Promotion Practice Opportunity and Employee Retention in Selected Beverage Processing Firms in Kenya

Chumo Sylvia Chepkosgey¹, G. S. Namusonge², Elizabeth Nambuswa Makokha³

¹PhD. Candidate Jomo Kenyatta University of Agriculture and Technology, Kenya
₂School of Entrepreneurship, Procurement and Management, P.O Box 62000-00200 Nairobi, Kenya
³Professor Jomo Kenyatta University of Agriculture and Technology, Kenya
School of Entrepreneurship, Procurement and Management, P.O Box 62000-00200 Nairobi, Kenya
School of Entrepreneurship, Procurement and Management, P.O Box 62000-00200 Nairobi, Kenya

Abstract: The rate of employee turnover can affect the performance of an organization and therefore employee retention is considered of utmost importance globally. Hence, this study sort to investigate the influence of promotion practices opportunity and performance of employees' retention in firms. The study was conducted using survey design to establish the relationship between variables. The target population was 2940 employees of beverage firms in Kenya and the sample size was 352 employees which was calculated using Taro Yamane's formula. The study adopted structured questionnaires to get answers of the research questions. Questionnaires were used to collect data and later on analysed using descriptive statistics and presented in frequency tables. It was established that promotion practices opportunity showed a positive correlation with retention of employees in beverage processing firms. The study also, revealed that beverage processing firms promote their employees based on merits and promotion offered an opportunity for advancement. However, the study established that beverage processing firms had promotion policy that employees are not aware of its existence. Therefore, the study recommended that beverage processing firms should make aware of promotion policy to its employees through proper communication channel from the top management.

Keywords: promotion practice, employee retention, beverage processing firms

1. Introduction

In today’s competitive global market the only strategy for organizations to improve workforce productivity radically and enhance retention is to seek to optimize their workforce through comprehensive training and development programmes. Low turnover ensures that organization is retaining their competent employees by providing them superior environment, which increases the performance of individual employee (Ayodo et al., 2014, as cited in Waleed Hassan et al. 2013). Employee retention is a key factor in an organizations’ success (Lyria, Namusonge & Karanja, 2014). However, nowadays many organizations globally find it difficult to retention their employees and this has been occasioned by globalization mobility of highly skilled employees (Ng’ethe, Iravo & Namusonge, 2012). Many scholars are in agreement that employees will leave companies in search of better payments packages, better career and development opportunities and job satisfaction among other factors (Shen & Hall, 2009).

In United Kingdom a survey of London health service staff showed that poor working conditions and lack of better facilities were top on the list of factors affecting retention while compensation ranked fourth (Trust, 2005). In Kenya, (Messah & Kubai, 2011) carried out a survey of factors influencing agent retention in insurance industry in Kenya and observed that basic pay, training and development, promotion ranked highest on factors that employe would consider while moving to another organization. According to Mensah (2014) he established that majority of managers consider retention of their best employees to be an important part of their long term business strategy but many organisations do not have a framework in place to effectively retain their employees. Studies reviewed in the literature indicate that retention factors vary from one industry to the other and a factor could rank high in one industry, lower or is totally irreverent. It is this diversity in retention from one organization to another that this study wanted to investigate the influence of promotion practice and employee retention in selected beverage processing firms in Kenya.

2. Literature Review

Promotional opportunities refer to the degree an employee perceives his or her chances to grow and be promoted within the organization. Employees expect to work in jobs that provide them with opportunities to be promoted to new and challenging positions. Dockel (2003) strongly argues that people should not only be rewarded financially but they should also be offered opportunities to grow within the organization. Promotion offers opportunities for advancement and is also one of Herzberg motivators which can be used to enhance retention. Employees who feel stagnant in their positions generally are not motivated and will not stay in unfulfilling positions. On the other hand, employees who are promoted receive increased pay, high status and their esteem is boosted, resulting in increased job satisfaction unlike employees who stagnate in the same position. Promotion systems and procedures can play a major role in retention within the company affecting the need to leave for career progression elsewhere. Since it is not possible to promote all employees, Kipkebut (2010) recommends that the

Volume 8 Issue 8, August 2019
www.ijsr.net
Licensed Under Creative Commons Attribution CC BY

Paper ID: 11081904 10.21275/11081904 2106
promotion procedures must be seen to be fair, clear and objective thereby mitigating the negative feelings of employees who are not promoted. Armstrong (2010), argues that the aim of the promotion procedures of a company should be to enable management to obtain the best talent available within the company to fill more senior posts and second, to provide employees with the opportunity to advance their careers within the company, in accordance with the opportunities available (taking into account equal opportunity policies) and their own abilities. In any organization where there is frequent promotional moves and where promotional arrangements cause problems, it is advisable to have a promotion policy and procedure which is known by both the management and employees and which would be adhered to always.

