Career Planning and Employee Retention in Insurance Companies in Nairobi City County

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Abstract- Changes in the working place and pressures of life and market demands have led to high turnover of talented and highly performing employees. At the same time, the cost of acquisition of new employees is high and thus organizations seek ways of improving their employee retention rates. This study sought to assess how career planning affects employee retention in insurance companies in Nairobi City County. The study is anchored on Herzberg’s two factor theory and employed descriptive research design. The target population was the 61 insurance companies and three respondents were selected from each insurance company. The respondents were senior managers from three departments - human resource, operations and finance. The respondents were grouped as per department, thus stratified sampling technique and census sampling was employed by using all the 61 insurance firms. Primary data was collected using structured questionnaires that were first pilot tested and self-administered to the respondents. Drop and pick later method was employed to increase the response rate and the data was analyzed using SPSS and using descriptive analysis that obtained means, frequencies and standard deviations and multiple regression that showed how variables were related. The regression analysis showed that 78.1% change in employee retention was due to career planning and the career planning had positive and significant effect to employee performance where \( \beta =0.637 \) and \( p \)-values \( 0.00 < 0.05 \). Thus, the study concludes that career planning positively and significantly affected employee retention in the insurance companies in Nairobi City County. The study recommends that the management in these insurance companies should adopt career planning as a means of improving employee retention rates. Other companies in different industries and sectors concerned with employee retention can adopt career planning practices.

Index Terms- Career planning, career goals, career counseling, job satisfaction, employee retention

I. INTRODUCTION

The present business markets across the globe face a lot of difficulties and confront significant choices that will likely lead to their success or failure and either ensure their survival or closure. One such choice and challenge is retention of highly talented and experienced employees in the workforce that will give an organization an opportunity to improve its performance and sustain its operations (Kundu & Lata, 2017). The demand for highly skilled, knowledgeable, motivated and experienced employees is at an all-time high. This is mainly due to effects of globalization, heightened competitiveness in the markets and well-informed customers and consumers that have a wide range of products to select from. As such, many organizations as Kurdi and Alshurideh (2020) noted, confront the test of holding onto their talented and experienced employees for long periods. At the same time, business leaders across the globe, in trying to stay at the top have come up with strategies and practices to lure talented employees and retain them for longer. Some of practices include trainings, offering staffs a good salary package, ensuring the employees work in a good environment, career progression and aligning their personal goals with organizational goals (Krishna, Rao & Datta, 2019).

Huang, Ma and Meng (2018) posit that three key practices that have been adopted by Chinese firms to retain staffs include training employees, employee engagement and participation and highly functioning work systems. Bibi, Ahmad and Majid (2018) consider the working environment and work structure as having a big influence in the retention of employees, while Jha (2019) talks of leadership style, technical and commercial training of employees and career planning and management. Shimels (2019) noted that incorporating job enrichment, job rotation, training and development as part of employee development programs improves retention rates for employees. Frequent employee loss, according to Rono and Kiptum (2017) drains the organizational assets and resources based on time and costs that is lost during the recruitment and training of new employees. Staff loss leads to variation in production rates and service delivery quality and creates losses in financial terms and other non-tangible resource outcome like reputation, growth level and smooth, seamless operations at the organization.

The role of the organizations in this season of "war for talent" is to decrease turnover for the maintenance of talented workers. The main point behind employee retention efforts is to be able to keep skillful workers from exiting the organization based on their contribution to the functioning and profitability of
the organization (Azeez, 2017). This can be done by adopting these practices training and development, leadership role, mentoring and coaching, career planning, career management, job rotation, job enrichment, promotion at workplace, career counseling and talent management. Staff retention is aimed at prevention of loss of the organizational talented staffs hence negatively affecting the production and service deliveries (Krishna, et al., 2019). Employee retention is about keeping the workers for long time within the organization and measured through annual turnover rates, employee commitment, satisfaction and happiness at the workplace.

