

# Effect of Leadership Development Activities on Employee Retention in Kenyan Multinational Enterprises: A Case Study of Unilever Kenya Ltd

Ms. Irene Mugo\*, Dr. S.O Wekesa\*\*

\* Jomo Kenyatta University of Agriculture and Technology (JKUAT)

DOI: 10.29322/IJSRP.8.11.2018.p8362

<http://dx.doi.org/10.29322/IJSRP.8.11.2018.p8362>

**Abstract-**The study focused on the effect of leadership development activities on employee retention in multinationals with special reference to Unilever Kenya Limited. The specific objectives were: to investigate the effect of coaching on employee retention at Unilever Kenya Ltd; to find out how personal development planning affect employee retention at Unilever Kenya Ltd; to determine the effect of action learning on employee retention at Unilever Kenya Ltd; to establish the impact of international assignments on employee retention at Unilever Kenya Ltd. The study was anchored on three theories: Herzberg theory, human capital theory and expectancy theory. The study employed a descriptive design that described characteristics of a population under study and causal research design was employed to determine the effect of leadership development activities on employee retention. From the findings, coaching ( $\beta=0.248$ ,  $p=0.001<0.05$ ) had positive and significant effect on employee retention. Personal development planning ( $\beta=0.115$ ,  $p=0.010<0.05$ ) had a positive and significant influence on employee retention among Multinational enterprises. Action learning ( $\beta=0.354$ ,  $p=0.001<0.05$ ) had direct and significant effect on employee retention among Multinational enterprises. International assignments ( $\beta=0.014$ ,  $p=0.013<0.05$ ) had direct and significant influence on employee retention among Multinational enterprises. The study concludes that coaching has influence on employee retention at Unilever Kenya Ltd. Personal development planning has influence on employee retention at Unilever Kenya Ltd. Action learning has influence on employee retention at Unilever Kenya Ltd. International assignments have significant influence on employee retention at Unilever Kenya Ltd. The study recommends that all Multinational enterprises in Kenya should increase in investment in leadership development activities in order to retain employees.

**Index Terms-** Coaching, development, leadership, multinationals and retention

## I. INTRODUCTION

Leadership development is the process of changing an organization, its employees, its stakeholders, and groups of people within it, using planned and unplanned learning in order to achieve and maintain a competitive advantage for the organization (Jehanzeb & Bashir, 2013). As businesses continually apply new technologies, new business growth models, and new market strategies, the workforce 's up-skilling becomes constant and continuous. Understanding strategies to talent retention and development can help foreign companies to be successful especially those operating in the African marketplace. Leadership is to the twenty first century what management was to the twentieth (Joel, 2016). As more research and training programs are conducted that address leadership, it becomes imperative for professionals to continually redefine and expand their understanding of leadership.

Leaders' capacity is mission-critical in many organizations today. However, the business challenge is a struggle for most of them. Part of the reason is that current leadership development activities fail to create employee ownership and do not necessarily retain talented employees, and many senior leaders have little confidence in their organization's leadership development programs (Joel, 2016).

On the process perspective, talent management includes recruiting, developing and retaining people within the organization. In the whole process, Björkman, Ehrnrooth, Mäkelä, Smale and Sumelius (2013) claim the retention as the final struggle of the talent war, aiming to take measures to encourage employees to remain in the organization for the maximum period of time. Talent leaving is harmful to a company's productivity because costs of attrition are high.

Retention of staff is a major component of talent management and an organization's retention strategy needs to have information why people leave the organization. As organizations continue to pursue high performance and improved results through development, they are taking a holistic approach to leadership development (Njoroge, 2012). Employee retention is a voluntary move by an organisation to create an environment which engages employees for long term (Vasquez, 2014). Or rather it is an obligation to continue to do business or exchange with a particular organization on an ongoing basis. Retention is customer liking, identification, commitment, trust, readiness to recommend, and repurchase intentions, with the first four being emotional-cognitive retention constructs, and the last two being behavioral intentions. According to Aguenza and Som (2012) retention is driven by several key factors, such as

organizational culture, strategy, pay and benefits philosophy and career development systems. Leadership development activities are a crucial tool in building and retaining new knowledge, skills, and abilities of talented employees. Leadership development activities are defined as demanding assignments that expand the capacity of employees to perform leadership roles in the future (Björkman & Mäkelä, 2013). These activities are typically novel and challenging, associated with problems to overcome, difficult decisions to be made and conflicts to be solved (Van Velsor, McCauley & Ruderman, 2010). Leadership development activities involve a variety of developmental undertakings such as international assignments, cross-national mentors, global rotational programs, and involvement in global teams (Beechler & Javidan, 2007).

