

**UNIVERSITY OF GHANA**

**WHAT IMPACT DOES HUMAN RESOURCE MANAGEMENT PRACTICES  
HAVE ON RETAINING EMPLOYEES IN THE SAVINGS & LOANS SUB-  
SECTOR?**

**A STUDY OF ADVANS SAVINGS AND LOANS LIMITED**



**BY**

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OPTION) UNIVERSITY OF GHANA**

**JULY, 2019**

**DECLARATION**

I, hereby declare that except for references to other people’s work, which I have duly acknowledged, this thesis is the result of my own research work, and that it has neither in part nor wholly been presented elsewhere for another degree.

Sign.....

.....

GIDEON ASANTE DANSO

DATE

(CANDIDATE)

## **CERTIFICATION**

I, hereby certify that this long essay was supervised in accordance with the procedures laid by the university.

Sign.....

DR. MAJOREEN AMANKWAH

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## **ABSTRACT**

Retaining talented employees forms the foundation for increasing the competitive advantage in any organization and for which reasons the necessary measures must be put in place to keep such staff. Organizations that implement effective practices in human resource management have high probability to keep their important employees. The intense competition within banking industry, especially the savings and loans sub-sector makes it very difficult for such companies to keep their staff and so always at the risk of high labour turnover. This study primarily assessed how HR Management practices on influences the retention of workers in the savings and loans sub-sector at Advans Ghana Savings & Loans Limited. The study particularly looked at how employee engagement and compensation affects retention of employee. Also observed is the moderating effect of job satisfaction on the link between human resource management practices and retention of employees. This investigation was carried out in 3 out of the 19 branches of Advans Ghana and the head office. The research also embraced an exploratory research design. The purposive and convenience sampling technique was adopted by the researcher for this study. This technique was employed to conveniently sample about 234 respondents to participate in the data collection process. Descriptive statistics were employed in the analysis of data as this is an exploratory study. It was concluded from the findings that human resource management practices play a significant role in the staff retention at Advans Ghana as evidenced by the positive responses gathered in the data collection process. On the other hand, it was deduced that the practices being used were unsatisfactory. Notwithstanding this, the results show that retention in the organization was either good or fairly good. It is concluded also from this research that a set of HR

Management practices will not necessarily have a direct effect on the staff retention at Advans Ghana. The study also concludes that employee engagement involves making it possible for workers to hook up with their co-workers, bosses and the organization as a whole. Results from the study also concludes that besides compensation practices and employee engagement, there are other organizational and human resource management practices that play important role in enhancing employee loyalty and retention to organizations hence their retention and should therefore not be ignored. These include performance management practices, leadership, employee motivation and recruitment.

## **DEDICATION**

This thesis is dedicated to my wife, Josephine, my children Delron, Elzira and Valerie and my parents, and also to all my friends, for their love, support, and sacrifices that has enabled me to complete this work.

**MAY GOD BLESS YOU ALL**

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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

With the speed of competitiveness and change the business world experiences today, organizations see human resources as priceless and serve as their backbone. The value and massive role played by human resource in organizations particularly those in the financial sector cannot be overstressed. To all intents and purposes, without human resource, there would be no running organization (Argote, McEvily and Reagans 2003). From the point of view of Belcourt and McBey, 2000; Mathis and Jackson, 2010, Çalışkan (2010), human resources are key competencies that distinguish organisations from their rivals, in so doing generating viable competitive advantages ; for that reason, their adequate and efficient management is important. Furthermore, study has disclosed that by managing scarce and useful human resources, organizations boost and maintain competitive benefit (Barney, 1991; Khan, 2010). As a consequence, any organization's success and achievement hinges on the quality and effectiveness of its human capital.

Andrew Carnegie, a renowned entrepreneur who is acknowledged to have built one of USA's greatest businesses in the 19<sup>th</sup> century, highlighted how significant human resources are to the achievement of organizational aspirations and goals. He claims that even if his factories, plants, railroads, ship and money are taken away but his main employees is left, in two or three years he could still have them all again

Organizations may basically be defined as an assembly of people working collectively to accomplish some common goals through a division of labour. Organizations have been

explained by organizational theorists as purposive social entities, created as intentionally planned and organized activity systems, as well as being connected to the external environment (Daft, 2008). A good number of thriving organizations do not owe their accomplishment exclusively to meticulous preparation and carrying out some impeccable action plans and tactics that are flawless but also to the dexterousness of their adroit human resources. Accordingly, it takes the involvement of highly skilled and talented human resources in the organization for the other resources to also be used most advantageously, which in effect add to the constant enhancement of the organization. For this reason, employees are the significant and most dependable resource that is able to put the organization at the forefront of its rivals. Again, Pfeffer (2005) establishes that hiring, development and retention of skilful workers establish the foundation for building up competitive advantage in the market. As such, employee retention plays a fundamental part in the development and growth of establishments.

In Ghana across various sectors of the economy including the savings and loans sub-sector, which is this study's focal point, the results of retaining employee have also been demonstrated. In their study on employee turnover in Ghana Dwomoh and Korankye (2012) ascribed the soaring level of complaints from customers to the increased rate of staff turnover in the banking sector. This assertion was agreed by Amediku (2008) in a previous research.

As indicated by Cappelli (2000; p.103) "strategic poaching of organizations key workers has turned out to be worthy practice among businesses today. Such situation is similar in Ghana. A Ghanaian Times newspaper article published on 14<sup>th</sup> September, 2011 announced that a big oil establishment in Dubai was poaching prominent workers from

the Tema Oil Refinery (TOR). This caused a great deal of uneasiness at TOR as a result of the fear that the treatment facility would pay the consequences for the loss of a large number of its gifted work force.

In the Ghana Banking Survey (2014 edition ) carried out by Price Waterhouse Coopers (PWC), bank executives stated that a growing threat to their industry was the brawling of bank executives at the middle level who are trained by top-level banks in existence attracted by comparable remuneration packages and faster progress alongside the path of banking career. In view of the fact that competition in the banking sector and for that matter the savings and loan sub-sector is so intense as well as its fast variations, it is important for any dynamic financial institution to beat competition through staff retention. This because every competitive advantage achieved through the new technology introduction cannot live long if competitors duplicate that technology. Likewise because of the naturally close bond among workers and customers, losing those staffs totally can mean loss of profitable client relationship.

Jurnak (2010) said in page 21, “The average cost of replacing an employee is approximately 150 percent of salary, in other words, it takes about \$75,000 to fill up a position that pays \$50,000 a year”. These expenses have a serious impact on the income, viability and success of a company.

Samuel and Chipunza, (2009) uncovers that the fundamental expectation for holding workers is to keep proficient staff from leaving an association as this could have unwanted impact on efficiency and benefit. The test of pulling in, holding and motivating individuals, in any case has never been more prominent (Punia and Sharma, 2008). The

issue of strategic staffing turns out to be very important to a lot of establishments, as the capability to retain highly talented essential staff can be key to the continued existence of the organization. Staff retention delivers a wide range of advantages particularly since globalization and the making of provincial financial alliances have expanded work versatility crosswise over nations.

According to Dartey-Baah & Amponsah-Tawiah (2011) no organization stands the chance to continue to exist without the critical role played by employees in that company. Osei-Fosu and Osei-Fosu (2017), concluded in their article “The Sustainability of Microfinance Institutions in Ghana: Causes of Proliferation and Frequent Collapse of Savings and Loan Companies”, 31st July 2017 that high staff turnover is one of the major cause of frequent downfall of Ghanaian savings and loans companies.

For this reason, managers of human capital must embrace the right human resource management practices in order to retain key staff. This is on the grounds that; the knowledge and skills of the workers are needed by the organization to put it in a favourable position. There is therefore the need for a study into the correct human resource management practices that has what it takes to drive down turnover intentions and actual turnover in the savings and loans companies.

## **1.2 Research Problem**

Today's company climate has become highly competitive, and the dynamics of their talents are the main factor for companies to gain benefit over their rivals. Corporations must not only be concerned with attracting the correct applicants, but also ensure that

they maintain them so that these employees can be of significance in achieving the organisational goals.

However, the problems of turnover of employee and turnover intention are a particular challenge facing most companies in the 21st century, given high uncertainty in maintaining skilled staff (Gyensare, 2013). According to Allen (2008), the conservative cost of staff turnover is about 60 percent of the yearly salary of a staff. An examination on microfinance organizations in Ghana by Bratlie, Fitzgerald and Meyyappan (2011) unveiled that staff turnover was uncommonly high in 2009, a condition that could have been activated by a staff retention approach that was not considered satisfactorily before.

Again, in savings and loans firms, the problem of staff turnover is becoming more serious. ProCredit Ghana's annual reports in Ghana proposed that "personnel retention remained a significant challenge throughout the year as both banks and non-bank financial institutions kept poaching skilled employees" (ProCredit, 2007, 2008, p.30).

Retention of employees is one of the problems many government and private organisations face. Retention of adroit workers, according to Harris, (2007), has turn into a bigger test facing many human resource specialists as talented candidates have the convenience of choice in the world job market. Compensation and employee commitment are among some of the practices in human resource management that have been discovered to improve staff retention and generate some beneficial reactions (Thomsen, Jarbol & Sondergaard, 2006; Bhatnagar, 2007). Moreover, while surveys have shown the impact of job satisfaction on retention, there appears to be no exhaustive analysis of Ghanaian savings and loans businesses which seems to be struggling with the matter of

staff turnover. This has compelled this research to appraise the question of whether human resource management practices through savings and loans firms affect retention of employees. The savings and loans sub-sector was selected because these savings and loans businesses have become precious partners in the economic growth and development system in Ghana and are faced with issues of competition and retention.

