INTERNAL COMMUNICATION AND EMPLOYEE RETENTION OF ENTEBBE HANDLING SERVICES LTD

BY

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A RESEARCH PROPOSAL SUBMITTED TO THE COLLEGE OF BUSINESS AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELORS' OF HUMAN RESOURCE MANAGEMENT DEGREE OF KAMPALA INTERNATIONAL UNIVERSITY

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DECLARATION

I, Kabonero Balam declare that this research report is my original work, as far as I am aware it has never been submitted to any University or other institution of higher learning for the award of a degree or any other academic award.

Signature: .... Date: 17th /. Feb /. 2015

APPROVAL

This is to acknowledge that this research report has been under my supervision as a university supervisor and is now ready for submission.

....17./.02./...15....

Supervisor 1: Mr. Mwesigye Jimmy   **Date**

DEDICATION

This work is dedicated to my family together with my relatives and friends for their support, care, motivation and inspirations rendered to me. Thank you so much.

ACKNOWLEDGEMENT

My sincere gratitude is accorded to the Almighty God for the gift of life that He gave me throughout my studies.

I am deeply indebted to my research supervisor, Mr. Mwesigye Jimmy for his patience with my inadequacies as he guided me through the research. Without their parental and professional input, this research would have been difficult to elevate to its current level.

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I also acknowledge the authors whose works have been referenced in this study.

I would like to deeply thank all my lecturers at the College of Business Management of Kampala International University. They adequately guided and equipped me with both theoretical and practical skills. I would also like to acknowledge the contribution of my colleagues from whom I enjoyed fruitful discussions on challenging topics.

Lastly, I appreciate my parents for both the financial and emotion support they accorded during the course of my studies. May God reward them abundantly.

LIST OF ABBREVIATIONS

ENHAS   Entebbe Handling Services Ltd

SPSS   Statistical Package for Social Scientists

SMCR   source – message – channel – receiver or the

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ABSTRACT

This study investigated internal communication and employee retention at ENHAS. The following objectives guided the study: i) to determine the effectiveness of internal communication at Entebbe Handling Services Limited; ii)to establish the level of employee retention at Entebbe Handling Services limited; and iii)to find out the relationship between internal communication and employee retention at Entebbe Handling Services limited.

The study used descriptive survey design with a target population of 260 participants. Krejcie and Morgan's (1970) table was used to determine the sample size of 155 respondents from among the supervisory and support staff of ENHAS. Data was collected using questionnaires and analyzed using graphs, frequency and percentages tables. Pearson Correlation Coefficients was used to determine the relationship between internal communication and employee retention at ENHAS.

The study established that there was ineffectiveness of internal communication at ENHAS. There were also poor conditions to encourage employee retention at ENHAS. Furthermore, there was a correlation between internal communication and employee retention (r=.023, p<.05).

The study concluded that internal communication in regard to supervisory climate and communication climate is not effective at ENHAS and that there were no career development opportunities in the organization since there was poor compensation mechanism making employees not to be committed to the organization. The study recommended that there was need to improve the communication climate at ENHAS which would help make employees satisfied with the amount of information they receive concerning the department they belong to. Furthermore, it was recommended that there was need for management to establish leadership development program within the organization. This would help supervisors to often take interest in the successes of their subordinates.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Internal communication has been of great concern among communication scholars for over 50 years, dating roughly from 1956 to the present. The research has changed through the years from an emphasis on what communication methods motivate employees to be more productive to how effective communication can influence employee satisfaction (Tompkins & Thibault-Wanca, 2001). Miller (2006) has defined the history of communication in three different approaches. Classical, human relations and human resources approaches. The classical approach was created in the early 20th century and characterized communication from managers to subordinates where the purpose was mainly to give information related to one's job with the aim of increasing efficiency and productivity through systems and structure. The communication method used was primarily written or oral instructions and mostly related to peoples' work. This approach was created with early 20th century organizations' period of time in mind when organizations were mostly industrialized factories. From the late 1930s through the 1960s, theorists began to draw attention to individual needs of employees, social interaction and individual achievement (Miller, 2006).

Theorists like Abraham Maslow (1943) and Frederick Herzberg (1959) represented the human relations approach. The human relations approach illustrates communication between people about both work and social topics. The third approach, that is, the human resources approach indicates what we are most familiar with today, which are individual needs or "putting people first". Today, human resource theorists are not only aware that individual needs and social interactions are essential, they are also aware that employees are the organization's most important resource and an essential resource in order to reach organizational objectives and future goals. Thus, it is concluded that although the emphasis has changed through the years, internal communication has always been linked to organizational profit and growth.

The landscape of the 21st century has changed and forced organizations to shift their focus from purely financial issues to a realization that their employees are their most important resources and therefore create the most profit (Grönfeldt & Strother, 2006). The competitive environment

is also changing and organizations need to adapt more quickly to those changes where communication has a key role to play (Dunmore, 2002). However, through the years, organizations have aimed at external communication, public relations and marketing activities where the aim has been to enhance organizational identity and image. Recently, boundaries between external and internal communication have slowly been disappearing where managers have begun to emphasize that the information they send to outside audiences is consistent and in line with their other organizational activities (2008). Effective communication is one of the organizational key aspects since employees play a huge role in organizational success (Gray & Laidlaw, 2004) and can influence numerous factors, which concern organizational overall operation and competence. One of those factors is employee retention. Effective internal communication can lead to higher employee retention, which can result in competitive advantages for the organization. Furthermore, Anderson and Martin (1995) maintain that even though internal communications provide people with important information regarding the organization and their job, people want more. People seek communication with other people to fulfill their interpersonal needs in order to make them feel a part of the organization.

Employee retention, especially of key employees, is a key challenge in organizations today. On the one hand, by being highly skilled, key employees tend to require more effort from organizations in answering their high-level needs in order to feel motivated to stay in the company. On the other hand, the company's failure in meeting their most important needs could result in loosing them, as a competitive source, to competitors. Such challenging situation becomes even more critical given the shortage of knowledge workers and the increasing mobility of people in the labour market. In fact, recent studies indicated that many large companies have already been affected by a chronic shortage of key employees (Hiltrop, 2009).

While significant changes have marked the business landscape, the retention of the right people is just as relevant as before. However, nowadays, the margin between success and failure is significantly thin. Companies are facing a new situation when they are expected to deliver business results on a much tighter budget. This means that the departure of an employee with key competencies can have significant impact on financial results which have been watched by investors more closely than before.

Recent theoretical studies in business strategy have reinforced the importance of human resources in generating competitive advantage (Becker & Gerhart, 2006). Key employees are valuable resources for firms since they enable it with the capability of becoming productive and adaptable (Jackson & Schuler, 2005). Moreover, key employees are hard to be replaced. Firms tend to face difficulties of keeping competitive advantage in short run when substituting workers with maximized human impact on systematization of work (Barney & Wright, 2008). However, although human resources can be source of competitive advantage, firms are still at risk of not obtaining that. One problem faced by firms that relates to the inimitability of human resources is the idea that they are highly mobile (Wright et al 1994). Due to that, instead of being imitated by competing firms, they can simply be hired. This study will be carried out at ENHAS to establish the effectiveness of internal communication in retaining employees.

