

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

**AN INVESTIGATION INTO COMPENSATION SCHEME AS A RETENTION
STRATEGY AT KUMASI METROPOLITAN ASSEMBLY.**

KNUST

By

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DECLARATION

I hereby declare that this submission is my own work towards the Master of Business Administration (Human Resource management Option) and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the university except where due acknowledgement has been made in the text.

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ABSTRACT

Human resource is one of the most important assets of every company and government institutions are not exception. Highly competent employees are migrating from public organizations to private companies for better paid jobs. Given the significance of motivation in the public sector, the issue becomes what motivates public employees to exert more effort in their jobs and for employers to retain them. This analysis is necessary to understand to what extent compensation may be successful as a motivational tool when applied in public sector organizations in Ghana. The present study is therefore aimed at identifying and establishing the correct retention strategy for the public service using Kumasi Metropolitan Assembly (KMA) as a case study. The general objective of this study is to determine how compensation scheme could be used as a retention strategy at KMA. One hundred and fifty of both management and other staff of KMA were used as the population for the study. The study relied on both primary and secondary data. Data were analysed qualitatively and quantitatively using Statistical Package for Social Sciences(SPSS) and Microsoft Excel. The study revealed that, the following compensation schemes are being used at KMA: bonuses, travelling allowance, fuel allowance, overtime allowance, risk allowance, salaries/wages. It was also noted that the compensation scheme that can best retain workers on their job is the financial rewards type which consist of base salary and other financial rewards. Notable among all the schemes, 40 workers representing (27.6%) said wages/salaries is the scheme that has best retained them. 125(86.2%) of KMA

workers were not satisfied with their current compensation scheme and that 130(89.7%) of respondents have the intention to leave. The study has revealed that financial rewards constitute the most important retention strategy. Therefore the study recommends that effort should be put in place to maintain this motivational factor in order to retain staff of KMA.

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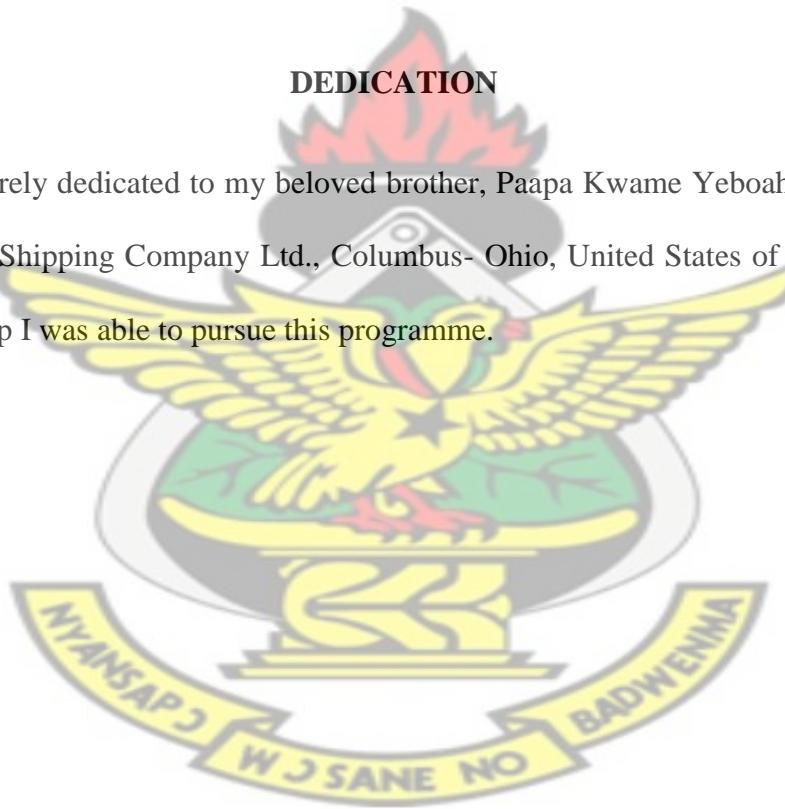
Finally, I wish to thank the authors whose works are cited in this project and all those whose names are not mentioned but have contributed in no small way to the success of this work. To all and sundry I say AYEKOO and may the good Lord award your good works.

Thank you all.

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DEDICATION

This thesis is entirely dedicated to my beloved brother, Paapa Kwame Yeboah, Chief Executive Officer of Agani Shipping Company Ltd., Columbus- Ohio, United States of America, through whose sponsorship I was able to pursue this programme.



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LIST OF ABBREVIATIONS

KMA	Kumasi Metropolitan Assembly
MMDA	Metropolitan, Municipal and District Assemblies
IT	Information Technology
ESOP	Employee Stock Ownership Plan
SPSS	Statistical Package for Social Sciences
LI	Legislative Instrument



CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

Most organizations and their management invest in human resources because it is known to be one of the most important assets of every company. Employee retention is a basic concern of the management of every organization.

There have been many human resource strategies provided to retain employees for the benefit of the organization. These strategies are implemented to avoid high employees' turnover. Turnover occurs when an employee leaves a specific job or organization permanently. Earlier literatures such as Gillingham (2008) say that the typical reason why employees leave is because they become dissatisfied with their job, search for options, compare those options with current jobs, and depart if any of the alternatives are judged to be better than their current situation. Other authors such as Lintin (2010) describe the traditional turnover process as characteristically beginning with employee dissatisfaction, thoughts of quitting, undertaking a job search, assessing and reviewing prospects and culminating in a decision to quit. Intent to leave, the antecedent to turnover shows the employee's estimated probability that his/her resignation is impending (Gratton et al, 1999). Increased intent to leave corresponds with a resultant higher turnover. Consequently, it is important to examine both intent to leave and variables turnover.

There are many retention strategies that are used by many organizations depending on what suits the organization. Notable among them are compensation (wages/salaries, travelling allowances, canteen allowances, bonuses, insurances etc), environment (working conditions and organizational structure), opportunity and challenge (career growth, training and development);

management support (communication and feedback, interest in employee concerns, recognition of good work); relationship (organizational culture, loyalty, individual development).

Compensation among firms is a common strategy to attract highly deserving individuals into working in their organization. Reward systems are frequently used by companies to try to retain staff (Farris, 2000). Financial rewards are extrinsic monetary rewards that organizations pay to their staff for services delivered by them. These financial rewards include: base salary, cash recognition, incentives and flexible pay.

Money is still the primary incentive used to attract workers to an organization. However, most experts agree that money is not the long term answer for keeping the highly skilled employees (Leinfuss, 1998). According to Higginbotham (1997) high salaries are not essential, but “good” and “fair” salaries shows a strong correlation with intention to stay, indicating that as long as the compensation is competitive, financial rewards are not the primary factor in retention. Kochanski and Ledford (2001) support this statement, which indicates that the actual level of pay is less important than feelings about pay rises and the process used to administer them. Employees want to understand how the pay system works, and want to know how they can earn pay increases. Once the pay level has been reached other things become important, the intangibles, e.g. career, supervisor support, work and family balance etc (Tomlinson, 2002).

It appears that salary alone provides insufficient motivation for many highly skilled employees, but monetary compensation in the form of bonuses and profit sharing is also important. According to Farris (2000) one time recognition awards are not effective in preventing turnover, rather small non-cash rewards and good old fashioned permanent salary increases is the most effective in reducing the likelihood of turnover. Elaborate benefit packages are becoming

increasingly common in firms making them more of a compensation issue and less of an incentive to stay with their current organization. These are the indirect financial rewards employees receive for their labour. They consist of time off, perquisites, benefit processes and benefit levels. Compensation offers an opportunity for security, autonomy, recognition and an improved self worth (Hoyt and Gerdloff, 1999). These increased feeling of self worth is important and leads to effective commitment. This research explores the compensation scheme aspect of retention strategy at Kumasi Metropolitan Assembly (KMA).

1.1 Problem statement

Nationwide, competition by organizations for talented employees is on the ascendency and KMA is no different. In today's highly competitive business environment, the dynamics of talent have become a key differentiation for most businesses. Highly competent employees are migrating from public organizations for better paid jobs. According to Gillingham (2008), emigration is having an adverse effect on the public organizations, with some highly skilled employees opting out and some clients moving their assets offshore, losing frontline employees who have established good relationship with their clients is a particular concern. Organizations must not only attract the right workers but must also ensure their retention in order for these employees to make a difference in the realization of organizational goals. It is not only the public sector that is finding it difficult to retain highly skilled employees. Private sector managers also admit that one of the most difficult aspects of their jobs is the retention of key employees in their organizations. It becomes problematic for organizations when the rate of replacement rises over time especially when highly skilled employees are involved. The real challenge to human resource managers therefore lies in devising ways of retaining employees in order to reduce the rate of turnover and the associated costs. Dees (2008) concurs in stating that hiring and

developing the best employee will be unproductive if organizations cannot provide the working environment and intrinsic and extrinsic rewards to retain their best and brightest employees. Employees' retention has therefore become a practical guide for managers in order to retain their talented employees and avoid spiraling costs that are usually associated with turnover. The reasons often cited for voluntary turnover by employees revolve around the inability of employers to motivate them properly to remain. According to Ato (2005); some of the reasons of employee turnover include lack of promotion, insufficient salary, work overload and some other motivation related issues such as opportunities for training and development, job security, work autonomy and recognition of good performance. In the light of such evidence, there is a need to establish the extent to which human resource managers in public services are using appropriate motivational strategies to retain employees. The present study is therefore aimed at identifying and establishing the correct retention strategy for the public service using KMA as a case study.

In view of the foregoing, the fundamental question that is addressed by this study is: Is compensation scheme a good retention strategy for KMA?

1.2 Objectives of the study

The objectives of the study are grouped into two. These are general and specific objectives

1.2.1 General objective

The general objective of this study is to determine how compensation scheme could be used as a retention strategy at KMA .

1.2.2 Specific objectives

In order to accomplish the above general objective, the study addressed the following specific objectives:

- i. To identify the various compensation schemes being used at KMA.
- ii. To determine the extent to which the identified compensational schemes retain employees at KMA.
- iii. To identify other compensation schemes that can be adopted to retain employees at KMA.
- iv. To find out the impact of compensation scheme on employees' retention at KMA.
- v. To make recommendations to management on how to use compensation to retain employees at KMA.

1.3 Research questions

The following research questions will be addressed:

- i. What are the various compensation schemes being used at KMA?
- ii. Do the identified compensation schemes retain employees at KMA?
- iii. What other compensation schemes should be adopted to retain employees at KMA?
- iv. Does the compensation scheme retain employees at KMA?

1.4 Significance of the Study:

Not many studies have been conducted in the past to provide management with sustainable remedy to the problem of retention particularly at KMA. The present study identified and established key compensational variables that influence retention at KMA.

Some costs are associated with employee turnover which are often ignored by some human resource managers. The present study has highlighted some of these costs in order for management to appreciate the essence of motivating and retaining talented employees on an on-going basis.

The outcome of the study significantly advanced the frontier of knowledge and has added to the existing academic literature on retention and turnover particularly at KMA. The findings are likely to be useful in the formulation of effective retention policies and reviewing existing ones and to serve as a spring board for further research on retention at KMA.

1.5 Brief methodology

The study used primary and secondary data. This involved the preparation of a number of questionnaires and their administration. The questionnaires were designed to ascertain employees' perception (satisfaction), and employees' views on the current retention in KMA. The responses were measured with a five point Likert scale rating, where strongly agree = 4; agree = 3; Strongly Disagree = 2; Disagree = 1; and unsure=0.

A sample size of 150 was selected from staff of KMA. A pilot testing was conducted to streamline the questionnaire. A random sampling technique was used to select staff of KMA. A total of 150 questionnaires were administered. In order to ascertain perceptions (satisfaction) of

both staff and management with respect to the effect of the turnover when an improper retention strategy is used in K.M.A, descriptive statistics were employed in the presentation and analysis of results.

1.6 Scope of the study

This study was limited to KMA which forms part of the 177 Metropolitan, Municipal and District Assemblies (MMDAs) in Ghana. The study focused on using compensation scheme as a retention strategy in KMA. Population for the study was the entire staff of KMA. However, purposive sampling was used in selecting respondents due to the fact that every department had to be represented.

1.7 Limitations of the study

This research experienced limitations in the areas of limited information, limited time period for conducting the research and financial constraints. There were limitations for secondary data as much study has not been done on the subject matter and due to lack of records of transactions carried out in KMA. The above limitations, however, do not render the findings of this research non-reliable and replicable since the researcher carefully managed these limitations to make sure the research objectives were achieved.

1.8 Organization of the study.

The study has been organized into five chapters as follows;

The first chapter commences with the introduction, dealing with the background of the study, problem statement, objectives of the study, research questions, significance of the study, brief methodology, scope of the study, limitations of the study and organization of the study. The

second chapter deals with review of relevant literature on compensation, employee motivation and retention. The third chapter focuses on the methodology and organizational framework, the fourth chapter constitutes data presentation, analysis and discussion of findings and the fifth chapter gives summary of findings, conclusions and recommendations and it is followed closely with references and appendices.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

It is widely accepted by organizational theorists that manpower is one of the most important assets of an organization because things get done through employees. In other words, the success of an organization in realizing its objectives heavily depends on the performance of its employees. Therefore, it is important to focus on the factors affecting the performance of the employees (Ivancevich and Matteson, 1988).

All organizations, whether public or private, need motivated employees to be effective and efficient in their functioning, in addition to the other factors. Employees who are motivated to work energetically and creatively toward the accomplishment of organizational goals are one of the most important inputs to organizational success. Consequently, the challenge for organizations is to ensure that their employees are highly motivated. Incentives make an employee desire to do better, try harder and expend more energy. With regard to monetary incentives, it can be argued that private organizations have more financial sources to motivate their employees than the public organizations. It is known that public employees' payment levels in Ghana are generally low compared to private sector employees. Moreover, while many private organizations have monetary incentives such as bonuses, commissions, cash rewards etc, it is quite challenging for the public sector to provide such incentives in adequate levels in a weak national economy. As a result, it is important to look for any possible alternative means that can be used to motivate employees and retain them in the public sector. It is therefore prudent to strengthen the compensational scheme of public sector employees and make it better to suite

workers. This chapter reviews literature relevant to this study. The first part of the chapter begins with definition and benefits of compensation, a review of literature on motivation and rewards systems, incentives and recognition. It follows closely with employee retention and job satisfaction.