One way of retaining employees is through having retention programmes that cover career planning. Career planning is a conscious effort to identify the career path by understanding where you are and where you are going and which path to take to reach the intended goal. Career planning involves self-assessment to know interests and passion towards different career activities, exploration of the career options at hand and selecting the best career options and thus settling on the career goal. According to Ferreira and Mujajati (2017) career planning is searching for a career path that will see an employee progress in their career life with the support, advice and counsel from leaders and managers at the workplace. Career planning aims at identifying, developing and achieving of career goals which improves employee commitment levels, reduces intentions to leave an organization, cut down on lateness and absenteeism. A clear career path and laid-out objectives motivates employees to work hard to attain the set goal.

The Kenyan insurance industry includes 61 insurance companies and employs millions of staffers to handle different tasks. The sector is guided by the 2007 Insurance Act and regulates and sets the legal framework for all sector players (AKI Industry Report, 2019). The sector has seen advancement in technologies, innovativeness, and high customer expectations and to effectively compete, the sector has focussed on staffs. The stiff competition has made insurance companies suffer the challenge of retaining its qualified and experienced staffs; make it necessary for the Kenyan insurance companies to set programs and practices to be able to retain highly skilled and talented staffs.

II. STATEMENT OF THE PROBLEM

Employees play an integral role in organizations and the functions undertaken by them cannot be undervalued especially for service-based organizations (Amdany, 2017). Looking at the Kenyan insurance industry, there has been a steady growth from 2014-2019, with the highest recorded growth at 35% which is higher than the global economic growth index that stood at 2.9% in 2019. Its overall growth rate for 2018/19 financial year was 7.03% and the industry contributes approximately 6.3% of the country’s GDP (AKI Industry Report, 2019). This growth has presented the industry players with the challenge of acquiring trained, skilled and experienced employees who can be retained for long in the industry and continue to maintain the growth level and even scale up. Since the insurance industry is service-based, it is human intensive and successful companies are differentiated by their quality of their human capital (Mwangi, 2017). The test for the industry players and company leadership is acquisition of quality manpower and maintaining high retention levels or low turnover rates. It therefore makes it needful to explore what insurance companies can do to retain their employees.

Research Objective

To determine the effect of career planning on employee retention in insurance companies in Nairobi City County, Kenya

III. LITERATURE REVIEW

Theoretical Review

Herzberg’s Two – Factor Theory

Herzberg’s two-factor theory is based on the motivation and hygiene and shows the relation that employees have towards the work environment. It also covers the job satisfaction or dissatisfaction and how it influences the employee performance. Herzberg, et al. (1959) interviewed accountants and engineers and sought information on motivating factors that led to employee satisfaction or dissatisfaction with their working conditions. The motivating factors included aspects like career advancement, recognition, increased responsibilities and opportunities and possibility of growth within the organization.

When the satisfaction needs of an employee are met, the dissatisfaction levels reduce which works to reduce bad performance. Satisfaction implies the employee is comfortable with the working conditions and hence concentrates on their work assignments resulting in high performance and productivity, while the reverse is true for dissatisfaction (Chien, 2013). The theory also considers the attitudes of the employees, with positive attitudes resulting in high performance ratings; but negativity and unfavorable attitudes make employees psychologically withdraw from the work tasks, they become unimpressed and uninterested in the work-life. But the study is biased by focusing on white-collar jobs since general workers are not affected by hygiene factors and they are likely motivated by wages, salaries, overtimes and other benefits, hence left out in this theory (Evans & Olumide-Aluko, 2010). The theory has concentrated on job enrichment and ignored the work satisfaction of the workers (Hur, 2018). But still the theory is valuable in giving directions to managers on how to structure work tasks to include means of motivating and satisfying the employees (Stello, 2011).