1.2 Problem Statement

In the recent past, ENHAS has experienced frequent staff movements from certain key departments to competing companies. Over the last three years, the overall organization turnover has been 4.91%, 7.38% and 3.72% in 2012,2013 and 2014 respectively. Although the overall turnover decreased in 2014, the departments that have consistently shown high turnover over the last three years are Finance & administration, Airfreight and Quality with the average turnover being above 12% (ENHAS, News Bulletin 2014). These staff movements from different departments have triggered the need for a fact finding mission to determine the perceived reasons for the turnover and suggest workable alternatives to counter these problems. This study therefore sought to bridge this gap in knowledge by studying the factors influencing employee turnover in ENHAS and to specifically establish if internal communication is one of the factors.

1.2 General Objective

To establish the impact of internal communication on employee retention at Entebbe Handling Services limited.

1.3 Specific Objectives

i.   To determine the effectiveness of internal communication at Entebbe Handling Services Limited.

ii. To establish the level of employee retention at Entebbe Handling Services limited.

iii. To find out the relationship between internal communication and employee retention at Entebbe Handling Services limited.

1.4 Research Questions

i. How effective are internal communication practices at Entebbe Handling Services Limited?

ii. What is the level of employee retention at Entebbe Handling Services limited?

iii. What is the relationship between internal communication and employee retention at Entebbe Handling Services limited?

1.5 Hypothesis

There is no relationship between internal communication and employee retention at Entebbe Handling Services limited.

1.6 Scope of the Study

1.6.1 Geographical Scope

This study was carried out at Entebbe International Air Port within the ENHAS department.

1.6.2 Content Scope

In this study, internal communication (the independent variable) was measured using communication climate, personal feedback and supervisory communication while employee retention (dependent variable) was measured using job flexibility, career development opportunities, compensation and organizational commitment.

1.6.3 Time Scope

This study took a period of 3 months, that is, from December 2014 to February 2015. This period was instrumental in helping the researcher conceptualize the research topic, write the proposal, design appropriate research instruments, collect data and write the final dissertation.

1.7 Significance of the Study

It is hoped that the results of this study will provide information related to the current status of employees intention to leave the organization, which has been suggested as a precursor to actual leaving behavior. Enhanced knowledge may help managers intervene to increase job satisfaction, as well as to minimize turnover intention and actual turnover in their departments.

The current research study may yield important information about the root causes of voluntary turnover. The study will help shed insight as to how the company can reduce the direct and indirect costs associated with employee turnover. Reduction in turnover could translate into increased client satisfaction, better use of financial resources in leadership development, reduced costs in recruiting and retraining, and overall improved morale. The results will help to highlight areas where the organization could be failing from the employees' point of view.

The study will be useful to employers in terms of implementing aligned authority-employee communication channels such that there are mutual and supportive communication channels to reduce dissatisfactions and stress that in most cases leads to turnover.

Furthermore, the study will generates interest from the wider perspective of communication practices and is of particular interest to those concerned with employee retention in ENHAS. The findings of this study will help to provide a foundational basis for the work in the area of developing appropriate communication practices as measures to address staff turnover so as to enhance employee retention in ENHAS.

This study will also shed some light as to the areas where competitors are doing better in terms of attracting and luring employees away from their current posts and might provide potential solutions to help the organization in crafting retention strategies so as to enable it retain key employees or positions.

The study findings will provide a platform upon which scholars and researchers can stand to focus and conduct other studies on the dynamics of employees in the logistics industry and other related sectors.

1.8 Conceptual Framework

Figure 1: Showing The Relationship Between Internal Communication and Employee Retention At ENHAS

Independent Variable

Dependent Variable

Internal Communication

- Communication climate
- Personal Feedback
- Supervisory Communication

Employee Retention

- Job flexibility
- Career development opportunities
- Compensation
- Organizational commitment

Intervening Variable

- Employee motivation
- Organizational culture
- Management style
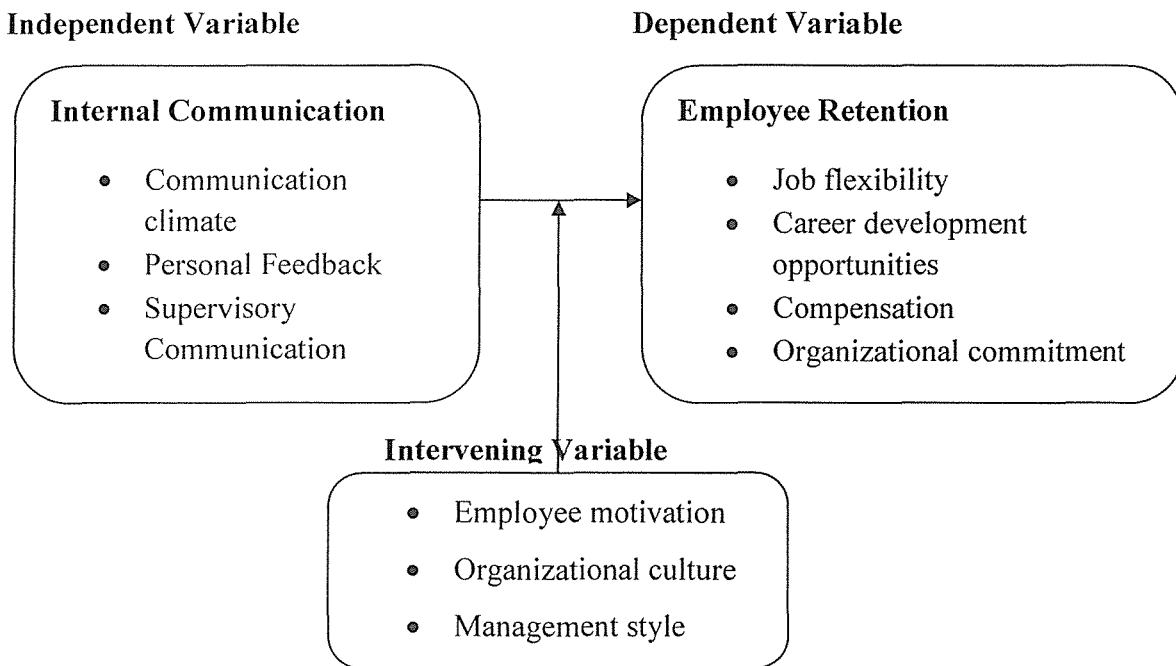
Source: Downs & Hazen (1977).

The independent variable (internal communication) was measured using communication climate, personal feedback and supervisory communication while the dependent variable (employee retention) was measured using job flexibility, career development, compensation and organizational commitment. The relationship between the two variables is that poor communication climate, bad personal feedback and low level of supervisory communication can affect employee retention in terms of job flexibility, career development opportunities, or organizational commitment. However lack of employee motivation, bad organizational culture and unfriendly management style (intervening variable) can as well affect employee retention negatively.

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CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

This chapter reviewed literature in respect to the objectives of the study from different sources and scholars.