2.1.0 Definition of Compensation

Compensation is defined as “cash and non-cash remuneration provided by an employer for services rendered” (American Compensation Association, 1995). Compensation is a pay provided by an employer for the exchange of time, effort and skills from employees part (Christofferson and King, 2006). Compensation has several purposes, but the main purpose is to attract and retain employees (Zobal, 1998). Lawler (1996) finds that compensation is a powerful tool as it impacts everyone in the organization.

2.1.1 Benefits of Compensation

Feldman and Arnold (1993) conclude that people value their compensation level mainly in contrast to others. This comparison determines whether people feel satisfied with their current compensation level. If an employee considers himself or herself underpaid, it will likely result in frustration. This is confirmed by Wang (2006) arguing that external inequity in compensation is the most common reason for employees to leave their companies. Compensation comprises four core elements: Fixed or base pay, variable pay, short-term incentive pay and long-term incentive pay. WorldatWork, a not-for-profit organization, defines fixed pay as a fundamental part of employee compensation, which does not vary according to performance and is usually determined by company's pay structure. Variable pay, or also known as “pay at risk”, has direct

relationship to the level of performance or results achieved, which for every performance cycle must be re-earned. Short-Term Incentive pay (STI), a type of variable pay, is designed to focus and reward performance over a period of time (usually year or less). Long-Term Incentive pay (LTI) focuses on performance recognition longer than year and its typical forms include stock options (WorldatWork). Benefits program are used by employers to supplement the base compensation employees receive (Christofferson and King, 2006). In basic form benefits programs protect the employee and their families from financial risks (WorldatWork). They include mandated and obligatory matters such as unemployment, social security or disability insurance, vacation allowance, sick leave, retirement plans, or medical benefit.

Compensation and benefits are part of a larger total rewards model, which also includes work/life, performance and recognition and development and career opportunities segments (Christofferson and King, 2006). Overall total rewarding includes everything employee values from employment relationship (WorldatWork).

“Total rewards [is] the monetary and non-monetary return provided to employees in exchange for their time, talents, efforts and results. Total rewards involve the deliberate integration of five key elements that effectively attract, retain and motivate the talent required to achieve desired business results” (Christofferson and King, 2006 p.5). The Work/life component of total rewarding supports employees to achieve accomplishments both at home and work (Christofferson and King, 2006). These efforts are done through specific sets of practices, policies and programs including workplace flexibility, paid and unpaid time off, financial support, or perhaps through community involvement (WorldatWork). The performance management component can be characterized as key to the organizational success and is the

alignment of individual and organizational efforts toward organizational success. Employee recognition is a special attention given to employee's actions, behaviour, efforts or performance. Recognition can be used to reinforce certain behaviours such as extraordinary accomplishments that have had an effect on the company's success. The Development and career opportunities component is most directly connected with the employee self. Personal development engages employees to perform better, creates them more career opportunities and through these events the organization itself can get the greatest value from the situation.

During the past 50 years the concept of total rewarding has evolved (WorldatWork). Still today terms like "total rewards", "total compensation" or "compensation and benefits" can be used to describe the collective strategies companies adopt to attract, retain and motivate the talented employees in order to succeed within their markets (WorldatWork). As in every workplace, employment is an exchange relationship between the employer, who provides total compensation and employee, who provides time, talent, effort and results. For an organization and their performance management strategy it is vital to identify the top performers and link their performance with rewards. Identify and engage them to drive company's performance (Hewitt Associates, 2005). The goal for total rewards strategy is to attract, motivate and retain employees and to create engagement and satisfaction. The base for successful total rewards strategy is organizational culture, business strategy and human resource strategy (WorldatWork). The WorldatWork researchers have shown that the company's external brand value could be considered a critical component in employee engagement for example. Causality has been shown between efforts, compensation systems and motivation (Van Herpen et al, 2005). Performance measurement and evaluation, monetary compensation and career concerns link

employee performance to rewards employees receive in forms of monetary compensation and career advancement. Employee's performance is a combination of personal ability and effort one is willing to put in to certain job or task in hand.

Employee's personal effort is directly linked to motivation. The compensation system presented by Van Herpen et al. (2005) also features career concerns, part of which is linked to employee's performance and thus leads to motivation. In evaluating the effectiveness of compensation systems Van Herpen et al. (2005) used three distinct measurements: transparency, fairness and controllability. The transparency of a compensation system is evaluated based on the complexity of the system and how well it has been communicated to the employees. A transparent system should inform the employees on rules of the compensation system but also the objectives of the firm. Clear communication will enhance understanding of what is expected of employees. Also open and clear communication enhances the support for a certain compensation system.

Fairness is based on honesty and trust between employee and the organization. Motivation is expected to decrease if an employee feels that he or she is being treated unequally compared to others. Controllability, the third characteristic, is used to evaluate the perceived relationship between performance and compensation. Controllability is the extent to which the employee is able to control or influence the outcome of one's work. Bairi et al (2011) argue that to be able to retain people the employer should offer reasonable salaries. Younger generations of talented employees in the Information Technology (IT) sector are more eager to make more money at an early age of their careers than in other sectors. In order to have and retain employees in the company, the first and most important matter to have is adequate salaries. Stock options and bonuses may be useful in engaging and retaining employees. Having an ownership to the

company through stock, the employee feels more committed to the company and its performance. Within the IT sector in India, company stocks are a fairly unknown incentive but merit bonuses, cash awards and skill development allowances are very commonly used.

The creation and implementation of excellent benefit plan has been one of the most important ways of retaining employees (Bairi et al, 2011). The higher the amount of benefits, the more likely employees will stay with the company all other things being equal. Benefits from child care, fitness club memberships, or educational programmes to flexible working hours, career development, transparency and recognition are factors employees value and expect from the organizations. A strong way to engage employees is to develop a career path with them. They will have some kind of road-map for personal development and career building within an organization. Incentives are called ‘extrinsic motivators’ by psychologists (Kohn, 1993). They do not alter the attitudes that underlie our behaviour and thus secure only temporary compliance. Studies have revealed that people who expect to receive a reward for completing a task or for doing that task successfully do not perform as well as those who expect nothing in reward Kohn (1993). Higher pay does not produce better performance as return. Kohn (1993) states that only few researchers have taken the time to examine the connection between incentive programmes and problems with workplace productivity and morale. Rewards by temporary compliance, making it look like the problems are solved. Spotting the harm incentives cause over the long term is harder. The true cost of incentive systems can be examined through following a six-point framework presented by Kohn (1993, pp. 58-62). These are:

- a) “Pay is not a motivator” – Studies have shown that when asked “what do you care about”, money ranks to be fifth or sixth.

- b) Rewards punish – Rewards have a punitive effect because they are manipulative.
Also not receiving an expected reward is punishment.
- c) Rewards rupture relationships – Employees compete for rewards, which can rupture relationships and cooperation.
- d) Rewards ignore reasons – Rewards directed to boost productivity do nothing to address possible underlying problems in the organization.
- e) Rewards discourage risk-taking – People tend to do what they are asked to do if the reward is significant. Excellence pulls employees one direction whereas rewards pull in another.
- f) Rewards undermine interest – No artificial incentive can match the power of intrinsic motivation. People who are exceptional do not work just to get the paycheck but they are glad to be paid well.

Kohn (1993, p. 63) continues by arguing that “Managers who insist that the job won’t get done right without rewards have failed to offer a convincing argument for behavioural manipulation. Promising a reward to someone who appears unmotivated is a bit like offering salt water to someone who is thirsty. Bribes in the workplace simply can’t work.”

The relation between compensation and retention is very clear. Cappelli (2000) argues that the most popular retention measure today is a competitive compensation package. However, compensation has a great weakness since it is “easy” for competitors to match the remuneration scheme due to the high level of transparency. There is no one best-practice answer on how to create the optimal compensation and benefit programme. Every company must adapt its schemes to the employees’ demands, the market levels and the financial capabilities of the company. For

example, some listed companies can offer stock options, whereas many private companies cannot. As remuneration is an important strategic tool, companies are often reluctant to disclose their compensation set-up to the outside world for competitive reasons.

2.2.0 Motivation

The term “motivation” is derived from the word “motive” which means a reason for action. A vast array of literature exists examining the concept of motivation within organizations. The term has been used to mean “the contemporary (immediate) influences on the direction, vigor and persistence of action” (Atkinson, 1964 p: 2), “how behavior gets started, is energized, is sustained, is directed, stopped, and what kind of subjective reaction is present in the organism while all this is going on” (Jones, 1955 p: vii), “a process governing choices made by persons or lower organisms among alternative forms of voluntary activity” (Vroom, 1964 p: 6), “psychological processes that cause the arousal, direction, and persistence of voluntary actions that are goal directed” (DeSimone et al, 2009 p: 44), “a set of processes concerned with the force that energizes behavior and directs it toward attaining some goal” (Baron, 1983 p: 123), “an internal drive to satisfy an unsatisfied need” (Higgins, 1994 p: 34-35). All these different definitions offer some implications about human behavior. Motivation is a continuous process which starts with needs, continues with goal-oriented behavior and ends with the satisfaction of needs. Motivation at the work place refers to “the degree to which an individual wants and tries hard to do well at a particular task or job” (Mitchell, 1982 p: 29). Motivation of employees is a focus of attention because it may be a means to reduce and manipulate the gap between employees’ actual and desired state of commitment to the organization and to inspire people to work both individually and in groups. The challenge for organizations is to find out what its

employees' values and goals are and where they overlap with the organization's. Factors affecting motivation in an organizational setting can be classified into three levels. Variables related with the uniqueness of individual (e.g. attitudes, interests, needs etc). Variables originating from the nature of the job (e.g. autonomy, level of responsibility in the job etc) and variables that impacts from the work environment (e.g. peer group relations, supervisory practices, salary and reward systems, openness of communication etc).



2.2.1 Intrinsic and Extrinsic Motivation

Motivation is often described as being “intrinsic” or “extrinsic” in nature (Sansone and Harackiewicz, 2000). Intrinsic motivation means a self-generated urge that comes from inside a person and influences him/her to behave in a particular way or to move in a particular direction. They are connected to job-related and social incentives such as opportunity to use one's ability, interesting work, recognition of a good performance, development opportunities, a sense of challenge and achievement, participation in decision making, and being treated in a caring and thoughtful manner. On the other hand, extrinsic motivation is said to exist when behavior is performed to attain externally administered incentives. Extrinsic motivation is related to “tangible” incentives such as wages and salaries, fringe benefits, cash bonuses, security, promotion, wall plaques, free dinner or movie tickets etc. For example, an employee may be motivated to come to work on time every day with the desire to gain the monetary reward awarded for perfect on-time attendance for a month.

In the psychology literature, intrinsically motivated behaviour is stated to arise from innate psychological needs, such as needs for competence and autonomy (Deci and Ryan, 1985; Kasser and Ryan, 1996). The intrinsic motivators are likely to have a deeper and long-term effect

because they are inherent in individuals. These kinds of incentives are largely a result of the worker's satisfaction with his or her job. To sum up, intrinsic motivation originating from within the person or from the activity itself affects behavior, performance, and well-being positively (Ryan and Deci, 2000).

The problem with extrinsic motivation is that it rarely has any useful long term effect. The use of extrinsic motivators to energize the employees may lead to a situation where those reinforcers particularly monetary ones, must get bigger and better all of the time just to repeat the same results (McCann, 2000).

Luthans and Kreitner (1975) uses the term “contrived rewards” to refer to incentives that may generate extrinsic motivation, and “natural rewards” to refer to intrinsic motivators. According to them, although contrived rewards can be positive reinforcers, they have some drawbacks. First, they generally involve costs for the organization. Second, they tend to lead to satiation rather quickly. An employee can be motivated by an extrinsic incentive only so long before he/she becomes satiated, that is, people may get tired of most contrived rewards such as receiving a wall plaque each time.

On the other hand, Luthans and Kreitner (1975) note that incentives that exist in the natural occurrence of events (natural or intrinsic incentives) such as challenging task assignments, autonomy, time off, recognition, friendly greetings etc. are of much more value than the contrived rewards. In contrast to extrinsic rewards, they do not generally lead to satiation. It is not common that people get tired of appreciation and attention. Another advantage of intrinsic

rewards is that while it is difficult for supervisors to give out extrinsic rewards frequently, they can easily provide intrinsic motivation for employees by recognizing their efforts and addressing their social needs in the work place.

To conclude, although their effectiveness may depend on the situation, intrinsic and extrinsic incentives are two important tools in ensuring motivation in the work place. While monetary incentives may only be classified as a factor leading to extrinsic motivation, non-monetary incentives with its diversity can motivate employees both intrinsically and extrinsically. For example, tangible non-monetary incentives such as small gifts, free food or drink, internet access, tickets to movie/theatre/sports facilities etc. or social non-monetary incentives such as company picnics, after-work parties, friendly greetings by the supervisor, recognition of a good job, feedback about performance etc. may have extrinsic motivational powers. On the other hand, job-related non-monetary incentives such as meaningful work, variety of tasks, more responsibility, teamwork opportunities, training programmes, participation in decision making, flexible working hours etc may motivate employees intrinsically. In other words, they help to produce self-generated motivation. Thus, non-monetary incentives provide multi-dimensional employee motivation in the workplace, in contrast to the single dimension of monetary incentives.

