

**EFFECTS OF HUMAN RESOURCE MANAGEMENT
PRACTICES ON RETENTION OF EMPLOYEES IN
THE BANKING INDUSTRY IN ACCRA, GHANA**

BY

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DECLARATION

I declare that this thesis is my original work and that it has not been submitted previously for a degree or any other award in any university or elsewhere.

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DEDICATION

To my husband Dr. Ishmael Mensah, my children Colin Nana Kojo Mensah & Carol Maame Araba Mensah, my parents Mr & Mrs D. K. Dei and all my siblings.

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OPERATIONAL DEFINITION OF TERMS

Career management	Schemes or ongoing programmes and initiatives that organisations put in place to assist employees to properly plan, carry out and attain their career goals in concert with the organisational career systems. It can be achieved through the introduction of training and development programmes for employees.
Compensation	Total reward received by an employee in exchange for services performed for an organisation. It can include both direct pay (salary and wages) and indirect pay (benefits programmes).
Employee engagement	An organisational initiative to get employees to be fully involved in, motivated, enthusiastic and committed to the organisation and its values and thus act in a way that furthers the interests of the organisation. Employees are encouraged to willingly use their ingenuity and discretionary effort to display creativity for the success of their organisation.
Employee retention	Efforts by which employers attempt to hold on to employees in their organisation. It is a move by an organisation to create an environment which keeps and engages employees for a longer time.

Employee turnover	Refers to the ratio of employees a company loses and have to be replaced to the average number of total employees.
HRM practices	Organisational practices implemented to elicit positive reaction from employees. Thus HRM practices are initiatives organisations put in place to achieve specific objectives such as motivation, and retention of employees.
Job satisfaction	It is how employees perceive their jobs thus a set of favourable or unfavourable feelings with which employees view their work and it is affected by both the internal and external environment of the organisation. Thus it is an attitudinal reaction to a position of employment.
Work-life balance	A supportive working environment or variety of interventions that give employees a measure of control over or enables them to balance their careers and family lives. Thus, giving employee more choice about the time and location of work, the most common examples are flexible working opportunities, part-time working and working from home.

LIST OF ACRONYMS/ABBREVIATIONS

EE	Employee Engagement
GIPC	Ghana Investment Promotion Council
GLB	Ghana Library Board
HRM	Human Resource Management
OCB	Organisational Citizenship Behaviour
SPSS	Statistical Product and Service Solution
UBBL	Universal Banking Business Licence
WLB	Work-Life Balance

ABSTRACT

Human resource is the most valuable resource in every organisation and they contribute immensely to organisations the world over. It is therefore imperative for organisations to institute appropriate measures to retain adroit employees. Effectual HRM practices can help organisations to retain their valued employees. The banking industry in Ghana particularly suffers the risk of labour turnover due to intensive competition. This empirical study examined the effects of HRM practices on the retention of employees in the banking industry in Accra, Ghana. Specifically, it looked at how compensation, career management, work-life balance and employee engagement impact on employee retention. The study also sought to examine the moderating effect of job satisfaction on the relationship between HRM practices and employee retention. The study followed an explanatory cross-sectional survey design and was undertaken in the Accra Metropolitan Area. The study was carried out in 13 out of the 26 banks in Ghana. Both Ghanaian/local and foreign banks were included in the sample. Stratified random sampling was used to select a sample size of 342 employees from the various banks. Both descriptive and inferential statistical techniques were used to analyse the data. A Binary Logistic Regression analysis was conducted to test how well the HRM practices could predict employee retention. The findings of this study highlight the fact that HRM practices such as compensation, work-life balance and employee engagement are vital to employees and indeed influence employee retention in the banks. Also although work-life balance and employee engagement are recent additions to research on HRM issues, they both significantly predicted employee retention. However, surprisingly career management did not have a significant effect on employee retention. It was also evident that job satisfaction could not moderate the interaction between HRM practice and employee retention. To improve employee retention in the banks it is recommended that, even in the face of competition the banks must pay attention to its human resource so that they can achieve a competitive advantage through them. The banks should provide some level of flexibility because work-life balance appears to be important to the employees. Furthermore, it is recommended that employees should be given some level of empowerment and challenging assignments that will require them to make use of their full potential. Also, the banks should collaborate with universities and other academic institution for research on problems confronting them so as to derive the best solutions for human resource management. In future, other researchers should undertake longitudinal studies to assess the practices that affect retention. Also future studies should employ mixed methods in order to obtain greater insights into the specific HRM practices especially from the perspective of HR managers of the banks.

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

1.1.1 Importance of Human Resource to Organisations

The importance and immense contribution of human resource to organisations cannot be overemphasised. Human resource is valuable and serves as the backbone of organisations the world over. Employees are a key resource that can be strategically placed for an organisation to attain competitive advantage. It is asserted that resources that are rare and valuable create competitive advantage. Also, studies have shown that, organisations increase and sustain competitive advantage through the management of scarce and valuable human resources (Barney, 1991; Khan 2010). Thus, the success of any organisation is dependent on the quality and efficiency of its human resources.

Organisations can be said to be open systems that exist for specific goals or purpose. Organisational theorists describe organisations as social entities that are goal-directed, designed as deliberately structured and coordinated activity systems, and are linked to the external environment (Daft, 2008). Most successful organisations do not owe their success solely to detailed planning and implementation of impeccable policies and strategies but also to their adroit human resources.

Thus, competent human resources can assist organisations to achieve the optimum use of other resources, and consistently contribute to effectiveness and continuous improvement of the organisation. Competitive organisations worldwide rely on their employees to provide innovative solutions to the problems they might have. Indeed, in a world where competition is high, and technologies, processes and products can be easily duplicated by competitors; employees are the key and most reliable resource that can keep an organisation a step ahead of its competitors. Pfeffer (2005) affirms that acquisition, development and retention of talent form the basis for developing competitive advantage in many industries and countries. Accordingly, for any organisation to thrive and remain competitive it is important that it attracts and retains adroit human resources. This implies that employee retention play a vital role in the growth of organisations.

1.1.2 Employee Retention

Employee retention is an increasingly important challenge for organisations as the age of the knowledge worker unfolds (Lumley, Coetzee, Tladinyane & Ferreira, 2011). Presently the labour market belongs to employees, because talented candidates in the global job skills market have the luxury of choice (Harris, 2007). Employees, both new and experienced are realizing that they have more discretion in their choice of organisations to work with (Clarke, 2001). The dynamic business environment has brought to bear a lot of organisational challenges, a prominent one being the retention of adept employees. Meanwhile employee

turnover is costly and can negatively affect organisational effectiveness and employee morale (Kacmar, Andrews, Van Rooy, Steilberg, & Cerrone, 2006; Shaw, Gupta, & Delery, 2005).

The cost of replacing workers is high, finding skilled employees can be difficult, and investments in training are currently less secure (Lochhead & Stephens, 2004). According to Fitz-enz (1997) the average company loses approximately \$1 million with every 10 managerial and professional employees who leave the organisation. Cascio (2006) also affirms that the costs associated with recruiting, selecting, and training new employees often exceed 100% of the annual salary for the position being filled. Thus, every turnover of skilful employees come at a cost and the combined direct and indirect costs associated with one employee leaving ranges from a minimum of one year's pay and benefits to something more substantial. Also, when knowledgeable employees leave an organisation, the consequences go far beyond the substantial costs of recruiting and integrating replacements. Consequently, most employers are seeking better ways to manage turnover in order to retain valued human resources as well as sustain competition and high performance. Indeed several factors contribute to employee turnover or retention and researchers have proposed different theories on what motivates employees to stay or leave an organisation.

In explaining factors contributing to employee turnover or retention, it is essential that theories on motivation and turnover are considered. There seem to be many employee retention practices within various organisations, but they are seldom developed from sound theories; meanwhile theories play a very significant role in policy formulation. As noted by Swanson (2001), theory is required to be both scholarly in itself and validated in practice; and can be the basis of significant advancement. To explain the phenomenon of employee retention, Ramlall (2004) suggests that motivation theories such as Maslow's (1943) hierarchy of needs theory offers an explanation of how employee motivation affects employee retention within organisations. Similarly, although theories on employee retention are sparse, there are a range of turnover theories such as March and Simon's (1958) theory of organisational equilibrium, which explain the reasons for employee retention.

The main purpose of employee retention is to prevent competent employees from leaving an organisation as this could have adverse effect on productivity and profitability (Samuel & Chipunza, 2009). However, the challenge of attracting, retaining and motivating people has never been greater (Punia & Sharma, 2008). Strategic staffing has become an important issue to many organisations, because the ability to hold on to highly talented core employees can be crucial to the future survival of the organisation. Employee retention brings all kinds of benefits especially since globalisation and the creation of regional economic blocs

have increased labour mobility across nations. Also companies that keep their employees are likely to gain an advantage over their competitors by reducing overall labour costs and improving productivity. Retaining talent with critical skill sets is therefore acknowledged by organisations as vital to the achievement of business growth and the building of organisational competencies.

Considering the economic impacts of losing adroit employees it is prudent that organisations do not create an environment that contributes to turnover. Rather they must introduce and integrate Human Resources Management (HRM) practices, policies and programmes that can maximise employee motivation and retention.

1.1.3 HRM Practices and Employee Retention

Organisations undertake several functions (such as accounting, marketing, research and development), however, managing human resource is one of its key functions. There has been immense realisation of the impact of strategic use of HRM practices and visionary organisations are setting the pace to leverage this aspect for competitive advantage (Khan, 2010).

According to Bratton and Gold (2009), HRM is a strategic approach to managing employment relations which emphasises that leveraging people's capabilities is critical to achieving competitive advantage, this being achieved through a

distinctive set of integrated employment policies, programmes and practices. Thus, effective HRM practises can be the main factor accounting for the success of an organisation (Stavrou-Costea, 2005). HRM practises can also be used to elicit some positive behavioural outcomes as well as advance the skills and abilities of employees.

Research has unveiled three major viewpoints on HRM practices. The universalistic approach posits that, the implementation of specific sets of best practices could lead to organisational improvements (Kochan & Osterman, 1994; Pfeffer, 1994). The contingency approach which explains that the various HRM practices are context specific and thus different organisational milieu may warrant different strategies (Arthur, 1994). Then the configurational approach argues that a good fit between various HRM practices and organisational strategy would improve the HRM-firm performance relationship (Becker & Gerhart, 1996). Although the approaches differ, a number of familiar HRM practices intersect in the three approaches and they aim at improving commitment and retention. This study will focus on compensation, career management, work-life balance and employee engagement as these factors are common across the three theories.

Compensation offers employees some level of security, autonomy, recognition and improved self-worth, which consequently increases employees' sense of self-worth, leading to affective commitment (Döckel, Basson, & Coetzee, 2006) and

retention (Mathis & Jackson, 2004). Proactively creating opportunities to assist employees to achieve their career objectives will motivate them and reinforce positive behaviour. Casper and Buffardi (2004) have suggested that work-life balance benefits are universally appealing and foster the perception that the organisation will be supportive of employees' personal needs. Also employee engagement serves as a route to business success and is achieved when organisations and employees value each other. Engagement is vital to retention of talent (Glen, 2006).

It is worth mentioning that, in spite of the effect of these HRM practices on employee retention, other factors such as an employee's family or job satisfaction can moderate the effect of the practices on retaining employees. In this study job satisfaction is the moderator variable and is explained by work environment and supervisor support. Job satisfaction is very significant because not only does it influence the efficiency of employees, but it also affects employee behaviour such as absenteeism and employee turnover (Rajendran & Chandramohan, 2010). Also, studies have revealed that job satisfaction can influence employee turnover (Robinson & Barron, 2007; Tutuncu & Kozak, 2007). In terms of the relationship between HRM practices and job satisfaction, Petrescu and Simmons (2008) suggested that HRM practices have a significant effect on job satisfaction.

Using HRM practices has become even more necessary in the financial sector, especially in the banking industry, because of the integration of the global financial systems and the resultant increase in competitiveness. This requires banks to be strategic and proactive with policies and practices that motivate and retain highly skilled employees. Using HRM practices for employee retention is therefore imperative for the banking industry in Ghana.

1.1.4 The Banking Industry in Ghana

The banking industry, which is part of the global service industry, has been chosen because it plays a leading role within the financial system in the country and also engages in an important socio-economic activity (Hinson, Mohammed, & Mensah, 2006). Also, the government of Ghana intends to build an efficient, effective and a stable banking industry that will support the needs of the real economy and the socio-economic objectives of the country. Banks have become very effective partners in the process of economic development. The health of a country's economy is closely related to the soundness of its banking system.

The services that banks provide are exceedingly important in a free market economy such as Ghana. This is because banks engage in borrowing; lending and offer related activities geared towards facilitating the process of investment, production, distribution, exchange and consumption of goods and services. Thus, initiating efficient HRM practices and maintaining higher levels of job

satisfaction determine not only the performance of banks but also affect the growth and performance of the entire economy (Thakur, 2007). Ghana has attained the status of a lower-middle income country, and has just joined the league of Oil Exporting Countries. This comes with great opportunities for businesses, but also poses a challenge in the competition for skills (Kanbonnabah, 2011). The accompanying intense competition for skilled labour makes it difficult for businesses including banks to retain their best employees.

From Ghana's independence in 1957 to 1983, there were 12 banks. In February 2003, the Bank of Ghana formally introduced the Universal Banking Business Licence (UBBL), which brought more competition within the industry. Before the passage of this law, banking in Ghana was segmented into merchant, commercial and development banks. Over the years, the performance of the industry has been impressive. The banking industry can be said to be evolving, competitive and promising in terms of savings mobilisation, development financing and service delivery.

It has grown from few institutions primarily involved in deposit acceptance and trade finance into a complex multi-player market where a large number of banks are operating with various technology, products and service activities. Total operating assets of banks in Ghana grew by approximately 82 percent from 2007 to 2009. Currently Ghana has about 26 licensed universal banks, including one

ARB APEX Bank, that oversees and supervises the 129 Rural and Community Banks. With the introduction of the Ghana Banking Act, 2004 (Act 673), there is liberalization in the banking industry and this has permitted offshore banks to operate in the country. This has heightened competition among banks in the country.

Competition in the banking industry has provided more opportunities for employees in the industry to explore better employment opportunities. As banks hunt for new talents through poaching, employees also move from one bank to the other in search of better opportunities and working conditions. Strategic poaching of competitor organisation's key employees has become an acceptable practice among some employers. To remain competitive, achieve their objectives and most importantly increase their market share, banks are poaching employees of other banks with attractive incentive packages (Amidu, Hinson & Mensah, 2006). The competitive environment makes it imperative for employers to work more towards retaining both customers and employees otherwise they may lose them to their competitors. Although most managers consider retention of their best employees to be an important part of their long term business strategy, many organisations do not have a framework in place to effectively retain their employees (McKeown, 2010).

The Ghanaian banks experience some level of employee turnover due to the immense competition from other banks as well as other sectors of the economy. Hence it is crucial that HRM practices that can boost retention are explored and instituted. Empirical research on employee retention in Africa in general and Ghana in particular is limited (see Mensah & Alemna, 1997; Tettey, 2009). Most of the studies on retention have been conducted mainly in the Western World. This suggests that there is a research gap in this area. Accordingly, there is a need for empirical research on effect of HRM practices on retention of employees in Ghana to help bridge this knowledge gap.

1.2 Problem Statement

Human resource is the backbone of organisations the world over and undoubtedly the most important resource. When strategically placed they can provide innovative solutions and ensure that organisations achieve competitive advantage. However, as a result of globalisation, economic growth and shortage of skilled labour, many organisations including banks are finding it difficult to retain valued employees (Yamamoto 2011). Turnover is even occurring against a background of varied HRM interventions to improve employee retention. In 2001 for instance, a total of 380 out of 538 employees left the banking industry in Ghana. In 2002, 464 were employed while 487 left the banks leaving the net employment at -23. Similarly, a total of 610 employees left the banks in 2007, representing a 60.53 percent increase over those who left in 2001 (Amediku, 2008). These

figures suggest that retention is a major challenge confronting banks in Ghana. This has necessitated this research to analyse the issue of retention in banks in Accra and to ascertain whether HRM practices by the banks influence employee retention. The banking industry has been chosen because banks in Ghana have become very effective partners in the process of economic development, they face competition and retention problems.