2.1 The Effectiveness of Internal Communication

Numerous scholars have defined communication as the exchange of information between a sender and a receiver where the message flows from one point to another and the communicators are linked together by channels (Kalla, 2005; Kinicki & Kreitner, 2008). Internal communication is a fundamental management activity in every organization since it is vital for employees to receive information regarding their job. However, many communication models with different highlights have been put forth to describe the nature of communication and how organizational communication works (Downs & Adrian, 2004).

Numerous scholars have supported the source – message – channel – receiver or the SMCR model, which was first put forth by Shannon and Weaver in 1949 (Blundel, 2004; Bowditch & Buono, 2005). The SMCR model demonstrates the communication process, where the communication process begins with a sender, a person who transmits the message. This activity is called encoding where the communicator is deciding what and how to communicate (Adler & Elmhorst, 1996). In a perfect world, the message will reach its intended receiver without any problems or hindrance. The message is then decoded, that is, the receiver interprets the message by attaching meaning to it. Receivers should always respond to the messages and the receivers' feedback to the message can both be verbal or nonverbal such as smiles, sighs or a written response (Blundel, 2004). One of the greatest sources of communication failure is noise which can disturb the messages from reaching the receiver, being understood and creating feedback (Stuart et al., 2007).

Today, internal communication is seen as more multidimensional and is much more than message exchange, information flow or providing information about people's work. Internal communication is about relationships and creating a respected atmosphere for all the people

within the organization (Argenti, 2009). Internal communication is furthermore the social glue that ties people within the organization together (Roberts & Euske, 2007). Concluded by Quirke (2008) who claims that the communication process within the organization should be seen as an ongoing process which has no beginning or ending and the goal should always be to share the thinking instead of announcing the conclusion. In this study, internal communication was measured using three of (Downs's & Hazen's, 1977) ten factors for measuring internal communication which include organizational perspective, personal feedback, organizational integration, supervisory communication, communication climate, horizontal communication, media quality, subordinate communication, top management communication, and interdepartmental communication.

2.1.1 Communication Climate

This includes communication on both the organizational and personal levels. It includes items such as to what extent communication motivates and stimulates people within the organization to meet organizational goals and to what extent it makes them identify with the organization. Also, it encompasses ideas of whether or not peoples' attitudes toward communication are positive in the organization.

2.1.2 Personal Feedback

This is related to employees' need to know how they are being judged and how their performance is being evaluated.

2.1.3 Supervisory Communication

This involves communication with superiors, both upward and downward. The main elements are the extent to which superiors are open to new ideas, the extent to which supervisors listen and pay attention, and the extent to which superiors and supervisors offer instructions or help in solving job-related problems.

2.2 Employee Retention

Employee retention is a complex concept and there is no single recipe for keeping employees with a company. In literature, employee retention has been viewed as "an obligation to continue to do business or exchange with a particular company on an ongoing basis" (Zineldin, 2000). A more detailed and recent definition for the concept of employee retention is "customer liking,

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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" (Stauss et al., 2001). Studies have also indicated that retention is driven by several key factors, which ought to be managed congruently: organizational culture, communication, strategy, pay and benefits, flexible work schedule and career development systems (Logan, 2000). Increasing numbers of organization mergers and acquisitions have left employees feeling displeased from the companies that they work and haunted by concerns of overall job security. As a result, employees are now making strategic career moves to guarantee employment that satisfy their need for security.

On the other hand, employers have a need to keep their stuff from leaving or going to work for other companies. In fact, companies that offer employee development programs are finding success with retaining workers (Logan, 2000). This is true because of the great expenses associated with hiring and retraining new employees. The adage, good help is hard to find, is even truer these days than ever before because the job market is becoming increasingly tight (Eskildesen & Nussler, 2000). In fact, literature on employee retention shows that wooing existing employees through employee development or talent management programmes costs less than acquiring new talents, as organizations know their employees; their wants & desires; while the initial cost of attracting the new employees has already been expended (Davidow & Uttal, 2009). The literature on employee retention clearly explains that satisfied employees who are happy with their jobs are more devoted for doing a good job and look forward to improve their organizational customers' satisfaction (Denton, 2000). Employees who are satisfied have higher intentions of persisting with their organization, which results in a decreased turnover rate. Abundant studies have hypothesized and empirically validated the link between satisfaction and behavioral intentions and behaviors such as employee's retention (Anderson & Sullivan, 2003). Further, numerous studies explain the importance of high employees' involvement and how it could enhance their retention (Arthur 2004). In summary, the literature defines employee retention as continuing relation between employees and their organization. This study measured employee retention using work environment, career development opportunities, compensation and organizational commitment.

2.2.1 Job Flexibility

Job flexibility is vital for retaining employees of any age (Boomer Authority, 2009). Researchers describe the importance of employment flexibility such as scheduling variations that better accommodate individual work times, workloads, responsibilities, and locations around family responsibilities (Cunningham, 2002; Pleffer, 2007). Studies show that "flexibility" empowers individuals to facilitate a healthier balance between work and personal obligations, something that appeals to all ages of employees (Eyster, et al., 2008). Prenda & Stahl (2001) say that employees having job flexibility options report having higher levels of individual commitment, concentration, satisfaction, productivity, loyalty, and mental capacity at any age.

2.2.2 Career Development

The purpose of career planning as part of an employee development program is not only to help employees feel like their employers are investing in them, but also help people manage the many aspects of their lives and deal with the fact that there is not a clear promotion track. Employers can no longer promise job security, but they can help people maintain the skills they need to remain viable in the job market (Moses, 1999). Eyster, et al. (2008) state that job flexibility along with embracing career and life options, is a critical incentive for all employees. Research shows growing trends of employers providing greater job flexibility that includes flexible career options (i.e. training, mentoring, workstation accommodations, job mobility, and reduced work hours) and life options (i.e. counseling services, health and wellness programs) (Boomer Authority, 2009; Eyster, et al., 2008). The challenge to organizations is that they must accept that this process may lead some employees to leave the company and pursue outside opportunities (O'Herron and Simonsen, 1995).

Career development involves creating opportunities for promotion within an organization and providing opportunity for training and skill development that allows employees to improve their employability on the internal and the external labour market (Meyer & Smith, 2003). Yamamoto (2006) believes that an organization that wants to strengthen its relationship with its employees must invest in the development of its employees. He further argues that organizations will do a better retention job by spending more resources on training and development of employees. Employees who benefit from their organisations through training and educational facilities tend

to be more committed and loyal to that organization. Moreover, educated and trained employees help in increased production and thus sustaining a competitive position for their organisations.

2.2.3 Compensation

Creating a compensation structure that supports an employee development program is a distinct challenge for companies. Many organizations claim to base pay raises on performance, but that is not actually the case. Some companies try to emphasize a team environment, but continue to reward people for individual achievement (Feldman, 2000). These inconsistencies can cause frustration and cynicism by employees. It is especially difficult when employees are not seeing significant pay raises, yet company leaders are richly rewarded (Feldman, 2000). The entire organization must buy into the culture of employee development. Sears created a new compensation system when they got into the business of employee development. Whereas they used to only offer pay increases to employees who were promoted, they have moved to a system where people may see a pay increase for lateral moves that are appropriate for their own development (O'Herron and Simonsen, 1995).