Promotion policy and guidelines are crucial in every organization. The policy should state the organization’s intention to promote from within wherever this is appropriate as a means of satisfying its requirements for high quality staff. The policy could, however, recognize that there will be occasions when the organization’s present and future needs can only be met by recruitment from outside. In addition, the policy should state that employees will be encouraged to apply for internally advertised jobs, and will not be held back by the line managers, however reluctant the latter may be to lose them (Armstrong, 2010). Career minded employees consider career growth and development as a crucial deciding factor in their decision to remain in an organization or leave. Where growth is not guaranteed, employees leave for alternative employment. Career growth in terms of promotion help employees to plan for the future and to be better equipped with the right skills in order to remain competitive. As vacancies occur, employees must be given equal opportunity and necessary encouragement to apply alongside external candidates for higher positions within the organization. When the employees have the opportunity to be promoted they tend to build their career life around the organization and this can inform their decision to remain. Managers should also focus on helping employees progress in their career especially young and inexperienced ones who if unable to get on with their jobs are likely to leave the organization for another which they consider offers better job prospects (Michael, 2008).

Tettey (2006) observes that the promotional procedures in African Universities are long, stressful and cumbersome while the requirements are unreasonable and indicate that academics are frustrated by the inconsistencies and rigidity in the application of the promotion criteria. In a study of Nigerian higher education institutions Mallam (1994) found that the second most influential factor on voluntary turnover was the opportunity for promotion. It is not merely the lack of promotions itself which was seen as a problem by academics, but also the criteria on which it was based. The study of job satisfaction and performance of Government Employees in UAE by Mohamed E Ibrahim, Sabri Al Sejini and Oaimma Abdul Aziz Al Qassimi (2004) discovered that self-rated performance, position and nationality were significant factors affecting some job satisfaction facets (i.e., pay and benefits, professional development, and work environment).

Employees will demonstrate pleasurable positive attitudes when they are satisfied with their job (Jain, Jabeen, Mishra & Gupta: 2007). Thus, high job satisfaction of employees will increase the productivity of an organization in turn will increase the organizational overall performance. A majority of researcher’s measure job satisfaction on the basis of employee’s attitude towards the job, relations with co-workers, supervision, company policy and support, promotion, and pay (DeVane & Sandy, 2003). Promotional opportunities refer to the degree an employee perceives his or her chances to grow and be promoted within the organization. Employees expect to work in jobs that provide them with opportunities to be promoted to new and challenging positions. Dockel (2003) strongly argues that people should not only be rewarded financially but they should also be offered opportunities to grow within the organization. Employees who feel stagnant in their positions generally aren’t motivated and will not stay in unfulfilling position. Promotion offers opportunities for growth and is also one of Herzberg motivators which can be used to enhance retention.

3. Research Methodology

The study was conducted using survey design to establish the relationship between variables. The target population was 2940 employees of beverage firms in Kenya and the sample size was 352 employees which was calculated using Taro Yamanes formula. The study adopted structured questionnaires to get answers of the research questions. Unstandardized questionnaires were used to collect data and later on analysed using descriptive statistics and presented in frequency tables. Piloting was conducted using Cronbach Alpha and all Coefficients were above 0.7 implied that reliability of the data collection instrument was good.