Employee retention is one of the challenges facing many organisations both public and private (Chew, 2004; Ng'ethe, Iravo & Namusonge, 2012). Retention of talented employees has become an even greater challenge confronting human resource practitioners because talented candidates in the global job skills market have the luxury of choice (Harris, 2007). Effectual HRM practices can however, help organisations to retain their valued employees. Among the several HRM activities which could elicit some positive employee responses, are compensation, career management, work-life balance and employee engagement which have been found to enhance employee retention (Mathis & Jackson, 2004; Thomsen, Jarbol & Sondergaard, 2006; Maxwell 2005; Bhatnagar, 2007). Also whilst studies have established the effect of job satisfaction on retention (Robinson & Barron, 2007; Tutuncu & Kozak, 2007), there seem to be no such study conducted on banks in Ghana which appears to be grappling with the problem of labour turnover.

It is evident that studies concerning employee retention have been conducted mainly in U.S., Europe and Asia with few of these studies being conducted in Africa (Chiboiwa, Samuel & Chipunza, 2010; Mensah & Alemna, 1997; Tettey, 2009). Also previous studies on HRM practices have been patchy or inconsistent and researchers have not arrived at an effective blend of practices that could improve organisational commitment and retention (Chew & Chan, 2008). Additionally, there were some methodological challenges with some of the previous research. This dearth of literature on the relationship between HRM practices and employee retention in business organisations in Africa in general and particularly in Ghanaian organisations calls for an empirical study to help fill the void.

1.3 Objectives of the Research

The main objective of this study is to examine the effects of HRM practices on retention of employees in banks in Accra, Ghana. Specifically the research would seek to:

- i. Determine the effect of compensation on the retention of employees' in the banks in Ghana.
- ii. Investigate the effect of career management practices on retention of employee in the Ghanaian banks.
- iii. Establish the effect of employee work-life balance on employee retention in the banks in Ghana.

- iv. Investigate the effect of employee engagement on employee retention in the Ghanaian banks.
- v. Establish the moderating effect of job satisfaction on the relationship between HRM practices and employee retention in the banks in Ghana.

1.4 Research Hypotheses

- H0₁ Compensation does not have a significant effect on employee retention in the banks in Ghana.
- H0₂ Career management does not have a significant effect on employee retention in the Ghanaian Banks.
- H0₃ Work-life balance does not have a significant effect on employee retention in the banks in Ghana.
- H0₄ Employee engagement does not have a significant effect on employee retention in the Ghanaian banks.
- H0₅ Job satisfaction does not have a moderating effect on the relationship between HRM practices and employee retention in the banks in Ghana.

1.5 Significance of the Study

This research aimed at providing workable solutions to a real and problematic issue within almost all organisations – employee retention. Key stakeholders may benefit: generally, the banking industry may find the results of the study very valuable because it will provide comprehensive HRM practices that affect

employee retention. This study might also help to shape HR policies of the banking industry thereby facilitating the government of Ghana's aim of ensuring effective and efficient services in the banking industry.

The findings of this study may be beneficial to the management as well as the human resource managers of the various banks. This is because it is expected to provide possible answers to why employees stay or leave their organisations, thus providing some answers as to how to tackle the critical management issue of employee turnover. This will invariably help the organisation in formulating appropriate retention policies, making informed decisions and adopting strategies that will boost retention, performance and productivity.

Theoretically, the study is expected to bridge the gap in the literature on the effects of HRM practices on employee retention in Ghana. It can further serve as secondary data for prospective researchers. Also the study shall seek to provide new evidence on how HRM practices could best influence employee retention in the banking industry. Finally, it will serve as a reference point for further research and add to existing literature on the subject.

1.6 Scope of the Study

It would have been ideal for a study on the effects of human resource management practice on employee retention to be undertaken in different

industries in Ghana. However, this study was carried out in the banking industry. The sample of banks was restricted to those in the Accra Metropolitan Area which is the capital city of Ghana and has the largest concentration of different banking institutions operating in the country.

Also, although there are numerous HRM activities, this research could not cover the exhaustive list of HRM functions due to constraints such as time. Besides not all HRM functions can be initiated as practices (e.g. human resource planning). The research thus focused on compensation, career management, work-life balance and employee engagement. The chosen HRM practices are a mix of both fundamental and contemporary HRM practices which are vital to today's organisation.

1.7 Limitations of the Study

In general, the study went well and the respondents were largely cooperative. However, as with most research, there were some limitations, but this did not in any way compromise the validity of the data collected since the researcher took necessary steps to address all the setbacks.

First of all, some of the banks were not supportive. This could be attributed to the immense competition in the banks. Some of them were not willing to participate in any kind of survey or give out information even to academic researchers. This

became evident when HR managers of some of the banks who had been contacted on phone and had agreed to participate later decided to withdraw from the study. Several reasons were given for their withdrawal. Some explained that in the past, under the guise of research some competitors had succeeded in accessing information from them to their disadvantage. Others claimed that in their estimation the questionnaire was lengthy and filling it out could be time consuming. Even though participants' confidentiality was assured; some claimed that their unwillingness to take part in the survey was due to what they described as the sensitive nature of the research.

Secondly, in some of the banks the HR departments or managers had the final say as to whether the banks could participate in the survey or not. This was not very helpful because there were situations where bank managers assured the researcher that their employees will be part of the survey only for that to be refuted by their HR managers. Once the HR department or manager declined participation by their banks in the research, there was no way that the other employees could agree to participate. This problem to some extent delayed the fieldwork but eventually two other banks were contacted to replace those who rescinded.

Thirdly, employees of the banks were rather too busy. Hence the researcher had to make several phone calls and personal follow-ups to get the respondents to fill out their questionnaires. Also some of the employees did not take their time to fill

out the questionnaires. Whiles some filled them wrongly others did not fill it completely and this resulted in 30 questionnaires being poorly or inappropriately filled and this were excluded from the analysis.

Another limitation of this study is that, it was carried out in the banking industry in the Accra Metropolitan Area. Hence, this may limit the ability of the researcher to generalise the findings for other industries or the country as a whole.

Also, due to time and financial constraints, data collection on this study was cross sectional. Probably if the study was longitudinal, the results could vary.

Finally, this study mainly employed quantitative methods and may thus suffer from the shortcomings of such a method. Possibly a combination of both quantitative and qualitative methods could provide greater insights and provide different outcomes.

1.8 Organisation of the Thesis

This research is structured in five chapters. Chapter one is the introduction and provides the background of the research, problem statement, research objectives, hypotheses, scope and significance of the study, limitation of the research as well as the organisation of the thesis.

Chapter two reviews the literature on the effects of human resource management practices on employee retention. It provides the theoretical review on motivation, turnover and retention models, employee retention and empirical review of HRM practices in relation to employee retention. The chapter ends with a conceptual framework for the study.

Chapter three covers the methods and processes employed for the study. The research methodology outlines the research philosophy, research design, empirical model, target population and study area, sampling procedure, data collection, measurement of variables, reliability and validity, ethical considerations and methods of data analysis and presentation.

Chapter four presents the findings and discussions. It discusses the response rate, socio-demographic characteristics of respondents and the factors influencing employee retention. Among other things, descriptive statistics, binary logistic regression and tables were used to bring out the import of the analysis.

The final chapter presents the summary of the whole study. Chapter five also discusses the conclusions drawn from the study. Also included is the implication of the findings, contribution to knowledge, recommendations and suggestions for further research.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter two reviews literature that is very relevant in this research. This chapter also explores and gives more meaning to the theoretical foundations as well as empirical issues underpinning the phenomena being studied. Specifically, it is organised under three main sub-topics; theoretical review, employee retention and empirical review.

Motivation, turnover and retention theories are discussed under the theoretical review. Employee retention discusses the rationale for retention and HRM practices. The empirical review focuses on the independent variables namely compensation, career management, work-life balance and employee engagement; as well as the moderating variable, job satisfaction in relation to retention. The chapter ends with a conceptual framework which summarises the relationship between the key variables of the study and identifies the gap to be filled by the study.

2.2 Theoretical Review

According to Kerlinger (1979), a theory is 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. This section reviews theories on motivation, turnover and retention.

2.2.1 Motivational Theories

Different reasons have been given why employees leave one organisation for another. Chiboiwa, Samuel and Chipunza, (2010) and Sherman, Alper, and Wolfson, (2006) assert that some of these reasons include recruitment practices, lack of competitive compensation system, management style, lack of recognition, poor working conditions, job insecurity, job dissatisfaction, lack of promotion and inadequate training and development opportunities. These reasons can be generally classified into intrinsic and extrinsic motivational factors. Various motivational theories have been advanced to explain employee retention. This section discusses the motivational theories such as Maslow's Hierarchy of Needs Theory, Herzberg Two Factor Theory and Adams's Equity Theory.

2.2.2 The Maslow's Hierarchy of Needs Theory (1943)

Abraham Maslow proposed a Hierarchy of Needs Theory in 1943. According to Maslow, motivation is a function of a sequence of five basic needs which are physiological, safety, love, esteem and self-actualization. Maslow's theory was based on the premise that higher-level needs are not important and is not manifested until lower-level needs are satisfied (Steers & Porter, 1991). Once a worker's basic need for food, clothing and shelter are satisfied he/she becomes increasingly concerned with ego, esteem and self-actualization. Thus the most basic needs of individuals are labelled as physiological needs and include items like food, water, sex, sleep, and other bodily needs (Cherrington, 1989). This is followed by the safety needs which include security and protection from physical and emotional harm. The third level of needs is social needs such as affection, love, and belongingness; this is followed by the esteem needs and it includes self-respect, status, prestige, and recognition (Cherrington, 1989). The highest level of need is self-actualization which is the drive to become what one is capable of becoming and achieving one's potential (Robbins & Judge, 2007).

The challenge for organisations is that, when formulating a reward strategy, the varied needs of employees must be well considered. Ramlall (2004) contends that, the implications of Maslow's theory provide useful insights for managers and other organisational leaders. Firstly, it directs managers to find ways of motivating employees by devising programmes and practices aimed at satisfying

emerging or unmet needs. Secondly, it implies that management has the responsibility to create a work climate that enables employees to develop their fullest potentials. Failure to provide such a climate can increase employee frustration and could result in poorer performance, lower job satisfaction and turnover (Steers & Porter, 1991). Thus if employee needs at the various levels of the hierarchy are not met in time, they are likely to leave and look for organisations which can satisfy their needs.

Based on Maslow's Hierarchy of Needs theory, Blunt and Jones (1992) provided some measures for organisations to adopt at each level of the hierarchy in order to satisfy employee needs as well as motivate and retain them.

Table 2.1: Organisational Strategies to Motivate and Retain Employees

Levels in the hierarchy of needs	Needs associated with each level of the need hierarchy	Organisational measures for each level of need
Physiological	Air Food Shelter Sex	Base salary Heat and cold Canteen facilities Working conditions
Safety and Security	Safety Security Competence Stability	General salary increases Job security Fringe benefits Safe working conditions
Social	Companionship Affection Friendship	Quality of supervision Compatible work group Professional friendship
Ego Status and Esteem	Recognition Status Self-Esteem Self-Respect	Design challenging jobs Appraisal and rewards Give training Employee participation Responsibility Merit pay increase Job title Peer/Supervisory recognition
Self-Actualization	Growth Achievement Advancement	Challenging job Creative opportunities, Advancement in the organisation

Source: Adapted from Blunt and Jones (1992)

2.2.3 Herzberg Two Factor Theory (1959)

In 1959, Frederick Herzberg introduced the two-factor theory which is also known as the motivation-hygiene theory. Herzberg's theory states that there are certain factors that are related to the content of the job and provides satisfying experiences for employees. These factors are called motivators or satisfiers and include achievement, recognition, the work itself, responsibility, advancement, and growth. The theory states that, there are non-job-related factors that can cause dissatisfying experiences for employees. These factors are known as hygiene factors or dissatisfiers and include company policies, salary, co-worker relations, and style of supervision (Steers & Porter, 1991). It must be noted that removing the causes of dissatisfaction (through hygiene factors) would not result in a state of satisfaction; instead, it would result in a neutral state (Herzberg, 1959). In spite of some criticism of Herzberg's two factor theory, it is one of the popular theories for managers worldwide. Also the present emphasis on self-development, career management and managed learning can be said to have evolved from Herzberg's theory (Mullins, 2010).

The application of this theory for management is that by removing dissatisfying hygiene factors, peace in the workplace may be realised, but it will not serve as a motivator for the employee. Thus, motivation would only come about as a result of the use of intrinsic factors.

Some empirical studies have revealed that, extrinsic factors such as competitive salary, good interpersonal relationships, friendly working environment and job security are key for the retention of employees (Maertz & Griffeth, 2004). In order to motivate employees, they should be offered opportunities for promotion, recognition, responsibility, personal growth and achievement (Robbins & Judge, 2007). This implies that, management must not rely only on intrinsic variables to influence employee retention; but rather combine both intrinsic and extrinsic variables when considering an effective strategy to retain employees.

2.2.4 Adams Equity Theory (1965)

The equity theory by Adams (1965) recognises that individuals are concerned not only with the rewards they receive for their efforts, but also compare their rewards with what others receive. The theory is founded on people's perception of fairness or equity which is usually subjective. The Equity theory posits that employees seek to maintain equity between the input that they bring into a job such as education, time, experience, commitment and effort and the outcome they receive such as promotion, recognition and increased pay against the perceived inputs and outcomes of other employees (Spector, 2008). Equity theory proposes that individuals who perceive themselves as either under-rewarded or over-rewarded will experience distress, and that this leads to efforts to restore equity within the organisation. Failing to find equity according to, Hellriegel, *et al* (2004) may make them behave in ways that will harm the organisation.

The retaliatory measures by employees who think they are unfairly rewarded may include, withholding effort and reducing work inputs, displaying feelings of hostility to co-workers and the organisation itself, and seeking salary increases, challenging superiors about tasks assigned, as well as quitting the job and seeking an alternative elsewhere. All these options have implications for an organisation. It can impair the overall performance as well as lower productivity. If high performers leave an organisation, the organisation is likely to lose its productive talent and competitive advantage.

One weakness in this theory is its subjective nature. This can lead to prejudice and other human errors in the process of comparison thus each individual may use their own judgement in deciding what is equitable or otherwise. It is therefore necessary that the decisions that individuals may take is objective and show a clear case of inequity. In terms of retention, the theory implies that, organisations will have to develop reward systems that are perceived to be fair and equitable in the eyes of employees if they are to retain them.

2.3 Turnover and Retention Models

There are limited theories on retention. However a range of turnover theories have been propounded and can be used to explain the reasons for employee retention. These theories generally explain why some employees will remain with the same employer for a very long time and why others will leave their

employment in a short time. Indeed, retention cannot be discussed without first examining the theories of turnover because the problems of employee turnover can be addressed through employee retention. Some of the key theories that have shaped the research on turnover behaviours and therefore need to be discussed are March and Simon's (1958) Theory of Organisational Equilibrium, Mobley's (1977) Intermediate Linkages Model, Price and Mueller's (1981 & 1986) Turnover Models and Modified Greenhaus, Collins, Singh and Parasuraman Model of Voluntary Turnover.

2.3.1 March and Simon (1958) Theory of Organisational Equilibrium

March and Simon (1958) published the first formal theory of voluntary turnover in their book "organisations". Their theory of organisational equilibrium emphasised the importance of balancing employee and organisation contributions and inducements. Their model linked turnover decisions to job satisfaction and suggested that individuals who were more satisfied with their current job would indicate an increased desire to remain with their organisations. Simply March and Simon's theory states that as long as an organisation pays an individual monetary inducement that matches or exceeds the individual's input into the organisation; the individual will remain a member of the organisation. Thus both the individual and the organisation strive to maintain a balance or state of equilibrium between the inducements and how much work the individual is willing to provide. The two factors that determine an employee's loyalty are perceived desirability and

perceived ease of leaving the organisation. Figure 2.1 illustrates March and Simon's model.

