An Investigation into the Effect of Retrenchment on Employee Morale at Rift Valley Railways in Kenya

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Abstract

In today’s competitive business environment, organizations are increasingly faced with the challenge of operating within acceptable cost limits and at the same time ensure that they operate profitably and satisfy all the stakeholders including employees. The purpose of this study was to investigate the effect of retrenchment on employee morale at Rift valley Railways (RVR), a leading Multinational engaged in the provision of Rail transport services in Kenya. This was a descriptive survey involving 200 employees of RVR working in all cadres. A representative sample of 132 employees participated in the study. The findings indicated that despite the perceived benefits of retrenchment the effect of the same was both positive and negative on all the variables under investigation including; human resource practices, communication, scheme of service and employee involvement. The study among others recommended that organizations should embrace wide consultations and involve employees in the retrenchment process so as to enhance preparedness on their part and minimize the negative effects of the same on the employees.

Key Words: Retrenchment; Employee Morale; Rift Valley Railways