The theory is important in this study as it focused on satisfaction or dissatisfaction levels as predictors of loyalty or disloyalty to the organization. A satisfied employee with the working conditions is motivated and engaged to stay for longer at the organization; while dissatisfaction will be on the prowl looking for alternative working places and is likely to leave the workplace (Chien, 2013). To stem the trend of high turnover in industries, the insurance companies should facilitate a conducive working environment with motivating factors like job enrichment, career planning and guidance and capacity building of the employees through training and development. Through career planning, where the work tasks are structured in a way that employees can clearly see the career path and goals to attain to advance their careers.
IV. EMPIRICAL REVIEW

In a study done on career planning, career satisfaction and its impact on employee’s turnover intention on at commercial banks in Jordan’s capital of Amman and how career planning led to intention for turnover of employees and career satisfaction taking them mediating role Salleh, Omar, Aburumman, Mat and Almhairat (2020). The study collected data using questionnaires from 412 employees in 25 banks and after hypotheses testing, the findings revealed that career planning and satisfaction have a negative influence on turnover intention of employees. Satisfaction in careers mediated in a partial way the relations that career plans had on intent of employees to turn over.

Guan, Zhou, Ye, Jiang and Zhou (2015) conducted a study that assessed the perceptions of organizational career management and adaptabilities as predictor factors for success and turnover intention. The study concentrated on Chinese employees and joint effect of perceptive organizations management and adaptability of careers that influences career success measured in terms of high salaries and career satisfaction and turnover intention rating based on work attitudes. The study collected data from 654 Chinese employees and results indicate that career adaptability play a key role in predicting influence of salaries and intent to exit the firm. When an employee can adjust and accept their work roles and earn a good salary show a negative intention to leave the firm. The results also showed that managing and adapting to the careers negatively relate to turnover intent and hence mediated the satisfaction rates of the employees. The Chinese employees who have a higher degree of career adaptability positively correlate to perceived organizational career management and high satisfaction with their careers hence low turnover rates are realized. The study conclusions show that Chinese employees who show a higher extent of career adaptability hold an indirect effect to turnover intentions based on their career satisfaction, perceived career management and career success.

In a study on career planning and its link to succession management practices with the focus on clinicians at the Kenyatta National Hospital Kemboi (2015), the researcher noted that globalization and competitiveness have pushed employers and organizational managers to closely plan for employees careers as well as set in motion succession plans. Growth and survival of organizations is based on resources and at its core is human capital hence the need for proper plans for both the employees and the organization. As the organizations see an increased case of job mobility and global headhunting for talented employees, employment span has become short and will continue to further shorten. Hence the need for planning for careers and adopting practices for succession managing. The researcher collected data by interviewing three (3) senior employees working at Kenyatta National Hospital (KNH) and after qualitative analysis findings show that career planning practices cover support from top leaders, aligning objectives, having career centers and communicating. The succession management practices adopted at KNH include program and policies for managing succession, support from top leaders, aligning strategies and training of staffs. The study concluded that planning for careers and managing the succession process greatly influenced KNH’s performance, thus demands for conducive work environment, synergy and cohesiveness will improve performances.

In a study on career planning based on effects of career distress due to over-qualification; the study was mediated by career identity and humility of leaders Ma, Ganegoda, Chen, Jiang and Dong (2020) The focus of the study was based on perceive over-qualification and its influence on career distress and career planning and the role of career identity. The study reveals that career identity reduces career distress as well as increase career planning and over-qualification led to career distress unless there is sound and proper career planning. At the same time, leader humility can help over-qualified employees to advance their career identities. These findings are based on data collected by 220 supervisors and subordinates in 50 groups and the major findings show perceived over-qualification can positively affect the employees and the organization through career planning.

V. RESEARCH METHODOLOGY

The study used descriptive research design, which as shared by Rahi (2017) focuses on aspects of the research study like what, when, where and how of the elements. The study population included all the 61 insurance companies operating in Nairobi City County. The targeted population included 183 managers from the human resource management department, operations department.

Conceptual Framework

![Conceptual Framework](image-url)

**Figure 1: Conceptual Framework**
and finance department. Stratified sampling technique was adopted where the respondents were grouped as per department and census sampling was also deployed by covering all the insurance companies operating in Nairobi City County. The study collected primary data using structured questionnaires and the tool was deemed ideal because of collecting large volumes of data and it is cost effective and using a structured one leads to standard answers that ease the analysis process (Malhotra, Nunan & Birks, 2017). The pilot testing was done and the Cronbach alpha coefficient results confirmed that the tool was reliable and valid hence fit for use in the present study.