2.3.0 Rewards Systems

According to Levine (1995), in the traditional rewards systems, the focus is on individual achievement and the skills used at the current job. However, there is a need for new forms of rewarding the cooperation and learning for new forms of work, such as in high-involvement workplaces. In addition, employees must be reassured of not being laid-off or punished by

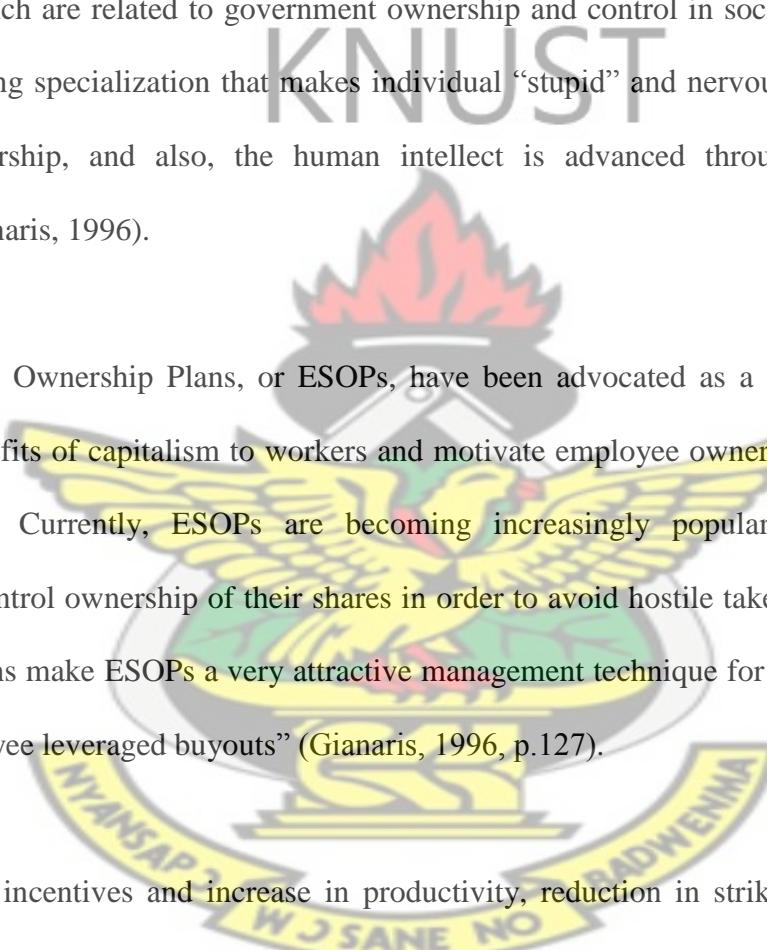
dismissal for their ideas. In relation, Levine (2005) cited the following reward systems that are present in high-involvement workplaces: Gain sharing, Employee Ownership, Pay for Knowledge, Group Cohesiveness, Employment Security, and Guaranteed Individual Rights.

2.3.1 Gain sharing

According to Levine (1995), gain sharing is usually based on cost reductions at a particular department or office, and it is different from profit sharing that is usually based on the accounting profits of the enterprise. Some kind of sharing of rewards from involvement is a key element of all participatory systems. Accordingly, there are different types of gain sharing. There is the financial sharing, which can occur without participation and vice versa, but both theory and evidence suggest that the two are likely to go together in successful participatory systems. In the short run, participation may be its own reward for many employees. In the long run, however, sustained, effective participation requires that employees be rewarded for the extra effort that participation entails and that they receive a share of any increased productivity or profits. Workers feel that it is unfair if their ideas generate cost savings and they do not share the benefits (Levine, 1995). Another form of gain sharing is the group-based gain sharing, which provides workers with incentives to maintain norms of high effort, to monitor each other, and to discipline workers who are shirking. More positively, group-based pay gives workers incentives to cooperate and not to try to advance at the expense of their colleagues. (Levine, 1995, p.49) The success of gain sharing may be proved by the 1990 survey of Fortune 1000, which reported: “companies that reported above-average success from employee involvement provided higher levels of profit sharing, gain sharing, and non monetary awards” (Levine, 1995).

2.3.2 Employee ownership and participation

Employee ownership and participation, as well as the spread of ownership to many individuals, can be an attractive system that eliminates some of the disadvantages of extreme capitalism and socialism. Employee ownership and participation in modern capitalism can alleviate business cycles that are related to unemployment and inflation in capitalism; and bureaucracy and inefficiency, which are related to government ownership and control in socialism. The bad side effects of growing specialization that makes individual “stupid” and nervous can be reduced in employee ownership, and also, the human intellect is advanced through participating in democracy (Gianaris, 1996).



Employee Stock Ownership Plans, or ESOPs, have been advocated as a management tool to transfer the benefits of capitalism to workers and motivate employee owners to new high levels of productivity. Currently, ESOPs are becoming increasingly popular with corporations attempting to control ownership of their shares in order to avoid hostile takeovers. Furthermore, tax considerations make ESOPs a very attractive management technique for companies planning to pursue employee leveraged buyouts” (Gianaris, 1996, p.127).

The creation of incentives and increase in productivity, reduction in strikes and other labour disturbances, a better distribution of income and wealth, and the implementation of democratic principles in workplaces are the main advantages of such a management approach. On the other hand, due to the opposition of capital owners and management executives, difficulties may arise. This is because labour representatives will influence the decision-making. Furthermore, a spirit of mutual responsibility and cooperation among the employee owners, which may not exist, is

required in such a system of management for a smooth operation. As for future enterprise expansion, the pressure of allocating extensive benefits to workers by the workers' representative may also pose a problem. Yet, in the long run, the most important advantage of ESOPs in decision-making may be the reduction of income inequalities, so the achievement of the control in wealth accommodation may happen and extreme solutions can be avoided (Gianaris, 1996).

In the United States, employee ownership occurs in two main forms: thousands of employee stock ownership plans, in which workers own a minority of the company's shares, and a much smaller number of companies that are majority owned by the work force. Although some of the employees at the majority-owned companies own their stock via an ESOP, the companies are referred to here as worker cooperatives (Levine, 1995, p. 51).

2.3.3 Pay for knowledge

Likewise, the Pay for Knowledge rewards systems, also known as the *Skill-based pay* systems, are non-traditional compensation practices that tie base wages and salaries to knowledge and skill rather than to position or the job actually performed. These systems are sometimes called skill-based compensation, knowledge-based pay, multi-skill compensation, and so on. Regardless of the name, these systems are distinguished by the fact that employees who can perform a wider range of jobs than other employees receive a higher base compensation (Boyett and Boyett, 1998). Boyett and Boyett (1998) further discussed that there are two basic forms of skill-based pay, the increased knowledge-based systems and the multi-skilled based systems.

a) Increased Knowledge-Based Systems

Under this system, employees are paid based on the range of skills they possess in a job classification. These systems are probably the most common of the skill-based pay systems and

are sometimes called “Vertical” systems because pay is tied to the depth or skill in a defined job (Boyett and Boyett, 1998).

b) Multi-Skilled Based Systems

Under this system, pay progression is based on the number of different jobs an employee can perform throughout the entire organization. These systems are newer, less common and revolutionary. Employees who can perform most or all of the jobs within the plant would be paid maximum pay rates. These systems are also called “Horizontal” systems because the pay is tied on the number of different jobs a person can perform (Boyett and Boyett, 1998). In every system there will be advantages and disadvantages. Advantages of skill-based pay systems are greater flexibility, leaner staff, improved problem solving, improved horizontal communication, improved vertical communication, supports in employment security, and improved job satisfaction. Likewise, the disadvantages of the skill-based pay systems are the tendency of increased cost in labour, training and administration (Boyett and Boyett, 1998).

On the other hand, policies to promote cohesiveness are more common at high-involvement companies, Levine (1995). *Cohesiveness* is a measure of the attraction of the group to its members (and the resistance to leaving it), the sense of team spirit, and the willingness of its members to coordinate their efforts. Compared with members of a low-cohesive group, those in a high-cohesive group will, therefore, be keen to attend meetings, be satisfied with the group, use "we" rather than "I" in discussions, be cooperative and friendly with each other, and be more effective in achieving the aims they set for themselves. The low-cohesive group will be marked by absenteeism, the growth of cliques and factions, and a sense of frustration at the lack of attainment (Oxford Brookes University, 2003). The group-based pay systems are policies used to promote group cohesiveness. Levine (1995) said group-based pay reduces individual pay

differentials. Numerous laboratory experiments have found that narrow wage dispersion increases worker cohesiveness and increases productivity.

Accordingly, in group-based pay system, the pay and status differentials among employees (in particular, managers and workers) are reduced. This is based on three related reasons: first, narrow differences in wages and status help develop an atmosphere of trust and confidence between workers and management, so employees participate more because often, employees see large wage differentials as unfair that they are less supportive of the goals of the highly rewarded group; second, when wage dispersion is narrow, cooperation among workers are increased because competition between workers who try to win the bonus or promotion is decreased; and third, group-based systems is used to promote participation that may extend into the realm of compensation (Levine, 1995).

2.3.4 Employment security

High-involvement workplaces are also those that provide employment security to their employees. They usually have implicit or explicit long-term employment contracts with their workers, contracts that stress reciprocal commitments and management's pledge to minimize the need for layoffs. Successful participatory systems usually avoid laying off workers for several related reasons. (Economic crises can propel management, workers, and unions to initiate participatory experiments). Levine (1995) explains that if workers fear that cooperating in increasing efficiency will jeopardize their employment, they will not participate. Only when employees share their ideas and their managers reward these increase in productivity will participation work. In the short run, the rational strategy is for workers to hide productivity-improving techniques to enjoy more on-the-job leisure. Similarly, the company's short-run

rational strategy is to deny that productivity has increased to avoid raising pay. Only a long perspective can convince both players to cooperate. Also, long-term employment relations are essential when the extent of participation relies upon group cooperation and employees monitoring one another. Group-based rewards and social approval as motivators are more effective when an employee expects a long-term relationship with a work group. The longer an employee expects to be in a work group, the more effective are group-based rewards and social approval as motivators (Levine, 1995).

2.3.5 Guaranteed individual rights

Guaranteed individual rights are important for employee motivation because people participate effectively only when they are assured that they will not be penalized for their participation. Such acts as criticizing existing procedures or opposing proposed policy changes could invite reprisals from management. (Bernstein, 1980)

Accordingly, Paul Bernstein (1980) concluded that guaranteed rights are necessary component of workplace democratization, because in essentially all of the successful participatory companies he had studied, he found guaranteed rights as being present (Levine, 1995).

Workers' increased trust in the company is also one reason why guaranteed rights are important. Several studies also indicated how high-trust environments depend on employee perceptions of due process and facilitate employee participation, better performance, creativity, and communication (Mowday et al, 1982).

Also, because workers have an alternative to quitting if they are unhappy about one aspect of their jobs, guaranteed individual rights are also an important part of long-term employment relations. Freeman and Medoff (1984) concluded, after surveying the evidence relating

individual rights and performances, that union workers who were guaranteed their individual rights have higher productivity and are less likely to quit than their other workers.

In addition, for most employees, the most crucial right is for them to be assured that the company will only dismiss them after showing a good cause and not because of their critical ideas. If they are assured of their right, workers are motivated (Levine, 1995).

2.4 Incentives, Rewards and Recognition

According to WorldatWork, the concepts of “incentive”, “reward” and “recognition” are quite interrelated and complementary in the context of employee motivation. It is difficult to draw a line among them. The broadest category is the “incentive” which refers to any means that makes an employee desire to do better, try harder and expend more energy. It may be divided into two categories: monetary incentives and non-monetary incentives. Monetary incentives involve granting of reward in terms of money such as commissions, bonuses etc. Non-monetary or non-cash incentives do not involve direct payment of cash and they can be tangible or intangible. Some examples of this kind of incentives are; encouraging the employees by providing them with autonomy in their job and participation in decision making, assigning challenging duties, improving working conditions, recognizing good work through small gifts, letters of appreciation, plagues, tickets to restaurant etc., providing some services for the employees, organizing social activities in the work place, etc.

The difference between an incentive and reward may be noted as while incentive aims to motivate future and encourage certain behavior, reward is the appreciation for the accomplished behavior and it is a potential reinforcer. Recognition covers monetary and

non-monetary rewards and it refers to crediting, encouraging and appreciating individuals and teams who contribute, through their behaviour and their efforts, to the success of the organization. It provides after-the-fact reinforcement for specific types of performance or accomplishments and emphasizes what the organization values. Moreover, it helps to create a sense of being a valued member of a successful organization. Examples of recognition are giving public praise, granting monetary and non-monetary rewards, celebrating and communicating successes etc.



As in the final analysis, both rewards and recognition are the means to induce action and can be analyzed under the broad category of “incentives”. Compensation is the monetary benefits provided to employees in return for the work they do as part of their job definition. Entitlements are the fringe benefits like paid vacation, health insurance, retirement benefits etc. When we look at the case of public employees in Ghana, their compensation levels are lower comparable to private sector in most of the occupations. On the other hand, public employees enjoy job security and fringe benefits. In public sector, there is no correlation between the performance level of employees and the amount of monetary compensation or fringe benefits they get. In other words, in return for monetary compensation and fringe benefits, what is expected from public employees is just realizing the requirements of their job definition daily, nothing more. In fact, as public employees are guaranteed with wage/salary and fringe benefits regardless of their performance, it may even lead them to be less motivated to do their best. Conversely, in the private sector, if an employee fails to exert much effort in his/her job; he/she may lose the job. Given their job security, what can drive public employees to do more than what is expected from them?

Incentives help to encourage specific behaviours or goals that are not supported by the existing compensation. These behaviours or goals can be reducing the operating costs, solving a particular operational problem, making useful suggestions, improving citizens' satisfaction, preventing a major damage, helping the peers, complying with the rules and regulations of conduct in the work environment etc. Thus, it is important particularly for the public sector that, some kind of incentive mechanism exists to promote employees to contribute more, to do more than what is expected from them. Non-monetary incentives can also be an appropriate tool to motivate employees in the public sector and they may be as effective as monetary incentives.