Lockwood, (2006) argues that low wage strategies may be appropriate if work is simple and repetitive and requires little training. These distinctions are very general in nature and do not necessarily provide a clear rule of application to actual companies. Companies in highly competitive local labour markets may well find that they need to pay highly competitive rates against some industry or geographic benchmark in each of their job classifications, even for semi-skilled or unskilled positions.

While there is general agreement about the importance of competitive compensation for employee retention, there is also a growing consensus that competitive, or even generous compensation will not single-handedly guarantee that a company will be able to keep its most valuable employees. Lockwood, (2006) maintained that, the key issue in retention is the amount of total compensation relative to levels offered by other organizations. "Organizations that have high levels of compensation," he wrote, "have lower turnover rates and larger numbers of individuals applying to work for them." Furthermore, he argued, high wage workplaces may create a "culture of excellence."

2.2.4 Organizational Commitment

Studies have concluded that committed employees' remains with the organization for longer periods of time than those which are less committed. Steers (2007) suggest that the more committed an employee is, the less of a desire they have to terminate from the organization. These "highly committed" employees were found to have a higher intent to remain with the company, a stronger desire to attend work, and a more positive attitude about their employment. Steers (2007) concluded that "commitment was significantly and inversely related to employee turnover." According to Arthur (2004) when organizations seek to foster a philosophy of commitment, then the likelihood of an employee searching for employment elsewhere is lowered. Owens (2006) had a similar finding that employees that had a higher level of commitment also had a higher level of "turnover cognitions". A higher score in "turnover cognitions" indicated that the employee had a more favorable attitude and was less likely to consider turnover representing an inverse relationship of commitment and turnover. The aforementioned studies are representative of much of the research available relating to commitment and turnover. Commitment has a significant and positive impact on job performance and on workforce retention. The underlying belief is that a more committed employee will perform better at their job (Walton, 2005).

2.3 The Relationship Between Internal Communication and Employee Retention

Gale (2012) contended that, internal communication delivery from leaders to employees must fit the organization and employees to be successful. The focus on human influences in organizations is reflected most noticeably by the integration of Abraham Maslow's "hierarchy of human needs" into organization theory. Maslow's theories introduced two important implications into organization theory. The first was that people have different needs and therefore need to be motivated by different incentives to achieve organizational objectives. The second of Maslow's theories held that people's needs change over time, meaning that as the needs of people lower in the hierarchy are met, new needs arise (Gale, 2012). In order to attain high organizational performance then managers must put into place all necessary incentives to boast employee's through whom organization's objectives are achieved. However, what is not appreciated yet is that communication practices as HR tools are potential measures that can be adopted to address organizational challenges of turnover hence necessitating the cause for this study.

Blalock (2005) posits that, good communication matters because business organizations are made up of people, and that, in business, communication is everything. Hence, research spanning several decades has consistently ranked communication skills as crucial for managers. Managers spend 75 to 80 percent of their time engaged in some form of written or oral communication. Although, often termed as 'soft' skill, communication in business organizations provides the critical link between core functions. He further states that, the three reasons why good communication is important to individuals and their organizations are: firstly, ineffective communication is very expensive. The ability to communicate is rated as the most important factor in making a manager "promotable". Secondly, the changing environment and increasing complexity of the 21st century workplace make communication even more important. The collaboration that allows organizations to capitalize on the creative potential of a diverse workforce depends on communication. Thirdly, the world's economy is becoming increasingly globalized. Thus, effective communication is needed for management to develop and sustain a competitive advantage for organizational performance and improvement through employees (Rowe, 2001).

In this way, effective communication succeeds when employees support the leader and the organization if there is a belief that employees' efforts will be rewarded. Leadership succeeds when initiating response or responding to change and leadership is inextricably linked to the credibility of those leading. Constituents will become willingly involved to the extent that they believe in those sponsoring the change (Kouzes & Posner, 2003). Yet the under mentioned theme in this regard is how organizational communication practices are constructive avenues for staff retention.

Meanwhile, Foong (2001) observed that, the association between employee satisfaction and job performance suggests that an important contributor to the employee's engagement within the organization is the leader communication employee relationship. Foong (2001) concludes that, managers use leadership behaviors to influence employees. Lee and Chuang (2009) explained that, an excellent manager not only inspires subordinates, giving them the potential to enhance efficiency, but also meets their requirements in the process of achieving organizational goals.

Hence, how managers communicate is as important as to how they lead. Managers are the guiding force within a group and organization. A leadership style that resonates with followers

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will allow the leader to achieve greater employee productivity. Conversely, poor leadership styles lead to poor communication and can have negative effects on productivity: a recent Gallup study found that "poorly managed workgroups are an average of 50 percent less productive and 44 percent less profitable than well-managed groups (Gallup, 2011).

Accordingly, the Management Study Guide (2001) revealed that, business communication involves constant flow of information. Feedback is an integral part of business communication. Organizations these days are very large and they involve a large number of people. There are various levels of hierarchy in an organization. The greater the number of levels, the more difficult is the job of managing the organization. Communication here plays a very important role in the process of directing and controlling the people in the organization. There should be effective communication between superiors and subordinates in the organization, between organizations and the society at large, between management and trade unions, etc. Communication is essential for the success and growth of an organization. Therefore, communication gaps should not be allowed to occur in any organization.

CHAPTER THREE
METHODOLOGY

3.0 Introduction

This chapter deals with the practical procedures which will be used in carrying out this study. It gives details of the research design to be adopted, population of study, nature of sample, sampling procedure, data collection procedures and the final data analysis techniques that will be applied. It gives the framework within which data will be collected and analyzed.

3.1 Research Design

This study used a descriptive survey design. The purpose of descriptive surveys, according to Ezeani (1998), is to collect detailed and factual information that describes an existing phenomenon.

3.2 Research Population

ENHAS has a total population of 260 staff members (ENHAS News Bulletin, 2014)

3.3 Sample Size

The sample size of 260 respondents was confirmed by the Krejcie and Morgan's (1970) table of determining sample size which revealed that for a population of 260 target population, a sample size of 155 respondents is appropriate. Table 3.1 gives the summary of the sample size.

Table 3.1: Target Population and Determination of Sample Size

Category of SMEs	Target Population	Computation of Sample Size	Sample Size
Managerial staff	20	$\frac{20x155}{260}$	12
Support staff	240	$\frac{240x155}{260}$	143
Total	**260**		**155**

3.4 Sampling Procedure

The managerial staff were selected using purposive sampling since they are key informants and possess the required information for the study in regard employee retention. Simple random sampling using the ratio of $\frac{240}{260} = 0.923$ was used to select support staff. This meant that every support staff had a 1% chance of being included in the study.

3.5 Data Collection Instruments

3.5.1 Questionnaires

The data for this research were collected by use of questionnaires as the main tool. Such instruments are guided by the nature of data that have been collected and also for easy collection of the information needed in a short period of time. The questionnaires were distributed to both the managerial and support staff.

