



## A Study on Employee Turnover and Motivating Factors in Safaricom Ltd

Sabina M. Musango<sup>1</sup>

<sup>1</sup>musangosabina@gmail.com

<sup>1</sup>Institute of Human Resource Management/Safaricom Limited

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### ABSTRACT

*The study aimed to investigate the relationship between on-the-job training and employee turnover in Safaricom Ltd, employing a case study research strategy. The research targeted 67 employees from job groups 4 and 5, selected through stratified proportionate sampling, with the sole research tool being a questionnaire. The findings revealed the significance of on-the-job training in Safaricom Ltd, emphasizing the need for organizational investment. However, it also highlighted that such training often leads to employee turnover due to factors such as the pursuit of higher pay, competition from other organizations seeking trained skills, aspirations for promotion and improved working conditions, and the breach of psychological contracts post-training. The consequences of turnover for organizations include revenue loss, delays in achieving organizational goals, diminished competitiveness, and skill shortages. Importantly, the study established a clear connection between on-the-job training and employee turnover, leading to several recommendations. Managers are urged to thoroughly understand the impact of on-the-job training on turnover before initiating such programs, facilitating the implementation of measures to mitigate turnover consequences. These measures may include budgeting for increased pay, implementing strategies to discourage turnover, and revising employment contracts. Additionally, well-planned training programs can anticipate turnover by preparing for suitable replacements, and organizations can minimize losses associated with training-related turnover by hiring individuals with existing requisite skills.*

**Keywords:** *Factors Motivating Turnover, Employee Turnover, On-Job Training, Safaricom Ltd., Kenya*

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### I. INTRODUCTION

The continuous training of employees is widely acknowledged for its importance in ensuring that the workforce remains adept in meeting evolving job demands. Studies indicate that on-the-job training plays a crucial role in enhancing employees' skills, with countries like Sweden investing significantly in such training, constituting a substantial portion of their national GDP (2010). Indeed, on the job training accounts for 40 percent of all employees in the country undertake some form of on-job training every six months.

Whereas organizations have to continue offering on-job, the glaring challenge of retaining such employees so trained cannot be gainsaid. Many such employees find themselves in a difficult situation. This is particularly so since underemployed often emerges as a result of improved capacities. Managers may find themselves faced with the challenge of ensuring the retention of such employees (Impact, 2012).

It cannot be gainsaid that organizations do not always reap the benefits of such training. This is as result of an evident turnover occurring in many organizations after such training. In the United States of America for example, it has been proven that many employees may opt out work after undergo employer sponsored training. This occurs mostly after investment in general skills training as opposed to training in firm-specific skills as theorized in the Standard human capital theory (Flaherty, 2007).

In Chicago, a study by Becker shows that on job training may lead to increase in employee turnover (Becker, 1993). This occurs, in case of general training as a result of the portability of skills. If employees are trained in a field whose skills can be used anywhere else, then such an employee may decide to move to more paying related job. This can be abetted if organizations invest more in job-specific training since this reduces the mobility of employees.

In Colombia it is evident that trained employees have chances of leaving their jobs than those in developed countries such as the United States. This has been identified to be as a result of more accumulation of experience in Colombia but with low increase in wages (Schaffner, 2001). Indeed most employees often find themselves with more job experiences and perceived worth than their companies can pay them. When, this occurs, employees tend to leave their jobs in search of greener pastures. This scenario reduces the value of the on-job training they acquire.



In South Africa for example, it has been proven that managerial employees may leave their jobs as a result of the competition for scarce possessed by some of such employees. When this occurs, it reduces drastically the benefits accrued from on-job training by the organizations that nutured the skills of such employees if they have to leave and move to other organizations that did not make the sacrifice of such training (Capelli, 2000).

In Kenya, increased employee turnover after training has been reported in the sugar sector (Bula, 2012). Whereas labor turnover is prevalent throughout the year, Bula found out that some of the major causes of increased turnover after training are pegged to issues related to salary increment, performance appraisal, promotion, and working conditions among other factors.

From the preceding discussion, it is evident that possibility of leaving jobs after undergoing training is a key management problem. As such, this study sets to explore the relationship between on-job training and employee turnover in one of Africa's highly performing companies, the Safaricom Ltd. This is particularly important since no current and documented study has attempted to draw the nexus between these two variables. Without such a study, the opportunity cost of undertaking on-job training may remain a tall order Safaricom Ltd., not with the possibility of employee "poaching" in the ever increasingly competitive telecommunication sector.