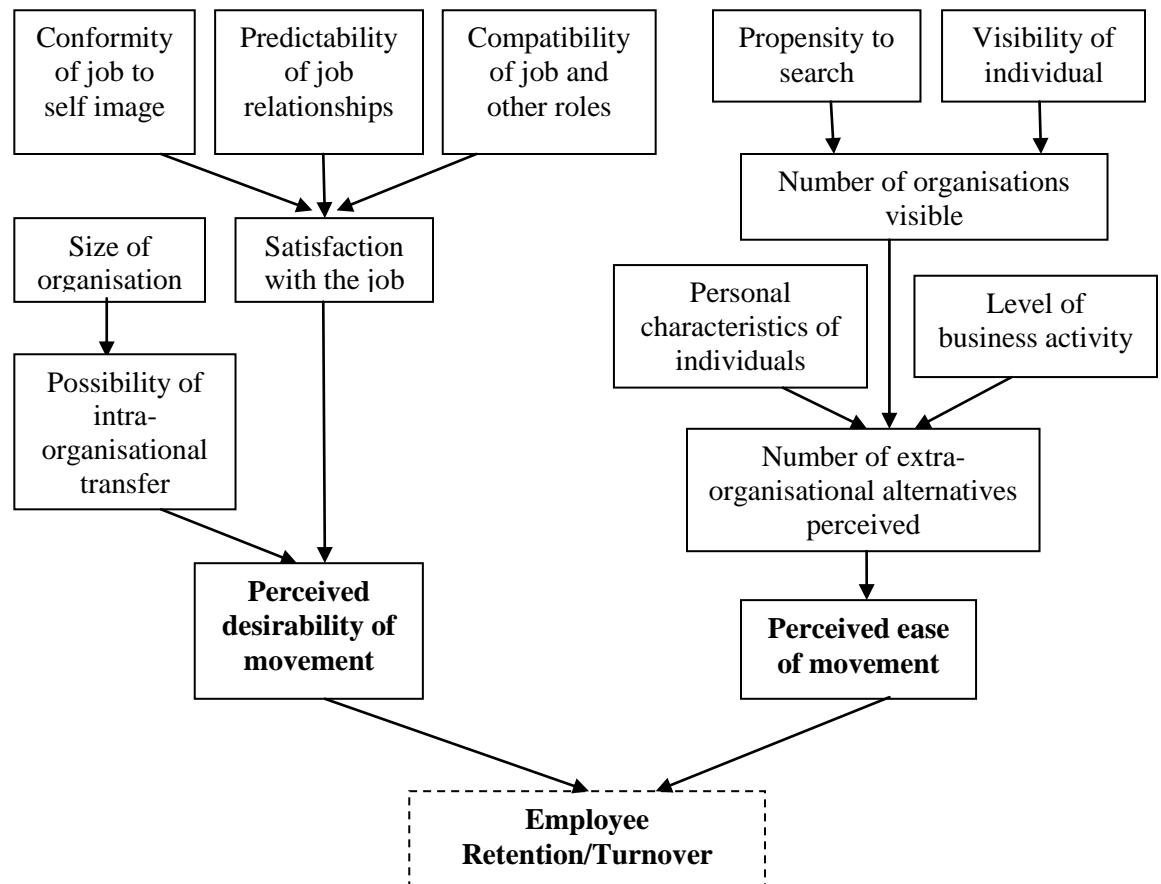


Figure 2.1: March & Simon's (1958) Model of Organisational Equilibrium

Source: Adopted from March and Simon (1958)

Currently these concepts are typically labelled as job satisfaction and perceived alternatives in the external market. Both factors independently operate to influence an employee's motivation to stay or leave the organisation. According to March and Simon (1958), as an individual's job needs align more with any

additional work responsibilities he or she may be performing, that employee's job satisfaction could increase and he or she is more likely to remain with the organisation.

There are some limitations of March and Simon's model. For instance it is asserted that their model presents a static rather than a procedural view of turnover. They also failed to include important variables that influence the turnover process, such as role stress or different forms of organisational commitment (Morrell, Loan-Clarke & Wilkinson, 2001). In the context of retention however, this model suggests that employees may stay with their organisation when they are satisfied with their work and pay and believe that the available options are few.

2.3.2 Mobley (1977) Intermediate Linkages Model

Mobley (1977) proposed a model of turnover including possible linkages between job satisfaction and intention to quit or stay. He identified a more comprehensive withdrawal process and explained a sequence of steps employees go through before the final decision to stay or leave. A schematic representation of the intermediate linkages model of turnover decision process is illustrated in Figure 2.2. Mobley's model proposed a set of withdrawal cognitions (such as thoughts of quitting, expected utility of withdrawal) and job-search behaviours (such as job search, evaluate alternatives) that link job dissatisfaction to actual turnover

behaviour. He thus suggested that, job dissatisfaction may lead to other forms of withdrawal behaviour less extreme than actually quitting, such as absenteeism and slow performance, and that the actual intention to leave, may be the last step in the process prior to the actual quitting. The value of the model is its rich description of the psychological process between job satisfaction or dissatisfaction to actual turnover. Owing to the individual nature of psychological processes Mobley proposed that it was not necessary to follow the steps in sequence or it is possible to miss some steps (Lee & Mitchell, 1994).

Mobley further proposed that dissatisfaction would invoke thoughts of leaving, and if this were the case, the individual would evaluate the expected utility of search and cost of quitting, incorporating March and Simon's (1958) perceived ease of movement concept. At this stage the individual would examine the probability of finding a suitable alternative to his or her current job and the costs of the search (travel, lost work time), along with the perceived losses involved in quitting the current job (loss of seniority, loss of excellent health benefits). If the costs of quitting are high or the likelihood of finding suitable alternatives is low, the individual may re-examine his or her current situation, which may result in a change in job satisfaction, a reduction in thoughts of quitting, and/or an increase in other forms of withdrawal behaviour (Mobley, 1977). However, if the comparison is favourable towards the alternatives, the individual may decide not to stay but rather take the final decision to quit the current job.

In terms of retention, this theory implies that issues such as absenteeism, laxity in performance and passive behaviour are indicators which must be critically checked. This is because it can imply that employees are dissatisfied with their jobs and considering quitting. However if employers detect these signs early enough, identify the employee involved and work on the root cause of the problem it is likely that such employees could be retained.

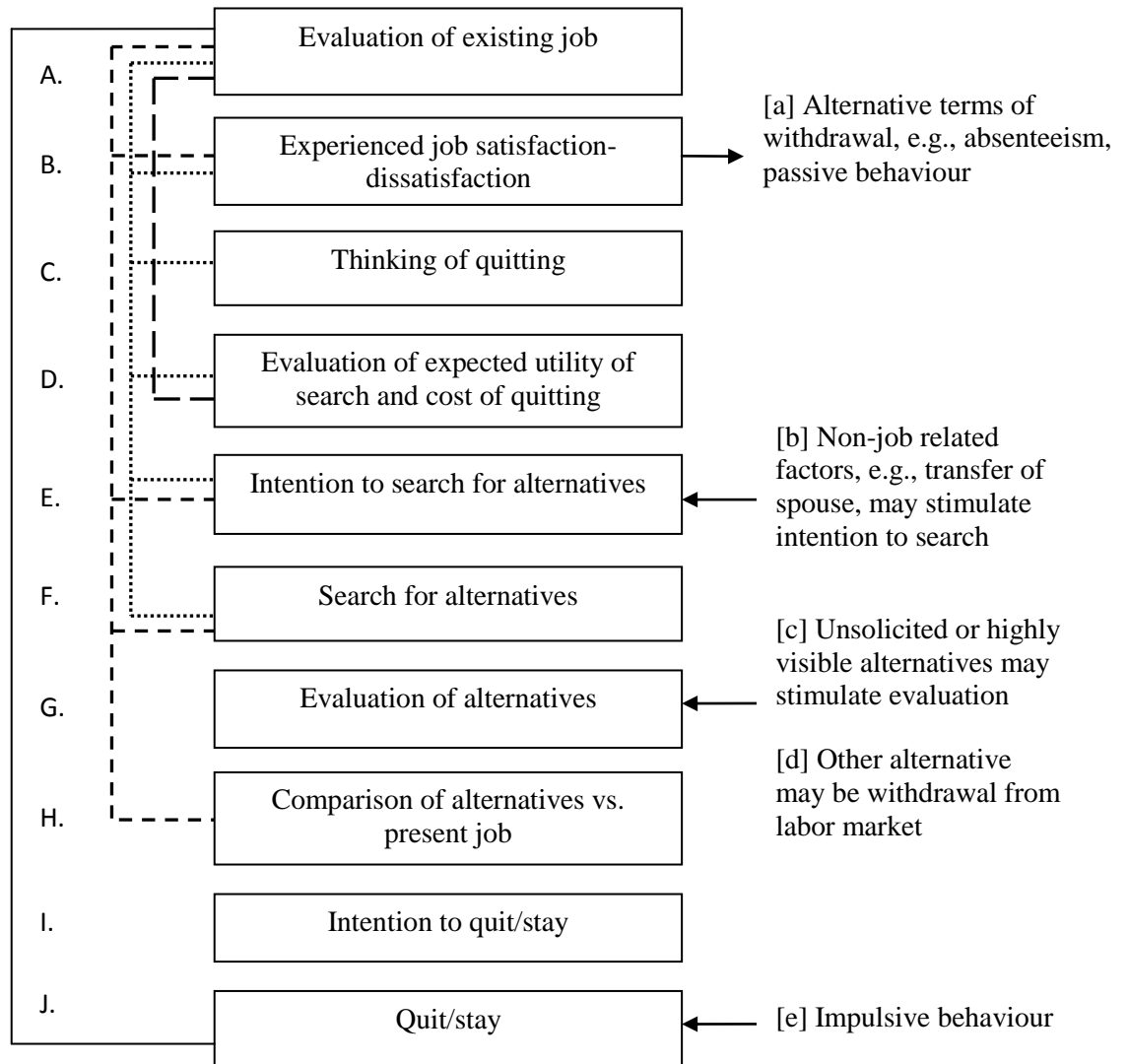


Figure 2.2: Mobley (1977) Intermediate Linkages Model of Turnover Decision Process

Source: Mobley, (1977)

2.3.3 Price and Mueller's (1981) Turnover Models

In 1977 James Price, a sociologist established a model identifying five determinants of turnover namely pay, integration (relationship with supervisor of co-workers), instrumental communication (clearly defined work roles), formal

communication (organisation communicates practices and policies) and centralization (distribution of power in the organisation). He elaborated this concept further by introducing a concept he called “opportunity” as a moderator of job satisfaction and turnover, and defined it as the availability of alternative employment in the environment.

As with many models, following the testing of the Price (1977) model, there were some shortcomings therefore in 1981 Price and Mueller revised and expanded their earlier model. This can be seen in figures 2.3.

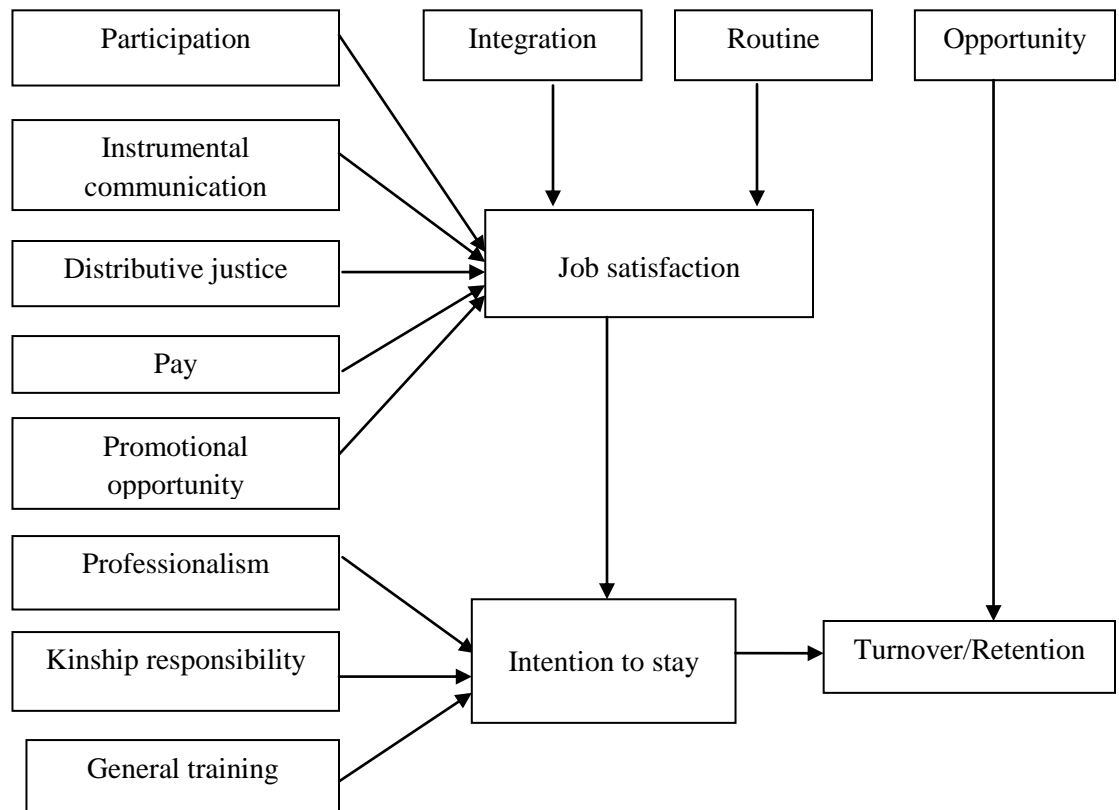


Figure 2.3: Price and Mueller’s (1981) Model of Turnover

Source: Hom and Griffeth (1995)

According to the Price and Mueller (1981) model, repetitive work reduces satisfaction but workers who are participating in job related decisions, receiving work related information, forming close friendships with others at work, earning good and fair compensation, and enjoying opportunities for promotion are more likely to be satisfied with their work (Hom & Griffeth, 1995). Price and Mueller's model proposed that the availability of alternative job opportunities moderated the relationship between job satisfaction and turnover (Griffeth, Hom & Gaertner (2000).

They also suggested that professionalism, generalised training, and minimal kinship responsibilities weakened an individual's intention to remain with the organisation (Hom & Griffeth, 1995).

The criticism of the study was that though some correlations R²s were statistically significant, they were small. However Price and Mueller addressed the problem of low explained variance and suggested that future studies may focus on additional variables and measurement consideration (Hom & Griffeth, 1995). These criticisms led to the revision of the model in 1986.

2.3.4: Price and Mueller's (1986) Revised Model of Turnover

In 1986, the 1981 model was revised. The researchers introduced role overload as antecedents to satisfaction (Hom & Griffeth, 1995). They also added workgroups

and size of the organisation as precursors of organisational commitment and intention to leave. As depicted in figure 2.4, Price and Mueller also introduced commitment to the organisation as a mediator between job satisfaction and intention to leave (Hom & Griffeth, 1995).

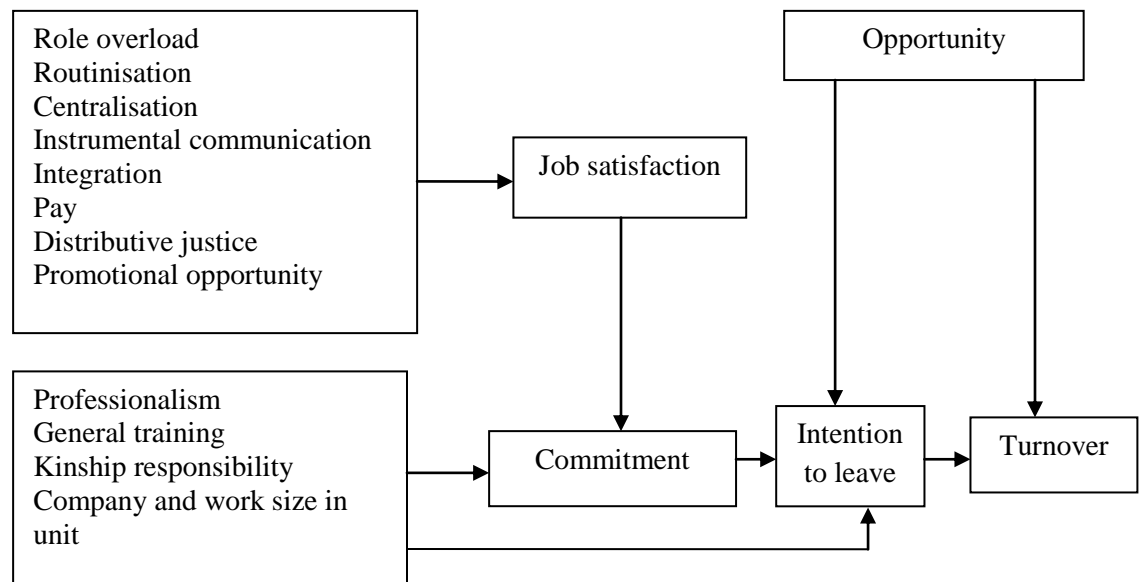


Figure 2.4: Price and Mueller's (1986) Revised Model of Turnover
Source: Hom and Griffeth (1995)

Thus Price and Mueller's (1986) model presented an updated model that included many of the earlier retention factors as well as several new ones. One important addition to the model was distributive justice. Drawing from the developing literature on equity theory at that time the authors suggested that employees would be satisfied and thus more likely to stay if they felt that the outcomes they received reflected the effort and other inputs that have invested. By using a

rigorous methodology, which still stands as an important model for research standards, Price and Mueller contributed to voluntary employee turnover by developing a comprehensive set of determinants of turnover and introducing salient variables that have now become accepted as part of the withdrawal process (Griffeth, Hom & Gaertner (2000). The factors mentioned in Price and Mueller's theory can generally be grouped into motivators and dissatisfiers which is also explained by Herzberg's two factor theory.