The importance of leadership development activities has been widely acknowledged by both scholars and practitioners (Altman & Shortland, 2008). Studies have investigated perceptions of employees regarding developmental activities (Kuvaas, 2008). Yet, there is a clear distinction between intended (that is, the activities formulated by HR managers and senior management) and implemented (that is, as experienced by the employees) developmental activities. Experienced business leaders who are capable of running global organizations are in demand around the globe. There is a need to strike the right balance between an emphasis on performance (involving expectations of consistently high quality execution) and development (involving exposure to challenging new learning experiences). One example of an integrated approach for leadership development has been proposed by the Centre for Creative Leadership (CCL). The 70-20-10 rule for leadership development focuses on how executives learn, grow and change over the course of their careers. CCL found that effective development happened when 70% of the development strategy was devoted to challenging assignments, 20% to developmental relationships and 10% to coursework and training. While this model will not apply to all businesses, it is helpful to think about tailoring leadership strategies to the business context. The implementation of a coherent leadership strategy is crucial to the development of a robust leadership pipeline. Employees, directors, and shareholders must hold management teams accountable for developing future leaders internally if the company is going to excel in this capacity (Bush, 2012).

This study is basically about how the various leadership development activities influence employee retention in multinationals. Unilever Kenya is a multinational with operations in many countries in the world. The data presented was collected by issuing of questionnaires to 139 respondents. The objective of the study is to provide basis for validation of the leadership activities in multinational enterprises in Kenya.

## II. STATEMENT OF THE PROBLEM

One key issue that many organizations wrestle with is whether high-potential employees regard leadership development practices as a benefit to their career and promotion opportunities. Another issue of concern for many organizations is whether high-potential employees respond to leadership development practices with positive attitudes and essential loyalty to the organization. Organizations spend millions of shillings investing in their top performers with the aim of motivating them to have a lasting employment relationship with them. As such, there is need to establish whether employees undergoing various leadership activities like coaching, international assignment, personal development planning and action learning stay longer in the organization or employees view leadership activities like any other HR processes (Björkman *et al.*, 2013; Chami-Malaeb & Garavan, 2013). This study investigated how leadership development activities affect employee retention in Multinationals in Kenya and limited itself to coaching, personal development planning, action learning and international assignments.

## III. OBJECTIVES OF THE STUDY

The general objective of the study was to establish the influence of leadership development activities on employee retention in multinationals in Kenya a case of Unilever Kenya Limited.

The specific objectives include;

- (i) To establish the influence of coaching on employee retention at Unilever Kenya Ltd.
- (ii) To assess the influence of personal development on employee retention at Unilever Kenya Ltd.
- (iii) To determine the influence of action learning on employee retention at Unilever Kenya Ltd.
- (iv) To establish the influence of international assignments on employee retention at Unilever Kenya Ltd.

#### IV. RESEARCH QUESTIONS

The study was guided by the following research questions;

- (i) How does coaching influence employee retention at Unilever Kenya Ltd?
- (ii) What is the influence of personal development planning on employee retention at Unilever Kenya Ltd?
- (iii) To what extent does action learning influence employee retention at Unilever Kenya Ltd?
- (iv) How do international assignments influence employee retention at Unilever Kenya Ltd?

#### V. METHODOLOGY

The study employed both descriptive and causal research designs. Descriptive designs are used in preliminary studies to allow researchers to gather information, summarize, present and interpret for the purpose of clarification (Orodho, 2004).

The target population comprised of all the employees in Unilever Kenya which totaled to 560. The employees in Unilever were further divided into management staff and non-management staff. The interest in this population was driven by the fact that Unilever was seen as a great organization in which employees were developed and given some of the best opportunities and as such most companies in Kenya were known to poach talent from the organization. The study adopted two sampling techniques, stratified sampling technique and simple random sampling. In stratified sampling technique, the population was grouped into strata which was in terms of senior, middle level and junior staff at the Unilever Kenya Limited. Grouping respondents into strata ensured that respondents of homogenous attributes are researched by the study (Yin, 2013).

The study used primary data for analysis. Primary data was obtained by the use of a structured questionnaire. Descriptive statistics were used to analyze the quantitative data where frequency counts, means and percentages were computed. Multiple Regression was computed to test for significance of relationships among the independent variables (Coaching; Personal development planning; Action Learning and International Assignments) and the dependent variable (Employee Retention). The study findings were presented in tables and figures.