2.5 The Issue of Motivation and the use of Incentives as a Motivational Tool in Public Sector of Ghana

Although awarding monetary incentives is still the most commonly used technique in motivating employees, non-monetary incentives has recently become focus of attention.

It is important particularly for the public sector that, some kind of incentive mechanism exists to promote employees to contribute more, to do more than what is expected from them and to recognize outstanding performance. There are three alternatives to realize this: utilizing monetary incentives, non-monetary incentives or both.

In Ghana, some monetary incentives are guaranteed to public employees such as overtime pay and bonus payments. But the amounts of these payments are kept very limited compared to private sector, they are not tied to performance and these payments are not made in a timely

manner to recognize a particular success immediately. In addition to these incentives, in a section of the Civil Servants Act, it is stated that public employees who are recognized for their extraordinary performance compared to others can be awarded monetary rewards with the approval of the related minister. However there is a limitation on the amount of this reward and the number of employees that can be rewarded. Generally speaking, the amount of the reward cannot exceed the wage amount for the particular employee and the number of employees that can be rewarded within a fiscal year cannot exceed a percentage of the total number of employees in that organization. As it is seen, this incentive is also very limited. Public employees in Ghana generally are not satisfied with their payment levels. Together with the above limitations, monetary incentives continue to be inadequate in motivating public employees in Ghana. It seems that given the limitations of a weak national economy, it is questionable whether the public sector in Ghana will be able to develop its monetary incentive system to the effective levels. Moreover, even if it is able to develop, monetary incentives are less likely to promote effectiveness of public employees unless they are tied to performance. This is a serious problem for ensuring fairness in awarding monetary incentives.

Besides the complexity of implementation and financial burden of establishing an effective monetary incentive system in public sector, there is no guarantee that monetary incentives alone will be enough to motivate public employees. It is well known that individuals have variety of needs such as the need for social interaction, belongingness, recognition, respect, attention, a feeling of achievement, autonomy, a meaningful job, a feeling of self-worth, developing one's full potential etc. Non-monetary incentives -tangible, social and job-related are essential to address these kinds of needs of public employees. In addition to this Perry and Porter (1982)

suggests that greater emphasize on monetary incentives may attract individuals who value economic wealth more highly. This in turn might lessen the attraction of the public service to more idealistic types.

Non-monetary incentives offer many advantages to public organizations. These advantages can be summarized as follows. Non-monetary incentives have the potential to satisfy employee needs and motivate them without necessitating significant amounts of the use of public financial sources. Non-monetary incentives may be a valuable source of motivation for the public organizations to utilize. However, in determining their degree of effectiveness, public employees' reward preferences are also a concern. Any incentive system is more likely to be successful if it matches what the employees' value.

2.6 Definition of Retention

Retention is defined as an obligation to continue to do business or exchange with a particular company/organization on an ongoing basis (Zineldin, 2000). A more detailed and recent definition for the concept of 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 behavioural intentions (Stauss et al., 2001).

The reasons why employees prefer not to leave an organisation or, in other words, the factors that influence the retention of employees include commitment and the accumulated benefits derived from long service.

Commitment has been defined as the strength of an individual identification and involvement with a particular organisation, which implies an acceptance of the organisation's values and goals and the desire to remain a member of the organization. Van der Merve and Miller (1993)

believe that the psychological bond between the individual and the organisation could be described as psychological attachment, comprising compliance, identification and internalisation. Attachment, however, includes both exchange commitment and psychological commitment. Compliance thus corresponds to adopting specific behaviours and attitudes in order to gain specific rewards. It further implies that identification means accepting the influence of the organisation, and respecting its values and accomplishments. A further aspect of attachment is internalisation, which represent a progressive deeper level of attachment. Attachment also implies that internalisation occurs when the attitudes, values and norms of the organisation are congruent with the employees own. Peel (2002), together with Peel and Boxall (2005) also state that commitment or attachment would lead one to expect that flexible employment relationship, more so than contracting employment, will have a major effect on both the individual and organisation. Length of services has been found to be the best single predictor of turnover (Mobley et al, 1978). The longer a person stays with an organisation the more likely it is that he will become committed to that organisation in several ways.

Through long service group ties are formed, habit patterns are established and a stabilising sense of familiarity with the job situation emerges. Considering the above theory, it becomes clear that in order to determine the reasons for high staff turnover in the public sector, questions should be asked about the expectations staff have of their jobs and their organisation.

Studies have indicated that retention is driven by several key factors, which ought to be managed congruently: Organizational culture, strategy, pay and benefits philosophy, and career development systems (Fitzenz 1990). An organisation's ability to keep employees who are valued contributors to organizational success for long is beneficial. Desired talent can be kept on

staff by using a dynamic blend of elements from the total rewards package as employees move through their career lifecycles.

2.6.1 Employee Retention and Job Satisfaction

The above mentioned definitions explain many situations in our contemporary life why many employees are no longer having a sense of organization loyalty once they leave. 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 staff from leaving or going to work for other companies. 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 2000, Hammer 2000).

Literature on employees' retention again shows that attracting existing employees cost less than acquiring new talents as organizations know their employees and what they want, and the initial cost of attracting the new employees has already been expended (Davidow and Uttal, 1989).

Employee retention also helps to attain benefits such as customers' satisfaction, better service, lower costs (Reichheld, 1995), lower price sensitivity, positive word-of-mouth, higher market share, higher productivity and higher efficiency (Zineldin, 2000).

Based on a review of the literature, many studies have investigated employee intentions to exit. For example Eskildsen and Nussler (2000) in their research suggested that employers are struggling to be talented employees in order to maintain a successful business. Anderson and Sullivan (1993) and Rust and Zahorik (1993) believe that, there is a straight line linking employee satisfaction and customer satisfaction. Thus, high satisfaction has been associated with retention of both customers and employees. Literature on employee retention clearly explain that satisfied employees who are happy with their jobs are more devoted to doing a good job and vigorous to improve their organizational customers' satisfaction (Hammer2000; Marini 2000; Denton 2000). Employees who are satisfied have higher intentions of persisting with their organization, which results in decreased turnover rate (Mobley et al.,1979). Fishbein and Ajzen (1975) attest the theory of reasoned action as the retention of both the employee and the customer has a link with satisfaction and labour.

Studies have proposed that the cost of replacing lost talent is even higher, as much as 70 to 200% of that employee's annual salary (Kaye, 2000). Expanding on these thoughts, the EPF (2004) stated that:

"for a firm with 40,000 full-time employees, the difference between a 15- percent turnover rate and a 25- percent turnover rate is over \$50 million annually. The divergence between a 15-percent turnover rate and a 40-percent turnover rate is over \$130 million annually".

When high level of employee turnover exists, most of the workforce is at an entry level stage of production. A very high cost is associated with large numbers of employees who have not accomplished full productivity. This cycle continues with very few employees performing at maximum productivity. Numerous studies explain the importance of high employees involvement and how it could enhance their retention (Arthur 1994; Huselid 1995; Koch and

McGrath 1996). Flexible work schedules and assistance on the job need to be considered, however, only a small share of the workforce takes advantage of them (Smith and Blum 2000).



CHAPTER THREE

METHODOLOGY AND ORGANIZATIONAL PROFILE

3.0 Introduction

Methodology typically refers to the techniques that are used to conduct research. This include data collection instruments such as questionnaires, interviews or observation as well as sampling procedures and statistical techniques for organizing and interpreting unstructured data (Bryman 2008). This chapter spells out the approach to the research. It seeks to establish sound reasoning in linking the steps employed to answer the research questions and to achieve the objectives of the research. It discusses the methods that have been considered for this research study. This details the steps the author of this research took in order to accomplish the study. The said steps then include the collating procedure of the facts and figures that is required in the delivery and completion of the research study. It also presents the manner in which these facts and figures will be utilized and combined in the study and at the same time, detail how the research study develop and progress to answer the aims and objectives to be able to read the conclusion. It examines the research design, the sampling techniques adopted, the data collection instruments employed, an overview of the methods used in data analysis, issues of confidentiality and a profile of the study area. The researcher finds it suitably elaborative for achieving the research goals. Each step will be explained in terms of the approach and justified in the light of methodology literature.

3.1 Research Design

According to Green and Tull (2000) "A research design is the specification of methods and procedures for acquiring the information needed. It is the over-all operational pattern or framework of the project that stipulates what information is to be collected from which source by what procedures." Research design is important as it prepares proper framework within which the research work/activity will be actually carried out.

The research design for this study is case study method. As the research study intends to discover the general consensus of staff at Kumasi Metropolitan Assembly with regards to employee retention, the immediate research study methodology in mind is the descriptive research study design. The purpose of using and considering the descriptive method is to explain and depict the nature of the situation, as it takes place during the time of the research and to explore the cause or causes of a particular situation.

Since quantitative study is based on causal inference and the use of standardized measures to produce quantified data that can be statistically analyzed, quantitative data was thus used for this study. Quantitative approach, thus, provided the means by which data collected was converted into discrete units that were compared to other units by using statistical analysis; an essential part of quantitative research

3.2 Sources of data

Data for the study were gathered from both primary and secondary sources.

3.2.1 Primary Data

Primary data collection was basically used which involved the use of interviews, discussions and structured questionnaires. Questionnaires were administered to staff and management of Kumasi

Metropolitan Assembly. These questionnaires contained questions with different themes specific to addressing the research objectives and questions. As a student researcher, the researcher might not have enough time or resources to get a sample of optimum size. The researcher performed a pilot study to develop, adapt, or check the feasibility of techniques, to determine the reliability of measures, and/or to calculate how big the final sample needs can be. The pilot had the same sampling procedure and techniques as in the larger study. A pilot testing was conducted to streamline the questionnaire. Furthermore, the researcher also interviewed a few personnel.

3.2.2 Secondary Data

Secondary data are data collected by someone other than the user. Common sources of secondary data for social science include censuses, organizational records and data collected through qualitative methodologies or qualitative research. Secondary data were gathered through a desk study on both published and unpublished materials. This includes internet web pages, government policies and conditions of service and records from the KMA.

3.3 The population of the study

The target population of the study consisted of staff from the Finance and Administration Unit, Legal and Internal Audit Unit, Planning and Budget Unit, Engineering Unit, Births and Deaths Unit, Revenue Unit, Procurement Unit, Estate Unit, Environmental Unit, Protocol Unit and Treasury/Stores Unit. Records available at the Human Resource Unit of KMA show that the Assembly has about 1,335 staff.

Table 3.1: Categories of staff

Number of top management staff	58
Number of senior staff	364
Number of junior staff	622
Number of labourers	291
Total number of staff	1335

Source: KMA Human Resource Department (2012)

Out of the One Thousand Three Hundred and Thirty Five staff of KMA, Nine Hundred are males and Four Hundred and Thirty Five are females.

3.4 Sampling procedures for data collection

There is no hope of making scientific statements about a population based on the knowledge obtained from a sample, unless we are circumspect in choosing a sampling method (Malhotra and Birks, 2006). Sampling is a key component of any investigation and involves several considerations. The aim of most investigations is to obtain information about a population. A census or sample of the population is taken for analysis.

The sampling techniques used for this study was simple random sampling technique. Simple random sampling technique was used to select staff and departmental personals. The sample size for the study was 150 employees. The selection of the sample was based on chance selection and the readiness and availability of the respondents. A total of 150 questionnaires were administered in order to ascertain the perceptions (satisfaction) of both staff and management with respect to the compensation strategy adopted by Kumasi Metropolitan Assembly. Table 3.2 indicates how the questionnaires were allocated to different sections of the Assembly.

Table 3.2 Departments and Number of respondents

Department	No. of respondents
Administration	10
Finance and Accounts	15
Engineering	25
Legal/ Internal Audit	15
Environment	7
Revenue	12
Procurement	6
Planning/Budget	20
Estate	12
Protocol	8
Treasury/stores	30
Total	150

Source: Field Survey, June 2012

3.5 Data Collection Methods

There are a number of methods for data collection. These include interviews, questionnaires, direct observation, participant observation and physical artifacts (Opoku and Khan 2004). The researcher painstakingly considered a number of factors in deciding which instruments or methods of data collection to be employed in the research. Due to the fact that the research approach was fundamentally quantitative, questionnaires served as the means of gathering our primary data.

3.5.1 Questionnaires

In this study, close-ended questions were used where respondents were asked to choose from a fixed set of answers indicative of their opinion on compensation scheme as a retention strategy.

The reason for using close-ended questions are that the questions are easier and faster for respondents to answer and easier to compare, code and analyse statistically by the researcher.

Responses were measured with a five-point Likert scale rating, where strongly Agree = 4; Agree = 3; Strongly Disagree = 2; Disagree = 1; and unsure = 0.

3.5.2 Interviews

Interviews have the highest response rate and allow longer set of questions and deeper probe. In face-to-face interviews, researchers get additional insight to answers through non-verbal cues.

The main disadvantage of conducting interviews is cost.

In conducting this research, face-to-face interview was used to acquire information from staff and directors of the KMA which took the form of a free-ranging conversation. It afforded the opportunity to clear up misunderstandings immediately and asked follow up questions for further insight thus providing a rich source of material.