4. Research Findings and Discussion

The study sought to determine the influence of promotion practice opportunity and employee retention in beverage processing firms in Kenya. The respondents were asked to indicate the influence of promotion practice opportunity and employee retention in selected beverage processing firms in Kenya. This was on a scale of strongly agree, agree, undecided, disagree and strongly disagree. The score of strongly agree represented very high influence of promotion and employee retention and was taken to be equivalent to mean score of 4.1 to 5.0 on the likert scale. The score agree represented high influence of promotion and employee retention and was taken to be equivalent to a mean score of 3.1 to 4.0. The score undecided represented neutral influence of promotion and employee retention and was taken to be equivalent to mean score of 2.1 to 3.0. The disagree scores represented low influence of promotion and employee retention and was taken to be equivalent to mean score of 1.1 to 2.0 and the score strongly disagree represented influence of promotion and employee retention and was taken to be equivalent to mean score of 0.1 to 1.0. A standard deviation of more than one implies a significant difference in respondents. A result of the analysis is presented in Table below.
From the study findings in Table above, it was found that beverage processing firms promote their employees based on merit which was rated high at 3.27 on the scale of 1 to 5. However, it was established that employees of beverage processing firms are unsure whether the firm had a promotion policy, whether promotions are done regular, whether promotion criteria is fair and whether internal promotions are more than external promotions which were rated as 2.94, 2.52, 2.36 and 2.74 respectively.

Based on the study findings, it was established that beverage processing firms promote their employees based on merits. Promotion offers opportunities for advancement and is also one of Herzberg motivators which can be used to enhance retention. Employees who feel stagnant in their positions generally are not motivated and will not stay in unfulfilling positions.

Nevertheless, the study established conflicting results on promotion policy that some employees are not aware whether the promotion policy is in place in beverage processing firms. These conflicting results maybe as result of lack of proper communication channel from top management to employees that they have clear promotion policy. Thus it is important for beverage processing firms to have promotion policy and well communicated to the employees. According to Armstrong (2010) established that promotion policy and guidelines are crucial in every organization. The policy should state the organization’s intention to promote from within wherever this is appropriate as a means of satisfying its requirements for high quality staff. The policy could, however, recognize that there will be occasions when the organization’s present and future needs can only be met by recruitment from outside. In addition, the policy should state that employees will be encouraged to apply for internally advertised jobs, and will not be held back by the line managers, however reluctant the latter may be to lose them.

In addition, the study established that some employees in beverage processing firms are not sure whether promotions are done regular or promotion criteria are fair. This study concurred with the study of Tettey (2006) who observed that the promotional procedures in African Universities are long, stressful and cumbersome while the requirements are unreasonable and indicate that academics are frustrated by the inconsistencies and rigidity in the application of the promotion criteria. Thus beverage processing firms are required to inform employees’ promotion criteria and when the promotions are conducted so that employees can plan for promotions. Equally, employees in beverage processing firms are not aware that internal promotions are more than external promotions. Beverage processing firms should have a clear policy outlining internal and external promotions. For example beverage processing firms can first provide promotion opportunity to internal staff and if skills are not available they can source externally.

The study also, conducted regression analysis so as to determine the influence of promotion practice opportunity and employee retention in selected beverage processing firms in Kenya. The hypothesis tested was: Promotion practice opportunity has no significant influence on employee retention in selected beverage processing firms in Kenya. The findings are indicated below.

<table>
<thead>
<tr>
<th>Statements on promotion</th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Undecided (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. There is a company policy on promotion</td>
<td>18</td>
<td>27.7</td>
<td>4.5</td>
<td>41.9</td>
<td>8</td>
<td>2.94</td>
<td>1.318</td>
</tr>
<tr>
<td>2. Promotion is based on merit in our company</td>
<td>9</td>
<td>28.7</td>
<td>4.5</td>
<td>41.9</td>
<td>15.9</td>
<td>3.27</td>
<td>1.279</td>
</tr>
<tr>
<td>3. Promotions are regular in our company</td>
<td>13.5</td>
<td>49.1</td>
<td>12.5</td>
<td>21.5</td>
<td>3.5</td>
<td>2.52</td>
<td>1.077</td>
</tr>
<tr>
<td>4. Promotion criteria is fair in our company</td>
<td>9</td>
<td>66.1</td>
<td>8</td>
<td>13.5</td>
<td>3.5</td>
<td>2.36</td>
<td>.944</td>
</tr>
<tr>
<td>5. Internal promotions are more than external promotions in our company</td>
<td>9</td>
<td>55.7</td>
<td>0</td>
<td>22.8</td>
<td>12.5</td>
<td>2.74</td>
<td>1.258</td>
</tr>
</tbody>
</table>

The linear regression model showed that adjusted $R^2$=0.345 which means that 34.5 percent change of employee retention in selected beverage processing firms in Kenya can be explained by a unit change of promotion practice. The result is shown in table above. Also, the result indicated that one unit change in promotion translates to 45.5 percent change in beverage processing firms in Kenya and therefore, promotion practice has influence on employee retention in beverage processing firms in Kenya.