3.6 Validity and Reliability

3.6.1 Validity

Validity of the instrument was obtained through the development of the scales with the help of the experts in the field using the Content Validity Index (CVI). This helped to confirm whether the dimensions of the concepts under study which were operationally defined, were appropriate or not. The following formula was used to determine the validity of the instrument: $= \frac{items\ declared\ valid\ by\ experts}{total\ number\ of\ items}$. According to Amin (2005), if the validity index is 0.70 and above, it means the items are valid. According this study, CVI=$\frac{19}{25} = 0.76$. This CVI meant that the instruments of this study were valid.

3.6.2 Reliability

Reliability of the scales was done with the application of the Cronbach Coefficient Alpha for the computations so as to check for the internal consistency of the scales. According to George and Mallery (2003), a commonly accepted rule for describing internal consistency using Cronbach's alpha is as follows:

Cronbach's alpha	Internal consistency
$\alpha \geq 0.9$	Excellent
$0.7 \leq \alpha < 0.9$	Good
$0.6 \leq \alpha < 0.7$	Acceptable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

Reliability analysis using SPSS was used and the results were tabulated in table 3.2.

Table 3.2: Cronbach's Alpha Results

Constructs	Number of Items	Cronbach's Alpha
Internal communication	09	0.825
Employee retention	16	0.847

Source: **Primary Data, 2014**

According to Cronbach's alpha results presented in table 3.2, the internal consistency of the items in this study was Good (George and Mallery 2003; Kline 2000).

3.7 Data Collection Procedures

Before Administration of Questionnaires

* ❖ An introduction letter was obtained from the College of Business and Management of Kampala International University after the approval of the validity of the research instruments.

During Administration of Questionnaires

* ❖ The researcher briefed the respondents about his intentions to carry out a study in their organization.
* ❖ The researcher asked the respondent to answer all the questions in the questionnaires.

After Administration of Questionnaires

* ❖ The researcher retrieved the questionnaires after 5 days and check for the completeness of all answers. The researcher then arranged for data analysis.

3.8 Data Analysis

Data from the field was compiled, sorted, edited and coded to have the required quality, accuracy and completeness. Then it was entered into the computer using the Statistical Package for Social Sciences (SPSS v. 17.0) for analysis. During the analysis of the data, graphs, frequencies and percentage distribution were used to analyze data on the profile of the respondents. Pearson correlation coefficient was used to determine the relationship between internal communication and employee retention.

3.9 Ethical Considerations

The following strategies will be adapted to ensure the moral justification of the investigation.

Authorization: This involved getting consent of the respondents.

Anonymity and Confidentiality: The names or identifications of the respondents was anonymous and information collected from them was treated with utmost confidentiality.

3.10 Limitation of the study

- The researcher was limited by extraneous variables such as honesty of the respondents where some of them not able to say the truth.

- Some respondents were demanding gifts before responding to the questionnaire. In such cases the researcher had to make it clear that the study was for academic purposes.

- Some of the top management level employees could not be reached for any comment because of their busy schedules and also obtaining information from the Human Resources personnel was quite challenging because personnel information is not easily given out to "outsiders".

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION OF FINDINGS

4.0 Introduction

This chapter presents, analyses and interprets the findings. The findings are presented according to the objectives of the study. The researcher made use of graphs, frequency tables and percentages to present data. The first section will begin with establishing the demographic profile of the respondents.

4.1 Demographic Profile of the Respondents

Figure 1: Gender of Respondents
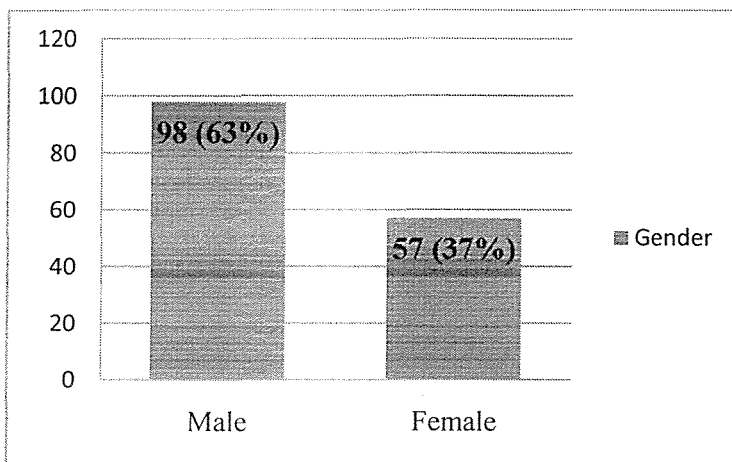
Source: Primary data, 2014

Figure 1 revealed that 63% of the respondents were male while 37% were female. This means that the male were dominant in the study. This could be because the male can endure any harsh conditions in the work place compared to their female counter-parts who probably might chose to leave a job because of bad working condition.

Figure 2: Age of Respondents
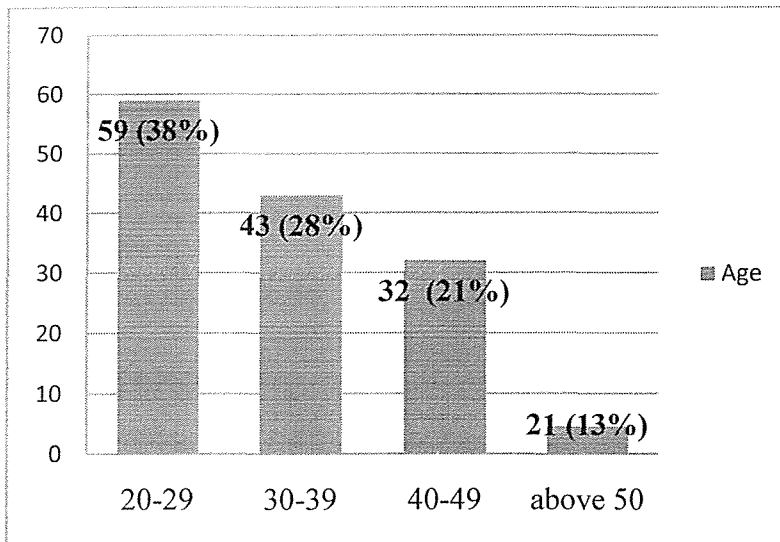
Source: primary data, 2014

Figure 2 revealed that 38% of the respondents were within the age of 20-29 years, 28% were within the age of 30-39 years while 21% and 13% were within the age of 40-49 years and above 50 years respectively. This means that respondents within the age group of 20-29 years were dominant in the study. This could be because this age group are the ones who are easier to employ but can also easily move in search for other jobs easily.

