counties in Kenya whose headquarter is in Kisumu city, with the land area of 2085.9 km^2 and a total population of 968908 (GoK, 2013). It neighbors Siaya County to the west, Vihiga County to the north, Nandi County to the north-eastern, Kericho County to the east, Nyamira County to the south, and Homa Bay County to the south western. Its shoreline on Lake Victoria occupies northern, western and part of the southern shores of Winam Gulf (GoK, 2013).

Population and Sample:-

The population of this study comprised all the 60 and 25 of non-teaching employees of both Kisumu Polytechnic and RIAT respectively. However, 10 and 5 of non-teaching employees from the respective institutions were used in pre-testing the instrument for data collection. Thus, a saturated sample of 70 respondents was taken.

Data Sources and Data Type:-

Both primary and secondary data were used. The primary data were from collected using structured questionnaires, where a five point likert scale was used to capture aspects of employee retention which could not be directly quantified. Secondary data were from the employment records kept in the institutions.

Validity and Reliability Tests for Data Collection Instrument:-

Expert in the areas of labor economics and Human resources management were given the instruments for thorough scrutiny and amendments done in accordance with the objective of the research. For reliability test, Cronbach's Alpha coefficient of 0.846 was obtained. Since this surpasses the recommended minimum of 0.70 as indicated in Mugenda, 2008, it suggests that the instrument was reliable.

Data Analysis and Presentation:-

Correlation analysis was undertaken to determine the association between voluntary benefits and employee retention and regression to establish relationships among the study variables. Literature shows that the following forms of voluntary benefits were the possible determinants of employee retention: Payment for time not worked, health benefits, security benefits, and employee services. The functional relationship among the factors was specified as follows:

$$R = f\,(PT,\ HBs,\ SBs,\ ESs,\ _{)} \qquad \text{(Equation 1)}$$

The estimated relationship among the variables was specified as given below:

$$R_i = b_0 + b_1 PT_i + b_2 HBs_i + b_3 SBs_i + b_4 ESs_i + \ _i$$
$$\text{(Equation 2)}$$

Where R_i is the employee retention; i, individual employee; PT, the payment for time not worked; HBs, health benefits; SBs, security benefits; ESs, employee services; and error term ($_i$): b_0 is the intercept; and b_1, b_2, b_3 and b_4 are the slopes of the variables PT_i, HBs_i, SBs_i and ESs_i respectively.

RESULTS AND DISCUSSION

Table 1 shows that employee services (r=0.805, p = 0.000), health benefits(r = 0.714,

P = 0.000), security benefits (r = 0.334, p = 0.005) and payment for time not worked

(r = 0.301, p = 0.011), all had significant positive association with employee retention. Although the existence of association between two or more variables doesn't necessarily imply a relationship (Mukras, 1993), the findings suggest the possibility of a positive relationship between voluntary benefits and employee retention in the PTIs.

Table 1 Association between the Independent Factors of Voluntary Benefits and Employee Retention at the PTIs in Kisumu County

		Retention of employees	Security benefits	Health benefits	Payment for time not worked	Employee services
Retention of employees	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	70				
Security benefits	Pearson Correlation	.334**	1			
	Sig. (2-tailed)	.005				
	N	70	70			
Health benefits	Pearson Correlation	.714**	.365**	1		
	Sig. (2-tailed)	.000	.002			
	N	70	70	70		
Payment for time not worked	Pearson Correlation	.301*	.226	.184	1	
	Sig. (2-tailed)	.011	.060	.127		
	N	70	70	70	70	
Employee services	Pearson Correlation	.805**	.320**	.581**	.376**	1
	Sig. (2-tailed)	.000	.007	.000	.001	
	N	70	70	70	70	70

**. Correlation is significant at the 0.01 level (2-tailed)
*. Correlation is significant at the 0.05 level (2-tailed)

To confirm the correlation results, a regression model focusing on the dimensions of voluntary benefits and employee retention was estimated. Table 2 presents the model summary statistics, and it shows that 72.4% variance in the retention of employees is jointly explained by the independent factors. Similarly the explanatory power of the estimated model is 74%. The Durbin-Watson statistics is 1.354, which depicts absence of serious autocorrelation.

Table 2 Summary of the regression model on relationship between voluntary benefits and employee retention

R	R²	Adj. R²	Std. Error	Change Statistics					
				R² Change	F Change	df1	df2	Sig. F Change	DW – Statistic
.860	.740	.724	.68380	.740	46.232	4	65	.000	1.354

Source: Field data, 2014

Table 3 focuses on the ANOVA results and it indicates that $F_{(4, 65)} = 46.232$, at $p = 0.000$. This suggests that the estimated model fitted the research data well.

Table 3 NOVA Outputs for Voluntary Benefits Effect on Employee Retention

	Sum of Squares	Df	Mean Square	F	Sig.
Regression	86.468	4	21.617	46.232	.000
Residual	30.393	65	.468		
Total	116.861	69			
a. Predictors: (Constant), Payment for time not worked, Health benefits, Security benefits, Employee services					
b. Dependent Variable: Retention of employees					

Table 4 shows that employees services and health benefits had significant positive effect on employee retention (=0.581, p=0.000<0.01) and (=0.390, p=0.000<0.01) respectively. However, security benefits (=0,012, p=0.886>0.01) and payment for time not worked (=0.014, p=0.862>0.05) had insignificant positive influence on the retention of non-teaching employees. The Variance of Inflation factors (VIFs) corresponding to the independent variables ranges between 1.189 and 1.716, which fall within the threshold of 4 recommended by Pan and Jackson (2008), an indication that there was no multicollinearity

Table 4 Regression Coefficients for the dimensions of Voluntary Benefits

	Un-standardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.832	.382		2.178	.033		
Security benefits	.012	.083	.010	.144	.886	.834	1.200
Employee services	.581	.083	.583	7.036	.000	.583	1.716
Health benefits	.390	.085	.369	4.609	.000	.623	1.605
Payment for time not worked	.014	.080	.012	.174	.862	.841	1.189

a. Dependent Variable: Retention of employees
Source: Field data (2014)

According to Torrington, Hall and Taylor (2005), how best to retain employees is to provide them a better deal they perceive they could get by working for alternative employers. Most of the deals fall under retention strategies and remuneration systems. A similar position is taken in the Herzberg's Two Factor Theory since employees are gratified by higher psychological needs (Frenz, 2013). The study findings thus, conform to the existing theory and corroborate the views of Torrington, Hall and Taylor (2005). It is also in tandem with Nyangi (2011), who although studied influence of benefits in general on employee retention at the Kenya Forest Service, established a positive relationship between employee retention and employee benefits.

CONCLUSION AND RECOMMENDATION

Since employee services and health benefits which are dimensions of voluntary benefits have positive significant effects on employee retention at the PTIs, it can be concluded that voluntary benefits are antidote to employee turnover, thus the study recommends provision of more of them to enhance employee retention at the PTIs.

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