Further test on ANOVA showed that the significance of the F-statistic (152.5) is less than 0.05 since p value, $p=0.00$, as indicated in table below. This implied that there is a positive significant relationship between training practice and employee retention in beverage processing firms in Kenya.

<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>Regression</td>
<td>1060.922</td>
<td>1</td>
<td>1060.922</td>
<td>69.634</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>4372.670</td>
<td>287</td>
<td>15.236</td>
<td>288</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5433.592</td>
<td>288</td>
<td>288</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Retention
b. Predictors: (Constant), Promotion

<table>
<thead>
<tr>
<th>Table: ANOVA^a of promotion practice</th>
<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>Regression</td>
<td>1060.922</td>
<td>1</td>
<td>1060.922</td>
<td>69.634</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>4372.670</td>
<td>287</td>
<td>15.236</td>
<td>288</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>5433.592</td>
<td>288</td>
<td>288</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Retention
b. Predictors: (Constant), Promotion
Further test on the beta coefficients of the resulting model, showed that the constant $\beta = 7.203$ if the independent variable of promotion practice is held constant then there will be a positive on employees retention in beverage processing firms in Kenya by 7.203. The regression coefficient for promotion practice was positive and significant ($\beta = 0.44$) with a t-value=8.345 (p-value<0.001) implying that for every 1 unit increase in promotion practice, employees retention in beverage processing firms in Kenya is predicted to increase by 0.44 units and therefore hypothesis was rejected as shown in Table below.

<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</td>
<td>Constant</td>
<td>7.203</td>
<td>0.767</td>
<td>9.392</td>
</tr>
<tr>
<td>Promotion</td>
<td>.440</td>
<td>.053</td>
<td>.442</td>
<td>8.345</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Retention

From the results it was established that promotion opportunity significantly influence employees’ retention in beverage processing firms in Kenya. This finding concurred with the studies reviewed in the literature that promotion would retain employee in an organization. For example, Dockel (2003) strongly argues that people should not only be rewarded financially but they should also be offered opportunities to grow within the organization. Employees who feel stagnant in their positions generally aren’t motivated and will not stay in unfulfilling position. Promotion offers opportunities for growth and is also one of Herzberg motivators which can be used to enhance retention. Thus, Kipkibut (2010) noted that the promotion procedures must be seen to be fair, clear and objective thereby mitigating the negative feelings of employees who are not promoted.

5. Conclusion and Recommendations

From the study findings it could be concluded that beverage processing firms promote their employees based on merits and this promotion offered an opportunity to employee for advancement. It also acts as a motivator which can be used to enhance retention of employees. However, it could be concluded from the study that beverage processing firms have promotion policy that employees are not aware of its existence. This could be as result of poor communication from the top management. Thus it is important for beverage processing firms to have promotion policy clearly spelt out to the employees. Further, the study concludes that promotion practice had a positive correlates with retention of employees in beverage processing firms. This implied that promotion practice influence positively employees retention in beverage processing firms in Kenya and therefore hypothesis was rejected.

Basing on promotion, the study revealed that beverage processing firms promote their employees based on merits and promotion offered an opportunity for advancement. Thus, the study recommends that firms should promote their employees based on merits as a way of motivating and retaining them. However, the study established that beverage processing firms had promotion policy that employees are not aware of its existence. Therefore, the study recommends that beverage processing firms should make aware of promotion policy to its employees through proper communication channel from the top management.

References


[73] Nzuve S. N. M (2007) Management of human resources; a Kenyan perspective, Nairobi, basic modern management consultants


Samganakkan, S. (2010) mediating role of organizational commitment on HR practices and turnover intention among ICT professional, Management research