#### VI. RESULTS AND DISCUSSION

During data collection, 139 questionnaires were prepared and distributed to respondents by the researcher. However, 104 questionnaires were fully filled and returned to the researcher. This gave a response rate of 74.8%. According to Babbie (2010), a response rate of over 70% is sufficient for presentation of the findings. Hence, a reliable response rate supported the current study.

From the findings, most of the respondents 51% were male while 49% were female. Because there was significant difference between the male and the female respondents, it can be deduced that gender equality was enhanced in the study hence balanced opinions were sought from respondents.

Majority of respondents 37.5% were middle managers, 33.7% were senior managers while 28.8% were junior staff. Since most of the respondents were in managerial positions, it can be concluded that they had relevant information in regard to how leadership development activities affected employee retention in multinationals in Kenya a case of Unilever Kenya Limited.

Majority of respondents 39.4% had worked in the organization for 10-15 years, 33.7% for 5-10 years, 16.3% for 0-5 years and 10.6% for over 15 years. Since majority of the respondents have been in the studied organization for a relatively longer period of time, it can be concluded that they were knowledgeable and informed on the study. Moreover, the findings indicate that majority of respondents 84.6% had bachelors' degrees, 10.6% had master's degrees while 4.8% had diplomas. Thus, respondents were learnt and therefore effectively read and interpreted research questions as sought by the study.

##### i). Coaching

The study wanted to find out from the respondents the extent to which coaching influences employee retention in Kenya MNCs. Coaching was an important technique to improve performance with mean of 3.82 and standard deviation of 1.06. Coaches communicated the changes that needed improvement with mean of 3.83 and standard deviation of 0.893. Coaching improved individual outcomes leading to higher retention rate with a mean of 4.05 and standard deviation of 0.824.

**Table 1. Coaching**

Statement	Mean	Std. Dev
Coaching is an important technique to improve performance	3.82	1.06
Coaches communicate the changes that need improvement	3.83	.893
Coaching improves individual outcomes leading to higher retention rate	4.05	.824
Coach networks helps staff gain expertise knowledge	3.64	.763
Coaching creates role models that leads to retaining staff at Unilever	3.67	.743

Coaching influenced employee retention to a large extent (76.9%). According to Gormley (2014), executive coaching is valuable in helping leaders make sense of their assessment data, putting together an actionable development plan, implementing the plan and providing support and follow-up assessment of behavioral change

Qualitative analysis was done where recurring themes or patterns were identified. Respondents were requested to indicate some of the benefits they got from coaching. From respondents, respondents said that coaching sharpened their skills, enhanced their personal development and resulted into learning. Majority of the respondents reported that coaching improved their individual performance besides helping them to identify work related challenges and solutions. To some respondents, coaching grew their expertise resulting into retention while at the same time strengthening employer brand.

The study sought further to determine whether respondents would still consider leaving Unilever after undergoing the coaching program. Respondents offered different views but majority of them would not be willing to leave. For some respondents who said they would leave, it was established that this would only be backed by availability of opportunities for growth. Other respondents would consider leaving Unilever only when the company runs out of opportunities to accommodate development. Some other respondents would stills consider leaving Unilever once they were fully satisfied with contribution to company.

**Table 2. Extent of Influence of Coaching on Employee Retention**

	Frequency	Percentage
Not at all	2	1.9
Little Extent	6	5.8
Moderate Extent	16	15.4
Large Extent	80	76.9
<b>Total</b>	<b>104</b>	<b>100.0</b>

Qualitative analysis was done where recurring themes or patterns were identified. Respondents were requested to indicate some of the benefits they got from coaching. From respondents, respondents said that coaching sharpened their skills, enhanced their personal development and resulted into learning. Majority of the respondents reported that coaching improved their individual performance besides helping them to identify work related challenges and solutions. To some respondents, coaching grew their expertise resulting into retention while at the same time strengthening employer brand.

ii) Personal Development Planning

**Table 3. Personal Development Planning**

Statement	Mean	Std. Dev
Our personal development planning tool assesses staff competences at Unilever	3.82	.688
The personal development planning is used by staff for decision making	3.67	.743
Our individual training program reflects personal development planning	3.65	.952
Our personal development planning serves a motivational factor	3.83	.371
The personal development planning provide feedback on what interest's staff at Unilever	3.63	.474
Personal development of employees plays a big role in motivating them to stay	3.67	.743
Our personal development planning aides in making behavioural changes	3.70	1.25

Personal Development Planning tool assessed staff' competences at Unilever with mean of 3.82 and standard deviation of 0.688. Personal development planning was used by staff for decision making with mean of 3.67 and standard deviation of 0.743. The

individual training program reflected personal development planning with mean of 3.65 and standard deviation of 0.952. The personal development planning served as a motivational factor with a mean of 3.83 and standard deviation of 0.371. The personal development planning provided feedback on what interested staff at Unilever with mean of 3.63 and standard deviation of 0.474. Personal development of employees played a big role in motivating them to stay with mean of 3.67 and standard deviation of 0.743. The personal development planning aided in making behavioral changes with a mean of 3.70 and standard deviation of 1.25.