### **1.3 Objectives of the Research**

The primary goal of this research is to look at the effect of human resource management practices on employee retention in Ghana's savings and loan businesses. In particular the research would seek to:

- i. Determine the impact of compensation on the employees' retention in savings and loans companies.
- ii. Examine the impact of employee engagement on retention of employee in the savings and loans companies in Ghana
- iii. Ascertain the moderating effect of job satisfaction on the relationship between human resource management practices and employee retention in the savings and loans firms in Ghana.

### **1.4 Research Questions**

- i. What is the impact of compensation on employee retention in savings and loans companies?
- ii. What is the impact of employee engagement on employee retention in the Ghanaian savings and loans establishments?

- iii. What is the moderating effect of job satisfaction on the relationship between human resource management practices and employee retention in the Ghanaian savings and loans companies?

### **1.5 Significance of the Study**

This research's foremost objective is to offer workable alternatives to a true and also problematic issue that affects nearly all organizations – retention of employees. Major stakeholders may profit: usually speaking, the microfinance sector (specifically, savings and loans sub-sector) may find the study results very useful because it will give wide-ranging human resource management procedures that may affect worker retention. This research may also help shape the savings and loans subsector's human resource policies, thereby assisting Ghana's central bank and the aspiration of the Ghana government to ensure effective and efficient microfinance services.

The result and conclusion of this research may benefit the management and human resource managers of a spectrum of financial institutions. This is due to the fact that it is anticipated to offer likely responses to why workers remain or dump their establishments, thus offering some responses as to how to handle staff turnover's critical leadership problem. This will assist the organisation to consistently prepare the correct retention policies, make well-informed choices, and embrace strategies to increase retention, efficiency, and for that matter productivity.

The investigation is anticipated to bridge the literature gap on what impact HR management practices have on retention of workers in Ghana, theoretically. For potential scientists, it can also serve as secondary data. In addition, the research aims to provide

fresh proof on how practices in human resource management in the savings and loans sub-sector could best impact employee retention. Conclusively, this will ultimately serve as a reference point for further research and increase current literature on the subject.

### **1.6 Scope of the Study**

Certainly a research like this should have been carried out in various sectors in Ghana. Nonetheless, this research has been performed in the sub-sector of savings and loans. The sample was limited to Advans Ghana Savings and Loans Limited employees, which is one of the country's reliable savings and loans firms.

Furthermore, while there are a number of human resource management activities, due to limitations such as time, this research cannot cope with the wide list of practices in the management of human resource. Likewise, not all human resource management functions (e.g. human resource planning) can be launched as procedures. As a result, the study concentrated on compensation and staff engagement. The practices selected are a mixture of basic and modern methods on human resource management which are central to the organisation of today.

### **1.7 Organization of the study**

The study is presented in five chapters. The opening chapter which is the introduction presents the background of the study and the problem statement; the research objective and research questions followed; the chapter ends with the study's significance, the scope, methodology and the organization of the study. Chapter two has the literature review on the impacts of human resource management practices on employee retention. It

gives the theoretical review on motivation, turnover and retention models, employee retention and empirical review of Human Resource Management practices relative to employee retention. A conceptual framework for the study is looked at to end the chapter. Chapter three looks at the methods and processes used for the study. The research methodology outlines the research design, target population of the study, sampling size and techniques, data collection, instrument for data collection, data analysis and ethical considerations. Chapter four shows the findings and discussions. The response rate, socio-demographic characteristics of respondents and the factors influencing employee retention are discussed. Descriptive statistics and tables among other things were used to bring out the import of the analysis. Synopses of major results, conclusions as well as proposals of the study are presented in the fifth chapter.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The previous section offered a broad context and placed into proper perspective the significance of worker turnover and retention. The section also set the study's objectives, importance and the span. Once again, the chapter served as the context to appreciate the problem statement. The second chapter examines literature that is highly pertinent in this research. The section additionally investigates and offers extra value to the theoretical basis in addition to practical issues underneath the observable facts being considered. This is particularly put into 3 main secondary topics; theoretical review, retention of employee as well as empirical review.

The theoretical review three examines. These concepts are retention, motivation and turnover. Also, retention of employee talks about the underlying principle in support of retention and HR management practices. Finally, the empirical review concentrates on the control variables which are employee engagement and compensation; plus the moderator, job satisfaction relating to retention. Thereafter a conceptual framework summarizes the link connecting the research main variables and discovers the space which needs to be filled up by means of the research.

#### **2.2 Theoretical Review**

This segment examines motivation, turnover and retention concepts.

Kerlinger (1979) described a theory as “a set of interrelated constructs or variables, definitions and propositions that presents a systematic view of a phenomenon by specifying relations among variables, with the purpose of explaining a natural phenomenon”.

### **2.2.1: Theories of Motivation**

There are a number of intrinsic and extrinsic motivational variables that explain why a worker dumps one establishment for another. Samuel and Chipunza (2010), indicates that a few of these factors comprise work discontent, recruitment methods, non-competitive compensation systems, bad working conditions, leadership technique, nonexistence of gratitude, lack of work safety, nonexistence of promotion and insufficient training and growth possibilities. Employee retention explanation has been related theoretically to various motivational theories. These theories of motivation are discussed below.

### **2.2.2: Hierarchy of Needs Theory**

This theory was launched by Abraham Maslow and he said, there is a hierarchy of five human requirements, physiological, security, love and belonging, esteem, and self-actualization. The assumption that forms the basis for the Maslow’s theory is that, before moving to high-level requirements, an individual strives first to meet lower-level requirements. Once the basic necessity for food, shelter and clothing of an employee is satisfied, he / she become increasingly concerned about safety, social esteem and self-actualization.

What organisations are faced with is that the varied needs of employees need to be taken into consideration when establishing a reward system. The theory of Maslow provides precious perspectives to managers and other heads of organisations.

### **2.2.3: Two Factor Theory (1959)**

This theory was proposed in 1959 by Frederick Herzberg. The two-factor theory is otherwise known as “motivation-hygiene theory”. The theory contends the existence of some variables in particular that are tied to job description and give satisfactory experiences to employees. These determinants are known as motivators or satisfiers and are made up of recognition, accomplishment, accountability, work itself, progress and development. Herzberg’s theory affirms that variables which are non-job-related are able to trigger unsatisfactory employee experiences. These factors are called hygiene factors or dissatisfiers which consist of business policies, relationships with employees, wages and supervisory style (Steers & Porter, 1991). This means taking away the causes of discontent (by factors of hygiene) wouldn’t bring about a position of fulfilment; rather, it would lead to a state which is neutral (Herzberg, 1959).

Various empirical investigations have disclosed that for employee retention, extrinsic variables for instance reasonable wage, excellent interpersonal relationships, and friendly work atmosphere and secure employment are essential (Maertz & Griffeth, 2004). According to Robbins & Judge, 2007 chances for progress, recognition, accountability, personal growth and accomplishment should be provided to motivate staff. These mean that leadership should not depend solely on inherent/ intrinsic factors to affect staff

retention; instead, it should merge inherent/ intrinsic and extrinsic variables when considering an effective staff retention strategy.

#### **2.2.4 Equity Theory**

In the event of Adams ' (1965) formulated equity theory, it recognizes the fact that people are not only interested in the benefits they receive for their attempts, but also side by side with the benefits they receive from others. Adams Equity theory is assumed from the perception of equity or equity through people that is generally skewed. This theory claims that workers attempt to keep balance between the contribution they carry into a career for instance experience, education, commitment, effort, and time, as well as the results obtained from other staff's perceived inputs and outcomes such as recognition, promotion and enhanced pay (Spector, 2008). It also suggests that persons who see themselves to be rewarded either below or above their expectation encounter difficulty, leading to attempts to re-establish balance in the establishment. According to Hellriegel, et al (2004), their inability to unearth this balance may make them act in manners that will injure the establishment.

#### **2.3 Turnover and Retention Models**

Retention theory seems a bit scanty. Nevertheless, varieties of theories on turnover were suggested and can be employed to clarify the rationales for retention of employees. These theories normally make it clear why some staff will stay so long with the same employer for so long and why others will depart in a brief moment. In fact, the solution to retention cannot be achieved without first evaluating turnover theories as staff turnover issues can be resolved through retaining of employees.

### **2.3.1: Mobley Intermediate Linkages Model**

This turnover model put forward by Mobley in 1977. This is to be able to link the thought to stay or quit with job satisfaction. A wider withdrawal process was acknowledged by Mobley. He also explained a series of measures that workers are going through prior to the ultimate decision on stay or quit. This model offered a group of withdrawal cognitions (for example leaving contemplations, expected withdrawal usefulness) and work hunt actions (for instance employment searching, assessing options) which connect actual turnover conduct with work dissatisfaction. Therefore, Mobley proposed that dissatisfaction of the job might bring about other types of withdrawal behaviours that are not as much severe as just leaving, including sluggish outcomes and absenteeism, and for that matter the true intent to quit might be the very final move in the process before the real withdrawal. The worth of the model is its wealthy psychological process narrative between job satisfaction or discontent with real turnover. (Lee & Mitchell, 1994) argued that because the psychological procedures are individual in nature, Mobley suggested that the steps in sequence should not be followed or that some steps may be missed.

He (Mobley) additionally said, discontent is likely to bring up ideas of leaving, and if that was to hold, then the anticipated usefulness of the quest and the price of quitting would be assessed by person involved would, adding the perceived ease of movement concept of March and Simon (1958). At this point, the person would check the likelihood of finding an appropriate solution to the person's existing employment and the hunt expenses together with the supposed losses associated with leaving the existing work. Assuming that there is high cost of leaving or there is the possibility of getting appropriate options is small, the person could reconsider the present condition, which

might result in a job satisfaction adjustment, a decrease in leaving ideas, and/or an increase in other types of withdrawal behaviours (Mobley, 1977). The other side implies, if the evaluation is in favour of the options, the person might decide not to remain but to take the final choice to leave the present job.