### 1.1 Safaricom Limited

Safaricom Ltd., a prominent integrated communications company in Africa boasting over 19 million subscribers and a workforce of 2,660 permanent employees, holds a significant market presence with a share structure distributed among the Government of Kenya (35%), Vodafone U.K. (40%), and Free Float (25%). The company places a strong emphasis on corporate governance, maintaining a Code of Conduct aligned with the highest standards of integrity, honesty, and ethics in its interactions with various stakeholders. The commitment to its business ecosystem is evident in initiatives like "Safaricom 2.0," which includes the Safaricom Eco-System Charter. This charter encompasses eight facets, among which "The Employee Charter" is pivotal.

The Employee Charter underscores Safaricom's commitment to providing an excellent workplace where individual achievements and collaborative efforts are acknowledged and rewarded. It further emphasizes opportunities for personal empowerment and career growth in an environment characterized by trust, honesty, and openness. Despite these efforts, the paper recognizes the possibility of employee turnover following on-the-job training and aims to explore the relationship between training initiatives and employee turnover within Safaricom Ltd.

### 1.2 Statement of the Problem

The significance of on-the-job training in organizations cannot be overstated, especially in the face of a dynamically evolving workplace where employees constantly need to acquire new skills (Schaffner, 2001). Consequently, organizations find themselves compelled to make substantial investments in training to enhance the skills of their workforce (Orrje, 2010). Despite the evident necessity of such training, it does not always translate into guaranteed benefits, given that employees often leave their respective organizations after undergoing training programs.

Several studies have linked training initiatives with increased employee turnover. Flaherty (2007) demonstrated that on-the-job training may lead to heightened turnover in the United States, particularly when the training is of a general nature rather than specific. Becker (1993) further asserted that general training enhances the portability of skills. Capelli (2000) highlighted that South African managerial employees may depart from their jobs due to the competition for scarce skills possessed by some of these employees. In the Kenyan context, Bula (2012) pointed out increased turnover after training in the sugar sector, attributing it to factors such as salary increment, performance appraisal, promotion, and working conditions. Most existing studies in this field either did not focus on a mobile telephony company, or predominantly centered on other countries. This study, however, concentrates on Safaricom Ltd., a key mobile telephony company in Kenya. Despite the company's significant investments in employee training, the employee turnover rates remain high, as evidenced by the Safaricom United Nations Global Compact (UNCOP) Report of 2011/2012, which reported an employee closing turnover of 10.05%. Such a rate is substantial for a company prioritizing employee training. While there may be various factors contributing to turnover post-training, a comprehensive understanding of the relationship between training and employee turnover in Safaricom Ltd. requires a systematic investigation, which this study aims to undertake.



### 1.3 Objectives

- i) To investigate the kind of extant on-job training in Safaricom Ltd;
- ii) To determine the effect of employee turnover after undergoing on-job training in Safaricom Ltd;
- iii) To establish the factors motivating employees turnover after training in Safaricom Ltd.
- iv) To establish the relationship between on-job training and employees turnover in Safaricom Ltd.

### 1.4 Hypotheses

HO<sub>1</sub>: There is no significant relationship between on job-training and employee turnover in Safaricom Ltd.

## II. LITERATURE REVIEW

### 2.1 Theoretical Framework

This study is framed within the Social Exchange Theory, which posits that employees are likely to leave their jobs when organizations fail to fulfill specific expectations. These expectations, often unwritten and encapsulated in psychological contracts, involve perceived mutual obligations between employees and employers (Rousseau, 1990). As employees enter the workforce, they develop personal expectations beyond the formal employment contract, expecting reciprocal actions from the company. Psychological contracts consist of two components: mutuality and reciprocity, where both parties anticipate obligations beyond job specifications, and employees expect reciprocal actions from employers (Dabos & Rousseau, 2004).

Psychological contracts encompass both transactional dimensions (economic benefits) and relational dimensions (socio-emotional focus). Employees, in the economic sense, anticipate perks such as increased pay, training, and promotion due to good performance. In the context of this study, a crucial expectation is a pay raise following training (Rousseau, 1990). The Social Exchange Theory is pertinent to this study as it highlights that employees expect both transactional and relational benefits from the psychological contract at the workplace. Breach of these contracts may lead to employees feeling let down, prompting withdrawal of goodwill or even resignation. This can adversely impact the employer economically, resulting in revenue loss and the potential breakdown of business contacts sustained by departing employees. To mitigate these effects, telecommunication companies engaged in on-the-job training should implement measures to meet employees' expectations post-training.