The instrument was self-administered and the method used was dropping and picking them later, to increase response rate for the study by not interrupting the workday of the respondents. The data was then entered into SPSS and analyzed through descriptive, multiple regression and correlation analysis. The regression model adopted was:

\[ Y = \beta_0 + \beta_1 X_1 \]

Where: \( Y \) = Employee Retention; \( \beta_0 \) = Constant (Coefficient of Independent variable) and \( X_1 \) = Career Planning

### Research Findings and Discussions

#### Response Rate

<table>
<thead>
<tr>
<th>Response</th>
<th>Frequency</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Response</td>
<td>131</td>
<td>71.5%</td>
</tr>
<tr>
<td>Non-response</td>
<td>52</td>
<td>28.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>183</strong></td>
<td><strong>99.9%</strong></td>
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Out of the 183 questionnaires administered, 131 were duly filled and returned making a response rate of 71.5%. Basing the results on the sentiments of Mugenda and Mugenda (2003) who shared that a response rate of 70% and above for any research is deemed fit enough for use. Thus, the response rate of 71.5% fit the description and shows that it is fit for use in the study.

#### Descriptive Analysis Results

<table>
<thead>
<tr>
<th>Statement</th>
<th>Mean</th>
<th>Std. Dev.</th>
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<tbody>
<tr>
<td>Managers guide junior employees on opportunities for their personal career</td>
<td>3.61</td>
<td>0.569</td>
</tr>
<tr>
<td>The employees conduct self-assessment to understand their interests/passions</td>
<td>3.91</td>
<td>0.985</td>
</tr>
<tr>
<td>HR managers align career goals of staff with the organizational goals to reduce conflicts of interests</td>
<td>3.45</td>
<td>0.674</td>
</tr>
<tr>
<td>The managers work with staff to clearly outline the ideal career path to follow</td>
<td>3.78</td>
<td>0.696</td>
</tr>
<tr>
<td>The employees work hard to achieve their career goals with the support of the leaders</td>
<td>4.17</td>
<td>0.569</td>
</tr>
<tr>
<td>Clarity in career direction improves the commitment levels of the employees</td>
<td>3.82</td>
<td>0.952</td>
</tr>
<tr>
<td>The laid-out objectives of one’s career motivates employees to stay longer in the firm to attain them</td>
<td>3.50</td>
<td>0.874</td>
</tr>
<tr>
<td><strong>Aggregate Scores</strong></td>
<td><strong>3.74</strong></td>
<td><strong>0.760</strong></td>
</tr>
</tbody>
</table>

The Table 2 shows that highest mean scores of 4.17 and standard deviation of 0.569 was on employees working hard and getting support from the managers to meet their career goals. The employees did self-assessments to understand their interest which was used to guide their career path had a mean of 3.91 and SD of 0.985. The respondents agreed that having clear in the career pathway influenced their commitment level at means of 3.82 and SD of 0.952. On the statement about outlining the ideal career path as done by both the manager and staff had average scores of 3.78 and SD of 0.696 and managers guided the junior on taking available opportunities for their career growth at means of 3.61 and SD of 0.569. The respondents shared that laid-out objectives for careers motivated them to stay for long in the firm at average scores of 3.50 and deviations of 0.874 and when human resource managers aligned the career goals of staff to firm’s goals as a way to reduce conflicting interests recorded average scores of 3.45 and deviation of the responses were a 0.674.

These findings are similar to what Guan, et al. (2015) revealed that adaptability of the careers, success in the chosen career path led to lowering the turnover intention. Ma, et al. (2020) also shared that career identity and career planning had a role in averting career distress that led to career advancement and intention rates. Furthermore, Salleh, et al. (2020) noted that career planning and satisfaction with the jobs helped reduce turnover intentions of workers. Kemboi (2015) further revealed that top leaders support and aligning personal and organizational goals helped in planning careers for staff that improved their stay at the organization.