### **2.3.2: Price and Mueller's Turnover Models**

A sociologist by name James Price in the year 1977 introduced a model that identified five determining factors of turnover. These are formal communication, pay, centralization, integration and instrumental communication. By presenting a notion he termed "opportunity" as a mediator of turnover and job satisfaction. James further clarified this theory and described it as the accessibility of different works in the environment. Like multiple designs, after testing the Price (1977) model, there were some constraints, so the authors modified as well as extended their previous model in 1981.

According to this 1981 model, recurring work decreases contentment; however employees involved in work-related choices, receiving data which are work-related, building close relationships with work colleagues, grossing fair and excellent reward and having the benefit of promotional possibilities are more likely to be fulfilled with their work (Hom & Griffeth, 1995). This model by Price and Mueller suggested that the job satisfaction and turnover connection was moderated through the accessibility of alternative work possibilities. The researchers also proposed that the intention of an individual to stay with the organisation was weakened by such things like generalized training, minimal kinship duties and professionalism (Hom & Griffeth, 1995).

### **2.3.3: Price and Mueller's (1986) Revised Model of Turnover**

The turnover model of 1981 was then updated in 1986. As a background to fulfilment, the scientists implemented role overload (Hom & Griffeth, 1995). They also included the organization's workgroups and size as antecedents of organisational engagement and thoughts to quit. The researchers, Price and Mueller have once again committed themselves to the organisation as an intermediary involving thoughts to leave and job satisfaction (Hom & Griffeth, 1995).

Accordingly, this turnover model gave an updated model which contains several of the preceding variables of retention and a number of fresh ones. An essential add-on to this model was distributive justice. The contribution of Price and Mueller to the volunteer turnover of employees was by creating an extensive set of turnover determinants as well as bringing in relevant factors currently acknowledged as part of the method of withdrawal and this was done using a strict methodology which remains a significant model for study norms (Griffeth, Hom & Gaertner (2000).

### **2.3.4: Theory of Organizational Equilibrium**

The foremost formal voluntary turnover theory was developed in 1958 by March and Simon and this was in their book "organisations". Organizational equilibrium theory stressed the importance of keeping a balance between the contributions as well as inducements of employees and organizations. What their model did was to connect turnover choices to job satisfaction. More so, they proposed that persons who were pleased with their work presently demonstrate enhanced need to stay with their establishments. It basically argues that since an establishment gives an employee

financial incentive equal to or exceeding the input of the individual into the establishment, this person remains a part of the establishment. Accordingly, both the person and the firm make every effort to preserve a balance or balance between the inducements and the amount of job that the person is prepared to do. The two determinants of the allegiance of an employee are perceived desirability and perceived ease of vacating the establishment.

## **2.4 Employee Retention**

This segment talks about the justification for retaining workers and HR management practices.

### **2.4.1 Justification for Employee Retention**

Retaining workers, in particular those who perform highly, is a key problem for organisations (Yamamoto 2011). These problems include elevated cost involved in staffing, potential hold-ups and loss of productivity throughout the integration era, likely loss of commercial opportunities (Walker, 2001), bad client connection (Clarke, 2001), and concealed cost as a result of productivity lost (Das, 2002) connected with turnover consequently increased the significance of maintaining engaged staff.

While retention of staff has countless advantages, research has shown that turnover or loss of important staff is expensive to organisations. Chaminade (2007) clarifies retention as an organization's voluntary move to build a long-term atmosphere for staff. Of course, the most significant reason for retaining staff is to prevent qualified workers from

quitting their jobs because this may possibly have undesirable effects on profitability and efficiency (Samuel & Chipunza, 2009).

Several scientists recognized a number of expenses involved with staff exits in terms of cash, time, cash and other resources. For example, for any ten executive and professional staff leaving the firm, that organization loses about \$1 million (Fitz-enz 1997). On the other side, Mitchell, Holtom, and Lee (2001) suggest that, while complete turnover expenses range from 90% to 200% of the yearly remuneration, direct substitution costs may be as high as 50% to 60% of a worker's yearly remuneration. That means it comes at a high price to replace a worker who leaves an organisation.

Another persuasive reason why organizations need to maintain their staff is that when an organization loses any of its main staff, there are significant financial impacts, especially given the expertise and experience lost with the departure of the employee. Typically, employees who leave an organization take constructive knowledge with them. Long-term employees possess skills, know-how and knowledge explicitly owned by the organization will be lost in the long run once these workers leave (Yamamoto, 2011). The various expenses mentioned above make keeping of employees a significant problem to consider for organizations.

The contest among organizations to obtain and keep hold of skilled human resources is very intense at the moment. The better flexibility coupled with the possibilities by which job can be changed has even deepened the struggle for obtaining and maintaining competent, efficient and effective staff that will turn out to be the organizations potential main workers (Yamamoto, 2011). Moreover, for a dynamic organization to minimize

these likely turnover-related issues, it must endeavour to create a favourable climate within the organization through a range of human resource management projects in order to maintain precious staff.

#### **2.4.2 Human Resource Management Practices**

HR Management can be seen as a sequence of embedded choices that form an employment relationship, involving the development of staff to maximize their capacity in a way that fosters the person and the organization's goals. Management of human talents continues to be a tactical move to overseeing relationships of employment that emphasizes the fact that controlling the capabilities of individuals is vital to successfully outdo competitors via a unique collection of integrated employment policies, programmes and procedures, (Bratton and Gold (2009)). Thus, Human Resource Management seeks to implement sets of programs, tasks and operations aimed at maximizing worker well-being and organizational goals.

Managers are usually accountable for organizations being shaped to do well and satisfy society's requirements. Stinchcombe (2000) defines an organization to be a collection of intentionally generated stable social relationships with the clear objective of achieving particular objectives or purposes on a continuous basis. There are different kinds of organizations. Whether it is for profit-making or not, they require knowledgeable workers and efficient human resource management methods to meet their goals.

It is deemed necessary for competitive advantage to leverage the complete potential of staff and acquire their dedication. This however involves modifications in three elements of organizational control, namely organizational structure, culture and policies and

procedures for human resources management (Bratton and Gold, 2009). Accessible and achievable findings demonstrates that basic practices in management of human resource consist of work analysis, human resource planning. The others are recruitment and selection, compensation and benefit, performance assessment, training and growth, career management, staff relationships and welfare (Armstrong, 2006; Matthis & Jackson, 2004; Milkovich & Newmen, 1999). On the otherhand, it is also argued that some of the Human Resource Management functions comprise making sure there is a good fit between the personal workers' values and the organization's values in the recruitment and selection process (Van Vianen, 2000) as well as offering adequately challenging and remarkable work for employees (Kraut & Korman, 1999).

Personnel retention policies have been the focus of healthy' work practices (Hutchings, De Cieri & Shea, 2011). Furthermore, retention has been related to fulfilment and engagement.

Despite the many tasks of human resource management that can be initiated as procedures, this research would focus on two methods, namely compensation and employee engagement. These practices are believed to have what it takes to motivate workers in addition to offer these workers some level of recognition, autonomy and improved self-worth leading to emotional commitment (Döckel, Basson, & Coetzee, 2006).

While compensation has been extensively studied, it remains a primary pillar of HR management practices as each worker will want some compensation for the job performed. It is moreover seen as an appreciation for beneficial conduct or energy being

exercised. Likewise, staff involvement in human resource management is equally significant up-and-coming problem. Both issues have an impact on employers and staff.

There exist deficiencies of studies in Ghana on employee engagement problems even though other places like Europe has had some studies done. Also, it has rarely been investigated as a practice of human resource management. Therefore, this study will examine how compensation and employee engagement in the Ghanaian savings and loans sub-sector can affect worker retention.

## **2.5 Empirical Review**

Compensation and employee engagement which are the independent variables will be the focus of the empirical review. In addition to that will be the moderating variable, job satisfaction in relation to retention.

### **2.5.1: Effects of Compensation on Retention of Employee**

The effect of compensation and benefits for employees on turnover and retention has been dealt with in various studies. Employee compensation involves all pay and reward for the results of their employment received by staff (Snell & Bohlander, 2007). There are both direct and indirect compensations. While direct compensation entails salaries and wages for employees, incentives, bonuses and commissions, indirect compensation is made up of the numerous fringe benefits offered by employers and non-financial compensation including health care, life insurance, lunch subsidized, leave policy, overtime, pension plan and transport policies.

As mentioned by Willis (2000), direct compensation is the most critical problem in employing and keeping talent. Parker & Wright, (2000) say some businesses may therefore even give remuneration packages over and above the market price just to entice as well as maintain essential talent. Also extensive benefits and compensation, enhanced by efficient payment scheme, is also able to play an efficient part in enticing the finest applicants, shaping staff conduct and result efficiency, and promoting talent retention (Khan 2010).

More so indirect compensation such as benefits might influence the employment and keeping of employees. Casper and Buffardi (2004) affirm that by providing a big quantity of benefits, a firm can compensate for mild wages through the provision of non-cash compensation. Employee benefits packages boost employee engagement with the organization and decrease the inclination to consider other work possibilities. In a research of the link between HR management practices and organizational performance, Cho, Woods, Jang, & Erdem, (2006) discovered that firms offering incentive plans to staff have a higher chance to experience reduced turnover levels for non-managers. Furthermore, Moncarz, Zhao & Kay (2009) says that a company is likely to decrease its rate of turnover of staff by applying incentive schemes in the form of incentive plans to more staff throughout the organization.