Figure 3: Level of education of the respondents
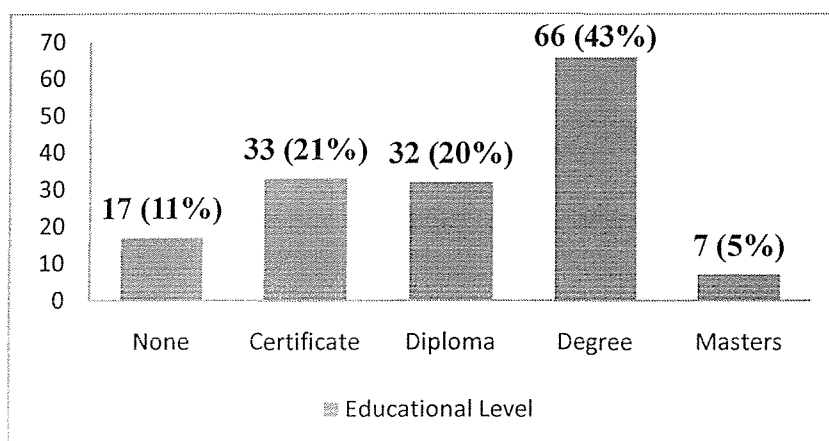
Source: primary data, 2014

Figure 3 revealed that 43% of the respondents were Degree Holders, followed by those who were Certificate Holders (21%) while 20% of the respondents were Diploma Holders. Furthermore 11% of the respondents were not educated and only 5% were Masters Holders. This means that Degree Holders were dominant in the study. This could be because they are most preferred given their level of qualification.

Figure 4: Work Experience
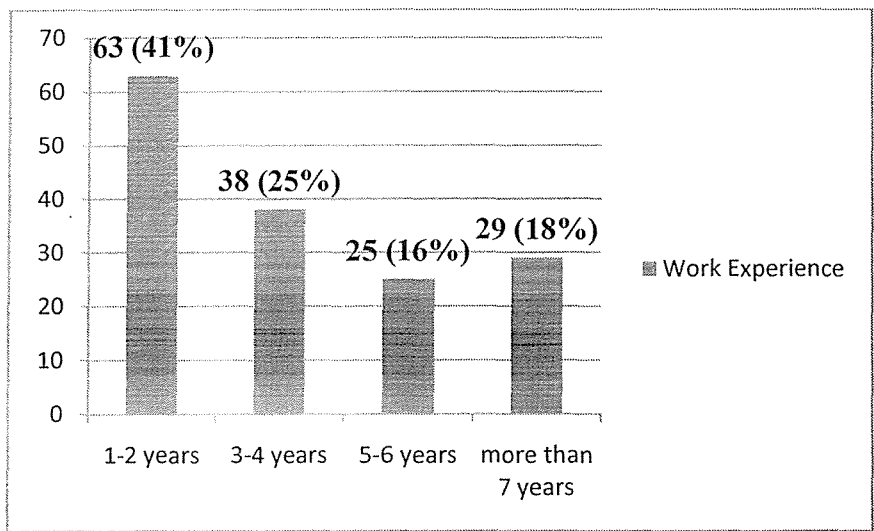
Source: primary data, 2014

Figure 4 revealed that 41% of the respondents had worked in the Organization for 1-2 years, followed by 25% of the respondents who had worked for the same organization for 3-4 years. Furthermore, 18% of the respondents had worked in the organization for more than 7 years while 16% of the respondents had worked for the organization for 5-6 years. This means that respondents who had worked for 1-2 years were dominant in the study. This could be because there is a high turnover rate in the organization that is why employees do not stay for long in their job.

4.2 The Effectiveness Of Internal Communication At Entebbe Handling Services Limited

The first objective of this study was to determine the effectiveness of internal communication at Entebbe Handling Services Limited. The results were presented on tables 4.1.1, 4.1.2, and 4.1.3.

Table 4.1: The Effectiveness of Internal Communication at Entebbe Handling Services Limited

Table 4.1.1: Personal Feedback

N=155

Personal feedback		
I receive useful and constructive feedback from my manager.	Frequency	Percent (%)
strongly disagree	53	34.2
disagree	54	34.8
neither agree nor disagree	3	1.9
agree	28	18.1
strongly agree	17	11.0
Total	**155**	**100.0**
When I do a good job, I receive the praise and recognition I deserve.		
strongly disagree	43	27.7
disagree	62	40.0
neither agree nor disagree	18	11.6
agree	18	11.6
strongly agree	14	9.0
Total	**155**	**100.0**
I receive feedback that helps me improve my performance.		
strongly disagree	55	35.5
disagree	75	48.4
neither agree nor disagree	14	9.0
agree	8	5.2
strongly agree	3	1.9
Total	**155**	**100.0**

Source: primary data, 2014

Table 4.1.1 revealed that 34.8% of the respondents disagreed that they receive useful and constructive feedback from their manager, 40.0% of the respondents also disagreed that when they do a good job, they receive the praise and recognition they deserve and 48.4% disagreed

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that they receive feedback that helps them improve their performance. According to this result, internal communication in terms of personal feedback is poor since employees are often not recognized for their outstanding performance hence this can easily lead to employees leaving their jobs since their efforts are not appreciated.

Table 4.1.2: Supervisory Climate

My supervisor is open to new ideas.	Frequency	Percent (%)
strongly disagree	31	20.0
disagree	36	23.2
neither agree nor disagree	22	14.2
agree	34	21.9
strongly agree	32	20.6
Total	**155**	**100.0**
The communications I have with top management are open and free flowing.		
strongly disagree	54	34.8
disagree	52	33.5
neither agree nor disagree	26	16.8
agree	14	9.0
strongly agree	9	5.8
Total	**155**	**100.0**
Information I receive from top management is trustworthy.		
strongly disagree	24	15.5
disagree	16	10.3
neither agree nor disagree	10	6.5
agree	69	44.5
strongly agree	36	23.2
Total	**155**	**100.0**

Source: primary data, 2014

Table 4.1.2 revealed that majority 23.2% of the respondents disagreed that their supervisor is open to new ideas while 34.8% strongly disagreed that the communications they have with top management are open and free flowing. However 44.5% of the respondents agreed that the information they receive from top management is trustworthy.

Table 4.1.3: Communication Climate

My knowledge and talent are put to good use in my job.	Frequency	Percent (%)
disagree	8	5.2
neither agree nor disagree	10	6.5
agree	75	48.4
strongly agree	62	40.0
Total	**155**	**100.0**
I am satisfied with the amount of information I receive concerning the department I belong to.		
strongly disagree	25	16.1
disagree	60	38.7
neither agree nor disagree	16	10.3
agree	35	22.6
strongly agree	19	12.3
Total	**155**	**100.0**
I am satisfied with the amount and quality of information I get about this organizations' strategy and goals.		
strongly disagree	5	3.2
disagree	39	25.2
neither agree nor disagree	20	12.9
agree	53	34.2
strongly agree	38	24.5
Total	**155**	**100.0**

Source: primary data, 2014

Table 4.1.3 revealed that majority 48.4% of the respondents agreed that their knowledge and talent are put to good use in their job and 34.2% of the respondents agreed that they are satisfied with the amount and quality of information they get about the organizations' strategy and goals. However 38.7% of the respondents disagreed that they were satisfied with the amount of information they receive concerning the department they belong to.

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4.3 The Level of Employee Retention at Entebbe Handling Services limited

The second objective of this study was to establish the level of employee retention at Entebbe Handling Services limited. The results were presented in tables 4.2.1, 4.2.2, 4.2.3 and 4.2.4.