The findings are as shared by Salleh, et al. (2020) noting that career planning and satisfaction with the jobs helped reduce turnover intentions of workers. Guan, et al. (2015) revealed that career planning influenced satisfaction levels of the staff and improved on employee retention rates. Kemboi (2015) further revealed that top leaders support and aligning personal and organizational goals helped in planning careers for staff that improved their stay at the organization. When managers set career paths and succession plans, it improved intention to stay for longer at the organization.
The annual turnover rate is low at the firm
I have stayed in the firm to service my long contract
I am satisfied with my job(tasks/assignments)
My needs are met at the workplace which makes me stay
My work is challenging which motivates me to stay
My work is valued by the company which makes me stay.
The working environment is good which encourages me to stay for long

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<th>Statement</th>
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</thead>
<tbody>
<tr>
<td>The annual turnover rate is low at the firm</td>
<td>3.88</td>
<td>0.834</td>
</tr>
<tr>
<td>I have stayed in the firm to service my long contract</td>
<td>4.09</td>
<td>1.011</td>
</tr>
<tr>
<td>I am satisfied with my job(tasks/assignments)</td>
<td>3.94</td>
<td>1.034</td>
</tr>
<tr>
<td>My needs are met at the workplace which makes me stay</td>
<td>3.55</td>
<td>1.011</td>
</tr>
<tr>
<td>My work is challenging which motivates me to stay</td>
<td>3.89</td>
<td>0.946</td>
</tr>
<tr>
<td>My work is valued by the company which makes me stay.</td>
<td>3.94</td>
<td>0.776</td>
</tr>
<tr>
<td>The working environment is good which encourages me to stay for long</td>
<td>3.61</td>
<td>0.865</td>
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Aggregate Scores

<table>
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<tr>
<th>Statement</th>
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</table>

The results showed that the highest mean scores of 4.09 and deviations of 1.011. On value of the work, the respondents agreed with means of 3.94 and SD of 0.776 and there was satisfaction with assigned tasks at means of 3.94 and responses varied at 1.034. The respondents agreed that the employee retention was based on challenging work that motivates one to stay with average score of 3.89 and variations of 0.946 and overall the insurance company recorded low turnover rates at mean of 3.88 and standard deviation of 0.834. The good work environment encouraged longer stays was agreed by the respondents with mean scores of 3.61 and SD of 0.865 and met needs at the workplace accounted for means of 3.55 and standard deviation of 1.199.

The findings are echoed by Baharin and Hanafi (2018) noting that organizations must have in place retention mechanisms in an effort to retain its most effective employees. Similarly, Krishna, et al. (2019) revealed that retention is important to ensure that production and service delivery is maintained at the firm and Muriithi (2020) agree that retention helps in adding value to the firm and sustaining improved performance outcomes by also reducing production and variation in quality of service delivered. Rono and Kiptum (2017) discourage against frequent loss that drains the assets of the firm and leads to loss, hence need for retention mechanisms.
The results indicate that when all factors are held constant, employee retention will be at 5.742. Career planning had the big effect on employee performance ($\beta = 0.637$) and the significance was positive due to p-values being less than the standard set ($p < 0.05$). Just as Kemboi (2015) revealed that career planning and managing of the succession planning through support of leaders and aligning strategies greatly influenced performance.

VI. CONCLUSIONS

The study concluded that career planning positively influenced the employee retention rates in the insurance companies in Nairobi City County. The respondents agreed to the fact that career planning involved clarity in career direction, path and objectives, the leadership support and guidance and aligning the organizational and personal goals that helped in attracting and retaining high number of staffs in the insurance companies. The respondents confirmed to using self-assessment to understand their interests and choose the ideal career path and getting opportunities to advance in their career path and its growth, which led to high employee retention rates in the insurance companies in Nairobi City County.

VII. RECOMMENDATIONS

The implication from the findings and conclusions made is such that career planning influenced the employee retention rate in the insurance companies in Nairobi City County. The study thus recommends that the insurance companies adopt career planning since it influenced and is the reason for high employee retention in the companies. The article recommends that the management in the insurance companies to develop policies and regulations that improve on the elements of career planning. The policies set will help in designing and formulating programs that will motivate the employees and improve the retention rates. The industry players must work together to attract experienced and staff with expertise knowledge and skills and encourage high retention rates.

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