Mathis and Jackson (2004) asserted that employee retention is affected by a balanced, fair and competitive compensation and reward scheme. This makes planning for compensation and reward a crucial aspect of efficient human resource management strategies.

In a Chew & Chan (2008) research, compensation or remuneration favourably forecasted organizational dedication and plan to stay. This research involved nine big private and public sector organizations and had about 475 participants and which finding is able to be generalized in Europe as well as Australia. The findings in Africa, however, might be distinct.

Milman and Ricci (2004) found that the most important predictors of retention consist of inherent fulfilment and working circumstances instead of financial benefits. This is one of the studies that have found that compensation may not be sufficient in the form of base or variable pay to attract or retain employees despite the fact that compensation and benefit improve retention.

### **2.5.2: Effects of Employee Engagement on Retention of Employee**

Corporate Leadership Council (2004) described employee engagement as the extent to which employees commit to something or somebody in their organization, how hard they work and how long they stay as a result of that commitment. Luthans & Peterson, (2002) asserts that employee engagement happens when an employee experiences a conscientious and emotional cognitive bond with other workplace employees.

Empirically, it has been established by Gallup Organization that staff involvement is an important forecaster of desirable organizational results for instance retention, efficiency and profitability (Luthans & Peterson, 2003). This as well leads to a decrease of staff turnover intentions of up to 87 percent (Corporate Leadership Council, 2004). Employers are now becoming conscious, according to Markos and Sridevi (2010) that they can generate more effective and productive workers by concentrating on employee

engagement. In addition to having a significant bearing on the retention and faithfulness of workers, engagement is moreover a main connection to the general value of stakeholders (Corporate Leadership Council, 2004).

In a competitive setting, engagement generates a feeling of allegiance and also improves employee confidence and subsequent retention. It has been shown that employee engagement has an important connection with productivity, retention of workers and profitability (Bhatnagar, 2007). As stated by Schaufeli and Bakker (2004), hired staff is likely to be more attached to their organization and less inclined to leave. Baumruk and Gorman (2006) argue that committed staff constantly shows three particular behaviours that enhance the performance of the organization. These are say, remain and strive. Say means the worker champions co-workers for the organization and relates prospective staff and clients. Stay means that despite chances to work elsewhere, the worker has an intense desire to be a member of the organization. Strive also connotes that the worker is putting additional time, effort and initiative into contributing to the accomplishment of the business.

Engaged staff participate heavily in their works, go further than their contractual service agreement and stay with their institution for a long time (Towers Perrin Report, 2003). Critical relationships between worker engagement, retention, and loyalty of customer, development and profitability of the firm were discovered by Gallup Organization (2006). Others recognized commitment as a main engineer of employee attitudes, behaviour, performance as well as organizational performance, productivity, retention, economic performance and return on shareholders (Richman 2006). Organizations with greater rates of commitment have reduced employee turnover, greater productivity and

better outcomes, according to Baumruk (2006). Research shows that organizations with staff involved have greater retention of staff as a consequence of a decreased thought to leave leading to enhanced efficiency, profitability and development (Markos & Sridevi, 2010). Therefore it is essential to empirically test these favourable assertions.

### **2.5.3 Effects of Job Satisfaction on Retention of Employee**

It is fundamentally conceivable to portray work fulfillment as the degree to which staff see or are happy with their activity. Over the years, theories of staff turnover have suggested that job satisfaction plays a significant role in turnover procedures (Boswell, Boudreau & Tichy, 2005; Hom & Griffeth, 1995; Steel, 2002; Steers & Mowday, 1981). This they say is therefore able to influence retention. Irrespective of the human resource management practices that organizations may attempt to initiate, job fulfilment can mitigate the impact of the procedures on retention of employees.

Some scientists have dealt with job satisfaction from a need fulfilment view, while others define it as a mixture of psychological and environmental conditions which satisfy an individual with his or her work.

Despite the theoretical strategy employed to study job satisfaction, however, most researches have recognized at least two general categories of antecedent variables that are environmental factors and personal features (Spector, 1997). Igbaria and Guimaraes (1993) recognized 5 elements of job satisfaction in their research, that is: work, oversight, colleagues, pay and promotion. Additionally, Luthans (2002) claims that job satisfaction can come from 3 distinct facets, such as emotional reaction to the work setting; relationship between expectations and results; and pay satisfaction. A research by

Schermerhom, Hunt, Osborn, & Uhl-Bein (2011) identified 4 categories of variables influencing work satisfaction, including difficult employment, a fair scheme of rewards including salaries and promotional possibilities, excellent interactions between peers and a favourable working environment.

However, work climate and supervisor support explain job satisfaction in this research. Employees care about their working environment for both personal convenience and excellent job results. Working environment generally relates to the setting in which staff operate. Work environment is essential as it can affect the output, productivity and retention of an employee considerably. Studies have shown that staff prefers a secure, tidy, comfortable and conducive physical environment with minimal distractions (Robbins, 2005). Moreover, most staff expects the organisation to provide facilities for company purposes for instance equipment and machinery. As a consequence, the more the work environment of a person fulfils his or her requirements, values, or private features, the higher the degree of job satisfaction is true as well. Each aspect of the setting of the organization can also lead to or detract from job satisfaction. Research has shown that, according to Spector (1997), staffs who perceive elevated concentrations of work-related limitations tend to be dissatisfied with their employment. It improves the work environment of staff that will affect the climate of service and ultimately affect job satisfaction (Ram, Bhargavi, & Prabhakar, 2011).

Support from the supervisor also plays a crucial part in the worker's contentment at job.

By virtue of social exchange correlations, supervisory assistance is described as employees' view of their connection with their supervisor and how well they can depend

on the supervisor to take care of their individual issues. Managers are generally the key people or agents responsible for keeping workers' psychological contract. Supervisory assistance therefore has an important impact on the well-being of staff. Workers are therefore more likely to stay with an organisation if they think their managers value their contributions and well-being, interact with them well, and treat them with regard and appreciation (Eisenberger et al., 2002). Gagnon and Michael (2004) defined perceived assistance from the supervisor as the degree to which a worker feels their supervisor supports them. In other words, a strong climate support manager creates a give-and-take connection in which staff feel emotionally linked and obliged to "repay" their supervisor and/or organisation by remaining in the business (Eisenberger, Stinglhamber, Vandenberghe, Sycharski, & Rhoades, 2002).

Beneficial supervisor-subordinate interactions contribute to greater work satisfaction rates as shown through several studies (Daley, 1986; Locke, 1976). Ting (1997) noted that there were greater levels of job satisfaction among public staff that enjoyed a supportive connection with their direct supervisor than those who did not. A Gaertner (1999) empirical research disclosed that supervisory support opportunities have a direct and positive effect on job satisfaction. Employee satisfaction improves with the instant manager being understanding, friendly, offering commendation for excellent results, listening to the views of staff and showing private interest in them (Robbins 1993). So if an employee does not enjoy this relationship, their JS level and subsequent turnover can be affected. Ng and Sorensen (2008) contrasted the impact on work attitudes of perceived support from supervisor and co-worker and discovered that perceived supervisor support

was more closely linked to job satisfaction, affective engagement, and turnover thoughts than perceived co-worker assistance.

Job satisfaction is very important because it impacts not only staff effectiveness, but also work behaviour such as absenteeism and employee turnover (Rajendran & Chandramohan, 2010). It can be harmful to the organization to ignore the worries of staff about their job settings and not to provide the necessary assistance. Workers who are more comfortable with their job settings and have the superior assistance they need may be more satisfied with their employment. Therefore, if staff do not get what they are genuinely looking for in their work, it is probable that the retention attempts of an organization can be moderated regardless of how efficient HR management practices are job satisfaction.

Job satisfaction has often been used as a variable for predictors and rarely as a moderator. Research has also found that job satisfaction plays a significant part in the procedures leading to turnover, so it has been selected as a moderator variable between human resource management exercise and retention of employees.

#### **2.5.4 Summary of Empirical Review and Research Gap**

This section examines literature both theoretical and empirical appropriate to the research. The empirical analysis concentrated on past research of methods of management of human resource and employees' retention. Analysis showed that, following the original job of March and Simon (1958), studies on what affects employee retention was undertaken by several scientists. March and Simon discovered two primary variables in their seminal work that determine the allegiance of an employee, namely

perceived motion desirability and perceived facility to leave the organization. Both variables work separately to affect the motivation of an employee to remain or quit an establishment.

In examining the rationale for retention of staff, the literature pointed out that retention of staff is a significant problem for organizations since turnover is very expensive in terms of financial effect, time, money and other resources, particularly when critical and knowledgeable staff leaves the establishment. To minimize these potential challenges forward-thinking organizations must strive to build a favourable organizational climate through multiple human resource management projects so as to maintain precious staff.

The theoretical and empirical review disclosed that there are countless variables in human resource management that might influence employee retention, including compensation and employee engagement. The impact on turnover and retention of work satisfaction was also assessed. Nevertheless, past research on best practices in human resource management have been fragmented and scientists have failed to achieve an efficient mix of methods that could enhance organizational engagement and retention (Chew & Chan, 2008). Most retention studies were also carried out primarily in Western World (Samuel & Chipunza, 2009). Therefore, there is a restricted empirical research on retention of employees in Africa and in Ghana in particular (Tettey 2009). In addition to a particular study investigating the impact of human resource management practices on employee retention in the Ghana savings and loans sub-sector, it was not discovered.