Table 4.2: Employee Retention

Table 4.2.1: Job Flexibility

N=155

The Company accepts and is open to change and ambiguity.	Frequency	Percent (%)
strongly disagree	23	14.8
disagree	82	52.9
neither agree nor disagree	3	1.9
agree	47	30.3
Total	**155**	**100.0**
I am willing to try new jobs within the Company.		
disagree	15	9.7
neither agree nor disagree	14	9.0
agree	92	59.4
strongly agree	34	21.9
Total	**155**	**100.0**
My Supervisor is open to suggestions.		
disagree	15	9.7
neither agree nor disagree	14	9.0
agree	103	66.5
strongly agree	23	14.8
Total	**155**	**100.0**
The Leadership is willing to change to meet new objectives.		
neither agree nor disagree	11	7.1
agree	98	63.2
strongly agree	46	29.7
Total	**155**	**100.0**

Source: primary data, 2014

Table 4.2.1 revealed that majority 52.9% of the respondents disagreed that the company accepts and is open to change and ambiguity. Furthermore, majority 59.4% of the respondents were not sure whether they are willing to try new jobs within the company. However 66.5% of the respondents agreed that their supervisors are open to suggestions and 63.2% of the respondents also agreed that the leadership is willing to change to meet new objectives.

Table 4.2.2: Career development opportunities

N=155

There is opportunity for me to advance at this Company.	Frequency	Percent (%)
strongly disagree	3	1.9
disagree	30	19.4
neither agree nor disagree	29	18.7
agree	47	30.3
strongly agree	46	29.7
Total	**155**	**100.0**
My Supervisor has taken an interest in my career development.		
strongly disagree	30	19.4
disagree	83	53.5
neither agree nor disagree	15	9.7
agree	18	11.6
strongly agree	9	5.8
Total	**155**	**100.0**
This Company offers an excellent leadership development program.		
strongly disagree	29	18.7
disagree	69	44.52
neither agree nor disagree	3	1.9
agree	49	31.68
strongly agree	5	3.2
Total	**155**	**100.0**
Job promotions are awarded fairly and without bias.		
strongly disagree	9	5.8
disagree	81	52.3
neither agree nor disagree	8	5.2
agree	29	18.7

		28	18.1
strongly agree			
Total		155	100.0

Source: primary data, 2014

Table 4.2.2 revealed that majority 30.3% of the respondents agreed that there is opportunity for them to advance at the company. However 53.5% of the respondents disagreed that their supervisors had taken interest in their career development. Furthermore, 44.52% of the respondents disagreed that the company offers an excellent leadership development program and 52.3% also disagreed that job promotions are awarded fairly and without bias.

Table 4.2.3 Compensation

I am paid fairly for the work I do.	Frequency	Percent (%)
strongly disagree	12	7.7
disagree	31	20.0
agree	88	56.8
strongly agree	24	15.5
Total	**155**	**100.0**
My benefits are comparable to those offered by other organizations.		
strongly disagree	38	24.5
disagree	57	36.8
neither agree nor disagree	9	5.8
agree	36	23.2
strongly agree	15	9.7
Total	**155**	**100.0**
I understand my benefit plan.		
strongly disagree	31	20.0
disagree	59	38.1
agree	65	41.9
Total	**155**	**100.0**
I am satisfied with my benefit package		
disagree	46	29.7
neither agree nor disagree	51	32.9
agree	58	37.4
Total	**155**	**100.0**

Source: primary data, 2014

Table 4.2.3 revealed that majority 56.8% of the respondents agreed that they are paid fairly for the work they do. However 36.8% of the respondents disagreed that their benefits are comparable to those offered by other organizations. Furthermore, 41.9% of the respondents agreed that they understand their benefit plan while 37.4% of the respondents agreed that they are satisfied with their benefit package.

Table 4.2.4: Organizational commitment

I talk up this organization to my friends as a great organization to work for.	Frequency	Percent (%)
disagree	48	31.0
neither agree nor disagree	27	17.4
agree	57	36.8
strongly agree	23	14.8
Total	**155**	**100.0**
For me this is the best of all possible organizations for which to work.		
disagree	36	23.2
neither agree nor disagree	28	18.1
agree	91	58.7
Total	**155**	**100.0**
I would accept almost any type of job assignment in order to keep working for this organization.		
disagree	49	31.6
neither agree nor disagree	54	34.8
agree	52	33.5
Total	**155**	**100.0**
I am proud to tell others that I am part of this organization.		
disagree	104	67.1
agree	51	32.9
Total	**155**	**100.0**

Source: primary data, 2014

Table 4.2.4 revealed that majority 36.8% of the respondents agreed that they talk up the organization to their friends as a great organization to work for while 58.7% agreed that for them the organization is the best of all possible organizations for which to work. Furthermore 34.8% of the respondents were not sure whether they would accept almost any type of job assignment in

order to keep working for the organization. However 67.1% of the respondents disagreed that they are proud to tell others that they are part of the organization.

4.4 The Relationship Between Internal Communication And Employee Retention At Entebbe Handling Services Limited

The third objective of this study was to find out the relationship between internal communication and employee retention at Entebbe Handling Services limited. Table 4.3 presents the summary of the findings.

Table 4.3: The Relationship Between Internal Communication And Employee Retention At Entebbe Handling Services Limited

Variables Tested	Pearson Correlation (r)	Significance	Hypothesis
Internal Communication Vs Employee Retention	0.761	0.023	Rejected

Level of Significance=0.05

Table 4.3 revealed that there is a positive and significant correlation between internal communication and employee retention at ENAS (r=.761, $p<.05$). This implies that any variation in internal communication will equally affect employee retention while the reverse is true. The null hypothesis was thus rejected and the alternate hypothesis upheld.

CHAPTER FIVE
DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter discusses and presents the conclusion of the findings and recommends according to the objectives of the study.

5.1 Discussion

5.1.1 The Effectiveness of Internal Communication at Entebbe Handling Services Limited

Internal Communication

The effectiveness of internal communication at ENHAS was measured using three of (Downs's & Hazen's, 1977) ten factors of measuring internal communication, namely: personal feedback, supervisory climate, communication climate. In regard to personal feedback, the study established that employees do not receive constructive feedback from their managers, neither do managers recognize their outstanding efforts towards promoting the goals of the organization. According to Downs & Hazen (1977), positive feedback from managers can help employees to improve their performance hence lowering their turnover rate.

Furthermore, supervisory climate at ENHAS is not good. The study established that supervisors are not open to new ideas neither is there open and free flowing communication between the two entities. Employees at ENHAS are only entitled to the sole decision made by their supervisors to be the "gospel truth". This therefore means that there is no good communication link between the employees and their supervisors. Downs & Hazen (1977) explain that communication at supervisory level should be both upward and downward. The authors argue that communication at supervisory level should measure the extent to which supervisors listen and pay attention, and the extent to which superiors and supervisors offer instructions or help in solving job-related problems. This in turn will create a good communication climate within the organization.