3.6 Data Collection Process

Before data collection, the researcher visited KMA in order to be familiar with its operations, build a rapport with the staff and explain the purpose of the study. Formal interview sections were arranged at convenient periods with the respondents. To ensure good response rate and clarify any question that might arise, the researcher endeavoured to appeal to the respondents to fill and submit the questionnaire in the presence of the researcher. It was part of the strategy to

directly explain the questions to the respondents before they fill in their responses. A few insisted on taking the questionnaire home and returning them later or preferred to answer the questions for the author to enter the responses. In the process, the researcher explained the questions to the respondents taking care not to introduce any bias. The questions for the interviews took open ended form to capture much relevant information as possible. From the researcher's personal experience and views of former writers who have conducted some research would-be-respondents are less enthused when they are presented with lengthy questions compared with short, typically brief. Responses were written down. A pre-test of the questionnaire preceded the main work. The purpose of the pre-test activity is to ensure that the questionnaires are meaningful, easily understood and appropriate for the main fieldwork. The activity enabled the researcher to become more familiar with items of the questionnaires and prepare them accurately for the main work. Due to the complex nature of designing the questionnaires, a pilot test was done to improve the question order, filter questions and layout.

3.8 Methods of Data Analysis

Sullivan (2001) opined that data analysis can be the most challenging and interesting aspect of research. It refers to deriving meaning from the data that had been collected in a study. Data analysis assumes many forms. Quantitative data analysis involves the use of statistical methods to assemble, classify, analyze and summarize the data to derive meaning. As indicated earlier, the author conducted field research to collect data from KMA using interviews and questionnaires. After the data collection, data reduction was conducted to select, arrange, refine, focus and summarize the data for onward analysis. The data collected was transformed into a form appropriate for manipulation and analysis. The data gathered from the questionnaire was

edited to ensure completeness, consistency and accuracy. Data collected were analyzed through the use of Statistical Package for Social Sciences (SPSS) software and Microsoft Excel. In analyzing the data, tables and figures were used as analytical tools. Quantitative explanations were made of quantitative data to give meaning to them as well as explain their implications. From these, appropriate conclusions and recommendations were made from the findings of the research.



3.9 Organizational Profile of Kumasi Metropolitan Assembly

The city of Kumasi was founded in the 1680's by King Osei Tutu I to serve as the capital of Ashanti State (Fynn, 1971). Given its strategic location and political dominance, Kumasi as a matter of course, is developed into major commercial centre with all major trade route converging on it (Dickson, 1969).

However, it came under the influence of the British rule in 1890 (Adu Boahen, 1965). With time the city began to expand and grow thereby making it second only to Accra in terms of land area, population size, social life and economic activity. Its strategic location has also endowed it with the status of principal transport terminal and has assured its pivotal role in the vast and profitable distribution of goods in the country and beyond.

Its beautiful layout and greenery has accorded it the accolade of being the “Garden City of West Africa”. From the three communities of Adum, Krobo and Bompata, it has grown in a concentric form to cover an area of approximately ten (10) kilometers in radius. The direction of growth was originally along the arterial roads due to the accessibility they offered resulting in a radial pattern of development. The city is a rapidly growing one with an annual growth rate of

5.53 per cent (Regional Statistical Office, Kumasi). It encompasses about 90 suburbs, many of which were absorbed into it as a result of the process of growth and physical expansion. The 2000 Population Census kept the population at 1,170,270. It was however discovered that population grew to 2,035,064 in 2010 population census conducted. Kumasi is located in the transitional forest zone and is about 270km north of the national capital, Accra. The unique centrality of the city as a traversing point from all parts of the country makes it a special place for many to migrate to.



There are concentrations of economic activities in the city. The first and most important location is the Central Business District (CBD), which embraces the Kejetia Lorry Park, the Central Market and the Adum Shopping Centre. The other economic nodes include the Suame Magazine (Vehicle Repair Centre), the Kaase/Asokwa Industrial Area and the Sokoban Wood Village. Most industries which deal in Timber processing, Logging, Food Processing and Soap making are concentrated at the Kaase/Asokwa Industrial Area. There are also a number of satellite markets in the metropolis. These included the Asafo Market, Bantama, Oforikrom, Asawase, Kwadaso and Atonsu Market.

KMA is committed to improving the quality of life of people in the metropolis through the provision of essential service and creation of an enabling environment to ensure the total and sustainable development of the city.

3.9.1 Position and functions of Kumasi Metropolitan Assembly

Kumasi Metropolitan Assembly was established by the legislative Instrument number L.I. 1432 and it is centrally located in the Ashanti Region of Ghana. Its unique central position makes it accessible from all corners of the country. It is the second largest city in the country and the administrative capital of Ashanti. It is a fast growing metropolis with an annual growth rate of

about 5.4%. The Metropolis is about 254 kilometers; its physical structure is basically circular with a central located commercial area.

These are deliberative, legislative and executive functions. Section 10 (3) of Act 462 list them as follows;

- a) Be responsible for the overall development of the metropolis and shall ensure the preparation and submission through the regional coordinating council for approval of the development plan to the commission and budget to minister of finance for the district.
- b) Formulate and execute plans, programmes and strategies for the effective mobilization of the resources necessary for the overall development of the metropolis.
- c) Promote and support productive activity and social development in the metropolis and remove any obstacles to initiative and development.
- d) Initiate programmes for the development of basic infrastructure and provide municipal and works and services in the metropolis.
- e) Be responsible for the development, improvement and management of human settlements and the environment in the district.
- f) In cooperation with appropriate national and local security agencies, be responsible for the maintenance of security and public safety in the district.
- g) Ensure ready access to the courts and public tribunals in the district for the promotion of justice.
- h) Initiate sponsors or carry out such studies as may be necessary for the discharge of any of the functions conferred by this law or any other enactment.
- i) Perform such other functions as may be provided under any enactment.

3.9.3 Objectives of Kumasi Metropolitan Assembly

- a) To facilitate the effective functioning of government machinery in the metropolis
- b) To ensure efficiency and effectiveness in the use of resources of the Metropolitan Assembly and decentralized departments within the metropolis

- c) To monitor, conduct and harmonize the implementation of the Metropolitan development plans and activities within the Metropolis
- d) To facilitate community-based and private sector development in the metropolis.

3.9.4 Activities of Kumasi Metropolitan Assembly

The following are the activities in which the Assembly is involved in. Among them are:-

- a) To ensure an efficient service delivery, staff orientation, effective co-ordination of departmental activities as well as ensuring client feedback information on the Assembly's performance.
- b) To enhance the planning, budgeting and project execution role of the Assembly.
- c) To control / check haphazard land development and to provide basic social and physical infrastructure – schools, Health facilities, etc.
- d) To improve environmental sanitation through sound waste management practices.
- e) To step up resource mobilization while ensuring that expenditure lagged behind revenue.
- f) To promote civic participation and transparency in local governance and information sharing through the operationalisation of the satellite structure of the Assembly, i. e. Sub-Metros, Town Council and Unit Committees.

4.9.5 Vision

To develop Kumasi into a safe and vibrant city by improving city management through good governance, local economic development, tourism promotion, improved sanitation, improved environmental and social services as well as spatial and infrastructure development.

3.9.6 Mission

KNUST

Kumasi Metropolitan Assembly is committed to improving the quality of life of the people of the metropolis through the provision of infrastructure and essential services and the creation of an enabling environment to ensure the total and sustainable development of the city.



CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.0 Introduction

This chapter presents analysis of the data collected from the field survey and the discussion thereof. Data gathered from the field survey were analyzed using Statistical Package for Social Sciences (SPSS) software and Microsoft excel spreadsheet (2007). The SPSS was used for data transformation, running of cross tabulation, percentages and ratios while the Microsoft excel was used for designing pie charts. The following outlines one hundred and forty five (145) responses received from the 150 questionnaires administered.

4.1 Biographical information of respondents

The biographical information of the respondents was analysed according to rank, gender, age, qualification, functional area and length of service. The respondents that participated in the study were all staff of KMA working at various departments.

4.1.1 Rank of respondents

Question A.1 required respondents to indicate their positions at KMA. Responses to this question are presented in Table 4.1.1

Table 4.1.1 Rank of respondents

Rank	Frequency	Percentage
Director	1	0.7%
Deputy Director	6	4.1%
Principal Executive officer	17	11.7%
Senior executive officer	34	23.4%
Executive Officer	43	29.7%
Clerical Officer	12	8.3%
Others in different fields	32	22.1%
Total	145	100%

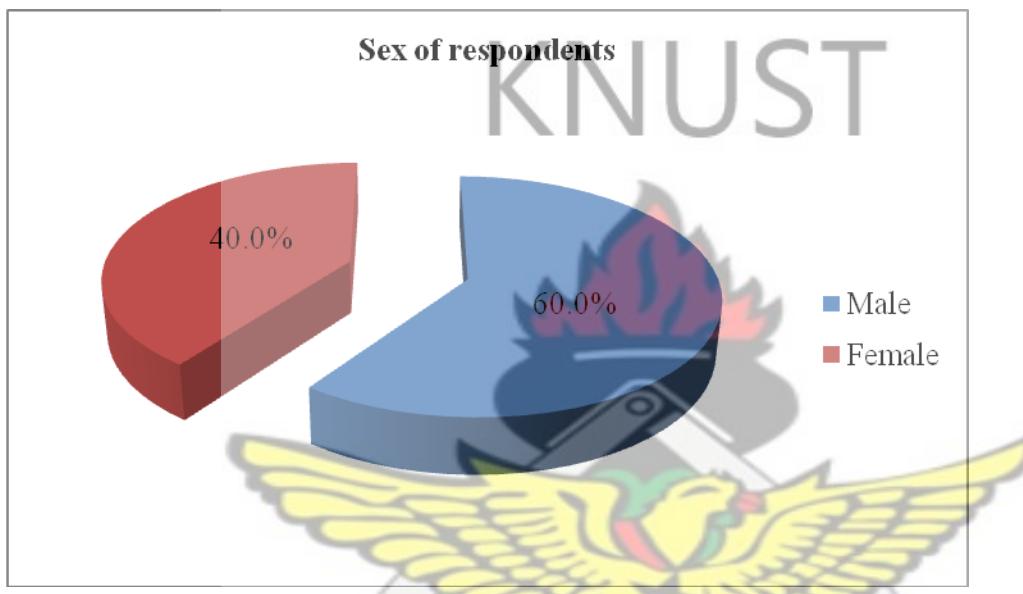
Source: Field Survey, June 2012

From Table 4.1.1, it could be observed that majority of the respondents were Executive Officers which comprises of 43(29.7%) of the respondents, followed by Senior Executive Officers of 34(23.4%), and then those in other different fields of 32(22.1%), Principal Executive Officers of 17(11.7%), Clerical Officers of 12(8.3%), Deputy Director of 6 (4.1%), and only one Director constituting 1(0.7%) of the response rate. The responses from the table indicate that majority of the respondents 43(29.7%) were from the Executive Officers. This was because the Assembly is dominated by Executive Officers. Moreso, at the time of administering the questionnaire majority of them were available.

4.1.2 Sex of respondents

Question A.2 required respondents to indicate their sex. Responses to this question is presented in figure 4.2.1 below.

Figure 4.1.2 Sex of respondents



Source: Field Survey, June 2012

The figure above shows the result accumulated from the field survey with respect to the sex of the respondents. From the responses received, 87 (60%) of the respondents were males whilst 58(40%) were females. It could therefore be deduced that more males 87(60%) than females 58(40%) participated in the survey. This shows that KMA is dominated by males.

4.1.3 Age of respondents

Responses about the age of respondents is presented in table 4.1.3 below

Table 4.1.3 Age of respondents

Age	Frequency	Percentage
20-29	20	13.8%
30-39	25	17.2%
40-49	65	44.8%
50-59	33	22.8%
60 and above	2	1.4%
Total	145	100%

Source: Field Survey, June 2012

As indicated in the above table, majority of the respondents in this study were those in the 40-49 age group representing as much as 65(44.8%) of the total response rate. The second highest was the 50-59 age group representing 33(22.8%), the third highest was the 30-39 age group 25(17.2%), followed by 20-29 age group, representing 20(13.8%). The age group, 60 and above had 2(1.4%). This is a clear indication that the Assembly is dominated by employees within the age bracket of 40-49 representing 65(44.8%)

4.1.4 Academic level of respondents

Responses received on the academic level of respondents is presented in table 4.1.4 below.

Table 4.1.4 Academic level of respondents

Qualification	Frequency	Percentage
'O' level	5	3.4%
'A' level	20	13.8%
SSSCE/WASSCE	4	2.8%
Diploma	50	34.5%
First Degree	29	20.0%
Masters Degree	5	3.4%
Doctorate	0	0.0%
Others	32	22.1%
Total	145	100%

Source: Field Survey, June 2012

From Table 4.1.4, it is clear that majority 50(34.5%) of the respondents had a diploma in a relevant field of work. This is followed by those with other qualifications of 32(22.1%), then those with first degree honours which comprised of 29(20.0%) of the total response rate. Those with 'A' level also constitute 20(13.8%), while those with 'O' level and Master's degree have

the same rate of 3.4% each out of the total response rate. No respondent was recorded under doctorate qualification. This does not necessarily mean that academic qualification does not exist in KMA but may be due to the fact that their total population was so small that as at the time of administering the questionnaire, none of them was present. Based on the analysis of Table 4.1.4, it seems staff of KMA with second degree honours representing 5(3.4%) are few in the Assembly and most of the staff concentrate on having long service rank than having a higher academic qualification.



4.1.5 Respondents' Functional area of work

The functional area of the respondents' work is presented in Table 4.1.5 below

Table 4.1.5 Functional area of respondents' work

Functional Area	Frequency	Percentage
Administration	15	10.3%
Finance office	20	13.8%
Engineering	30	20.7%
ICT	10	6.9%
Others	70	48.3%
Total	145	100%

Source: Field Survey, June 2012

It is evident from Table 4.1.5 that most 70(48.3%) of the respondents were at the other departments of the Assembly which are Treasury, Revenue, Legal, Budget/Planning, Records, Stores, Birth and Death, Procurement. Those in Engineering Department constitute 30(20.7%) and Finance Office is been represented by 20(13.8%) of the response rate. Those in Administration Department were represented by 15(10.3%) whiles those in ICT Department were represented by 10(6.9%).