This indicates that there is restricted empirical proof of retention of employees in developing countries such as Ghana, hence a study gap. This study therefore aims to fill

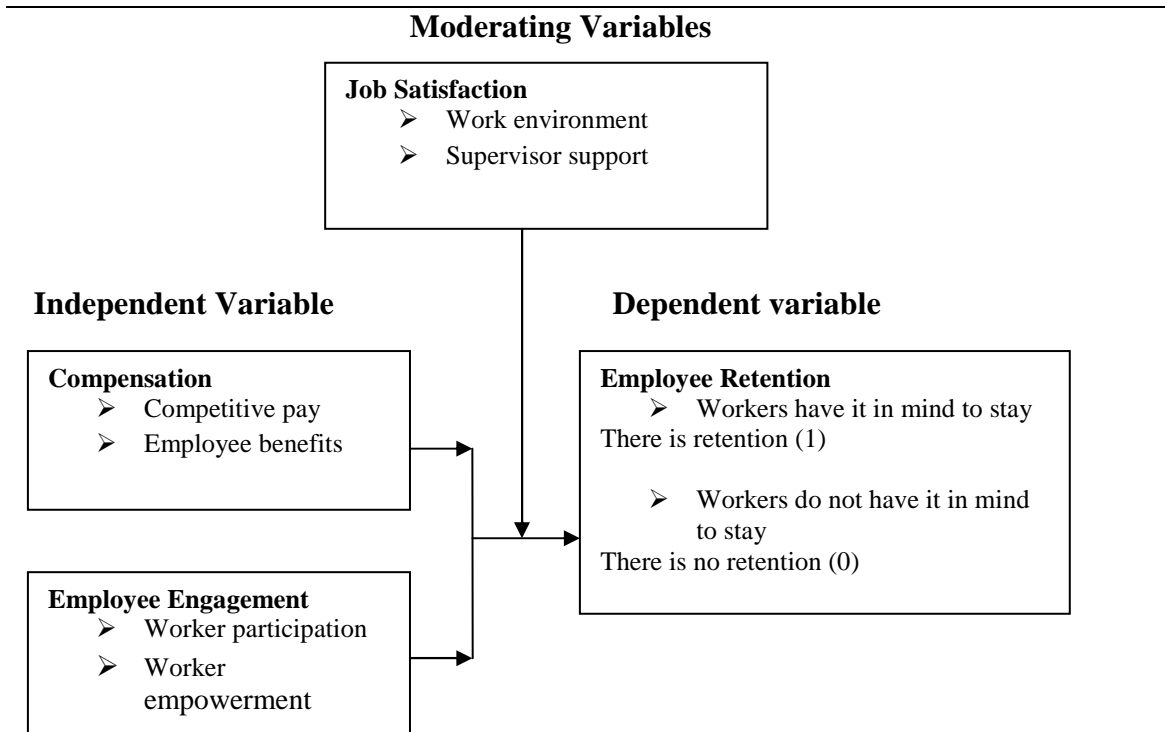
this research gap by exploring the impact of human resource management practices on employee retention in Ghanaian savings and loans firms. The microfinance sector was selected because Ghana's economy plays a very major role in the savings and loans sub-sector. In the financial growth process, savings and loans businesses have become very efficient partners.

## **2.6 The Conceptual Framework**

Employee retention as the dependent variable can be affected as independent variables from the foregone by compensation, career management, work life balance and employee engagement. This is illustrated in figure 2.1 which shows the model created for the study and the research variables connection.

There are two human resource management practices from the figure that can impact the retention of employees. These are compensation and employee engagement. Job satisfaction serves as a variable moderator on the impact of human resource management procedures and retention of employees. All these variables were addressed in detail in the empirical analysis.

**Figure 2.1: Conceptual framework showing the connection between human resource management practices and retention of employees and job satisfaction as a variable moderator between human resource management practices and retention of employees.**



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

The section on methodology is expected to bring out the procedures and techniques used to acquire the information for this research. This third chapter focuses on the key features of the research design implemented, the procedures used in the process of data gathering, the technique for sampling and sample size, the ideal instrument to be used for gathering data, how the data gathered were analysed and the population of the study. The methodology also shows the reason for the study and takes into consideration the systematic processes or procedures that the researcher went through or followed to accomplish the goals and purpose of the research.

#### **3.2 Research Design**

In the opinion of Parahoo (2007), research design is an approach that refers to where, when and how information are going to be put together and analysed. It shows the researcher's all-encompassing plan for responding to the research questions or the research hypothesis being tested (Polit, 2001). This study embraced an exploratory research design to measure the impact that human resource management practices have on retaining workers within the savings and loan sector using Advans Ghana as a case of this study. This research approach is the most suitable especially when the study's rationale is to create detailed description of a prevailing situation in an organization. According to Yin (2007) an exploratory research design is an important tool for explaining what is happening and to look for new insights and assess an occurrence. This

form of research was embraced by the researcher because it helped to investigate what already exists, describe new perspectives and raise questions that facilitated the study evaluation from a new perspective. This will enable the researcher collect information which contributes towards employee's retention and job satisfaction in the financial sector by assessing the respondent's expectations, and intentions of the savings and loans company in question. The choice of using an exploratory approach is also based on the circumstance that it permits the researcher to prepare a logical or organized request for information into a happening or a group of related happening that aims to label and clarify the phenomena in the company. For both information collection and analysis, quantitative methods were used. Quantitative research is a study that primarily results from statistical overview and analysis. As a result, a structured questionnaire was employed to collect information from a big representative sample in order to apply the outcome to the entire population. Data were also analyzed using quantitative methods.

### **3.3 Target Population of the Research**

Study population is the main group of components out of which the sample is in reality chosen from. As stated by Rubin and Babbie, (2001), Population is the completeness or the entirety of total elements through which data might be attained or acquired. With regards to this research, the population constitutes employee respondents from the Advans Ghana Savings and Loans Limited. The study was limited to specific branches of the company.

### **3.4 Sample Size and Sampling Techniques**

Sampling is a means of choosing a cluster of people, procedures or operations to conduct a research (Burns & Grove 2003). According to Burns & Grove, (2003), Polit, (2001), a sample is a portion or part of the population as a whole. Gathering data from all the data collection partakers when conducting a research study especially of this nature is most often difficult if not impossible. It is for this rationale that sampling is done, which is ideally a fraction of the whole population referred to as a sample often picked to represent the total population on which the study is being conducted. Consequently in order to ensure that valid materials for data collected are obtained from the research partakers, the researcher embraced the purposive and convenience sampling technique for this study. The purposive sampling technique is a non-probability sampling technique which is adopted by the researcher to select respondents who acquire a comprehensive or detailed understanding or awareness in the subject matter of study. A total number of about 234 respondents were sampled to participate in the data collection process by conveniently employing this technique. A sample, no matter the size or dimension, offers added information about a reduced population. There was an 'adjustment' by which the numeral produced by Cochran's method could be condensed if the entire population was moderately small. Cochran's formula was considered particularly suitable for computing sample size with large populations given an estimated percentage of the populace with attribute in question, confidence level desired and precision level desired (Robson, 2002).

The Cochran formula is stated below as;

$$\frac{\frac{z^2 \times p(1-p)}{e^2}}{1 + \left(\frac{z^2 \times p(1-p)}{e^2 N}\right)}$$

Sample size

N = population size e = Margin of error (percentage in decimal form) z = z-score

Where:

Z = Z value (e.g. 1.96 for 95% confidence level) z is at 95% confidence level. The z value is found in a Z table. A 95 % confidence level gives us Z values of 1.96

p = percentage picking a choice, expressed as decimal (0.5 used for sample size needed)

c = confidence interval, expressed as decimal

(e.g., .10= ±10)

$$\frac{\frac{1.96^2 \times 0.5(1-0.5)}{0.1^2}}{1 + \left(\frac{1.96^2 \times 0.5(1-0.5)}{0.1^2(600)}\right)} = \mathbf{234}$$

This sampling method was employed to select a total number of two hundred and thirty-four (234) respondents from the sample population. This technique is considered appropriate for this study because the sample respondents are many and simple randomization will be impossible to employ. In addition, the researcher required to use this sampling procedure for the reason that it is essential for gathering appropriate information desirable for this research within a limited time period and also within the challenge of limited resources at disposal.

The information obtained was based on the responses gathered from the questionnaires distributed among 63 respondents who work in the savings and loans company. Seventy respondents were sampled from the company for this study from various levels of management and out of the 70 respondents, 63 filled in and brought back the questionnaires producing a response rate of 97%, which is considered very adequate for analysis and reporting.

### **3.5 Data Collection**

The central or leading basis of data used is from primary source. The primary data brought in practical or hands-on information and this was done by running of designed or planned questionnaires. The primary data gathering comprises of accumulating data personally from the respondents. This helped the respondents from the sampled population provide precise answers to the research questions.

### **3.6 Instrument for Data Collection**

Having determined the sampling strategy and sample size, a questionnaire was used to implore information from respondents for the study. It was prepared according to intentions or aims of the researcher and the researcher used both open and closed ended questions exclusively which were stated in a five-point likert scale (strongly disagree – strongly agree). The Open ended questions made the respondents to respond to the questions and at the same time bringing out their understandings on particular matters.

In contrast, the closed ended question was prepared to let the respondents bring out their understandings from a series of questions accessible to them. The questionnaires were prepared according to intentions and aims of the researcher and therefore both types were

used. Most of the items on the data collection instrument were closed-ended amid a few open ended questions to allow the respondents to reply to questions asked and at the same time stating their understandings on particular subjects. The questionnaire is divided into five sections. The foremost section gathered information concerning demographic data of the respondents such as their level of education, years of experience at work and others. The subsequent section of the research instrument collected data on the impact that compensation has on retaining of employees. The third section of the data gathering instrument reflects on the effect of employee engagement on employee retention whilst the fourth section of the research instrument centres on data collection on the moderating effect of job satisfaction on the relationship between Human Resource Management practices. The final part of the data collection instrument looks at the extent of employees' retention in the organization.