5.1.2 The Level of Employee Retention At Entebbe Handling Services Limited

The level of employee retention was measured using job flexibility, career development opportunities, compensation and organizational commitment. The study established that in regard to job flexibility at ENHAS, the company does not accept open change. This has made employees too not to be interested in working in any other department other than the one they are

already in. According to Prenda and Stahl (2001), employees having job flexibility options report having higher levels of individual commitment, concentration, satisfaction, productivity, loyalty, and mental capacity at any age. This therefore means that ENHAS is lacking such employees due to their inflexibility. This could as well explain the high rate of employee turnover at the organization.

Furthermore, at ENHAS, career development opportunities are very limited since supervisors do not take interest in the career development of their subordinates. In addition to that, job promotions are awarded unfairly. At the same time ENHAS does not offer any excellent leadership development program. Meyer and Smith (2003) explain that career development involves creating opportunities for promotion within an organization and providing opportunity for training and skill development that allows employees to improve their employability on the internal and the external labour market. However these initiatives are lacking at ENHAS.

In regard to organizational commitment, employees at ENHAS are not proud to tell others that they are part of the organization. Steers (2007) suggest that the more committed an employee is, the less of a desire they have to terminate from the organization. According to Walton (2005), commitment has a significant and positive impact on job performance and on workforce retention. The underlying belief is that a more committed employee will perform better at their job. However the fact that employees at ENHAS are not proud to tell others about their work at the organization means they can easily leave any time since they do not feel that they are part of the organization.

5.1.3 The Relationship Between Internal Communication and Employee Retention At Entebbe Handling Services Limited

The study revealed that there is a positive and significant correlation between internal communication and employee retention at ENAS. This finding is in conformity with the findings of other empirical studies (DiPietro & Milman, 2004; Shoaib *et al*, 2009; Memon *et al*, 2010; Muhammad & Muhammad, 2011).

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5.2 Conclusion

According to this study, effectiveness of internal communication at Entebbe handling services limited is very poor. This is because internal communication, supervisory climate and communication climate is not effective. This is evidenced by the fact that employees are not appreciated by their supervisors for their best efforts, since there is even no free flow of communication between the two entities. This has for so many reasons made employees not to be satisfied with the amount of information they receive concerning the department they belong to. Furthermore, there are so many factors that increase employee turnover rate at ENHAS hence affecting employee retention. According to this study there are no career development opportunities, poor compensation mechanism also exists making employees not to be committed to the organization. In addition to that, the jobs are not very flexible. This is evidenced by the fact that the company neither accepts nor is it open to any form of change. Sometimes managers do not put so much interest into the work of employees hence employees are not at any one time proud to tell others about their organization.

There was also evidence of a correlation between internal communication and employee retention at ENHAS. The null hypothesis was rejected and the alternate hypothesis upheld. This implies that poor internal communication increases employee turnover while good communication decreases employee turnover.

5.3 Recommendation
5.3.1 The Effectiveness of Internal Communication at Entebbe Handling Services Limited
The study revealed that there is poor level of personal feedback at ENHAS. There is need therefore for supervisors to appreciate excellent efforts of the employees. This will instead encourage them to improve their performance. Public verbal recognition or reward from the supervisor could be a good motivator for employee performance.

Their is need to improve the communication climate at ENHAS. This will make employees satisfied with the amount of information they receive concerning the department they belong to. This can be done through use of proper communication channels such as memos, grapevine, meetings, blocks, intranet etc.

5.3.2 The Level of Employee Retention at Entebbe Handling Services Limited

According to the results of this study, career development opportunities are limited at ENHAS. This is need for management to establish leadership development program within the organization. This will help supervisors to often take interest in the successes of their subordinates.

There is also need to motivate employees to be committed to the organization. This will make them to be proud of the organization hence improving their performance.

5.4 Areas For Further Research

From the study and related conclusions, the researcher recommends further research in the area of the role of economic factors in influencing employee retention ENHAS.

Further researcher studies should be done on the role of salary and rewards on employee retention at ENHAS.

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APPENDIX I: RESEARCH INSTRUMENT

Dear Respondents,

I am a Bachelors student of Human Resource management of Kampala International University carrying out a study on *internal communication and employee retention in ENHAS*. Please respond to the questionnaire by filing in as appropriate. The content of this study is purely academic and your response will be treated with utmost confidentiality. Thank You.

SECTION A: Demographic Data of Respondents

Instruction: please tick where Appropriate

1. what is your gender?

   a) Male   ☐

   b) Female   ☐

2. what is your age?

   a) 20-29   ☐

   b) 30-39   ☐

   c) 40-49   ☐

   d) Above 50 ☐

3. what is your educational level?

   a) None   ☐

   b) Certificate ☐

   c) Diploma   ☐

   d) Degree   ☐

   e) Masters   ☐

4. how long have you worked for this organization?

   a) 1-2 years ☐

   b) 3-4 years ☐

   c) 5-6 years ☐

   d) More than 7 years ☐

SECTION B: INTERNAL COMMUNICATION

Instruction: *To complete the questionnaire, read and then rate each statement according to the following scale:* 5=Strongly Agree; 4=Agree; 3=Neither Agree nor Disagree; 2=Disagree and 1=Strongly Disagree

#	Internal communication	5	4	3	2	1
A	**Personal feedback**					
1	I receive useful and constructive feedback from my manager.					
2	When I do a good job, I receive the praise and recognition I deserve.					
3	I receive feedback that helps me improve my performance.					
B	**Supervisory climate**					
1	My supervisor is open to new ideas.					
2	The communications I have with top management are open and free flowing.					
3	Information I receive from top management is trustworthy.					
C	**Communication Climate**					
1	My knowledge and talent are put to good use in my job.					
2	I am satisfied with the amount of information I receive concerning the department I belong to.					
3	I am satisfied with the amount and quality of information I get about this organizations' strategy and goals.					

SECTION C: EMPLOYEE RETENTION

Instruction: *To complete the questionnaire, read and then rate each statement according to the following scale:* 5=Strongly Agree; 4=Agree; 3=Neither Agree nor Disagree; 2=Disagree & 1=Strongly Disagree

#	Employee retention	5	4	3	2	1
A	**Job flexibility**					
1	The Company accepts and is open to change and ambiguity.					
2	I am willing to try new jobs within the Company.					
3	My Supervisor is open to suggestions.					
4	The Leadership is willing to change to meet new objectives.					
B	**Career development opportunities**					
1	There is opportunity for me to advance at this Company.					
2	My Supervisor has taken an interest in my career development.					
3	This Company offers an excellent leadership development program.					
4	Job promotions are awarded fairly and without bias.					
C	**Compensation**					
1	I am paid fairly for the work I do.					
2	My benefits are comparable to those offered by other organizations.					
3	I understand my benefit plan.					
4	I am satisfied with my benefit package.					
D	**Organizational commitment**					
1	I talk up this organisation to my friends as a great organisation to work for.					
2	For me this is the best of all possible organisations for which to work.					
3	I would accept almost any type of job assignment in order to keep working for this organisation.					
4	I am proud to tell others that I am part of this organisation.					

The End

Thank you for your time and participation