### 2.2 Empirical Review

Numerous studies highlight the link between training and turnover, emphasizing its significance for organizations. Orrje (2010) underscores the substantial financial investments made by Swedish organizations, while Frazis et al. (1998) and The American Society for Training and Development (2007) reveal the financial commitments in the United States. However, the applicability of these findings to the Kenyan context remains uncertain, warranting an investigation into the nature and duration of training in Kenyan schools.

Training has demonstrated a considerable impact on turnover, incurring cost implications and the need for higher salaries for trained personnel (Brum, 2007; Scholl, 2003). This can affect profit margins if immediate benefits are not realized, influencing productivity and discouraging employers from offering training due to potential loss of skilled personnel (Kaufman & Hotchkiss, 2006; Lazear, 2005). This study seeks to assess the effects of training on a Kenyan organization, given the scarcity of literature on this subject in the local context.

Factors contributing to employee turnover after training include the portability of skills, with employees seeking better-paying opportunities (Becker, 1993; Schaffner, 2001; Capelli, 2000). Bula (2012) identifies causes of increased turnover related to salary increment, performance appraisal, promotion, and working conditions, emphasizing the need for sector-specific research. The telecommunication sector, particularly Safaricom Ltd., remains underexplored in existing literature, prompting this study to fill the knowledge gap and examine the relationship between on-the-job training and employee turnover in Kenya's telecommunications industry.



### III. RESEARCH METHODOLOGY

In this research, a case study research strategy was employed to investigate the relationship between on-the-job training and employee turnover at Safaricom Ltd. The target population consisted of employees from Job Grades 5 and 6, totaling 670 individuals. Proportionate stratified sampling was utilized to select a representative sample of 67 respondents, divided between the two job grades. Data was collected using a questionnaire with sections covering demographic information, on-job training, factors influencing turnover, and the effects of turnover on the company. The reliability of the questionnaire was ensured through a test-retest method during a pilot study, while content validity was maintained by addressing any ambiguous questions. Data analysis involved the use of SPSS and Microsoft Excel for descriptive statistics, including measures of central tendency, frequency, and percentages. Additionally, Pearson correlation was employed to examine associations between variables, and the findings were presented through charts and tables.

### IV. FINDINGS AND DISCUSSIONS

#### 4.1 Response Rate

The study had targeted 67 respondents (27 from Job Group 5; 40 from Job Group 6). The number of people who responded was 58 as shown in Table 3. This makes a response rate of 87%.

**Table 3**

*Response Frame*

Grade	Targeted	Responded	Percentage
5	27	21	78
6	40	37	93
<b>Total</b>	<b>67</b>	<b>58</b>	<b>87</b>

#### 4.2 Demographic Information

The researcher aimed at determining general information about the respondents. This was in regard to the sex, age, duration of work at Safaricom Ltd. as well as academic qualification. The majority of the respondents were male (57%). Most of the respondents (60%) were aged 26-30 years. As such, it can be deduced that they had been in the career world for long enough to respond adequately to the subject under investigation. The majority of the respondents (57%) had been working at Safaricom for a period of 6 to 10 years. In terms of academic qualification, the majority of the respondents were degree holders (72%). This was followed by employees who were diploma holders (19%). This shows that most of the employees were adequately qualified to the subject under investigation.

#### 4.3 Descriptive Analysis

##### 4.3.1 Kind of extant on-job training in Safaricom Ltd.

The researcher established that on-job training was indeed offered to employees by Safaricom Ltd. As shown in Table 4, 88% of the respondents affirmed this. These findings agree with Orrje (2010) and Frazis et al (1998) that there is high level of on-job training in organizations.

**Table 4**

*Presence of on-job training at Safaricom Ltd*

Response	Frequency	Percent
Yes	51	88
No	7	12
<b>Total</b>	<b>58</b>	<b>100</b>

On the subject of where such training took place, the majority of the respondents (86%) pointed out that such



training took place at Safaricom premises (in-house training). This was followed by training at local institutions (10%). These findings are shown in Table 5.

**Table 5***Location of on-training offered by Safaricom*

Response	Frequency	Percent
Safaricom (in-house training)	50	86
Local institutions	6	10
Overseas	2	3
<b>Total</b>	<b>58</b>	<b>100</b>

When asked the actual duration that such training lasted. Most of the respondents were of the opinion that the majority of the respondents (84%) pointed out that most training lasted less than a year as shown in Table 6. These findings agree with Schaffner (2001) that most training does not last more four years.

**Table 6***Duration of training at Safaricom Ltd*

Duration	Frequency	Percent
<1 year	49	84
1-2 years	8	14
3-4 years	1	2
<b>Total</b>	<b>58</b>	<b>100</b>

On the question of the kind of training offered at Safaricom ltd. The majority of the respondents (72%) pointed out that most of the training was general as opposed to 28% who were of the opinion that specialized training was offered at Safaricom ltd. This is shown in Table 7. These findings agree with Lynch (1991) and; Becker, (1993) that on-job training is specific in nature.