### **3.7 Data Analysis**

As this is an exploratory study, descriptive statistics were used in the data analysis. So as to guarantee consistent wholeness and uniformity in responses, data corrections were done all through the whole analysis of data collected. Recognized errors or faults were remedied immediately. As soon as editing is completed, the Statistical Package for Social Sciences (SPSS) version 21 was used in the analysis of the information gathered. As the study is descriptive in form, the conclusions were presented in a descriptive statistics comprising tables and charts.

### **3.8 Ethical Consideration**

It was ensured by the researcher that the consent of the selected respondents was sought before the questionnaire was administered to them. The researcher again made sure that, this study is carried out in a way that follows strict confidentiality and anonymity standards of postgraduate research (Creswell, 2003). This helped ensured that the private information provided by respondents did not get to the public domain. The respondents were guaranteed and given an assurance of the privacy or concealment of their responses in addition to the fact that it was used strictly for academic purpose.

## CHAPTER FOUR

### RESEARCH FINDINGS AND DISCUSSIONS

#### 4.1 Introduction

This section presents the analysis of the data, the survey instrument results along with a discussion of the findings from the analysis.

#### 4.2 Socio-demographic Characteristics

Descriptive data for example frequencies and percentages pertaining to respondents' socio-demographic features is presented in this section.

**Table 4.1: Socio-demographic Features of Respondents**

Socio-demographic Features	Frequency	Percent (%)
Gender:		
Male	37	58.7
Female	26	41.3
Total	63	100.0
Age		
Under 21	1	1.6
21 – 30	25	39.7
31 – 40	29	46.0
41 – 50	8	12.7
Total	63	100.0
Marital status		
Single	38	60.3
Married	18	28.5
Divorced	3	4.8
Widowed	2	3.2
Separated	2	3.2
Total	63	100.0

Educational qualification		
Diploma/HND	32	50.8
First Degree	23	36.5
Masters	8	12.7
Professional	0	0
Total	63	100.0
Monthly income		
GH¢500 – 999	19	30.2
GH¢1000-1499	21	33.3
GH¢1500-1999	9	14.3
GH¢2000-2499	7	11.1
GH¢2500 or more	7	11.1
Total	63	100.0
Current position/rank		
Supervisory	11	17.5
Middle Level Mgt	9	14.3
Top Level Mgt	4	6.3
Other	39	61.9
Total	63	100.0
Working Experience		
Less than 1 year	3	4.8
1 – 3years	21	33.3
4 – 7years	24	38.1
8 – 10years	11	17.5
11 – 13years	4	6.3
14+ years	0	0.0
Total	63	100.0
Employment Type		
Permanent	50	79.4
Temporary	1	1.6
Contract	12	19.0
Total	63	100.00

Source: Fieldwork - July 2019

Table 4.1 above depicts the distribution of gender among the participants of Advans Ghana Savings & Loans, with the male's response of 59% as against the female's response of 41%. What this findings means is that the organisation has more male employees than female.

The data presentation shows that, only 1 person is under the age of 21 which signifies 1.6% of the total respondents. However, most of these respondents were within the scope of 31 – 40 years forming 46% of the total participants. In addition, 39% of the respondents are within 21 – 30 years. 12.7% were found within the range of 41 – 50 years. The researcher also realised that no respondents fall within the ages of 51 – 60 years or above 60. What this implies is that the organisation is more focused on hiring the youth than the elderly. The nature of business could possibly explain the rationale for having youthful employees.

The researcher also wanted to find out the marital status of the participants of the firm. So from the data presentation in the table 4.1 above, most of the respondents pointed out that they were single making up 60% whilst only 5%, 3%, and 3% of the respondents were divorced, widowed and separated respectively whilst only 29% were married.

The researcher further wanted to ascertain the level of education of the data collection participants. The data collected and analyzed revealed that all the respondents have some higher education with at least 50.8% holding Diploma/HND. 36.5% are Degree Holders and only 12% are Masters Holders. The implication of this finding is that, the researcher is confident that most of the respondents have relevant academic knowledge in the study and as such can contribute by providing relevant information needed for the study. Although the researcher expected to find someone with a Professional Certificate, it seems no one has one. This means the firm does not depend heavily on external professionals like Chartered Accountants, Chartered Bankers, and Chartered Financial Analyst among others.

From the data presentation in the table 4.1 above, 30.2% of the participants receive between GH¢500-999 as salaries after tax deductions. The same applies to the 33.3% of the participants who receive between GH¢1,000-1,499. Only 9 and 7 respondents receive between GH¢1,500-1,999 and GH¢2,000-2,499 respectively and 11.1% receive more than GH¢2,500. The implication of these findings to the researcher when compared to the position/rank table is that, out of the 4 participants making up the top level managerial, all of them are paid more than GH¢2,500.

From the above table 4.1, most of the respondents were within the other minor positions/ranks making 61.9% of the total respondents who participated in the process of data gathering. Also, 17.5% of the respondents are playing supervisory roles and 14.3% are in middle level management position. However, minority of the respondents are in the top level management positions/ranks in the firm.

As clearly illustrated in table 4.1 above, most of the respondents have between 4 – 7 years of experience and this constituted 38.1% of the total participants who participated in the data collection, this is followed by 33.3% of the total population who have between 1 – 3 years of progressive work experience. About 17.5% have spent between 8 – 10 years working for the firm. 4.8% of the respondents have less than 1 year of work experience and finally, 6.3% have spent 11 – 13 years. The inference of this is that, since majority of them have longer years of experience, they have an in-depth knowledge and experience in the field

Further, the researcher want to ascertain the type of employment arrangement the employees have with the company. The data presentation in table 4.1 above also

demonstrates that 79.4% were under full employment contracts. This was followed by 12 employees out of the 63 participants who stated that they are under contract employment, whilst 1.6% of the employees are on temporary employment. Comparing the employment arrangement to the working experience data, the researcher can conclude that, most of the participants in the firm are employed permanently despite having more than one-third having worked 3 years or less.

### **4.3 Human Resource Management Practices**

This part looks at the perceptions of human resource management practices among staff in two main fields: compensation and employee engagement

#### **4.3.1 Compensation**

Compensation was assessed on the basis of pay or benefits both intrinsic and extrinsic. It's not just in cash form, but in non-cash form as well.

**Table 4.2      Compensations**

	<i>SD</i>	<i>%</i>	<i>D</i>	<i>%</i>	<i>NS</i>	<i>%</i>	<i>A</i>	<i>%</i>	<i>SA</i>	<i>%</i>	<i>Mean</i>	<i>Standard Deviation</i>
I earn more than others who occupy similar positions in other S&L companies.	24	38.10	22	34.92	10	15.87	3	4.76	4	6.35	2.06	1.15
The non-monetary benefits, such as medical insurance that I get here are better than those I possibly will get at other S&L companies.	22	34.92	16	25.40	8	12.70	7	11.11	10	15.87	2.48	1.47
Persons who work hard and are results-oriented are rewarded in the company.	7	11.11	28	44.44	20	31.75	2	3.17	6	9.52	2.56	1.06
The salary I receive in this company is proportionate with my tasks.	35	55.56	22	34.92	6	9.52	-	-	-	-	1.54	0.67
Compensation is adequately reviewed from time to time	32	50.79	25	39.68	6	9.52	-	-	-	-	1.59	0.67

Source: Fieldwork - July 2019

In the table 4.2 above, the researcher sought to detect the effect of Human Resource Management Practices on Retaining Employees in the Savings & Loans Sub-Sector by considering employee compensation in the organisation. The researcher also sought to

consider how the non-monetary benefits, such as medical insurance and holiday time that respondents get here are better than those they possibly will get at other savings and loans companies. The mean results for the responses from Table 4.2 indicate that participants disagreed with their organizations' statements on compensation. It seems that participants were aware of how other savings and loan companies' staffs were compensated. So they are able to ascertain if they got superior compensation compared to their colleagues in other savings and loans companies. Also, the mean score of 2.06 means that staffs disagree with the declaration "I earn more than others in other savings and loans companies occupying comparable positions." The average of 1.54 also implies the participants disagreed about their salaries and benefits being commensurate with their duties.

#### **4.3.2: Employee Engagement**

According to the Corporate Leadership Council (2004), engagement not only has the ability to significantly affect staff retention, productivity and loyalty, it is also a main connection to corporate reputation, customer satisfaction and general value of stakeholders. Table 4.3 presents the outcomes of the perception of employee engagement procedures in their organizations.

**Table 4.3 Employee Engagement**

	<i>SD%</i>	<i>D%</i>	<i>NS%</i>	<i>A%</i>	<i>SA%</i>	<i>Mean</i>	<i>Standard. Deviatio.</i>
I am concerned as regards to the success of this company	-	3.17	47.62	34.92	14.29	3.6	0.77
Communication across all levels in this company is good	-	4.76	11.11	46.03	38.10	4.17	0.81
Proud to tell others that I work with this company	11.11	44.44	31.75	3.17	9.52	2.56	1.06
I am ready to put in a great deal of effort beyond what is normally expected in order to help this company to succeed	3.17	23.81	36.51	14.29	22.22	3.29	1.16
I feel a strong sense of belonging to this company.	26.98	31.75	23.81	-	17.46	2.49	1.37
This company rewards employee loyalty.	41.27	41.27	1.59	3.17	12.70	2.05	1.31
My boss creates a motivating and supportive work environment	15.87	47.62	30.16	3.17	3.17	2.30	0.89

Source: Fieldwork - July 2019

On the concern of employee engagement, the data collection also tried to engage the employees to find out their individual opinions on how the relationship between Human Resource Management Practices creates an enabling environment for work.