The study sought to find out the extent which personal development planning affected employee retention.

**Table 4. Extent of Influence of Personal Development Planning on Employee Retention**

	Frequency	Percentage
Not at all	1	1.0
Little Extent	3	2.9
Moderate Extent	18	17.3
Large Extent	80	76.9
Very Large Extent	2	1.9
<b>Total</b>	<b>104</b>	<b>100.0</b>

The findings generally indicate that personal development affected employee retention to a large extent (76.9%). The findings are consisted with those in Table 4.5 where all means were over 3.5 implying that respondents agreed that personal development planning influenced employee retention. Garg (2014) indicated that personal development of employees plays a big role in motivating them to work and achieve organizational goals.

Thematic analysis was done where recurring themes or patterns were identified. The study sought to investigate whether respondents were comfortable with the personal development planning at Unilever, and why they felt so. Most of the respondents were satisfied and therefore comfortable with personal development planning at Unilever on the basis that the framework and career path was clear and flexible to accommodate what they endeavored to achieve. Other respondents however were not comfortable with personal development at Unilever because of the fact that the action outlined in the development plan were not always followed throughout and implemented by both the individual and the company.

iii) Action Learning

**Table 5 Action Learning**

Statement	Mean	Std. Dev
Through action learning executives of Unilever share their experiences	3.83	.371
Action learning combines work tasks with learning components is popular at Unilever	3.80	1.11
At Unilever we work in groups to gain special skills from each other	3.75	1.06
Action learning has made staff more sensitivity to others	3.99	.818
Our intellectual curiosity has been stimulated	3.86	.941
Action learning approach helps staff develop competences as they get to leadership roles	3.83	.361
The process builds upon each person's independence as they gain experience	3.60	1.11

Through action learning executives of Unilever shared their experiences with mean of 3.83 and standard deviation of 0.371. Action learning combined work tasks with learning components popular at Unilever with mean of 3.80 and standard deviation of 1.11. At Unilever, respondents worked in groups to gain special skills from each other with mean of 3.75 and standard deviation of 1.06. Action learning had made staff more sensitivity to others with mean of 3.99 and standard deviation of 0.818. The intellectual curiosity of respondents had been stimulated with mean of 3.86 and standard deviation of 0.941. Action learning approach helped staff develop competences as they got to leadership roles with mean of 3.83 and standard deviation of 0.361.

The study assessed the extent which action learning affected employee retention at Unilever Kenya Limited.

**Table 6 Extent of Influence of Action Learning on Employee Retention**

	Frequency	Percentage
Not at all	2	1.9

Little Extent	18	17.3
Moderate Extent	1	1.0
Large Extent	82	78.8
Very Large Extent	1	1.0
<b>Total</b>	<b>104</b>	<b>100.0</b>

Action learning influenced employee retention to a large extent (78.8%). Joel (2016) noted that action learning has quickly emerged as one of the most powerful and effective tools employed by organizations worldwide to develop and build their leaders.

The study investigated the challenges encountered in working as a group so as to bring special skills and competences. From the findings, majority of respondents cited different geographical locations and insufficient commitment from all group members. It was further established that individual priorities overshadowed group responsibilities and this was driven by individual assessment. There were also no group performance management criteria. When it came to teaming up together, the study sought to determine whether everyone shared their individual experiences within the team freely and why. From the findings, most of the respondents agreed suggesting that most group members worked in projects with clear objectives.

iv) Internal Assignments

The findings on how international assignments affected employee retention

**Table 7. Internal Assignments**

<b>Statement</b>	<b>Mean</b>	<b>Std. Dev</b>
International assignments are a means to transferring knowledge at Unilever	4.17	1.06
International assignments are used by Unilever for leadership development.	3.69	1.12
The assignments are meant for socialization of both expatriate with local staff	4.15	.693
International assignments help in integrating corporate cultures of staff	3.66	1.60
Sharing knowledge amongst staff acts a motivation for Unilever employees	4.01	.824
International assignments help in individual career advancement making them stay	3.76	1.38
Employees with international experience are retained at Unilever	3.74	1.37

The findings suggests that international assignments were a means to transferring knowledge at Unilever with mean of 4.17 and standard deviation of 1.06. International assignments were used by Unilever for leadership development with a mean of 3.69 and standard deviation of 1.12. The assignments were meant for socialization of both expatriate with local staff with mean 4.15 and 0.693. International assignments helped in integrating corporate cultures of staff 3.66 and standard deviation 1.60. Sharing knowledge amongst staff acted a motivation for Unilever employees with a mean of 4.01 and standard deviation of 0.824. International assignments helped in individual career advancement making them stay with mean of 3.76 and standard deviation 1.38. Employees with international experience were retained at Unilever with mean of 3.74 and standard deviation of 1.37.