In terms of retention, Price and Mueller's models emphasise the importance of pay (compensation) and training and promotional opportunities (career management) which are very relevant to this study. According to them, these are critical factors that can influence employee retention.

2.3.5 Modified Greenhaus, Collins, Singh and Parasuraman (1997) Model of Voluntary Turnover

The Greenhaus, Collins, Singh and Parasuraman (1997) model of voluntary turnover was developed to study turnover in professional accounting firms. Greenhaus *et al.*, (1997) indicated that professional accountants work long hours, particularly during certain busy periods. They pointed out that professional accountants must progress through several positions before reaching the partnership level, occupying positions of increasing responsibility along the way. In the same way, banking professionals must also progress through many ranks

and professional positions. Greenhaus *et al.*'s model of voluntary turnover is displayed in Figure 2.5.

The modified model of voluntary turnover examines four sets of potential influences on the turnover process: (a) work experiences (work overload, career development opportunities, advancement aspirations, and advancement expectations); (b) family responsibilities; (c) work-home conflict, and (d) stress.

Work overload, which is sometimes created by an individual's perception of too many activities and too little time, has been identified as a predictor of both intention to leave and actual departure (Brown & Benson, 2005; Greenhaus *et al.*, 1997). Additionally, lack of career development opportunity may cause an employee to decide to leave (Collins, 1993; Greenhaus *et al.*, 1997). While advancement aspirations may not be considered strictly as a work experience, Greenhaus *et al.* found that a strong desire to be promoted sustained an interest to remain in the organisation, potentially reflecting increased levels of commitment. Finally, optimistic advancement expectations were found to decrease the likelihood of leaving the organisation or profession (Greenhaus *et al.*, 1997).

This model emphasizes career development opportunities and work-home conflict. These are important variables in this research. It also implies that to

retain employees, organisations have to consider their work-life balance and continuous advancement or progression policies.

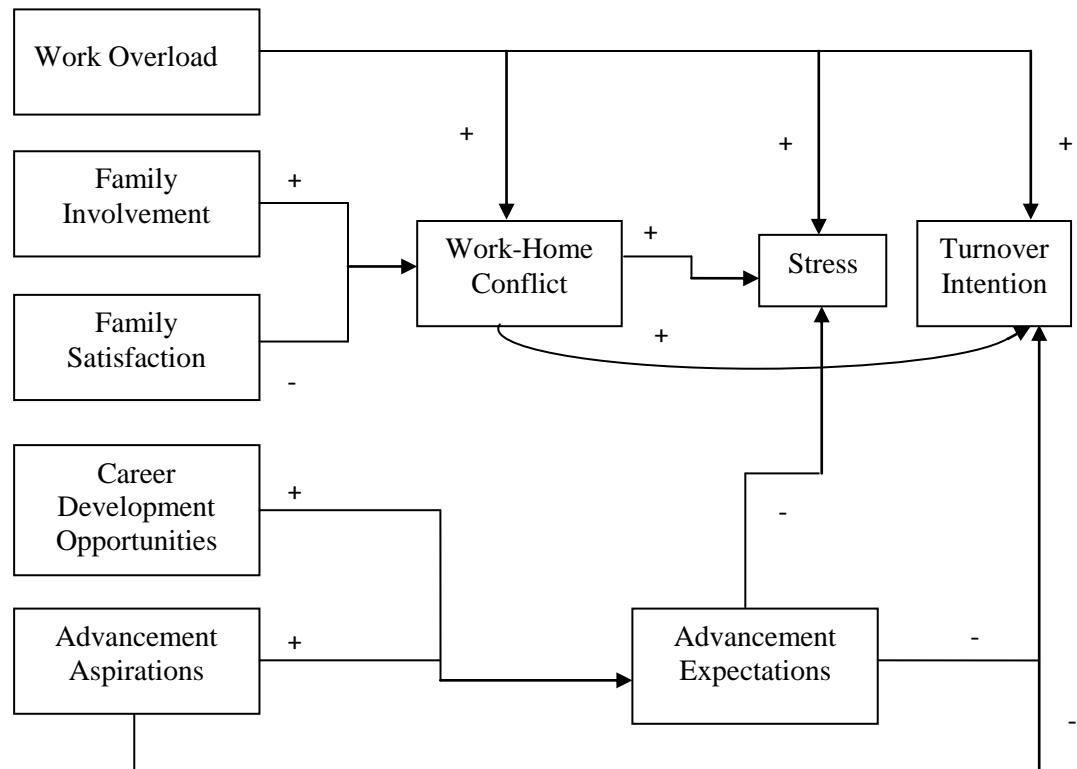


Figure 2.5: Modified Greenhaus, Collins, Singh & Parasuraman (1997)

Model of Voluntary Turnover

Source: McDonald (2007)

2.3.6 Relevance of theories to the study

Theories discussed as significant to this study include motivational theories, turnover and retention models. The theories are relevant because they explain retention and the HRM practices being researched. Table 2.2 outlines the relevance of each of the theories to the study.

Table 2.2: Relevance of Theories to the Study

Theory	Relevance to the study
Motivational theories	
Maslow's (1943) hierarchy of need theory	This is one of the early theories on motivation. It explains compensation, career management and employee engagement. These variables represent the safety/security, status/esteem and self-actualisation needs respectively.
Herzberg's (1959) two factor theory	This theory can be used to explain compensation and career management. These practices represent motivators/satisfiers and dissatisfiers/hygiene factors in the theory.
Adams's (1965) equity theory	This theory can also explain variables like compensation, career management and job satisfaction.
Turnover theories	
March and Simon's (1958) theory of organisational equilibrium	This theory is the first formal theory of turnover and it is important that it is discussed. It explains issues that affect employee job satisfaction and can thus determine whether an employee stays or leaves the organisation. The theory can also be used to explain compensation and job satisfaction. Also it holds important lessons for retention hence the need to discuss it.
Mobley's (1977) intermediate linkages model	Mobley's theory explains the various stages an employee goes through before they finally decide to stay or quit. It holds some vital lessons for organisations. It explains how they can even rectify job situations before an employee's dissatisfaction or intention to quit becomes actualised.
Price and Mueller's (1981 and 1986) turnover models	These theories explain variables like compensation, career management employee engagement and job satisfaction. Items that can be related to these variables include pay, general training, promotional opportunity and kinship responsibility
Modified Greenhaus, Collins, Singh and Parasuraman (1997) model of voluntary turnover	This theory can explain work-life balance and career management which are important variables in the study.

Source: Author (2013)

2.4 Employee Retention

The focus of this section is to discuss the rationale for employee retention and human resource management practices.

2.4.1 Rationale for Employee Retention

The retention of employees, especially the high performers, is an important issue for organisations (Yamamoto 2011). For most organisations, the high cost of recruitment and selection, possible hold-ups and productivity loss during the assimilation period, potential loss of business opportunity (Walker, 2001), poor customer relationship (Clarke, 2001), and hidden cost of lost productivity (Das, 2002) associated with turnover have subsequently heightened the importance of retaining committed employees.

Chaminade (2007) explains retention as a voluntary move by an organisation to create an environment which engages employees for a long term. Indeed, the main purpose of retention is to prevent competent employees from leaving an organisation as this could have adverse effect on productivity and profitability (Samuel & Chipunza, 2009). Retaining well motivated staff is vital to the success of an organisation. As noted by Moncarz, Zhao & Kay (2009), the focus of scholarly researchers from the mid 1990s has not only been to determine why employees leave their organisations but also to determine factors which positively influence them to stay as well as benefits associated with retaining valued

employees. Therefore the challenge for most organisations today is to formulate effective employee retention strategies that will enable organisations to retain employees they consider critical to the attainment of organisational goals (Chiboiwa, Samuel & Chipunza, 2010). Whiles retaining employees has several benefits, research has shown that turnover or losing critical employees is costly to organisations.

Different researchers have identified various costs associated with employee departures in terms of time, money and other resources. Fitz-enz (1997) for instance indicated that when direct and indirect costs are combined, the total turnover cost of an employee who decides to leave is a minimum of one year's pay and benefits, or a maximum of two years' pay and benefits. Also, the average organisation loses approximately \$1 million with every 10 managerial and professional employees who leave the organisation (Fitz-enz, 1997). Mitchell, Holtom, and Lee, (2001) on the other hand suggest that, whiles total costs associated with turnover ranges from 90 to 200 percent of annual salary, the direct replacement costs can reach as high as 50 to 60 percent of an employee's annual salary. This implies that replacing an employee who leaves an organisation comes at a high cost.

Similarly, in a study by Hale (1998), employers cited recruitment costs as 50 to 60 percent of an employee's first year's salary and up to 100 percent for certain

specialised positions. Cascio (2006) affirms that the costs associated with recruiting, selecting and training new employees often exceed 100% of the annual salary for the position being filled. Other areas of cost include increases in short-term costs such as the money spent on hiring, personnel reshuffling, training of other employees and decreased production (Yamamoto, 2011).

Another compelling reason why organisations must retain their employees is that, there are significant economic impacts when an organisation loses any of its critical employees, especially given the knowledge that is lost with the employee's departure. Usually employees leaving an organisation take with them valuable knowledge. In some cases monies which have been spent on an employee in expectation of a future return may not have even been realised. Samuel and Chipunza (2009) contend that, when high performers leave an organisation, productive talent and the capacity to gain competitive advantage is lost. In situations where the overall workload remains the same, the short-term burden on the remaining employees will increase and this is likely to have a negative effect on their motivation. In the long run, the organisation-specific knowledge, skills, and know-how that long-time employees possess will be lost once they leave (Yamamoto, 2011). All these costs make employee retention an important issue for organisations to consider.

Presently, there is fierce competition to secure competent human resources. Greater employment fluidity enhanced by opportunities to change jobs has further intensified the competition for securing and retaining capable, high-performing employees who will become the future key employees of organisations (Yamamoto, 2011). In an attempt to minimise these potential problems associated with turnover, forward-thinking organisations must strive to create a positive organisational climate through various HRM initiatives to retain valuable employees.

2.4.2 Human Resource Management Practices

Managing human resource is one of the main functions that organisations undertake. HRM is a series of integrated decisions that form employment relationship; it involves developing employees to maximise their potential in a manner that furthers the objectives of both the individual and the organisation. Flippo (1984) defines HRM as the planning, organising, directing and controlling of the procurement, development, compensation, integration, maintenance and separation of human resources to the end that individual, organisational and social objectives are accomplished. To Bratton and Gold (2009), HRM is a strategic approach to managing employment relations which emphasises that leveraging people's capabilities is critical to achieving competitive advantage, this being achieved through a distinctive set of integrated employment policies, programmes and practices. Thus, HRM aims at carrying out sets of programmes, functions and

activities designed to maximize employee wellbeing and organisational objectives.

All organisations exist for specific purposes and can be expressed as open systems that are vital. Usually managers are responsible for shaping organisations to perform well and meet the needs of society. Stinchcombe (2000) describes an organisation as a set of stable social relations deliberately created, with the explicit intention of continuously accomplishing some specific goals or purpose. There are many types of organisations and whether it is profit making or non-profit making, they need competent human resource and effective HRM practices to be able to achieve their objectives.

Bratton and Gold (2009) assert that leveraging employees' full potential and gaining the commitment of all employees, which is considered necessary for competitive advantage, requires changes in three aspects of managerial control; namely, organisational design, culture and HRM policies and practices. Available literature demonstrate that the fundamental HRM practices include human resource planning, recruitment and selection, job analysis; compensation and reward, performance appraisal, training and development, career management, employee relations and welfare (Armstrong, 2006; Matthis & Jackson, 2004; Milkovich & Newmen, 1999). Others have also argued that, some of the HRM functions include ensuring that there is a good fit between the individual

employees' values and the organisation's values in the recruitment and selection process (Van Vianen, 2000) and providing employees with sufficiently challenging and interesting work (Kraut & Korman, 1999),

Much of the emphasis of 'good' employment practices has however been placed on strategies to retain staff (Hutchings, De Cieri & Shea, 2011). Also, satisfaction and commitment has been linked to retention. The emphasis here has been on flexible employment, communication, family-friendly work policies, telecommuting, well-being programmes, employment conditions, and social and community practice (Beauregard & Henry, 2009; Zatzick & Iverson, 2006;). All these efforts are aimed at improving HRM practices and workplace relations and, consequently, organisational performance through the shaping of employees' attitudes and behaviours (Whitener, 2001).

In spite of the various HRM functions that can be initiated as practices, this study would concentrate on four practices namely, compensation, career management, work-life balance and employee engagement. These practices are among the common ones which cut across the three major viewpoint or theories of HRM practices. Also it is believed that these practices have the potential of motivating employees as well as offering them some level of security, autonomy, recognition and improved self-worth leading to affective commitment (Döckel, Basson, & Coetzee, 2006).

Although compensation and career management have been extensively researched, they remain among some of the important pillars of HRM practices. This is because every employee will want to receive some compensation for work done. Compensation is also perceived as appreciation or reward for positive behaviour or exerted energy. Similarly, career management is very significant to employees because invariably employees look forward to moving up in their career. Hence an organisation's ability to meet the career advancement aspiration of employees will be of utmost importance to them.

Indeed these two variables serve as security, status/esteem and self-actualisation needs as per the Maslow hierarchy of needs theory. Borrowing from Adam's equity theory, employees can perceive the two variables as fair and equitable and a source of increased satisfaction. Also they represent both motivator/satisfiers and hygiene factors/dissatisfiers in the Herzberg two-factor theory. The two variables increase employees' sense of self-worth, leading to affective commitment. This makes compensation and career management very important HRM practices as well motivational tool to both employees and organisations. The study would seek to establish whether compensation and career management indeed foster employee retention in the banking industry in Ghana.

Similarly, work-life balance and employee engagement are equally important emerging issues in HRM. Both issues affect employers and the employees.

Although there has been some research on these issues in Europe, Ghana faces a dearth of research in these areas. Also they have rarely been researched as HRM practices. This study will therefore investigate how these contemporary practices can affect retention of employees in the Ghanaian banking industry.

2.5 Empirical Review

2.5.1 Effects of Compensation on Employee Retention

Several studies have addressed the impact of employee compensation and rewards on turnover and retention (see Cho, Woods, Jang, & Erdem, 2006; Milman & Ricci, 2004; Shaw, Delery, Jenkins, & Gupta, 1998; Walsh & Taylor, 2007).

Employee compensation includes all forms of pay and rewards received by employees for the performance of their jobs (Snell & Bohlander, 2007). Direct compensation includes employee wages and salaries, incentive-payments, bonuses and commissions. Whiles indirect compensation comprises the many fringe benefits provided by employers and non financial compensation including health care, life insurance, subsidised lunch, leave policy, overtime, pension plan and transportation policies.

According to Willis (2000), direct compensation serves as the most critical issue when it comes to attracting and retaining talents. Parker and Wright (2000) also assert that there is an underlying assumption that money can influence behaviour

hence a fair remuneration is understood to be the cornerstone of the contractual and implied agreement between employees and employers. As a result, some companies may even provide remuneration packages which are well above the market rate to attract and retain critical talents (Parker & Wright, 2000). Most managers believe that money is the prime retention factor and many employees cite better pay or higher compensation as the reason for leaving one employer for another (Mathis & Jackson, 2004). Khan (2010) argues that comprehensive compensation and rewards augmented by an effectual system of disbursement can play an effective role in attracting the best candidates, shaping employee behaviour and performance outcome, and facilitating retention of talents.