Compared to the other HR management practices, it becomes visible that the company was not taking more serious steps to engage their employees since respondents disagreed to most of the statements relating to staff engagement apart from with two issues which

they agreed and one which they were not sure of. This is disheartening and presupposes that probably the company does not have some policies that encourage retention.

The 3.6 mean score implies that, there was agreement on the question “I am concerned about the success of this company”. It appears workers were devoted to the accomplishment of their organisations and were even ready to put in more efforts than was required under normal circumstances. On the statement “I am ready to put in a great deal of effort beyond what is normally expected in order to help this company to succeed” the mean = 3.29. This indicates that the employees are not so sure whether to put in a little more effort for the success of the company. Generally, it appears the company is not fostering engagement and the employees were not happy with the level of engagement.

### **4.3.3 Job Satisfaction**

The researcher continued his research to ascertain to the degree at which workers are pleased with their job. The employees’ perceptions of job satisfaction mean scores suggest that they were generally unsatisfied with their jobs. Except for them being able to work independently on work assignments and in some way organizational structure able to aid teamwork, which enhances effective achievement of tasks which had mean scores of 4.44 and 3.3 respectively. This is shown in table 4.4.

**Table 4.4 Job Satisfaction**

	<i>SD%</i>	<i>D%</i>	<i>NS%</i>	<i>A%</i>	<i>SA%</i>	<i>Mean</i>	<i>Standard Deviation</i>
The conditions of work in my company are good and safe	11.1	39.7	28.6	12.7	7.9	2.7	1.1
The organizational structure aids teamwork, which improves effective achievement of tasks	7.9	15.9	30.2	28.6	17.5	3.3	1.2
Management has provided an open and comfortable work environment.	30.2	33.3	17.5	6.3	12.7	2.4	1.3
I get acknowledgment or praise for doing a good job.	14.3	46.0	23.8	11.1	4.8	2.5	1.0
Management treats me like a professional and allows me to use my judgment in my work.	15.9	34.9	20.6	15.9	12.7	2.7	1.3
I am fully able to utilize my skills, abilities and experience in my current position	20.6	20.6	36.5	17.5	4.8	2.7	1.1
I can work independently on my work assignments	0.0	0.0	12.7	38.1	49.2	4.4	0.7

Source: Fieldwork - July 2019

The job satisfaction responses presume that, most of the workers were not satisfied with the conditions of work and the work environment of the organisation and their rapport with their management. This is bad for employee retention since employees who are unsatisfied with their jobs are more expected not to stay loyal to their organisations.

#### 4.3.4 Employee Retention

Respondents were enquired to specify the amount of individuals who left their organizations during the past year. The feedback is shown in table 4.5. The bulk of respondents (65.08%) said that between 1 – 10 people had left, 28.57% revealed between 11 – 20 people, with only 6.35% between 21 – 30 workers respectively had left the organisations in the last year

**Table 4.5 Number of Workers Who Left Last Year**

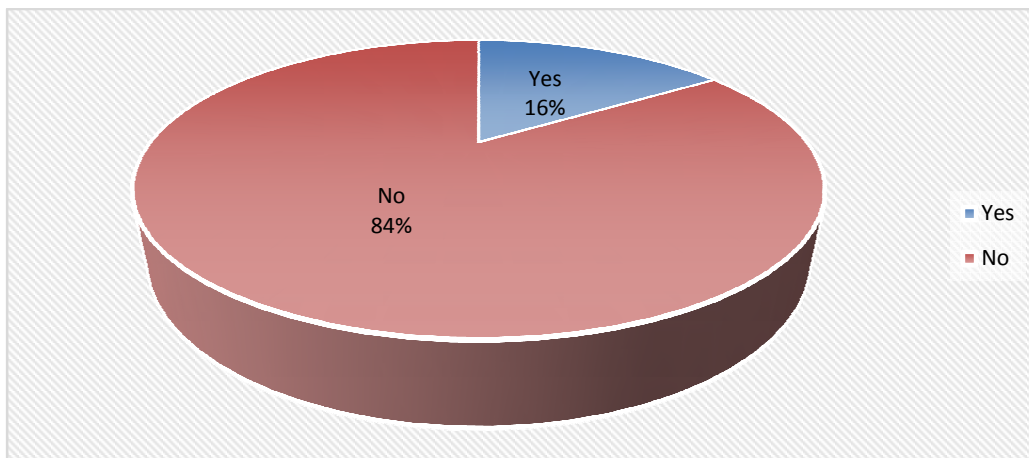
Number of Employees	Frequency	Percent (%)
1 – 10	41	65.08
11 – 20	18	28.57
21 – 30	4	6.35
Total	63	100.00

Source: Fieldwork – July 2019

This implies that it was usually perceived that between 1 – 10 staff left the company in one year. Although there may not be a very large amount of 1 – 10 staff leaving throughout a year, it is still a worrying indication. The cost of replacement could be significant, no matter how low the turnover rate is, given that the cost of replacing a worker generally sums up to a quarter of his / her annual wage (Chew,2004)

Employees ' thoughts to stay with their organizations in the future has been employed as a proxy to decide the company's rate of retention.

**Figure 4.1 I will stay with this establishment even if I get a better job offer**



Source: Fieldwork - July 2019

From figure 4.4 above, majority of the respondents have said ‘No’ to staying in the establishment even if they get a better offer somewhere else. These respondents make up 84% of the total respondents. It is only 16% that have agreed ‘Yes’ to stay with the company even if they have a better offer somewhere.

#### **4.4 Discussion of findings**

From the results, it was evident that compensation has a considerable impact on employee retention. In spite of the elevated importance placed on the practices of compensation, most participants were not satisfied with the methods of compensation being employed. Without a doubt, most of them said that advantages such as vehicle allowances and group incentives were not given while the wages and benefits given were not sufficient despite regular wage review. This could imply that the wages schemes were not competitive, not fair and not impartial for which reason staffs were not compensated for their excellence. The outcome compares with earlier research by Chew and Chan

(2008) and Hong, Hao, Kumar, Ramendran and Kadiresan (2012), which discovered that efficient compensation decreases the turnover of employees and improves retention.

High salaries are not crucial, although healthy and fair salary showed a powerful relationship with intention to remain signifying that so long as the compensation is competitive, monetary incentives are not the prime factor in retention (Hagginbotham 2017). Compensation practices thus play a decisive role in the retention of employee. The bulk of participants thought that compensation methods/practices had an impact on employee motivation and therefore retention in organisations. These reactions show that in spite of the poor Human Resource Management methods and the loyalty level in the organization being low, the workers' inclination to leave was nonetheless low. This might be due to a number of reasons. First of all, because in this situation these staff are already trained in a specific sector, it may be somewhat hard to fit into employment in other areas. Secondly, the unemployment rate is high with a significant number of qualified staff still on the job market and searching for jobs. Quitting would thus be treated cautiously. Some of the staff have worked for a long period of time thus they wouldn't like to lose their benefits. Finally, the clean-up in the financial sector by the Bank of Ghana may be making it difficult for some of the staff to leave due to the uncertainty within the market.

The impact of employee engagement on employee retention was also considerable. Research on employee engagement has been restricted since it is a comparatively fresh idea (Macey & Schneider, 2008). The results of this research, however, are compatible with the literature observed in research on The Gallup Organization (2006). Critical connections between employee engagement and retention were created. This is also

confirmed by the results of Truss et al. (2006) in a research they conducted "Working Life: Employee Attitudes and Engagement," as they discovered that staff in general are less likely to desert their company. It has been revealed that employee engagement has an important connection with efficiency, profitability and retention of employees (Bhatnagar, 2007).

The research also established that the impacts of human resource practices on retention of staff did not rely on how happy staffs were with their employment.

HR management practices therefore play a major part in the choice of an employee to remain, rather than work satisfaction. Consequently, job satisfaction may not hinder the interaction between HR management practice and employees retention.

Tian-Foreman (2009) discovered an adverse connection between the intentions of employee turnover and job satisfaction. Job satisfaction on the other hand, has often been applied as a variable predictor and rarely as a moderator. As a result, proof of job satisfaction as a moderating factor has not yet been created on the connection between HR management practices and employee retention.

To the extent that workers possess different ways of thinking and values concerning the different phases of their work, it is established in this study nonetheless that job satisfaction can not affect the impact of HR management practices on retention. Thus, staff may well stay or leave the organization unless they are satisfied with the initiated HR management procedures, but not necessarily because they are not satisfied with their work.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

The last section provides the study overview. It also addresses the key results and draws the conclusions that are needed. Implication of results, knowledge contribution, suggestions and future directions for further studies are presented.

#### 5.2 Summary

Human resources are important as well as serve as the backbone of worldwide organizations. Rare and useful resources in fact engender the ability to successfully outdo competitors. Therefore, it is important for establishments to implement suitable policies towards maintaining adroit staff as employee turnover is expensive and can adversely impact the efficiency of organizations. Because of intensive competition, however, the savings and loans sub-sector in Ghana is at danger of labour turnover. However, efficient HR management practices is capable of assisting businesses maintain their treasured staff.