4.1.6 Respondents' length of service

Table 4.1.6 Respondents' length of service

Number of years	Frequency	Percentage
Less than 2 years	21	14.5%
3-7 years	65	44.8%
8-12 years	41	28.3%
13-17 years	8	5.5%
18-22 years	10	6.9%
23-27 years	0	0%
28-32 years	0	0%
32 and above	0	0%
Total	145	100%

Source: Field Survey, June 2012

As indicated in the above table, majority of the respondents 65(44.8%) in this study have served for 3-7 years. Following are those who have served for 8-12 years representing 41(28.3%), then those who have served for less than 2 years representing 21(14.5%). Those who have served for 18-22 years represent 10(6.9%) and those who have served for 13-17 years were represented by 8(5.5%). On the other hand, there was no respondent for those who have served

for 23-27 years, 28-32 years and 32 and above years. That is, no respondent for the years of service from 23 years and above. This does not necessarily mean that no one has served for 23 years and above in KMA but may be due to the fact that their total population was so small that as at the time of administering the questionnaire, none of them was present.

4.2 Individual factors

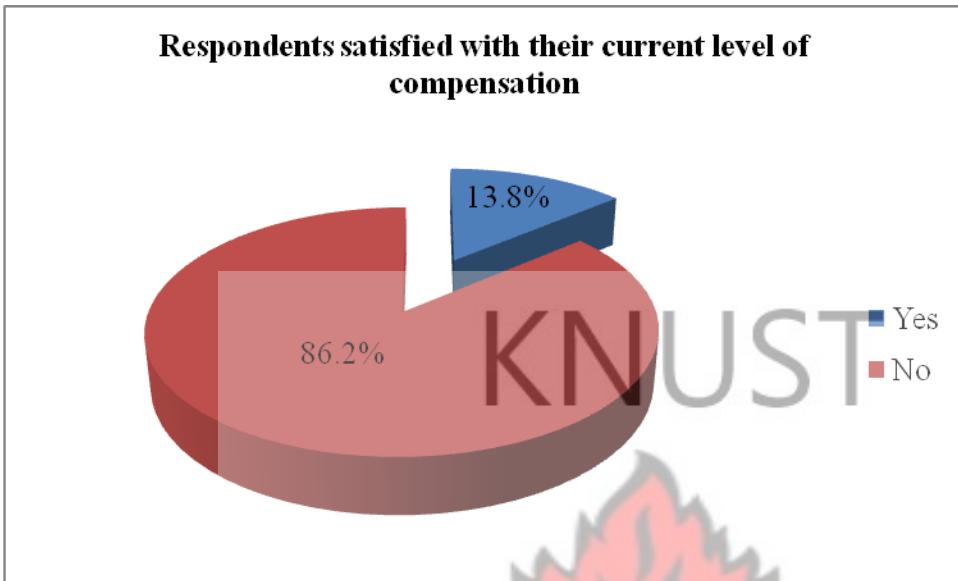


Section B of the questionnaire contained statements related to individual factors that could potentially impact on staff turnover. Grobler et al (2006), Nel et al (2003) and Van Der Merwe & Miller (1993) indicate that individual factors such as age, length of service and personality could impact on staff turnover.

4.2.1 Proportion of respondents who were satisfied with their current level of compensation.

To measure the proportion of respondents who were satisfied with their current level of compensation, the study used “Yes” and “No” as the options from which the respondents could choose from in answering the question “Are you satisfied with your current level of compensation?”

Figure 4.2.1 Proportion of respondents satisfied with their current level of compensation.



Source: Field Survey, June, 2012.

The figure above shows the result accumulated from the field survey with respect to whether or not the respondents were satisfied with their current level of compensation. From the responses received, 20(13.8%) of the respondents answered “yes” with 125(86.2%) answering “no”. This is a clear indication that majority of the employees 125(86.2%) are not satisfied with their remuneration and if measures are not put in place, it could be a fertile ground for high labour turnover.

4.2.2 Respondents' view as to the reason why they are not satisfied with their current level of compensation.

Table 4.2.2 Respondents' view on why they are not satisfied with their current level of compensation.

Reasons	Frequency	Percentage
The work that I do is challenging	10	8%
My department is not adequately staffed	10	8%
My needs are not taken into consideration at work	80	64%
I am not provided with the necessary resources to complete my task successfully	22	17.6%
Other reason(s)	3	2.4%
Total	125	100%

Source: Field Survey, June 2012

The table above shows the view of respondents on why they are not satisfied with their current level of compensation. Of the 125 respondents not satisfied with their current level of compensation, 80(64%) answered that their needs are not taken into consideration at work, while 20(17.6%) answered that they are not provided with the necessary resources to complete their task successfully. Those who answered that the work they do is challenging and those who answered their departments are not adequately staffed had the same response rate of 10(8%).

Respondents who gave other reasons such as intimidation and harassment at the work place were 3(2.4%).

4.2.3 The compensation scheme that best motivates respondents

Table 4.2.3 The compensation scheme that best motivates respondents

Responses	Frequency	Percentage
Financial reward	142	97.9%
Non-financial reward	3	2.7%
TOTAL	145	100.0%

Source: Field Survey, June, 2012.

The table above shows the result accumulated from the field survey with respect to the compensation scheme that best motivates respondents. From the responses received, 142(97.9%) of the respondents answered financial reward while 3(2.7%) answered non-financial reward. This is a clear indication that majority of the employees at KMA are interested in financial rewards.

4.2.4 The compensation scheme(s) that has/have retained workers on their job

Table 4.2.4 The compensation scheme(s) that has/have retained workers on their job

Compensation scheme	Frequency	Percentage
Bonuses	10	6.9%
Travelling allowance	10	6.9%
Fuel allowance	14	9.7%
Overtime allowance	30	20.7%
Risk allowance	11	7.6%
Salaries/wages	40	27.6%
Others	30	20.7%
Total	145	100%

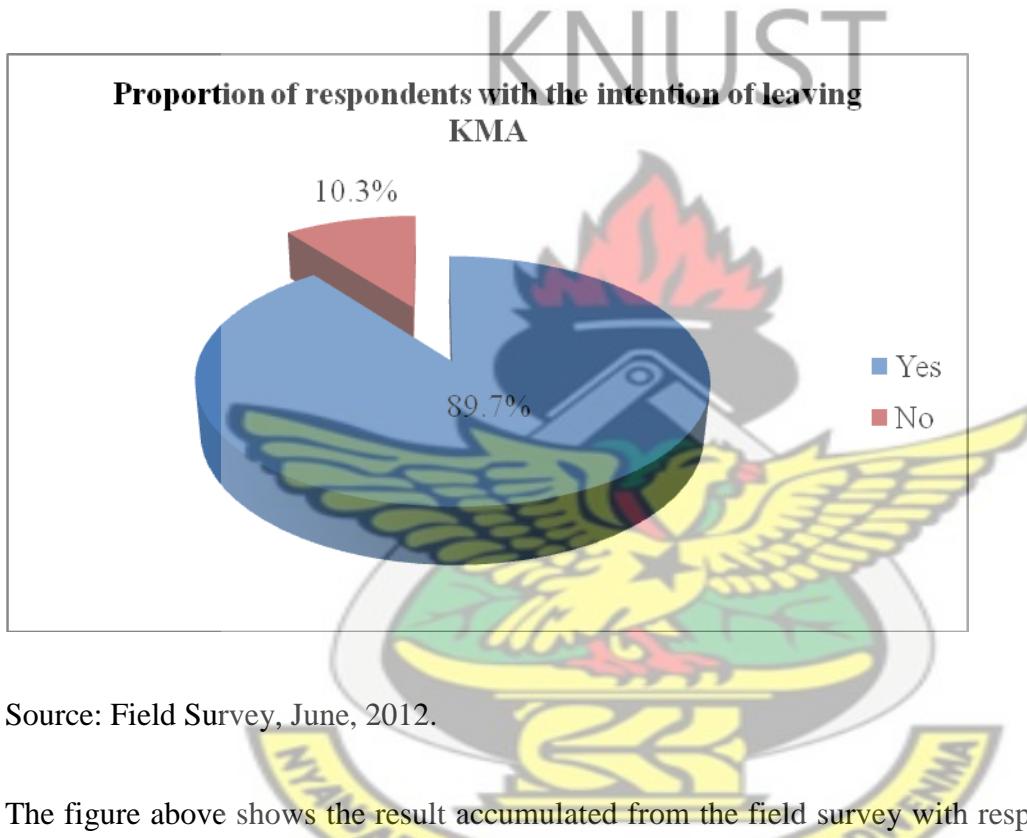
Source: Field Survey, June 2012

From Table 4.2.4, it is clear that majority 40(27.6%) of the respondents chose Salaries/wages as the compensation scheme that has retained them at KMA. Respondents who chose Overtime allowance and other compensation schemes as the compensation schemes that have retained them were 30(20.7%). Respondents who chose Bonuses and Travelling allowance as the compensation schemes that have retained them were 10(6.9%) each. This indicates that Salaries/wages is the compensation scheme that has helped retain most 40(27.6%) of the employees at KMA.

4.2.5 Proportion of respondents who have the intention of leaving KMA

To measure the proportion of respondents who have the intention of leaving, the study used “Yes” and “No” as the options from which the respondents could choose from in answering the question “Do you have the intention to leave?”

Figure 4.2.5 Proportion of respondents who have the intention of leaving KMA



Source: Field Survey, June, 2012.

The figure above shows the result accumulated from the field survey with respect to whether or not the respondents have the intention of leaving their job. From the responses received, 130(89.7%) of the respondents answered “yes” with 15(10.3%) answering “no”. This shows that most 130(89.7%) of the employees at KMA have the intention of leaving the Assembly and if measures are not put in place to address the issues surrounding their intention to leave, it could be a ground for high employee turnover.

4.2.6 Respondents' view as to the reason why they intend leaving KMA.

Table 4.2.6 Respondents' view on why they intend to leave.

Reasons	Frequency	Percentage
Management does not encourage teamwork	0	0%
There is no open communication in the organization	50	38.5%
There is no feeling of trust among organisational members	13	10.0%
I find my personal values conflicting with the values of the assembly	50	38.5%
I do not feel proud working in this Assembly	17	13.1%
Others	0	0%
Total	130	100%

Source: Field Survey, June 2012

The table above shows the view of respondents on why they intend to leave. Of the 130 respondents who intend to leave, those who answered 'There is no open communication in the organisation' and those who answered 'I find my personal values conflicting with the values of the Assembly' as the reasons why they intend to leave had the same response rate of 50(38.5%). Those who do not feel proud working in the Assembly constituted 17(13.1%) and the remaining

13(10.0%) answered there is no feeling of trust among organisational members as the reason why they intend leaving KMA. It could therefore be deduced that the predominant reasons for people to leave the Assembly are that there is no open communication in the organization and employees finding their personal values conflicting with the values of the Assembly.

4.2.7 Respondents' view as to the reason why they do not intend to leave.

Table 4.2.7 Respondents' view on why they do not intend to leave.

Reasons	Frequency	Percentage
The culture of the organization encourages staff to be committed to the organization	4	26.7%
I feel committed to the assembly where I am working	0	0%
There is a high morale among staff of the assembly	8	53.3%
I believe that the management of the assembly is doing their best to manage the assembly well.	3	20%
Others	0	0%
Total	15	100%

Source: Field Survey, June 2012

The table above shows the view of respondents on why they do not intend to leave KMA but to continue working there. Out of the 15 respondents who do not intend to leave, 8(53.3%) of the respondents answered that there is a high morale among the staff of the Assembly, 4(26.7%) also answered that the culture of the assembly encourages staff to be committed to the assembly and the remaining 3(20%) of the response rate said they believe the management of the assembly is doing its best to manage the Assembly well. This indicates that predominant among the reasons why the few employees do not have the intention of leaving KMA is that there is a high morale among the staff of the Assembly.



4.3 Environmental factors

The descriptive statistics on environmental factors that are likely to affect retention as answered by the respondents are presented in the table below **Table 4.3 Descriptive statistics of environmental factors.**

	Environmental factors	Strongly Agree	Agree	unsure	Disagree	Strongly disagree
1	I am considering finding a job overseas or in private company in Ghana	N=70 % = 48.3%	N=10 % = 6.9%	N=10 % = 6.9%	N=30 % = 20.7%	N=25 % = 17.2%
2	I enjoy working at KMA	N=20 % = 13.8%	N=10 % = 6.9%	N=5 % = 3.4	N=10 % = 6.9%	N=100 % = 19.0%
3	I am considering applying for a job at another district assembly in Ghana	N=12 % = 8.3%	N=3 % = 2.1%	N=10 % = 6.9%	0	N=120 % = 82.8%
4	Employees stay in their jobs because it is hard to find another job	N=115 % = 79.3%	N=25 % = 17.2%	N=5 % = 3.4%	0	0
5	I would prefer working at AMA instead of KMA	N=20 % = 13.8%	N=15 % = 10.3%	N=3 % = 2.1%	N=5 % = 3.4%	N=102 % = 70.3%
6	I will accept almost any type of job assignment in order to keep working for KMA	N=10 % = 6.9%	N=100 % = 69.0%	0	N=30 % = 20.7%	N=5 % = 3.4%
7	I am willing to work harder at KMA in order to help it succeed	N=15 % = 10.3%	0	N=8 % = 5.5%	N=10 % = 6.9%	N=112 % = 77.2%
8	Some staff leave to go to a place where there are better compensation package	N=8 % = 5.5%	N=75 % = 51.7%	N=5 % = 3.4%	N=12 % = 8.3%	N=45 % = 31.0%
9	I am not considering leaving my job	N=50 % = 34.5%	N=20 % = 13.8%	N=15 % = 10.3%	N=40 % = 27.6%	N=20 % = 13.8%

Source: Field Survey, June 2012

N represents number of respondents who chose an option.