Indirect compensation such as benefits could also affect employee attraction and retention. The absence of adequate benefits is thus one of the main factors contributing to employee intention to leave (Rusbult & Farrell, 1983). Casper and Buffardi (2004) assert that an organisation can compensate for moderate salaries in a form of non cash compensation, by offering a large amount of benefits. In support of this, Browne (1997) in his study proved that potential employees, irrespective of their sex and culture, were willing to accept lower salaries if benefits of importance to them were also offered. Employee benefit packages increase worker commitment to the organisation and reduce the tendency to think about other job opportunities (Mitchell, Holtom, Lee, Sablinski & Erez, 2001). Cho, Woods, Jang, & Erdem, (2006) in a study of the relationship between HRM

practices and organisational performance found out that companies providing incentive plans to employees are more likely to experience lower turnover rates among non-managerial employees. Also, a firm would further reduce its labour turnover rate if it applies reward systems in the form of incentive plans to more employees across the organisation (Moncarz, Zhao & Kay 2009).

A number of studies have established that highly competitive wage systems promote employee commitment and thus result in the attraction and retention of a superior workforce (Becker & Huselid, 1999; Shaw, Delery, Jenkins, & Gupta, 1998). Mathis and Jackson (2004) also argued that a balanced, fair and competitive compensation and reward system affect the retention of employees. This makes compensation and reward planning a vital dimension of effective HRM policies.

Organisations must see rewards as essential and increase their commitment to the use it as an effective tool in retaining talents. In a study conducted by Chew & Chan (2008) remuneration or compensation positively predicted organisational commitment and intention to stay. The results of this study can be generalized in Australia and Europe because it involved nine large organisations from both private and public sectors and had about 475 respondents. However, the results could be different in Africa. Hong, Hao, Kumar, Ramendran and Kadiresan (2012) equally found that, compensation is significant to employee retention.

This result was based on 278 respondents in Malaysia's education sector. This result could hold true for other similar organisations but probably not the banks because the business of the two institutions is by no means identical. Compensation offers employees some level of security, autonomy, recognition and improved self-worth, which consequently increases their sense of self-worth, leading to affective commitment (Döckel, Basson, & Coetzee 2006) and retention.

In spite of the fact that compensation and benefit enhance retention, some studies have also found that compensation in the form of base or variable pay may not be sufficient to attract or retain employees. For instance, Milman and Ricci (2004) concluded that the most significant predictors of retention included intrinsic fulfilment and working conditions rather than monetary rewards. Similarly, the study by Walsh and Taylor (2007) revealed that although compensation is important, it is the absence of opportunity for professional growth and development that affects retention and turnover of management level employees.

2.5.2 Effects of Career Management on Employee Retention

In a knowledge economy, developing competencies forms an essential part of organisations competitiveness. Knowledgeable and highly skilled employees improve productivity, enhance quality of products and services, effect positive changes in processes and deliver quality service to customers (Khan, 2010). Most organisations may use career management programmes to assist their employees

to properly plan their careers because it is believed that, generally, employees react positively to career development and advancement opportunities.

By providing opportunities for training and career development which forms part of career management, organisations are supporting their employees to more knowledgeable as well as achieve their personal career goals. Career management is defined as an ongoing process of preparing, implementing and monitoring career plans undertaken by individuals alone or in concert with the organisation's career systems (Hall 1986). It may include activities that help the individual develop and carry out career plans, however, the focus is on taking actions that increase the chances that the organisation's anticipated HR needs are met. According to Doyle (1997) a well-functioning organisational career planning system may also encourage employees to take more responsibility for their own development, including the development of skills viewed as significant to the organisation. It must however be noted that the economic returns of training employees are more likely to be captured by an organisation if employees are motivated to stay longer and contribute to its success.

Career management presents several immediate and longer term benefits such as obtaining higher salary, improving one's marketability, positioning oneself for future job opportunities and enhancing job satisfaction. Khan (2010) argues that training and development generate tangible outcomes such as improved

productivity, quality products and services, and resource optimization as well as intangible outcomes such as enhanced self esteem, high morale, and satisfaction of employees due to acquisition of additional knowledge, skills and abilities. Hence it has been suggested that organisations should pursue participative mechanism to develop career related objectives for employees, make effective plans, implement and monitor the effectiveness of these plans to achieve employees' career objectives (Hall, 1986; Greenhaus, 1987). Shaw, Delery, Jenkins, & Gupta (1998) assert that organisations with substantial training opportunities should experience lower turnover rates. Some researchers have also shown that training activities are correlated with productivity and retention (Delery & Doty, 1996; Huselid, 1995; Khan, 2010; Walsh & Taylor, 2007).

Lee and Bruvold (2003) have established that comprehensive training and development activities are positively related to productivity, reduce staff intention to leave, and ensures organisational effectiveness. A study by Thomsen, Jarbol and Sondergaard (2006) has also shown a positive relationship between diverse career opportunities and applicant attraction to and retention in an organisation.

Similarly, Moncarz, Zhao and Kay (2009) report that in organisations where employees receive the training needed to assume greater responsibilities, turnover rates are generally lower. However, there are some limitations with their study. Regression analysis was used to examine the relationships between predictor and

response variables. Although the study was looking at relationship between variables and could use regression analysis, it only had 71 responses out of 232 total surveys distributed among ten management companies. About 100 or more respondents would have been ideal for that kind of analysis. Also due to the low response rate of about 30 percent, the findings of the study cannot be generalized. The self-administered mail survey instrument used included 103 items or questions which falls under nine employee retention initiative domains. The total number of questions could have contributed to the low response rate.

Lam, Chen and Takeuchi (2009) also found that training is positively associated with intention to stay with the organisation. The sample size for this study was 152 which may make applying the findings to other organisations unacceptable.

The above researchers however contradict the findings of Chew and Chan (2008). After employing Structural Equation Modelling to test their hypotheses they established that employees may not necessarily increase commitment to their organisations because they are provided with increased training and development. Thus training and career development is not significantly related to intention to stay.

2.5.3 Effects Work-Life Balance on Employee Retention

The most recent addition to research on employee retention is how balancing work and life roles influences an employee's decision to remain with an organisation. Work-Life Balance (WLB) is fast becoming an important work related issue and over the past decade, an increasing number of scholarly articles have been promoting its importance. The demands of work and family are not always compatible, leading to conflict between the two domains which may generate the potential for negative effects, including turnover (Mesmer-Magnus & Viswesvaran, 2005). According to Deery (2008) it appears that the conflict between these important dimensions of human activity can cause both job dissatisfaction and family conflicts and hence intention to leave an organisation. Thus individuals who have to work and at the same time play major roles in their homes are likely to experience conflict or face challenges with both roles.

The concept of WLB recognises that employees have important family and extra professional obligations that compete with their professional commitments. Benefits that may be grouped under this concept therefore allow people to strike a more meaningful and potentially less stressful balance between commitments at the workplace and obligations at home. Withers (2001), assert that WLB programmes cover a variety of interventions, and include such practices as dependent care leave, childcare subsidies, eldercare programmes, counselling, referral and flexible working hours. While there is no one accepted definition of

what constitutes a WLB practice, the term usually refers to one of the following: flexible work options, organisational support for dependent care and family or personal leave (Estes & Michael, 2005). Some organisations also implement specific programmes to help employees balance their lives both at work and at home and these include flexible employment, family-friendly work policies, telecommuting, well-being programmes, employment conditions and social and community practice (Beauregard & Henry, 2009; Zatzick & Iverson, 2006).

Thus WLB practices include flexible work hours (such as flextime, which permits workers to vary their start and finish times provided a certain number of hours is work is done within the week; compressed work week, in which employees work a full week's worth of hours in four days and take the fifth off), working from home (telework), sharing a full-time job between two employees (job sharing), family leave programmes (including parental leave, adoption leave, compassionate leave), on-site childcare, and financial and/or informational assistance with childcare and eldercare services.

All these programmes can render an organisation more attractive and boost retention especially to employees who have strong family ties and will look for an organisation that supports their life outside the workplace (Honeycutt & Rosen, 1997). Casper and Buffardi (2004) have suggested that work-life benefits are universally appealing because even employees who do not need the specific

benefits offered may perceive that the organisation will be supportive in other areas as well. This is supported by Honeycutt & Rosen's (1997) finding that all types of employees, not just parents, preferred organisations that offer flexible scheduling and career paths. Specifically, information about work-life benefits fosters the perception that the organisation will be supportive of employees' personal needs (Casper & Buffardi, 2004).

In their study on employee attraction and retention, Hutchings, De Cieri and Shea (2011) identified a need for employers to give greater attention to work-life balance issues. The majority of the responses from the study were from large to medium firms, which have large HR departments and HR managers with a strategic role, which could be expected to have more progressive HR practices around attraction and retention. Hence, the sample may not be representative of other smaller organisations. Their research however had a relatively small response rate of 14 percent which is quite low. However, Harzing (1997) has noted that, mail surveys in the industrialised world typically have response rates of 6-16 percent.

In a survey of 448 employees by Dibble (1999), flexible working hours was the third most frequently mentioned reason why employees remain with their current employer. Also, in a survey of 1,862 employees in the U.S., cited in Ashby and Pell (2001) most workers wanted a job with flexible hours that allowed them to

take care of personal concerns, while a substantial number cited similar reasons for their preference for working from home. A sample of 1,862 employees is large and to get over 50 percent preferring WLB means that it is important to a lot of employees and employers must therefore take note of this. A study by Maxwell (2005) also indicated that WLB policies such as the introduction of flexible working hours and arrangements, provision of better training, breaks from work and better work support do not only address WLB issues but also enhance employee retention.

2.5.4 Effects of Employee Engagement on Employee Retention

Employees want to work and remain with organisations in which they are valued and appreciated. The challenge today is not just retaining capable and talented employees, but fully engaging them, capturing their minds and hearts at each stage of their work lives (Kaye & Jordan-Evans, 1999). Employee Engagement (EE) has enormous impact on organisational outcomes. The Gallup Organisation has empirically determined that employee engagement is a significant predictor of desirable organisational outcomes such as, retention, productivity and profitability (Luthans & Peterson, 2003). It also results in up to 87 percent reduction in employee turnover intentions (Corporate Leadership Council, 2004). According to Markos and Sridevi (2010), employers are now becoming aware that by focusing on employee engagement, they can create more efficient and productive workforce. Not only does engagement have the potential of significantly

affecting employee retention and loyalty, but it is also a key link to overall stakeholder value (Corporate Leadership Council, 2004).

The concept of EE is relatively new to HRM though it appeared in the literature nearly two decades ago (Ellis & Sorensen, 2007). Melcrum (2005) found out that from a global survey of over 1,000 communication and HR practitioners, 74 percent began to formally focus on the issue of employee engagement between 2000 and 2004. Engagement is the key to the retention of talent (Glen, 2006) and is an area in which the lead has been taken by some HR practitioners (Baumruk & Gorman, 2006; Gallup, 2006; Werhane & Royal, 2009). Macey and Schneider (2008) noted that although there are numerous definitions of the construct, they all agree that employee engagement is desirable, has an organisational purpose, and has both psychological and behavioural facets in that it involves energy, enthusiasm and focused effort. Academic research on the employee engagement is however scarce and most references to employee engagement are research firms and consultancies. Hence some researchers believe it is an area where rigorous academic research is required (Cartwright & Holmes, 2006; Joo & Mclean, 2006).

Kahn (1990) is widely credited with the first application of engagement theory to the workplace (Harter, Schmidt, & Hayes, 2002; Rich, Lepine, & Crawford 2010). Macey and Schneider, (2008) assert that the factors that produce

engagement may be different from those that generate more traditional employee outcomes such as job satisfaction and organisational commitment. An engaged employee is a person who is fully involved in and enthusiastic about his or her work (Falcone, 2006). Engaged employees work with colleagues to improve performance within the job for the benefit of the organisation. Gallup as cited by Dervovsek (2008) likens employee engagement to a positive employee emotional attachment and commitment.

Schaufeli and Bakker (2004) assert that engagement is the positive, fulfilling, and work-related state of mind that is characterised by vigour, dedication and absorption. EE is the extent to which employees commit to something or someone in their organisation, how hard they work and how long they stay as a result of that commitment (Corporate Leadership Council, 2004). According to Macey & Schnieder, (2008) engagement is the willingness to invest oneself and expand one's discretionary effort to help the employer succeed, which is beyond simple satisfaction with the employment arrangement or basic loyalty to the employer. An engaged employee is aware of business context, and works with colleagues to improve performance within the job for the benefit of the organisation.

Engagement creates a sense of loyalty in a competitive environment and also increases employees' trust and subsequent retention. Employee engagement has

been shown to have a significant relationship with productivity, profitability, and employee retention (Bhatnagar, 2007). As noted by Schaufeli and Bakker (2004), engaged employees are likely to have a greater attachment to their organisation and a lower propensity to quit. The findings from Truss, Soane, Edwards, Wisdom, Croll, & Burnett, (2006) also confirm this when they found that, overall, engaged employees are less likely to leave their employer. Baumruk and Gorman (2006) contend that, engaged employees consistently demonstrate three general behaviours which improve organisational performance, namely say, stay and strive. Say means that the employee advocates for the organisation to co-workers, and refers potential employees and customers. Stay implies that the employee has an intense desire to be a member of the organisation despite opportunities to work elsewhere. Strive also connotes that the employee exerts extra time, effort and initiative to contribute to the success of the business.

Kahn (1990) explains that employee engagement is a multidimensional construct different from other role constructs such as job involvement, commitment to organisations or intrinsic motivation. Although EE is built on the foundation of some earlier concepts such as job satisfaction, employee commitment and organisational citizenship behaviour, it encompasses these concepts, and is broader in scope (Markos & Sridevi, 2010). The defining distinction is that employee engagement is a two-way interaction between the employee and the employer, whereas the earlier focus tended to view the issues from only the

employee's point of view. Fernandez (2007) also distinguishes between job satisfaction and engagement and contend that employee satisfaction is not the same as employee engagement and since managers cannot rely on employee satisfaction to help retain the best and the brightest, employee engagement becomes a critical concept.

As a complex concept, engagement is influenced by many factors from workplace culture, organisational communication and managerial styles to trust and respect, leadership and company reputation (Corporate Leadership Council, 2004). Engaging employees especially by giving them participation, freedom, and trust is the most comprehensive way of increasing values of self-realization and self-actualization (Martel, 2003). The world is changing both in terms of the global nature of work and the nature of the workforce so engaging ones' employees may be a key to competitive advantage. Joo and Mclean (2006) indicate that engaged employees are strong organisational assets for sustained competitive advantage and a strategic asset. Both practitioners and academics tend to agree that the consequences of employee engagement are positive (Saks, 2006).

Engaged employees are highly involved in their jobs, go beyond their employment contractual agreement and remain with their organisation for a long period of time (Towers Perrin Report, 2003). Although the literature review shows that empirical research on EE is scarce, the Gallup Organisation (2006)

found critical links between employee engagement, retention, customer loyalty, business growth and profitability. Others have identified engagement as a key driver of individual attitudes, behaviour, performance as well as organisational performance, productivity, retention, financial performance, and shareholder return (Richman, 2006). According to Baumruk (2006) organisations with higher engagement levels have lower employee turnover, higher productivity and better results. Research indicates that organisations with engaged employees have higher employee retention as a result of reduced intention to leave and turnover leading to increased productivity, profitability and growth (Markos & Sridevi, 2010). It is important that these positive assertions are empirically tested.

2.5.5 Effects of Job Satisfaction on Employee Retention

Employees today face several ‘out of work’ problems which impinge on their daily working lives and the satisfaction they derive from work. Job satisfaction can basically be described as the extent to which employees perceive or are content with their occupation. It has been an important concept in organisational study for a long time and remains one of the most studied concepts in organisational research; dating back to the late 1920s when Mayo and Hawthorne first studied job satisfaction.

Over the years, theories of employee turnover have suggested that job satisfaction plays an important role in the processes leading to turnover (Boswell, Boudreau,

& Tichy, 2005; Hom & Griffeth, 1995; Steel, 2002; Steers & Mowday, 1981) and can thus affect retention. Thus regardless of HRM practices that organisations may try to initiate, job satisfaction may moderate the effect of the practices on employee retention.

JS has been defined in several ways. Locke 1969 defined job satisfaction as an emotional situation related to the positive or negative judgment of job experiences. Inferring from Locke's definition it could be suggested that, if employees have negative perceptions about their jobs they may not remain with the organisation. According to Sempane, Rieger and Roodt, (2002) job satisfaction is a result of an individual's perception and evaluation of their job influenced by their own unique needs, values and expectations, which they regard as being important to them. Thus job satisfaction can be said to be a set of favourable or unfavourable feeling with which employees view their work and it is affected by both the internal and external environment of the organisation.