**Table 7***Kind of training offered at Safaricom Ltd*

Kind of training	Frequency	Percent
General Training	42	72
Specialized Training	16	28
<b>Total</b>	<b>58</b>	<b>100</b>

#### 4.1.1 Employee Turnover after Training

The researcher sought to find out whether some employees quit their jobs after training. As shown in Table 8, the majority of the respondents (93%) pointed out that some employees quit their jobs after training.

**Table 8***Some employees quit jobs after training*

Response	Frequency	Percent
Yes	54	93
No	4	7
<b>Total</b>	<b>58</b>	<b>100</b>

#### 4.2.3 Factors Contributing to Turnover after Training

When asked the factors that contribute to turnover after training, most of the employees strongly agreed that employees were likely to quit their because of need for more salary, better working conditions, and breach of other promises promised before training. The majority of the other employees agreed that trained employees could quit if



they did not get promoted after training. These findings agree with Becker (1993), Schaffner (2001) and, Capelli (2000) that some of the causes of employee turnover after training are related to pay rise. These findings also agree with Bula (2012) who found out that some of the major causes of increased turnover after training in Kenya are pegged to issues related to salary increment, performance appraisal, promotion, and working conditions among other factors.

**Table 9***Factors contributing to turnover after training*

Factor	Very High	High	No Opinion	Low	Very Low	Total	Weighted Mean
More salary	53	5	0	0	0	58	1
Promotion	28	17	1	7	5	58	2
Better working conditions	44	14	0	0	0	58	1
Breach of other promises promised before training	54	3	0	1	0	58	1
Average Weighted Mean							1

#### 4.3.4 Effects of turnover after on-job training

The respondents strongly agreed that turnover affected businesses, the main effects were: loss of capital, loss of competitiveness and loss of requisite skills. The respondents agreed that turnover after training led to breach of organization growth objectives. These findings are shown in Table 10. These findings agree with Kaufman & Hotchkiss (2006) that turnover affects productivity, as well as Lazear (2005) that turnover after training leads to loss of requisite skills. As well as revenue is concerned, this study also agrees with Scholl (2003) since trained workers are likely to ask for higher pay.

**Table 10***Effects of turnover after training*

Factor	Very High	High	No Opinion	Low	Very Low	Total	Weighted Mean
Loss of capital	54	3	0	1	0	58	1
Loss of competitiveness	52	2	0	2	2	58	1
Loss of requisite skills	55	1	0	1	1	58	1
Loss of revenue	51	2	1	2	2	58	1
Breach of organization growth objectives	46	3	1	5	3	58	2
Average weighted Mean							1

#### 4.2.5 Null Hypothesis Testing

Pearson correlation shows that there is positive and significant correlation between training and; likelihood of some employees quitting after training ( $r=0.829$ ,  $sig=.000$ ), as such, the null hypothesis was rejected. These findings buttress the findings Colarelli & Montei (1996); Becker, (1993); Zweimüller & Winter-Ebmer (2000); Schaffner, 2001; Capelli (2000) and; Bula (2012) who reported a positive correlation between training and labor turnover.

## V. CONCLUSIONS & RECOMMENDATIONS

### 5.1 Conclusions

In conclusion, this study underscores the significance of on-the-job training in Safaricom Ltd., emphasizing its importance for organizational development. However, it also recognizes the inevitability of turnover associated with such training, attributing it to factors like the desire for higher pay, competition from other organizations seeking skilled employees, aspirations for promotion and improved working conditions, and breaches of psychological contracts. The repercussions of turnover on organizations are substantial, encompassing the loss of revenue, delays in achieving organizational goals, diminished competitiveness, and a depletion of essential skills. The research firmly establishes a clear link between on-job training and employee turnover. Consequently, the study offers the following



recommendations to address these challenges.

## 5.2 Recommendations

The study recommends that managers should have a clear understanding of the influence of on-job training on employee turnover before embarking on such training. This is essential since it could enable employees to put in place ways of curbing the associated turnover. To this end, various measures can be put in place to check turnover: (a) put in place budgets to cater for increased pay, (b) have measures for discouraging turnover, and (c) revise employment contracts to curb turnover among others. Training should also be well planned such that in the eventuality of turnover, companies can make up for such loss by getting suitable replacements. Furthermore, organizations can also avert the loss associated with training-related turnover by employing persons who already possess the requisite skills.

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