On the environmental factors, when the researcher asked if respondent is considering finding a job in overseas or in private company in Ghana, 70(48.3%) strongly agreed, 10(6.9%) of the respondents agreed, 10(6.9%) of the respondents were unsure, 30(20.7%) disagreed while 25(17.2%) strongly disagreed. This is an indication that most of the employees at KMA are finding a job in overseas or in private company in Ghana.

When asked if respondents enjoy working at KMA, 20(13.8%) strongly agreed, 10(6.9%) agreed, 5(3.4%) were unsure, 10(6.9%) disagreed, 100(19.0%) strongly disagreed. This is an indication that most of the employees at KMA do not enjoy working in the Assembly.

The researcher asked the respondents if they were considering applying for a job at another district assembly in Ghana, 12(8.3%) strongly agreed, 3(2.1%) agreed, 10(6.9%) were unsure, no one disagreed to that while 120(82.8%) strongly disagreed. This indicates that even if the respondents have the intention of leaving, it is not because they are considering applying for a job at another district assembly in Ghana.

When asked if respondents stay in their jobs because it is hard to find another job, 115(79.3%) strongly agreed, 25(17.2%) agreed, 5(3.4%) were unsure while no respondent disagreed neither did any of the respondents strongly disagreed. This is a clear indication that most of the employees of KMA are staying on their jobs because it is hard to find another job.

When respondents were asked whether they prefer working at AMA instead of KMA, 20(13.8%) strongly agreed, 15(10.3%) agreed, 3(2.1%) were unsure, 5(3.4%) disagreed while 102(70.3%) strongly disagreed. This implies that a lot of the employees at KMA prefer working at AMA instead of KMA.

When respondents were asked whether they will accept almost any type of job assignment in order to keep working for KMA, 10(6.9%) strongly agreed, 100(69.0) agreed, no respondent was unsure, 30(20.7%) disagreed while 5(3.4%) disagreed. This implies that most of the employees at KMA will accept almost any type of job assignment in order to keep working for the Assembly.

When respondents were asked on their willingness to work harder at KMA in order to help it succeed, 15(10.3%) strongly agreed, no respondent agreed, 8(5.5%) were unsure, 10(6.9%) disagreed while 112(77.2%) strongly disagreed. This gives the implication that most of the employees at KMA are not willing to work harder in order to help the Assembly succeed.

Last but not the least when respondents were asked on some staff leaving to go to a place where there are better compensation packages, 8(5.5%) strongly agreed, 75(51.7%) agreed, 5(3.4%) were unsure, 12(8.3%) disagreed while 45(31.0%) strongly disagreed. This implies that most of the employees leave the Assembly to go to places where there are better compensation packages.

Finally, when respondents were asked if they are not considering leaving their job, 50(34.5%) strongly agreed, 20(13.8%) agreed, 15(10.3%) were unsure, 40(27.6%) disagreed while 20(13.8%) strongly disagreed. This indicates that despite the level of satisfaction of employees on the compensation schemes at KMA, most of them are not considering leaving their jobs.

4.4 Retention factors

Table 4.4 Descriptive statistics of retention factors.

	Retention factors	Strongly Agree	Agree	Unsure	Disagree	Strongly disagree
1	Management tries its best to ensure that employees will not want to leave the organization	0	N=17 % = 11.7%	0	N=15 % = 10.3%	N=113 % = 78%
2	Management actively addresses the shortage of staff	N=5 % = 3.4%	N=12 % = 8.3%	N=8 % = 5.5%	N=120 % = 82.8%	N=10 % = 6.9%
3	Management carefully selects and employs people who are well suited for the job	N=10 % = 6.9%	N=20 % = 13.8%	0	N=5 % = 3.4%	N=110 % = 75.9%
4	Only personnel who have the necessary skills are employed	0	N=12 % = 8.3%	N=8 % = 5.5%	N=10 % = 6.9%	N=115 % = 79.3%
5	Flexible working arrangement are offered to attract and retain personnel	N=120 % = 82.8%	N=19 13.1%	0	0	N=6 % = 4.1%
6	The management addresses the work related issues of dissatisfied staff	0	N=10 % = 6.9%	N=5 % = 3.4%	N=12 % = 8.3%	N=118 % = 81.4%
7	New staff receive adequate orientation to help them settle down	N=6 % = 4.1%	N=10 % = 6.9%	N=8 % = 5.5%	N=108 % = 74.5%	N=12 % = 8.3%
8	New staff receive adequate on the job training	0	N=12 % = 8.3%	0	N=128 % = 88.3%	N=5 % = 3.4%
9	A climate of participation in decision making is created	N=22 % = 15.2%	0	N=25 % = 17.2%	N=68 % = 46.9%	N=30 % = 20.7%
10	Staff loyalty to the assembly is recognized	N=2 % = 1.4%	N=20 % = 13.8%	N=8 % = 5.5%	N=12 % = 8.3%	N=103 % = 71.0%
11	Management has put in place contingency arrangements to deal with unexpected exits	N=3 % = 2.1%	0	0	N=117 % = 80.7%	N=25 % = 17.2%
12	Exit interviews are conducted to determine why staff leave	N=12 % = 8.3%	0	N=30 % = 20.7%	0	N=103 % = 71.0%

Source: Field Survey, June 2012

N represents number of respondents who chose an option.

On considering the retention factors of the Assembly, no respondent strongly agreed when the researcher asked if management tries its best to ensure that employees will not want to leave the organization; respondents who agreed to the question were 17(11.7%), no respondent was unsure, 15(10.3%) disagreed whilsts 113(78.0%) strongly disagreed. This means that there is no effort by management of KMA to ensure that workers do not leave the organization.

When respondents were asked whether management actively addresses the shortage of staff, 5(3.4%) strongly agreed, 12(8.3%) also agreed, 8(5.5%) were unsure whilsts 120(82.8) disagreed and 10(6.9%) strongly disagreed to the question. Since majority of the respondent disagreed to the statement, it indicates that management does not actively address the shortage of staff.

When respondents were asked whether management carefully selects and employs people who are well suited for the job, 10(6.9%) strongly agreed to the question, 20(13.8%) also agreed, no respondent was unsure, 5(3.4%) agreed whilst 110(75.9%) strongly disagreed. With the majority of respondents strongly disagreeing to the statement, it implies that most workers employed at KMA are not suited for the job.

On considering whether only personnel who have the necessary skills are employed, no respondent strongly agreed, 12(8.3%) respondents agreed to the question. 8(5.5%) were unsure, 10(6.9%) disagreed whilsts 115(79.3%) strongly disagreed to the question. This implies that most workers employed at KMA do not possess the necessary skills.

When asked whether flexible working arrangement are offered to attract and retain personnel, 120(82.8%) of the respondents strongly agreed, 19(13.1%) agreed, no respondent was unsure and

no respondent also disagreed. However, 6(4.1%) strongly disagreed to the question implying that workers at KMA experience flexibility with the work they do.

When asked whether management addresses the work related issues of dissatisfied staff, no respondent strongly agreed. 10(6.9%) agreed to the question. 5(3.4%) respondent were unsure, 12(8.3%) disagreed whilst 118(8.3%) strongly disagreed to the question. With the majority of respondent strongly disagreeing to the question implies that work related issues of dissatisfied staff are not addressed by management.

On considering whether new staff receive adequate orientation to help them settle down, 6(4.1%) strongly agreed, 10(6.9%) agreed. 8(5.5%) were unsure, 108 (74.5%) disagreed to the question whilst 12(8.3%) strongly disagreed. This implies that there is no enough/adequate orientation of new staff of KMA.

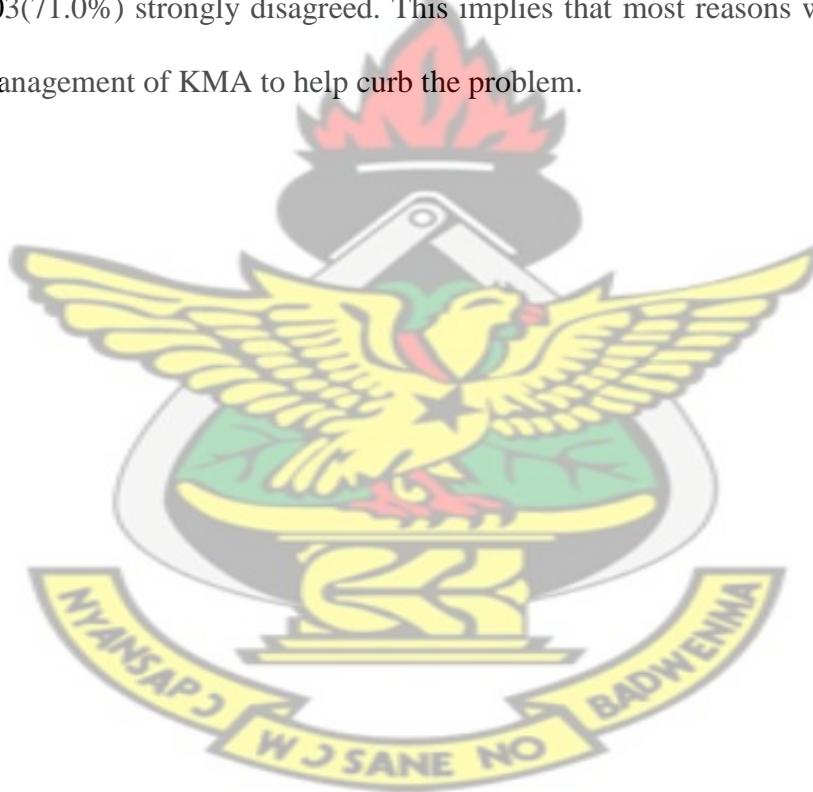
When asked whether new staffs receive adequate on the job training, no respondent strongly agreed and 12(8.3%) agreed. No respondent was unsure, 128(88.3%) disagreed to the question whilst 5(3.4%) strongly disagreed implying that new staff employed at KMA do not receive adequate on the job training.

When asked whether a climate of participation in decision making is created, 22(15.2%) strongly agreed, no respondent agreed, 25(17.2%) was unsure, 68(46.9%) disagreed whiles 30(20.7%) respondents strongly disagreed. Since there was no 50% and above of respondent agreeing or disagreeing, it cannot be concluded that there is a climate of participation or no participation.

When asked whether staff loyalty to the assembly is recognized, 2(1.4%) of the respondents strongly agreed, 20(13.8%) agreed, 8(5.5%) were unsure, 12(8.3%) disagreed whilst 103(71.0%) strongly disagreed. This means that the assembly do not recognize staff loyalty.

When asked whether management has put in place contingency arrangements to deal with unexpected exits, 3(2.1%) strongly agreed, no respondent agreed and no respondent was also unsure. However, 117(80.7%) disagreed whiles 25(17.2%) strongly disagreed. This implies that there is no contingency plans to deal with unexpected exits. High rate of exits will therefore affect work at KMA.

Finally, on considering whether exit interviews are conducted to determine why staff leave, 12(8.3%) strongly agreed, no respondent agreed. 30(20.7%) were unsure, no respondent disagreed but 103(71.0%) strongly disagreed. This implies that most reasons why staff leave is not known by management of KMA to help curb the problem.



CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The chapter gives a summary on the findings and analysis made on the data gathered, the necessary recommendations on how compensation scheme could be used as a retention strategy at KMA, and the conclusion for the entire research.

5.1 The following were the summary of findings

The study was conducted to determine how compensation scheme could be used as a retention strategy at KMA. One hundred and fifty (150) respondents who work at KMA were engaged in the study; however, responses were received from one hundred and forty five (145) respondents. These workers were in the form of Directors, Deputy Directors, Principal Executive Officers, Senior Executive Officers, Executive Officers, Clerical Officers and those in other departments such as Engineers, Stenographers and Accountants. The following findings were brought to fore after the study.

5.1.1 *The various compensation schemes being used at KMA*

The study revealed that the following compensation schemes are being used at KMA: bonuses, travelling allowance, fuel allowance, overtime allowance, risk allowance, salaries/wages and other compensation schemes.

Of all the compensation schemes the predominant one is salaries/wages since salaries/wages had the highest response rate of 40(27.6%). This is followed by overtime allowance and other allowances/compensation schemes which had the same response rate of 30(20.7%) each.

5.1.2 The extent to which the identified compensational schemes retain employees

It was unravelled after the study that, of all the compensation schemes; salaries/wages is the most effective compensation scheme used to retain workers at KMA. This can be deduced from the fact that salaries/wages had the highest response rate of 40(27.6%) of the total response rate. This is followed by overtime allowance and other allowances/compensation schemes which had the same response rate of 30(20.7%) each. These may be the contributory factors why about 125(85.5%) of workers have served the assembly for more than three years.

Again, the study revealed that, the remaining compensation schemes identified by the researcher are not effective as the overtime allowance and the other allowance/compensation scheme. These remaining compensation schemes; bonuses, travelling allowance, fuel allowance and risk allowance with their respective response rates of 10(6.9%), 10(6.9%), 14(9.7%), 11(7.6%) support the fact that they are not effective as the three already discussed.

5.1.3 The impact of compensation scheme on employees' retention at KMA

The study revealed that, salaries/wages had a response rate of 40(27.6%) and overtime allowance and other allowances had the same response rate of 30(20.7%) each.

It can therefore be deduced that salaries/wages alone has helped maintain about 40(27.6%) of the total staff at KMA. Overtime allowance and other allowances/compensation schemes together have also helped retained about 60(41.4%) of the staff at KMA. It can therefore be deduced that

salaries/wages alone has helped maintain about 40(27.6%) of the total staff at KMA. Overtime allowance and other allowances/compensation schemes together have also helped retained about 60(41.4%) of the staff at KMA.