Also, employee satisfaction is not an absolute measure but rather multi-dimensional characteristics comprising constructs such as satisfaction with supervision of work, work itself and other work conditions. Some researchers have approached job satisfaction from the perspective of need fulfilment while others describe it as a combination of psychological and environmental circumstances that cause a person to be satisfied with his or her occupation.

However, regardless of the theoretical approach used to study job satisfaction, most studies have identified at least two general categories of antecedent variables which are environmental factors and personal characteristics (Spector, 1997). In their study, Igarria and Guimaraes (1993) identified five components of job satisfaction namely; work, supervision, co-workers, pay and promotion. Luthans (2002) assert that, job satisfaction can arise from three different facets such as emotional response to work environment; relationship between expectations and outcomes; and satisfaction with pay. A study by Schermerhorn, Hunt, Osborn, & Uhl-Bein (2011) listed four categories of factors affecting job satisfaction including challenging jobs, equitable reward system including salary and promotional opportunities, good colleagues' relationships and conducive working environments.

In this study however JS is explained by work environment and supervisor support. Employees are concerned with their work environment for both personal comfort and for facilitating good job performance. Work environment can be explained by some theories of motivation including Maslow's (1943) hierarchy of need theory and Herzberg's (1959) two factor theory. Generally, work environment refers to the environment in which employees work. Work environment is important as it can significantly influence an employee's performance, productivity and retention. Studies have demonstrated that employees prefer physical surroundings that are safe, clean, comfortable and

conducive with a minimum degree of distractions (Robbins, 2005). Additionally most employees expect that the organisation will provide facilities such as equipment and machinery for business purpose. Thus the more a person's work environment fulfils his or her needs, values, or personal characteristics, the greater the degree of job satisfaction the reverse is also true. Also, each element of the organisation's environment can contribute to or detract from job satisfaction. According to Spector (1997), research has shown that employees, who perceive high levels of constraints in terms of their work environment, tend to be dissatisfied with their jobs. It is improving employee's work environment that will influence service climate and eventually influence job satisfaction (Ram, Bhargavi, & Prabhakar, 2011).

Results of a study by Stoner, Barksdale & Shore (1996) showed that the work environment will determine employee satisfaction and good work environment will increase employee satisfaction. Research by Peters, O'Connor and Eulberg (1985) and Peters and O'Connor (1988) also indicate that organisational constraints such as inadequate tools and equipment, unsafe work environments, are important indicators of employee attitudes, motivation, and performance. Temkin-Greener, Zheng, Katz, Zhao & Mukamel (2009) studied relationships between work environments and perceived work effectiveness with staff working in New York nursing homes and found a positive relationship between the variables. The result could however be different in an African context.

Supervisor support also plays a vital role in the satisfaction that an employee derives at work.

Based on social exchange relationships, supervisor support can be explained as perception of employees regarding their relationship with their supervisor and how well they can rely on the supervisor to care for their individual concerns. Herriot and Pemberton (1997) stressed that supervisors are usually the crucial persons or agents responsible for maintaining the psychological contract of employees. Thus, supervisory support has a significant effect on employees' well-being. Hence employees are more likely to remain with an organisation if they feel that their supervisors value their contributions and well-being, communicate well with them, and treat them with respect and recognition (Eisenberger *et al.*, 2002). Gagnon and Michael (2004) described perceived supervisor support as the degree to which an employee feels that they are supported by their supervisor. In other words, a high supervisor support climate produces a reciprocal relationship in which employees feel emotionally connected and obligated to “repay” their supervisor and/or organisation by staying in the company (Eisenberger, Stinglhamber, Vandenberghe, Sycharski, & Rhoades, 2002).

Numerous studies have shown that positive relationships between supervisors and subordinates contribute to higher levels of job satisfaction (Daley, 1986; Locke, 1976). Ting (1997) reported that government employees who enjoyed a supportive relationship with their immediate supervisor experienced higher levels of job satisfaction than those who did not. An empirical study conducted by Gaertner (1999) revealed that opportunities for supervisory support have a direct and positive impact on job satisfaction. Employee satisfaction increases when the immediate supervisor is understanding, friendly, offers praise for good performance, listens to employees' opinions and shows personal interest in them (Robbins 1993). Thus if an employee does not enjoy this relationship it can affect their level of JS and subsequent turnover. Ng and Sorensen (2008) compared the effect of perceived supervisor and co-worker support on work attitudes and found that perceived supervisor support was more strongly related to job satisfaction, affective commitment, and turnover intention, as opposed to perceived co-worker support.

JS is very significant because not only does it influence the efficiency of employees, but it also affects job behaviour such as absenteeism and employee turnover (Rajendran & Chandramohan, 2010). Ignoring employees' concerns regarding their work environments and not providing the needed support can be detrimental to the organisation. Workers who are more comfortable with their work environments and have the needed superior support may demonstrate more

satisfaction with their jobs. Hence if employees are not getting what they actually seek in their job, it is likely that, that no matter how effective HRM practices are JS can moderate the retention efforts of an organisation.

JS has frequently been used as a predictor variable and seldom as a moderator. Also research has established that JS play an important role in the processes leading to turnover hence it has been chosen as a moderator variable between HRM practice and employee retention.

2.5.6 Summary of Empirical Review and Research Gap

Both theoretical and empirical literature relevant to the study has been reviewed in this chapter. The empirical review focused on previous studies on HRM practices and employee retention. Table 2.3 presents a brief summary of the empirical review. The review showed that, research on what influences employee retention have been conducted by several researchers following the initial work of March and Simon's (1958). In their seminal work, March and Simon found two main factors that determine an employee's loyalty, namely perceived desirability of movement and perceived ease of leaving the organisation. Both factors independently operate to influence an employee's motivation to stay or leave an organisation.

In discussing the rationale for employee retention, the literature pointed to the fact that, retaining employee is an important issue for organisations because turnover is very costly in terms of the economic impact, time, money and other resources especially when critical and knowledgeable employees leave the organisation. To minimise these potential problems forward-thinking organisations must strive to create a positive organisational climate through various HRM initiatives to retain valuable employees.

The theoretical and empirical examination revealed that HRM factors that could affect employee retention are numerous and include compensation, career management, work-life balance and employee engagement. The effect of job satisfaction on turnover and retention has also been reviewed. However previous studies on best practices in HRM have been fragmented and researchers have not arrived at an effective blend of practices that could improve organisational commitment and retention (Chew & Chan, 2008). Also most of the studies on retention were conducted mainly in Western World (Samuel & Chipunza, 2009). Hence there is a limited empirical study on employee retention in Africa and particularly in Ghana (Tettey 2009). Besides a specific research examining the effect of HRM practices on retention of employees in the banking industry in Ghana could not be found.

This suggests that, there is limited empirical evidence on employee retention in the developing world like Ghana hence there is a research gap. Accordingly, this study seeks to fill this research gap by investigating the effects of human resource management practices on retention of employees in Ghanaian banks. The banking industry has been chosen because banks play a very important role in the economy of Ghana. Banks have become very effective partners in the process of economic development.

Table 2.3: Summary of Empirical Review

Researchers / Organisations	Country/ Year	HRM practices / factor investigated	Critique	Knowledge Gap
Mensah and Alemna Ghana Library Board	Ghana 1997	Job-related stress On-the-job conflicts Low pay Low status Unchallenging work Incompetent managers Dissatisfaction with manual system Delayed promotion	Questionnaires and personal interviews were used in the study this provides good triangulation. However only 21 questionnaires were used and this is a small sample size and could make the result inconsistent. Also apart from calculating percentages of the result no statistical analysis was done although this can be excused since the research took place over a decade ago.	The researchers should have used more questionnaires or targeted a lot more respondents. Also both descriptive and inferential statistical techniques should have been used to analyse the data.

<p>Chew and Chan Nine organisations from various industry sectors including health care, higher education, public sector and manufacturing</p>	<p>Canada and Australia 2008</p>	<p>Person-organisation fit Remuneration and recognition Challenging assignments Training and career development</p>	<p>Some advantages of this research are that nine large public and private organisations from various industries were involved. This allowed the researcher to capture and compare different information at the same time. Also 457 responds rate is very high and the results can be generalized. However, there was no conceptual framework and the analysis was quite complicated. It also failed to research some emerging issues in HRM.</p>	<p>There should have been a conceptual framework to illustrate relationships between variables. Also the analysis should have been done in a way that is easy to understand by all. Some emerging HRM practices should have been investigated.</p>
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Lam, Chen and Takeuchi Sino-Japanese Joint Venture	Japan and China 2009	Retention-oriented compensation Formalised training	The sample size of 152 is just right for the regression analysis used. The research model is simple and very well explained. Data collection was however based on just a single Sino-Japanese joint venture located in China. This may make application of the findings to other organisations in other parts of the world quite unacceptable. Also more HRM practices including new ones should have been researched.	Data should have been collected from different organisations and not just, one joint venture. This will make it impossible for the findings to be generalised. Apart from the fundamental HRM practices contemporary practices should have been included. Also more than two practices should have been studied.
Chiboiwa, Samuel and Chipunza Medical Laboratory Company	Zimbabwe 2010	Non-financial Rewards (such as subsidized lunch, uniforms, housing and educational loans and transport allowance).	The sample size was quite large and it is good. It is a case study and can set the tone for further research. Some of the shortfalls include the fact that just one variable was investigated. Other factors could have been included. There was no statistical analysis and no evidence of the relationship between variables.	The study should have investigated more than one variable. Also statistical analysis should have been employed.

Ng'ethe, Iravo and Namusonge	Kenya 2012	Leadership Distributive justice Work environment Salary Promotional opportunities Training and development Autonomy Recognition	Literature was rich and gives a lot of insight into retention in Universities. Nevertheless, though literature reviews are important, empirically research must be conducted in future so that strategies to ameliorate turnover and improve retention can be suggested. All the practices discussed are well known and the researchers did not include new HRM issues.	There should have been some empirical review as well as suggestions to improve retention. Some emerging HRM issues should have been investigated.
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<p>Hong, Hao, Kumar, Ramendran and Kadiresan</p>	<p>Malaysia 2012</p>	<p>Employee empowerment Training and development Appraisal system Compensation</p>	<p>Large sample size of 278 and right use of multiple regression analysis. Statistical Package for the Social Sciences was used to analyse the data. Major findings were very well explained with both diagrams and words and this makes it easy for everyone to understand. Also one contemporary HRM issue – employee empowerment was discussed. The diagrammatical presentation of the study’s conceptual framework was however not very good and needs to be improved.</p>	<p>The researchers should have presented a better conceptual framework to explain the variables being studied. More than one contemporary HRM issue should have been investigated.</p>
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Source: Author (2013)

2.6 The Conceptual Framework

From the foregone, employee retention which is the dependent variable can be influenced by compensation, career management, work life balance and employee engagement as independent variables. Figure 2.6 depicts the model developed for the study and the relationship between the research variables.

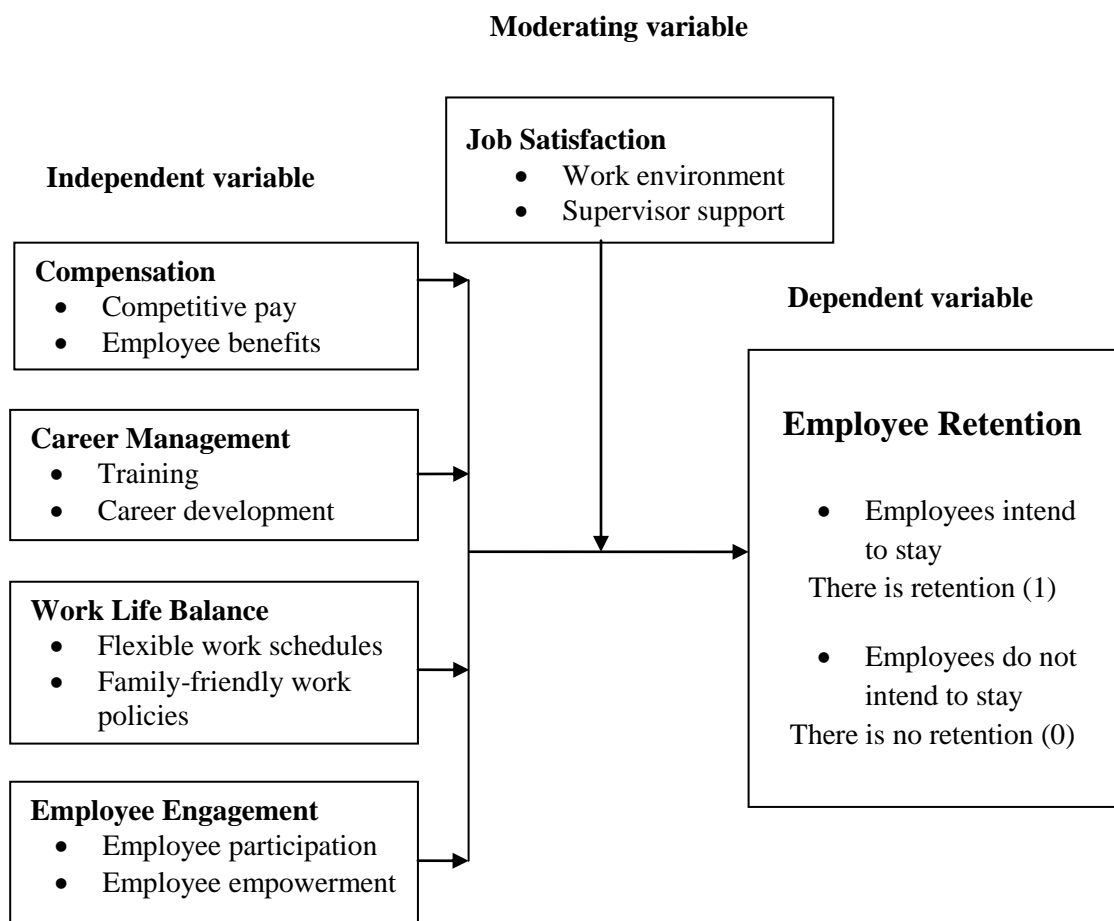


Figure 2.6: Conceptual framework illustrating the relationship between HRM practices and employee retention and job satisfaction as a moderator variable between HRM practices and employee retention.

Source: Author (2013)

From figure 2.6, there are four human resources management practices that can affect employee retention namely, compensation, career management, work-life balance and employee engagement. Job satisfaction is serving as a moderator variable on the effect of HRM practices and employee retention. All these variables have been thoroughly discussed in the empirical review.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a systematic way of solving a problem. It is essentially, the procedures followed by researchers for describing, explaining and predicting phenomena. It provides the work plan of a research. This chapter discusses the methods that were employed by the researcher in carrying out the study. Specifically, the research philosophy, research design, empirical model, target population and study area, sampling procedure, data collection, definition and measurement of variables, reliability and validity, ethical considerations, methods of data analysis and presentation are discussed.

3.2 Research Philosophy

Research philosophy can basically be explained as the justification or foundation for following a particular procedure to undertake the research. The two main conventional paradigms are the positivist and constructivist approaches to research. These different views about the way in which knowledge is developed both play an important role in business and management research (Saunders, Lewis & Thornhill, 2009). The philosophical foundation for this study is however based on the positivist paradigm.

This approach is based on the principle of an objective reality where knowledge is only gained from sense data which can usually be directly experienced and confirmed between different observers (O'Brien, 2001). Bryman (2001) also explains positivism as an epistemological position that promotes the application of the methods of natural sciences to the study of social reality and beyond. The positivist paradigm follows the hypothetico-deductive model which presents social research as an interaction between empirical observation and reason or induction and deduction (Sarantakos, 2005). This approach assumes that knowledge is produced deductively from a theory or hypothesis; hence theories are tested by deriving hypothesis from which the theories are either rejected or otherwise.

Phenomena are subject to natural laws that are discovered in a logical manner by means of empirical testing, using inductive and deductive hypotheses derived from a body of scientific theory. The researcher adopted the positivist approach because it is commonly used in social science research and the constructs being researched can be objectively defined and established through theoretical models, analysed and interpreted. Also the research methods largely depended on quantitative measures with relationships among variables established through mathematical methods. Furthermore the study required the development of some research propositions about the study variables which is eventually tested by use of hypothetico-deductive logic and a causal explanation derived from them.