The findings on the extent which international assignments affected employee retention

**Table 8. Extent of Influence of International Assignments on Employee Retention**

	<b>Frequency</b>	<b>Percentage</b>
Not at all	7	6.7
Moderate Extent	3	2.9
Large Extent	81	77.9
Very Large Extent	13	12.5
<b>Total</b>	<b>104</b>	<b>100.0</b>

International assignments influenced employee retention among Multinational enterprises by a large extent (77.9%). Collings (2014) state that one of the greatest changes to global staffing practices over the past two decades has been the dramatic rise of international assignments as a means to transfer knowledge where it needs to go.

The study examined the international assignments that respondents had undertaken. From the findings, several respondents had undertaken international assignments. One respondent cited an international assignment in Vietnam while another respondent gave an international assignment attended in Egypt. It was noted that during the international assignment in Egypt, respondents were learnt about pre-sale model which was latter rolled out in Kenya. Other respondents attended leadership development international assignments that enhanced their leadership skills and abilities. Respondents were asked whether they were satisfied with the international assignment. Majority of respondents were indeed satisfied since most of the assignments according to respondents were in line with their roles and even broadened their knowledge on route to market (RTM). A vast majority of respondents were happy with assignments and therefore welcomed many more of such assignments. Respondents were further asked to indicate whether they were contemplating leaving Unilever, in the next 2 years. From the findings, most of the respondents would not consider leaving Unilever on ground that they would like to impact on people, the public and East Africa as a whole. Some other respondents noted that if such an opportunity presented itself, then they would leave.

## VII. CONCLUSION

The study concludes that coaching has significant influence on employee retention. Coaching influenced employee retention to a large extent. Coaching improved individual outcomes leading to higher retention rate. The study also concludes that personal development planning has significant effect on employee retention. Personal development affected employee retention to a large extent. The personal development planning served as a motivational factor. Personal development planning tool assessed staff' competences at Unilever. The personal development planning aided in making behavioral changes. The study further concludes that action learning has significant influence on employee retention. Action learning influenced employee retention to a large extent. Action learning made staff more sensitive to others. The intellectual curiosity of respondents had been stimulated. The study concludes that international assignments had significant effect on employee retention. International assignments influenced employee retention to a large extent. International assignments were a means to transferring knowledge at Unilever. The assignments were meant for socialization of both expatriate with local staff. Sharing knowledge amongst staff acted a motivation for Unilever employees. Since coaching, action learning, personal development planning and international assignments had positive and significant effect on employee retention, the study recommends that all Multinational enterprises in Kenya should increase in investment in the activities in order to retain employees.

## REFERENCES

- [1] Aguenza, B. B., & Som, A. P. M. (2012). Motivational factors of employee retention and engagement in organizations. *International journal of advances in management and economics*, 1(6), 88-95.
- [2] Bush, T. (2012). International perspectives on leadership development: making a difference. *Professional development in education*, 38(4), 663-678.
- [3] Björkman, I., Ehrnrooth, M., Mäkelä, K., Smale, A., & Sumelius, J. (2013). Talent or not? Employee reactions to talent identification. *Human Resource Management*, 52(2), 195-214.
- [4] Jehanzeb, K., & Bashir, N. A. (2013). Training and development program and its benefits to employee and organization: A conceptual study. *Training and Development*, 5(2), 40-43.
- [5] Joel, M. N. (2016). *Effect of Strategic Leadership on the Performance of Commercial Banks in Kenya* (Doctoral Dissertation, School of Business, University of Nairobi).
- [6] Njoroge, N. W. (2012). *Talent management practices in commercial state corporations in Kenya* (Doctoral dissertation).

## AUTHORS

**First Author** – Mugo Irene, MSc, Jomo Kenyatta University of Agriculture and Technology, [imkera9@gmail.com](mailto:imkera9@gmail.com)

**Second Author** – Dr. Susan Wekesa, Doctorate, Jomo Kenyatta University of Agriculture and Technology