5.2 Conclusion

There are many retention strategies that are used at KMA. Notable among them are compensation strategies(bonuses, travelling allowance, fuel allowance, overtime allowance, risk allowance, salaries/wages and others), environmental strategies (working conditions and organizational structure); management support (communication and feedback, interest in employee concerns, recognition of good work); relationship strategies(organizational culture, loyalty, individual development). However, workers at KMA are not satisfied with their current compensation scheme and that about 130(89.7%) of the workers have the intentions to leave.

Of all the compensation schemes, salaries/wages has been the most effective scheme that has helped retained workers at KMA although they might not be satisfied with the entire compensation schemes in place. Measures should therefore be put in place to address the issues surrounding workers' dissatisfaction with the compensation schemes in place, and their intention to leave; otherwise it could be a fertile ground for high employees' turnover.

Most of the respondents have decided to go to other organizations where there is high compensation for employees. It is therefore prudent for the management of KMA to see to their retention strategy before they lose highly talented and skilled employees.

5.3 Recommendations

The study revealed that, more than half 130(89.7%) of the workers at KMA have the intention of leaving the Assembly and possible causes also discovered in this work. The following recommendations are therefore made to management to help retain workers on their job.

5.3.1 Salaries/wages levels



The study revealed that the compensation scheme that has retained most workers on their job is salaries/wages. It is therefore recommended that salaries/wages levels should be increased or at least be maintained to help in continuous retention of workers on their job.

5.3.2 Environmental Factors

In terms of environmental factors, it is recommended that the management do an analysis of the environment to avail itself of the factors that pull people towards and push people away from the Assembly. An organisational culture of acceptance and encouragement could also compensate for unfavourable job environment.

5.3.3 Pull factors

In terms of pull factors (that is, retention factors), management should give attention to those factors that they can control, including communication with staff, fair treatment, recognition for effort and performance, participation in decision making, providing support and encouragement, and training and developing staff to prepare them for promotion and enhanced responsibility. In

addition, it is recommended that a continuous performance management programme be instituted in the Assembly so that employees will have clarity on what is expected of them, that their performance is monitored and recognised and that they get opportunities to develop themselves. Such a programme will require well trained supervisors.



5.3.4 Individual Factors

In terms of individual factors, it is recommended that management should give attention to those factors that they can control. For example, management has to understand that people are different and appreciate those differences. They differ in terms of personality, age and relationship to nature. Since the assembly is characterised by cultural diversity, there is the need for leaders who are culturally sensitive. Management should assess whether or not the dominating culture accommodates racial minorities, women and other cultural strangers.

5.3.5 Orientation and socialisation

The human resources department has to make it a point that new workers are oriented during the early stages of employment so as to encourage socialisation among other employees. The early stages of employment are most critical because these are the stages where most employees feel that they are neglected and alone.

5.3.6 Training and development

Employees should be given training to improve their skills as most respondents indicated that they did not receive adequate training on the job. It is through training that management of the assembly will be able to create a motivational climate to enable employees maximise their potential.

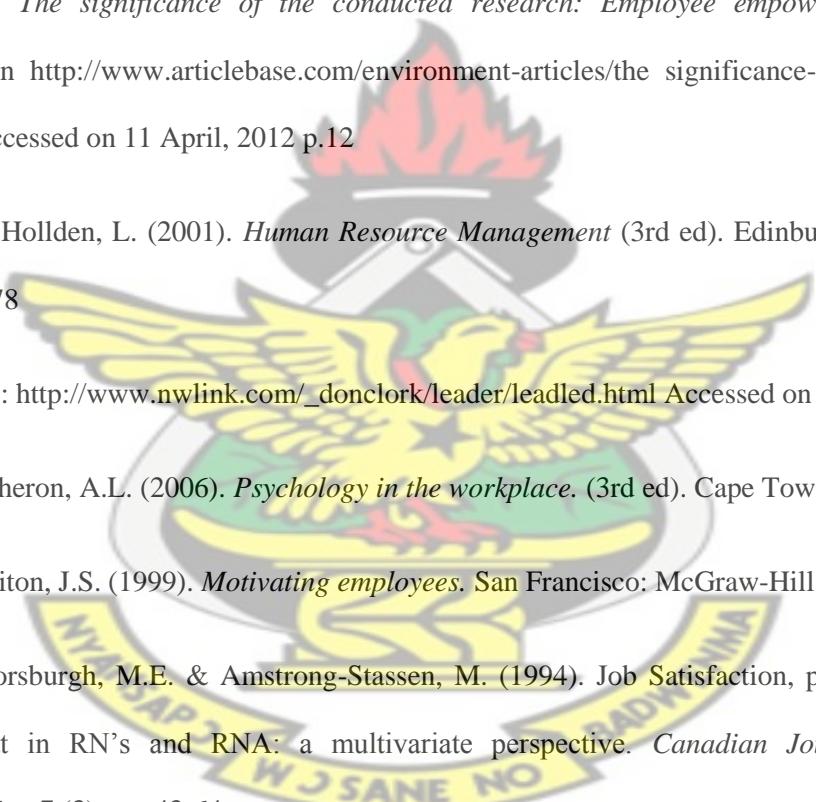


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www.kma.gov.gh/kumasi-metro

www.worldatwork.org



APPENDIX I

QUESTIONNAIRE

I wish to introduce myself to you as a Master of Business Administration (MBA) student of the School of Business, Kwame Nkrumah University of Science and Technology. As part of the program, I am required to write a thesis whose title is “Compensation Scheme as a retention strategy at Kumasi Metropolitan Assembly”. Our organization has granted me permission to use it as my case study organization. Consequently, sampled employees, of which you are a member, are required to fill in the following questionnaire. I would be most grateful if you could please spare some few minutes of your precious time to answer all the questions that follow. You are assured that all the data/information you provide would be treated with utmost confidentiality.

Thank you for your co-operation.

SECTION A: BIOGRAPHICAL DATA

Please supply the following information by making an ‘X’ in the appropriate block where the options are provided.

A.1 what is your rank?

Director	
Deputy director	
Principal executive officer	
Senior Executive officer	
Executive officer	
Clerical officer	
Others, please	

specify.....	
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A.2 What is your gender?

Male	
Female	

A.3 What is your age group?

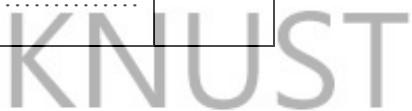
20-29	
30-39	
40-49	
50-59	
60+	

A.4 Please indicate your highest qualification

'O' level	
'A' level	
SSSCE/WASSCE	
Diploma	
First Degree	
Masters Degree	
Doctorate	
Others, please specify.....	

A.5 In which functional area do you work?

Administration	
Finance office	
Engineering	
ICT	
Other, please specify.....	



A.6 How long have you been working at KMA?

Less than 2 years	
3-7 years	
8-12 years	
13-17 years	
18-22 years	
23-27 years	
28-32 years	
32+	

SECTION B: Please answer the following closed ended questions:

1. Are you satisfied with your current level of compensation?

(a) Yes (b) No

2. If NO, which of the following reason(s) describe your answer?

- (a) The work that I do is challenging
- (b) My department is not adequately staffed
- (c) My needs are not taken into consideration at work
- (d) I am not provided with the necessary resources to complete my task successfully
- (e) Other (s)

3. If YES, which of the following reason(s) describe your answer?

- (a) My job provides me the opportunity to develop my talent
- (b) My job allows me to grow professionally
- (c) My job entails a variety of tasks and are therefore interesting
- (d) I have job security
- (e) I am responsible for making important decisions in my job

4. I am paid fairly well for the work I perform

5. Other(s).....

2. Which of the following compensation schemes best motivate you?

- (a) Financial reward (salary/ wage/ advances)
- (b) Non- financial rewards

3. Which of the following compensation scheme (s) has/have retained you on your job?

- a) Bonuses
- b) Travelling allowance
- c) Fuel allowance
- d) Overtime allowance
- e) Risk allowance
- f) Salaries/wages
- g) If other, please specify.....

4. Do you have intention to leave?

- (b) Yes (b) No

5. If YES, which of the following best describe your intention to leave?

- (a) Management does not encourage teamwork
(b) There is no open communication in the organization
(c) There is no feeling of trust among organizational members
(d) I find my personal values conflicting with the values of the assembly
(e) I do not feel proud working at this assembly
(f) Other(s)

6. If NO, which of the following best describe your intention not to leave?

- (a) The culture of the organization encourages staff to be committed to the organization
(b) I feel committed to the assembly at where I am working
(c) There is a high morale among staff of the assembly
(d) I believe that the management of the assembly is doing their best to manage the assembly well
(e) Other (s).....

SECTION C: ENVIRONMENTAL FACTORS

Please indicate the extent to which you agree with each statement by making an “X” in the appropriate box.

	Environmental factors	Strongly Agree	Agree	unsure	Disagree	Strongly disagree
1	I am considering finding a job overseas or in private company in Ghana					
2	I enjoy working at KMA					
3	I am considering applying for a job at another district assembly in Ghana					
4	Employees stay in their jobs because it is hard to find another job					
5	I would prefer working at AMA instead of KMA					
6	I will accept almost any type of job assignment in order to keep working for KMA					
7	I am willing to work harder at KMA in order to help it succeed					

8	Some staff leave to go to a place where there are better compensation package				
9	I am not considering leaving my job				

SECTION D: RETENTION FACTORS

Please indicate the extent to which you agree with each statement by making an 'x' in the appropriate block.

	Retention factors	Strongly Agree	Agree	unsure	Disagree	Strongly disagree
1	Management tries its best to ensure that employees will not want to leave the organization					
2	Managers actively addresses the shortage of staff					
3	Management carefully selects and employs people who are well suited for the job					
4	Only personnel who have the necessary skills are employed					
5	Flexible working arrangement are offered to attract and retain personnel					
6	The management addresses the work related issues of dissatisfied staff					
7	New staff receive adequate orientation to help them settle down					
8	New staff receive adequate on the job					

	training				
9	A climate of participation in decision making is created				
10	Staff loyalty to the assembly is recognized				
11	Management has put in place contingency arrangements to deal with unexpected exits				
12	Exit interviews are conducted to determine why staff leave				

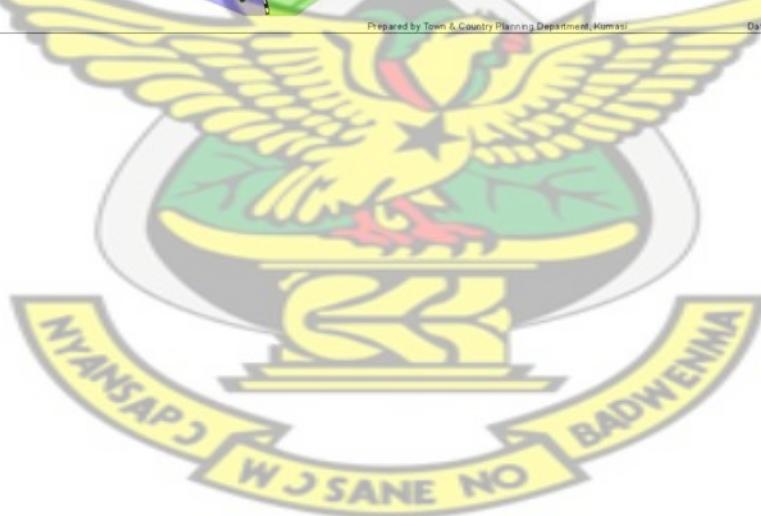
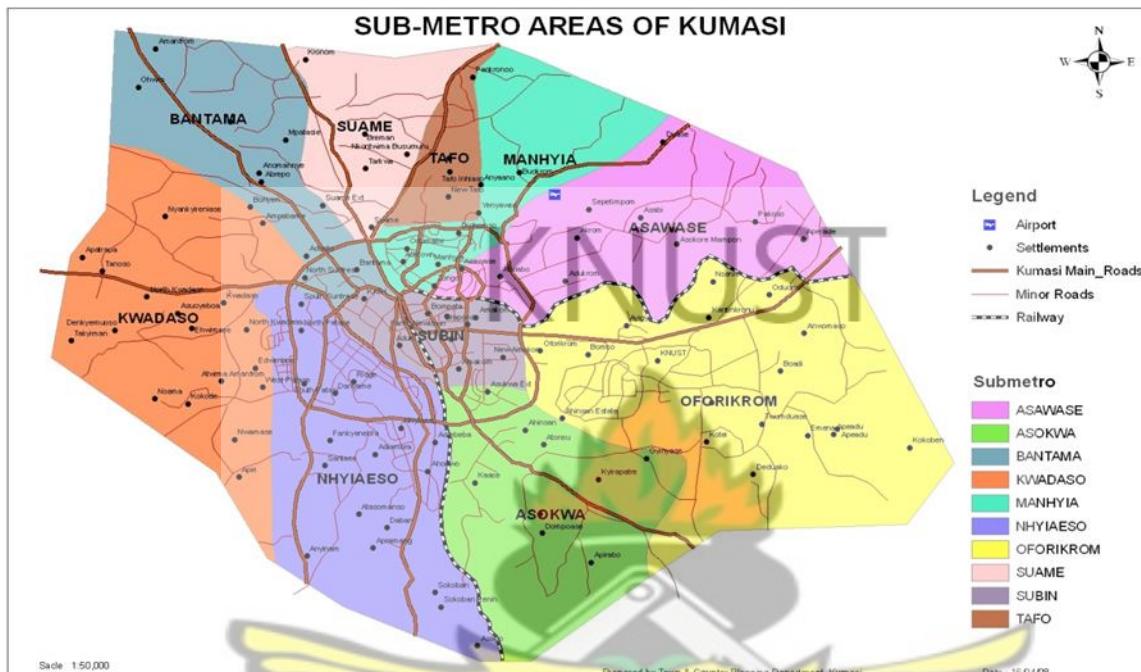
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THANK YOU VERY MUCH FOR YOUR KIND CO-OPERATION.



APPENDIX II

MAP OF KMA



APPENDIX III

MAP OF GHANA