3.3 Research Design

This study followed an explanatory cross-sectional design. Explanatory study establishes causal relationships between variables. Thus, it attempts to clarify how and why there is a relationship between two or more aspects of a situation or phenomenon. According to Saunders, Lewis and Thornhill (2009), explanatory research is about studying a situation or a problem in order to explain the relationships between variables. Hence explanatory study design was used to determine and explain the relationship between the dependent variable - employee retention and independent variables - compensation, career management, work-life balance and employee engagement. The research was cross-sectional or “snapshot” because the phenomenon, effect of HRM practices on retention was studied at one particular time and not over several years.

Quantitative techniques were used for both data collection and analysis. Quantitative research is a study whose findings are mainly the product of statistical summary and analysis. A structured questionnaire was used to collect data from a large representative sample, so that the result can be applied to the entire population. Also, data was analysed using quantitative methods. This followed the hypothetico-deductive method where hypothesis was formulated based on a review of literature. Data was then collected from a sample of the population and analysed to confirm or disprove the hypotheses. The results were then used to draw inferences from the entire population.

3.4 Empirical Model

Employee retention is a dichotomous binary variable which is measured by employees' intention to quit or stay. Although several statistical techniques can be used for studies such as this, methods such as the least square method, probability regression and discriminant analysis have inherent weaknesses. Among other things, these methods have been found to be less ideal and difficult to use due to their strict statistical assumption. The researcher therefore used logistic regression.

This is because unlike the other models, logistic regression is highly effective at estimating the probability that an event will occur and it offers a new way of interpreting relationships by examining the relationships between a set of conditions and the probability of an event occurring (Sweet & Grace-Martin, 2003). According to Larsen, Petersen, Budtz-Jørgensen and Endahl (2000), using logistic regression to study dichotomous binary variable is easier and includes measures for generating the necessary dummy variable automatically. They also suggest that the method is statistically rigorous in practice and is easier to comprehend. Press and Wilson (2007) also confirm that many researchers prefer logistic regression over other discrete choice models because logistic regression is a straightforward statistical test and has the ability to include nonlinear effects.

Logistic regression was employed to ascertain how well the independent variables - compensation, career management, work-life balance and employee engagement predict the dependent variable - employee retention.

The following logistic regression equation was used for the study:

$$\{P_i = f(Y=1|X_i) = \beta_0 + \beta_1 X_1 + \dots + \beta_n X_n \dots\dots\dots (1)\}$$

Where

P_i = the probability of retention

Y = dependent variable (employee retention)

When Y = 1 intend to stay in the organisation or

When Y = 0 do not intend to stay

The LOGIT model can be linearised as

$$\text{Logit } \{P_i/(1-P_i) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \epsilon \dots\dots\dots (2)\}$$

The dependent variable is the natural log of the probability of Retention (P_i) divided by the probability of No Retention (1-P).

Where:

β_0 = is the Y intercept or constant

$\beta_1 \dots \beta_5$ = coefficient of regression which measures how each independent variable influences the dependent variable that is employee retention.

X_1 = Compensation

X_2 = Career Management

X_3 = Work-Life Balance

X_4 = Employee Engagement

X_5 = Job Satisfaction

ε = Error term

3.5 Target Population and Study Area

The target population for this study include employees in various categories working in the banks operating in Accra, Ghana. The target respondents comprised of officers, middle and top level employees working in the head offices of the banks. At the time of the study, there were 26 universal banks licensed by the Bank of Ghana which is the national banking regulator and categorised as Ghanaian/locally-owned and foreign-owned banks. There were 12 Ghanaian / locally-owned and 14 foreign-owned banks. Appendix C depicts the list of all 26 banks in Ghana. In all, there were about 3,420 employees in the head offices of the selected banks.

The study was undertaken in the Accra Metropolitan Area. This area is located on the east coast of Ghana and was chosen because it has the largest concentration of all the banks as well as their head offices. The capital city, Accra is a bustling commercial and political nerve centre of Ghana. It is the most urbanized city in Ghana and touted as the gateway to West Africa.

3.6 Sampling Procedure

In this study, employees working in 13 out of the 26 banks in Accra were sampled. Both Ghanaian/locally-owned and foreign-owned banks were represented in the sample – there were 6 locally-owned and 7 foreign-owned banks. For each bank sampled, a list of officers, middle and top level employees were obtained from the HR department. The list of employees from all the 13 banks was put together by arranging the names in alphabetical order to constitute the sampling frame. In all the total population of the selected banks was 3420 employees. Out of this number, 10% represented the top level management, 30% represented the middle level employees and 60% represented officers. Table 3.1 depicts the sample distribution of the population.

Multi stage sampling technique was employed in this study. First, the 26 banks were grouped into locally-owned and foreign-owned banks. Then 13 banks were randomly selected from both lists of locally-owned and foreign-owned banks. Stratified random sampling procedure was then used to select employees from the top, middle and officers levels who make up the target population. A sample size of 342 which constituted 10% of the total population was selected. This percentage was chosen because; the ideal sample size of 5-20% of a population is considered acceptable for most research purposes as it provides the ability to generalise for a population (Cresswell, 2003; Sekaran, 2003).

The randomization was done by use of a random numbers table. This was to ensure that, all employees had an equal chance of being selected and also to avoid any bias as well as ensure that the results are reliable and could be generalised.

Although the banks have various branches, the head offices were targeted for this study. This is because apart from being the largest branches, they also house the various departments of the banks. Secondly, most of the banks allowed researchers to collect data only at their head offices.

Also the researcher focused on officers, middle and top level employees because they are more likely to defect to or be poached by other organisations. Secondly they could easily understand and complete the questionnaires by themselves. Also, past studies from other countries indicate that curbing retention at these levels is very important since their turnover can potentially affect the performance of the bank.

Table 3.1: Sample Distribution

Strata	Population frequency	Multiplier factor (10%)	Sample size	Percentage (%)
Top level	342	0.1	34	10
Middle level	1026	0.1	103	30
Officers	2052	0.1	205	60
Total	3420	0.1	342	100

Source: Researcher (2013)

The sample size of 342 from the population of 3420 was determined using the guide line proposed by Krejcie & Morgan (1970). Appendix D shows the sample determination table. The guide gives sample sizes for various population sizes up to 300,000,000 at different confidence levels. The study used the proposed sample size at 95% confidence level and 5% margin of error.

3.7 Data Collection

Data was collected mainly from primary source. Questionnaires were employed for the collection of primary data from the selected employees in the chosen banks. The questionnaire was composed of seven (A-G) different sections. Sections (A-D) consisted of questions relating to the independent variables namely compensation, career management, work-life balance and employee engagement. Section E focused on questions relating to the moderating variable, job satisfaction. Section F concentrated on the dependent variable, employee retention while section, G, covered the socio-demographic characteristics of respondents. There were both close and some open ended questions however, most of the questions were stated in a five-point likert scale (strongly disagree – strongly agree).

3.8 Measurement of Variables

The explanatory variables included in the empirical model are compensation, career management, work-life balance and employee engagement. This is presented in Table 3.2. The variables were hypothesized to affect employee retention either negatively or positively.

Table 3.2: Measurement of Variables

Variables	Category	Operationalisation	Measure / Question Number (QN)
Employee Retention	Dependent Variable	A voluntary move by an organisation to create an environment which keeps and engages employees for a long time.	2 items; Open ended and Yes & No questions. Section F QN 45-46
Compensation	Independent Variable	Total reward received by an employee in exchange for services performed for an organisation. It can include both direct pay (salary and wages) and indirect pay (benefits programmes).	5 items; Five-Point Likert Scale Section A QN 1-5
Career Management	Independent Variable	Schemes that organisations put in place to assist employees to properly plan, carry out and attain their career plans in concert with the organisation's career systems. It can be achieved through the introduction of training and development programmes for employees.	8 items; Five-Point Likert Scale Section B QN 6-13

Work-Life Balance	Independent Variable	This involves a supportive working environment or variety of interventions that gives employees a measure of control over or enables them to balance their careers and family lives. Thus, giving employee more choice about the time and location of work, the most common examples are flexible working opportunities, part-time working and working from home.	11 items; Five-Point Likert Scale Section C QN 14-24
Employee Engagement	Independent Variable	An organisational initiative to get employees to be fully involved in, motivated, enthusiastic and committed to the organisation and its values and thus act in a way that furthers the interests of the organisation. Thus, it involves initiatives that encourage employees to willingly use their ingenuity and discretionary effort to display creativity for the success of their organisation.	9 items; Five-Point Likert Scale Section D QN 25-33
Job Satisfaction	Moderating Variable	Can be described as the extent to which employees like and are content with their occupation and willing to work for their organisation provided they get fair rewards in exchange of their services. It is basically an individual's reaction to the job experience. In this study it is explained by work environment and supervisor support.	11 items; Five-Point Likert Scale Section E QN 34-44

Source: Author (2013)

3.9 Reliability and Validity

Reliability and validity of the research instruments are of great importance in any research. Researchers are expected to properly consider them when designing and judging the quality of a study.

3.9.1 Reliability

Reliability refers to the degree to which measures are free from random error and therefore yield consistent results (Zikmund 1997). According to Sekaran (2003) reliability of a measure is an indication of the stability and consistency with which the instrument measures the concept and helps to assess the goodness of the measure. Thus the extent to which any measurement procedure produces consistent results over time and an accurate representation of the total population under study is referred to as reliability. The research used Cronbach's Alpha as a measure of internal consistency. Cronbach's Alpha is a reliability coefficient that indicates how well items in a set are positively correlated to one another (Sekaran, 2003).

According to Darren and Mallery, (2001), coefficient alpha is a measure of internal consistency based on the formula $\alpha = rk / (I + (K-I) r)$, where k is the number of variables in the analysis and r is the mean of the inter-item correlation. They however caution that the alpha value is inflated by a larger number of

variables so there is no set interpretation as to what is acceptable. Nevertheless, a rule of thumb that applies to most situations is given as:

$\alpha > .9$ – excellent

$\alpha > .8$ – good

$\alpha > .7$ – acceptable

$\alpha > .6$ – questionable

$\alpha > .5$ – poor

$\alpha < .5$ – unacceptable

Table 3.3 is a summary of the reliability test based on the Cronbach alpha coefficient for the five scales items in the survey instrument. The Cronbach alpha value was mainly 0.8 and is thus considered as good.

Table 3.3: Summary of Reliability Test from Employee Responses on Scale Items

Scale	No. of item	Cronbach Alpha
Section A1 - A5 (compensation)	5	.807
Section B6 - B13 (career management)	8	.902
Section C14 - C24 (work-life balance)	11	.852
Section D25 - D33 (employee engagement)	9	.803
Section E34 - E44 (job satisfaction)	11	.934
Total	44	.955

Source: Field Data, 2013

An alpha of 0.7 or above is considered to be reliable as suggested by many researchers (Davis 2000; Nunnally 1978). Sekaran (2003) also affirms that normally, reliabilities of 0.7 range is considered acceptable and over 0.8 is good. In this study the Cronbach alpha coefficient values ranged from a low of .803 to a high of .934 with an overall Cronbach alpha coefficient value of .955. Thus with regard to the individual scale items in Table 3.3, the Cronbach alpha coefficients obtained for the various scales which was mainly 0.8 is considered as good.

3.9.2 Validity

Validity on the other hand, can be described as the extent to which the instrument measures what it purports to measure. According to Healy and Perry (2000), validity determines whether the research truly measures that which it was intended to measure. Thus validity measures how truthful the research results are or the extent to which scores truly reflect the underlying variable of interest. Faux (2010) asserts that an effective and practical approach to pre-testing questionnaire instruments is to ensure that the questionnaire is understood by participants. Also, the benefits of the approach are improved questionnaire reliability and planning which results in better response rates (Faux, 2010). After the design, the questionnaire was given to supervisors and experts for their comments and suggestions. This was done to ensure refinement and content validity.

Whilst testing validity with experienced researchers is crucial, it is also important to pre-test instruments on potential respondents. Hence a pre-test was carried out with two banks in Cape Coast (Barclays and Zenith banks) to firm up the data collection instruments before the main survey. The banks in the pre-test were not included in the final sample. Feedback was used to improve the data collection instruments by eliminating any ambiguities and inadequate terms. The pre-test was used to enable the researcher to check the validity of the instrument of data collection. It enabled the researcher to assess the clarity of the questionnaire so that items found to be superfluous and misunderstood were modified to improve the quality of the research instrument, thereby increasing its strength and validity.

3.10 Ethical Considerations

Ethics in research has to do with the responsibility of researchers to be honest and respectful to all individuals who are affected by the research studies or reports of the results of the studies (Gravetter & Forzano, 2006). Gaining the trust of respondents and their willingness to support the researcher's role is a step in the right direction, but it is the recognition of the relevance of ethical principles that must guide any research (Orb, Eisenhauer & Wynaden, 2001). To ensure that ethical principles were upheld, the researcher obtained an introductory letter from the School of Business, Kenyatta University and University of Cape Coast. This letter was forwarded to the head offices of the selected banks. It also served as

identification when the Researcher sought appointments with the heads of the selected banks under study.

Data collection took place in Accra, Ghana. It commenced in December 2012 and lasted for two months. This study upheld the highest ethical standards with regard to issues such as informed consent, confidentiality, privacy and anonymity. Participants were given the needed information and allowed to make an independent decision as to whether to partake or otherwise. Also information gathered was used solely for the intended purpose. Questionnaires were then self administered by the sampled population.

3.11 Methods of Data Analysis and Presentation

Both descriptive and inferential statistical techniques were used to analyse the data. Descriptive statistics such as mean, percentages and standard deviation were employed to present the responses obtained from the respondents. Statistical Product and Service Solution (SPSS) (formerly known as Statistical Package for Social Sciences) version 20.0 was employed to further analyse the data. Also tables and a chart were used for data presentation. Correlation was used to test the strength of the relationship between the variables. Finally, logistic regression was employed to test the hypotheses.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents the results of the study. Among the issues discussed are the socio-demographic characteristics of respondents, retention of employees and HRM practices namely compensation, career management, work-life balance and employee engagement. The moderating variable which is job satisfaction among employees is also analysed. The chapter finally presents the result of the Binary Logistic Regression model which was used to test the hypotheses of the study.

4.2 Response Rate

Three hundred and forty two respondents were targeted for the survey hence the same number of questionnaires was sent out. However, out of this number, 260 questionnaires were received out of which 30 were poorly or inappropriately filled and were therefore not used in the analysis. In all a total number of 230 questionnaires were used and this represents 67.3%. Table 4.1 depicts the distribution of the responses based on the various ranks sampled. The response rate of 67.3% was deemed adequate for both the analysis and interpretation of the data and hence used in that regard.

Table 4.1: Distribution of Total Responses

Rank	Total Population	Target Sample	Actual Response	Response Percentage
Top level	342	34	17	7.4
Middle level	1026	103	76	33
Officer /Supervisory level	2052	205	137	59.6
Total	3420	342	230	100

Source: Fieldwork, 2013

4.3 Socio-demographic Characteristics of Respondents

Descriptive statistics such as frequencies and percentages relating to the socio-demographic characteristics of respondents are presented in Table 4.2. More than half of the respondents (59.6%) were males, which is not surprising because most people want to work in the banks due to the benefits but the long working hours render the industry problematic for females.