This study's primary aim was to empirically look at what impacts HR management practices have on retaining employee in savings and loans companies in Ghana. To accomplish this, three particular goals were set: to determine the impact of compensation on worker retention in Ghana's banks; determine the impact of compensation on the employees' retention in savings and loans companies; to examine the impact of employee engagement on retention of employee in the savings and loans companies in Ghana; and to ascertain the moderating effect of job satisfaction on the relationship between human

resource management practices and employee retention in the savings and loans firms in Ghana.

This study embraced an exploratory research design. Data were collected for this research through open and close questionnaires. For this study, the target population is made up of various categories of Advans Ghana Savings and Loans Limited staff. The target participants included officers, mid-level in addition to top-level workers working in specific branches across Ghana as well as the headoffice. There were 600 workers in the total population of chosen banks. A sum of 63 questionnaires was used for the assessment, corresponding to a response rate of 97 percent.

Data analysis was performed using both descriptive and inferential statistical techniques. Frequencies, mean, percentages and normal deviation were used to show the respondents' replies

It was found on the basis of the outcomes that compensation, and worker engagement substantially predicted workers retention. Again, the impacts of human resource management practices on retention of staff also did not rely on how happy staffs are with their job. The complete interpretation and debate of information in chapter four and chapter five offers a summary of the primary results as well as conclusions and suggestions among other things.

### **5.3 Conclusion**

Human resources are one of the most critical elements of all organisations for strategic achievement. This most critical asset should be satisfied and retained by effective human resource management procedures. Human Resource Management's role is usually seen in ensuring that companies are able to attract, maintain, motivate and develop human

resources in accordance with present and future demand (Som, 2008). This study investigated the role of compensation, employee engagement, and Job satisfaction on the retention of staff in Advans Ghana. From the findings it's concluded that these HR management practices play an important role in the retention of staff at Advans Ghana as evidenced by the positive responses gathered in the data collection process. The conclusion arrived at with respect to the practices in place were said to be unsatisfactory. For example compensation practices were not good; employee engagement was not carried out properly, employees were not very well satisfied with working conditions.

The results demonstrate that retention in the organization was either good or fairly good, despite earlier claims made above. From this study it is concluded that a set of Human Resource Management practices will not necessarily have a direct impact on the retention of staff at Advans Ghana. For example, assuming remuneration practices were poor, it will be discovered that staff retention is either unchanged or may be adversely impacted in some instances. Yet, the employee's job satisfaction, which is a critical factor in staff retention, may be impacted somewhat negatively. The research also concludes that employee engagement involves creating possibilities for staff to connect with their peers, executives and organisation as a whole. It also has to do with establishing an atmosphere in which staffs are motivated to want to connect with their work and to do a decent job. It puts flexibility, change and continuous improvement at the centre of what it means to be a worker and an employer in the establishments.

It is also found from the outcomes that, in addition to compensation procedures, job satisfaction practices and employee engagement, other organisational and human resource management practices such as leadership, worker involvement and participation,

recruitment, performance management methods and employee motivation can play an important part in improving worker loyalty and retention to organizations hence their retention and must consequently not be overlooked.

#### **5.4 Recommendations**

The following recommendations have been suggested.

The savings and loans sub-sector ought not be ignored and for that matter human resource practices must be highly regarded. Organizations should set up and review their human resource practices as this significantly contributes to staff retention leading to the organization's inward achievement and outward success. Similarly, the research suggested that savings and loans businesses embrace human resource practices as an instrument for efficient retention of workers in order to achieve their goals easily set.

In addition, these companies are recommended to wake up to the call and tame the growing motion of their finest staff in order to prevent the vicious rotation of hiring, training and loosing. This can be achieved through improved human resource management practices. These include such easy methods as acceptance, transfers, engagement in decision-making and ensuring clear, transparent and equal development opportunities without favouritism. The need for organisations to balance extrinsic and inherent/intrinsic sources of motivation is also suggested. Supervisors should accord employees support through aspects such as regularly asking employees the best way they can be assisted to do their job well so as to build constructive relationships. Such

initiatives eventually would increase the chances of employees staying for long in the organization

### **5.5 Suggestion for further research**

Some additions to this research may provide extra insights into significant employee retention problems. Below are some suggestions for further future studies.

First, this study was cross-sectional due to time and economic limitations and was also limited to the savings and loans sub-sector in Ghana. Therefore, other scientists are proposed to conduct a longitudinal survey in the future to assess practices that affect retention. Such a research will have the ability to reveal if the human resource management procedures that lead to retention are the same or differ from the outcomes at a later date. This can assist with the choice that leadership can take at all times. In other regions or the entire economic industry, i.e. insurance and capital markets, the research can also be replicated. This can give a wide picture of what is happening in Ghana's entire economic industry.

This research also used quantitative methods primarily. It is therefore proposed that future research should use mixed techniques, i.e. both quantitative and qualitative methods, to obtain more insight into the specific human resource management practices, particularly from the point of perspective of savings and loans companies' Human Resource Executive. Such study may also generate secondary data to calculate retention rates in order to determine the precise image of retention in the savings and loans sub-sector.

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**APPENDIX A: QUESTIONNAIRE**

**UNIVERSITY OF GHANA BUSINESS SCHOOL**  
**THE IMPACT OF HUMAN RESOURCE MANAGEMENT PRACTICES ON**  
**RETAINING EMPLOYEES IN THE SAVINGS & LOANS SUB-SECTOR?**

Dear Respondent,

Thank you in advance for completing this questionnaire for my research. I am a student of University of Ghana Business School currently conducting a study on “**The Impact of Human Resource Management Practices on Retaining Employees in the Savings & Loans Sub-Sector?**” The study is meant for academic purpose only, therefore, any information provided would be treated with utmost confidentiality. It is against these backdrops, therefore, that your input is very important to make this study a success.

Thank you very much.

**Section A: Demographic Information**

*Please answer by ticking “√” in the box beside your choice*

1. Gender:                      Male [  ]                      Female [  ]
2. Age (years): Under 21 [  ]      21 - 30 [  ]      31 - 40 [  ]      41 - 50 [  ]      51 – 60 [  ]      Above 60 [  ]
3. Educational qualification: SSCE/WASSCE [  ] Diploma/HND [  ] First Degree [  ]  
Master [  ] Doctorate [  ] Professional Certificate [  ]      Other [  ]
- If                                      other,                                      please                                      specify  
.....
4. Number of years in organization: Less than 1 year [  ]      1-3years [  ]      4-7years [  ]  
]                                      8-10 years [  ]      11-13 years [  ]      14+ years [  ]
5. Marital Status: Single [  ]      Married [  ]      Divorced [  ]      Widowed [  ]      Separated [  ]  
]
6. Employment type: Permanent Staff [  ]      Temporary Staff [  ]      Contract Staff [  ]

7. Current position/rank: Supervisory [ ] Middle level managerial [ ] Top level managerial [ ] other (please specify) .....

**Section B: Compensation**

Please indicate the extent to which you agree to the following statements by ticking (√) the appropriate response. Use the following scale:

**1= Strongly Disagree, 2= Disagree, 3 = Neither agree nor disagree, 4 = Agree,**

**5 = Strongly agree.**

No.	Statement	1	2	3	4	5
1.	I earn more than others who occupy similar positions in other savings & loans companies.					
2.	The non-monetary benefits, such as medical insurance and vacation time that I get here are better than those I possibly will get at other savings and loans companies.					
3.	Persons who work hard and are results-oriented are rewarded in the company.					
4.	The salary I receive in this company is proportionate with my tasks.					
5.	Compensation is adequately reviewed from time to time					

**Section C: Employee Engagement**

Please indicate the extent to which you agree to the following statements by ticking (√) the appropriate response. Use the following scale:

**1= Strongly Disagree, 2= Disagree, 3 = Neither agree nor disagree, 4 = Agree,**

**5 = Strongly agree.**

No.	Statement	1	2	3	4	5
6.	I am concerned about the success of this company.					
7.	Communication across all levels in this company is good.					
8.	I am proud to tell others that I work with this company.					
9.	I am ready to put in a great deal of effort beyond what is					

	normally expected in order to help this company to succeed.					
10.	I feel a strong sense of belonging to this company.					
11.	This company rewards employee loyalty.					
12.	I plan to build my career with this company.					
13.	My boss creates a motivating and supportive work environment.					
14.	My supervisor values my ideas, opinions and suggestions.					

**Section D: Job Satisfaction**

Please indicate the extent to which you agree to the following statements by ticking (√) the appropriate response. Use the following scale:

**1 = Strongly Disagree, 2 = Disagree, 3 = Neither agree nor disagree, 4 = Agree,**

**5 = Strongly agree.**

No.	Statement	1	2	3	4	5
15.	The working conditions in my company are good and safe.					
16.	The organizational structure aids teamwork, which enhances effective achievement of tasks.					
17.	Management has produced an open and comfortable work environment.					
18.	My supervisors make themselves easily available to discuss issues relating to my job and personal needs.					
19.	I receive acknowledgment or praise for doing a good job.					
20.	My performance is assessed and my progress discussed with me from time to time.					
21.	Management treats me like a professional and allows me to use my judgment in my work.					
22.	I am fully able to utilize my skills, abilities and experience in my current position.					
23.	I have a clear understanding of performance standards and expectations to successfully perform my job.					
24.	My work gives me a feeling of personal accomplishment.					

25.	I can work independently on my work assignments.				
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**Section E: Retention**

Please respond appropriately to the following items.

26.	How many people do you think left this organisation last year? Please specify
27.	.....
	I will stay with this establishment even if I get a better job offer somewhere else.
	<input type="checkbox"/> Yes <input type="checkbox"/> No

Due to the financial and non-financial rewards I get from this organisation, I am most likely to remain in this organization for long.

Very likely [ ]      Quite likely [ ]      Not likely [ ]