Table 4.2: Socio-demographic Characteristics of Respondents

Socio-demographic Characteristic	Frequency	Percent
Gender		
Male	137	59.6
Female	93	40.4
Total	230	100.0
Age		
Below30	77	33.5
30-39	106	46.1
40-49	32	13.9
50 and above	15	6.5
Total	230	100.0
Marital status		
Single	94	40.9
Married	127	55.2
Separated	4	1.7
Divorced	2	0.9
Widowed	3	1.3
Total	230	100.0
Level of education		
Diploma	6	2.6
Bachelor degree	125	54.3
Masters degree	74	32.2
Professional	25	10.9
Total	230	100.0
Monthly income		
Below GH¢1000	32	13.9
GH¢1000-1499	53	23
GH¢1500-1999	62	27
GH¢2000-2499	33	14.3
GH¢2500 or more	50	21.7
Total	230	100.0

Number of dependants	107	46.5
No dependant	90	39.1
1-3	27	11.7
4-6	6	2.7
More than 6	230	100.0
Total		
Current rank		
Officer / supervisory level	137	59.6
Middle management level	76	33.0
Top management level	17	7.4
Total	230	100.0
Length of service		
1-5 years	142	61.7
6-10 years	54	23.5
11-15 years	16	7.0
16-20 years	7	3.0
21-25 years	4	1.7
26-30 years	5	2.2
31-35 years	2	0.9
Total	230	100.0

Source: Fieldwork, 2013

The majority of employees (46.1%) were in the economically active age group of (30-49 years) with only 6.5% being 50 years or more. Due to the relative youthful nature of the respondents, 46.1% had no dependents although more than half of them (55.2%) were married while 40.9% were single. The level of education of respondents was mostly bachelor's degree (54.3%) due to the fact that respondents were officers, middle and top management personnel and usually, a first degree is required for such positions. The monthly income of respondents however varied significantly. Out of 230 respondents, only 13.9% received below GH¢1000 with 21.7% earning GH¢2500 or more. Most of the

respondents (61.7%) had been working in their organisations for not more than five years. Only 13.9% had been working for between 11-35 years. In terms of rank, 59.6% were at the officer/supervisory level, 33% at middle management level and only 7.4% at the top management level. This depicts a pyramid structure which is usually the norm in organisations since the highest rank is usually made up of very few numbers.

4.4 Human Resource Management Practices

This section presents employees' perceptions of HRM practices in four key areas namely compensation, career management, work-life balance and employee engagement. Respondents were asked to indicate the extent to which they agreed to statements relating to HRM practices undertaken by their organisations on a five-point likert scale (1 = strongly disagree – 5 = strongly agree).

4.4.1 Compensation

Compensation was measured based on both intrinsic and extrinsic rewards or pay and benefits. It is not only in the form of money, but also in non-cash form. A number of studies have shown that compensation satisfaction plays an important part in employee retention (Hong, Hao, Kumar, Ramendran & Kadiresan, 2012; Khan, 2010).

Although there is a general agreement that compensation levels do not single-handedly guarantee employee retention, it is an essential starting point in most strategies to attract and retain employees (Chew, 2004).

Table 4.3: Compensation

Statement	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean	Std. Dev.
I earn more than others who occupy similar positions in other banks.	13.9	25.2	31.7	25.2	3.9	2.80	1.087
The non-monetary benefits that I receive here are better than those I could get at other banks.	6.1	21.3	34.8	35.2	2.6	3.07	0.955
People who are hard working and results-oriented are praised and rewarded in the organisation.	4.8	11.7	30.0	47.0	6.5	3.39	0.945
The salary and benefits I receive in this organisation is commensurate with my responsibilities.	7.8	24.3	22.2	41.3	4.3	3.10	1.067
Compensation is satisfactorily reviewed from time to time.	6.1	17.0	24.3	44.8	7.8	3.31	1.040

Source: Fieldwork, 2013

From Table 4.3, the mean scores for the responses suggest respondents' neutrality (i.e. neither agree nor disagree) to the statements on compensation by their organisations. It appears respondents were oblivious of how employees of other banks were compensated. Therefore they could not tell whether they received better compensation than their counterparts in other banks. The mean of 2.80 implies that employees neither agreed nor disagreed with the statement 'I earn more than others who occupy similar positions in other banks'. Also the mean of 3.10 means that the respondents were neutral about the salary and benefits they received being commensurate with their responsibilities.

4.4.2 Career Management

Statements relating to career management focused mainly on training and career development. Huselid (1995) has suggested that HRM practices such as providing training are important determinants of employee retention. Again, the mean scores of responses suggest that respondents were generally indifferent to questions on career management as shown in Table 4.4. However, on the issue of their organisations sometimes sponsoring them to participate in training or career development programmes, there was agreement (Mean = 3.64). This means the banks offer training opportunities for employees as part of their career advancement. Therefore, they agreed that there were opportunities for career advancement (Mean = 3.57).

Table 4.4: Career Management

Statement	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean	Std. Dev.
I have received sufficient training in this organisation to enable me do my job effectively.	3.9	20.9	24.3	37.8	13.0	3.35	1.071
This organisation has assigned me a mentor who advices me on my career plans.	13.9	34.8	22.2	27.0	2.2	2.69	1.081
This organisation provides opportunities for training and career development.	9.1	17.0	19.6	46.1	8.3	3.27	1.121
There are better career and learning opportunities in this organisation as compared to others.	5.7	13.5	31.7	41.7	7.4	3.32	0.989
My organisation sometimes sponsors me to participate in training or career development programmes.	3.9	11.3	15.2	56.1	13.5	3.64	0.982

The training I receive for my current job is adequate.	5.7	26.1	27.8	35.2	5.2	3.08	1.023
There are opportunities for me to advance in my career.	3.9	10.0	19.6	58.3	8.3	3.57	0.921
My supervisor takes an interest in my professional growth and career development.	5.7	10.9	23.5	48.7	11.3	3.49	1.018

Source: Fieldwork, 2013

With the mean scores of 3.57 and 3.64 respectively, the respondents agreed to the statements ‘there are opportunities for me to advance in my career’ and ‘my organisation sometimes sponsors me to participate in training or career development programmes’. On the statement as to whether they had received sufficient training in their organisations to enable them to do their jobs effectively, employees were again neutral with the mean of 3.35.

This could mean that about half of respondents thought the training they had received was not adequate for them to perform effectively on their jobs. Mentoring also appeared not to be a common career management practice by the banks since most of the respondents were indifferent about the statement to the

statement ‘this organisation has assigned me a mentor who advises me on my career plans’.

4.4.3 Work-life Balance

Work-life balance programmes recognise that employees have important family and other obligations that compete with their workplace commitments and they therefore need some level of flexibility in their work schedules so as to stabilise these needs. Work-life balance can also make organisations more attractive and boost retention particularly to employees who have strong family ties and will look for an organisation that supports their life outside the workplace (Honeycutt & Rosen, 1997).

Table 4.5 shows that generally, respondents were neutral to most of the statements regarding work-life balance in their organisations. However, as to whether employees were allowed to work for longer days per week so as to get a day off, there was disagreement (Mean = 2.36). Meaning this was a rare practice among the banks. The same applied to employees being allowed to work from home (Mean = 2.40).

Table 4.5: Work-life Balance

Statement	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean	Std. Dev.
My working life balances well with my family life.	8.7	26.1	33.0	30.9	1.3	2.90	0.982
My organisation offers flexibility as to when to start and end the day's work.	15.2	25.2	18.7	34.3	6.5	2.92	1.210
My organisation allows working for longer days per week to get a day off.	25.2	36.1	18.7	17.8	2.2	2.36	1.107
My organisation offers flexibility as to when to start and end the day's work.	15.7	27.4	30.0	26.1	0.9	2.69	1.051
Other banks do not offer better work-life balance than my organisation.	6.5	23.9	43.9	25.2	0.4	2.89	0.872
Once I notify my supervisor, I am sometimes allowed to work from home.	25.2	30.9	23.5	19.6	0.9	2.40	1.092

I can easily take time off for 'home crisis' such as flooding, accidents or illness involving loved ones	1.3	13.0	22.6	50.9	12.2	3.60	0.909
I am satisfied with the amount of time I spend at work	8.7	16.1	25.7	44.8	4.8	3.21	1.053
I have the time and energy to fulfil my responsibilities outside of work.	6.1	22.2	29.1	36.5	6.1	3.14	1.029
My ability to achieve the desired balance between work and family life is a source of good health.	2.2	10.4	28.7	47.4	11.3	3.55	0.903
I think that if employees have good work-life balance the organisation will be more effective and successful	1.3	3.5	10.9	53.5	30.9	4.09	0.818

Source: Fieldwork, 2013

However there was a general agreement to the statement 'I think that if employees have good work-life balance the organisation will be more effective and successful' (Mean = 4.09). This shows that work-life balance issues are important to the employees. Although there appears to be some minimal level of work-life balance, generally it appears issues on work life balance are not given much attention by management of the banks.

4.4.4 Employee Engagement

According to the Corporate Leadership Council (2004) engagement does not only have the potential of extensively affecting employee retention, productivity and loyalty, it is also a key link to company reputation, customer satisfaction and overall stakeholder value. The results of employee's perception of employee engagement practices in their organisations are presented in Table 4.6.

Table 4.6: Employee Engagement

Statement	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean	Std. Dev.
I care about the success of this organisation.	0.0	0.9	8.3	49.1	41.7	4.32	0.660
Communication across all levels in this organisation is good.	0.9	14.8	20.9	53.5	10.0	3.57	0.892
I am proud to tell others that I am a member of this organisation.	0.0	2.2	16.5	59.6	21.7	4.01	0.687
I am prepared to put in a great deal of effort beyond what is normally expected in order to help this bank to succeed.	0.0	3.9	7.0	61.3	27.8	4.13	0.700
I feel a strong sense of belonging to this organisation.	0.9	6.5	25.7	49.1	17.8	3.77	0.850
This organisation recognises and rewards employee loyalty.	7.4	12.2	30.9	39.6	10.0	3.33	1.054

I plan to build my career with this organisation.	3.0	7.4	37.0	45.7	7.0	3.46	0.849
My supervisor creates a motivating and supportive work climate.	3.5	7.0	23.0	56.1	10.4	3.63	0.890
My supervisor recognizes and values my ideas, suggestions and opinions.	2.2	3.5	25.2	54.8	14.3	3.76	0.821

Source: Fieldwork, 2013

Compared to the other HRM practices, it appears the banks were taking more serious steps to engage their employees since respondents agreed to all the statements relating to employee engagement except with two issues which they were not sure of. These were with regard to their organisations recognising and rewarding employee loyalty (Mean = 3.33) and they planning to build their careers with their present organisations (Mean = 3.46). This is encouraging and presupposes that probably the banks have some policies that encourage retention.

The mean score of 4.32 suggests that, there was agreement on the question ‘I care about the success of this organisation’. It appears employees were committed to the success of their organisations and were even prepared to put in more effort than was required under normal circumstances. On the statement ‘I am prepared

to put in a great deal of effort beyond what is normally expected in order to help this bank to succeed' the mean = 4.13. This is a healthy sign because engaged employees usually exhibit a lot of commitment to the success of their organisations (Markos & Sridevi, 2010). Generally, it appears the organisation is fostering engagement and the employees in the banks were happy with the level of engagement. Most of them cared about the success of their organisations and were proud to tell others that they were members of their organisations.

4.5 Job Satisfaction

The mean scores for employees perception of job satisfaction suggest that they were generally satisfied with their jobs. Except for management treating them like professionals and allowing them to use their discretion in their jobs and their ability to fully utilise their skills, abilities and experience in their present positions which had mean scores of 3.45 and 3.41 respectively, suggesting that generally, they neither agreed nor disagreed. This is shown in table 4.7.

Table 4.7: Job Satisfaction

Statement	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean	Std. Dev.
The working conditions are good and safe.	4.3	11.7	21.7	53.0	9.1	3.51	0.966
The organisational structure facilitates teamwork, which enhances effective accomplishment of tasks.	0.0	11.3	23.0	55.7	10.0	3.64	0.811
Management has created a comfortable work environment.	1.7	8.7	26.1	54.3	9.1	3.60	0.838
My superiors make themselves easily accessible to discuss issues pertaining my job and personal needs.	1.7	9.6	21.3	55.7	11.7	3.66	0.871
I receive recognition or praise for doing a good work.	3.5	7.0	21.3	55.2	13.0	3.67	0.912
My performance is appraised and my progress discussed from time to time.	3.5	9.1	19.1	55.7	12.6	3.65	0.936

Management treats me like a professional and allows me to use my discretion in my job.	5.7	11.7	23.0	50.9	8.7	3.45	1.000
I am fully able to utilize my skills, abilities and experience in my present position.	3.0	15.2	30.9	39.6	11.3	3.41	0.979
I have a clear understanding of performance standards and expectations to successfully perform my job.	3.5	4.3	17.8	59.1	15.2	3.78	0.879
My work gives me a feeling of personal accomplishment.	3.5	7.4	26.5	53.5	9.1	3.57	0.887
I can work autonomously on my work assignments.	1.3	6.1	19.1	60.9	12.6	3.77	0.794

Source: Fieldwork, 2013

The responses under job satisfaction presuppose that, the majority of employees were content with the working conditions and the work environment of their organisations as well as their relationship with their management. This is good for employee retention since employees who are satisfied with their jobs are more likely to remain loyal to their organisations. As Rajendran and Chandramohan, (2010) put it; job satisfaction is of major importance because it influences the efficiency of employees and also positively affects job behaviour such as absenteeism and employee turnover.

4.6 Retention of Employees

Respondents were asked to indicate the number of people who have left their organisations over the previous year. This is depicted in table 4.8. The majority of respondents (61.3%) stated that between 1-10 people had left, 26.5% mentioned between 11-20 people, 8.7% indicated between 21-30, with only 1.7% indicating that between 31-40 and 41-50 employees respectively had left the organisations in the last year.

Table 4.8: Number of Employees who left Last Year

Number of employees	Frequency	Percent
1-10	141	61.3
11-20	61	26.5
21-30	20	8.7
31-40	4	1.7
41-50	4	1.7
Total	230	100.0

Source: Fieldwork, 2013

This means that normally between 1-10 employees were perceived to have left the banks in a year. Although 1-10 employees leaving throughout a year may not represent a very high number, it is still a worrying sign. No matter how small the turnover rate, the costs of replacement could be substantial since the cost of replacing an employee usually amounts to a quarter of his/her annual salary (Chew, 2004).

The intention of employees to remain with their organisations in future was used as a proxy to determine the retention rate in the banks.

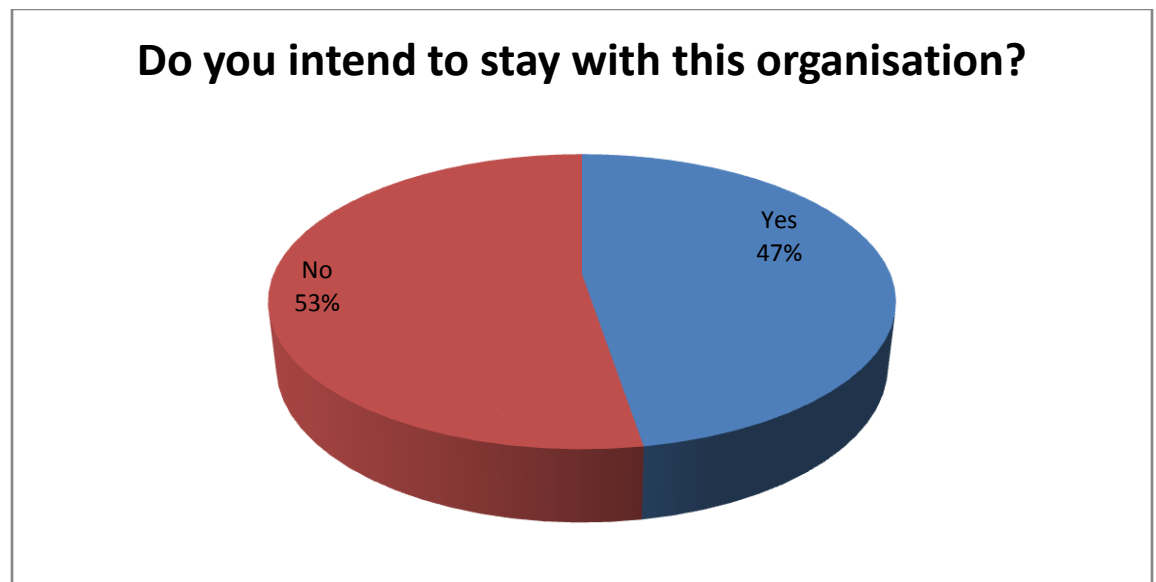


Figure 4.1: Employees' intention to stay with their organisations

Source: Fieldwork, 2013

From Figure 4.1, it can be deduced that the banks could retain 47% of their employees. These were those who indicated that they will remain with their organisations even if they are offered better opportunities elsewhere. This means that more than half (53%) of employees will leave their organisations if offered better opportunities elsewhere. Although it cannot be categorically stated that there is no retention in the banks, having a higher percentage of employees looking for other options is not healthy.

4.7 Testing of Hypotheses

It was hypothesized that employee retention is influenced by HRM practices. Also, job satisfaction moderates the effects of the HRM practices on employee retention. A Binary Logistic Regression model was used to predict the effects of HRM practices on employee retention. The Binary Logistic Regression Analysis was employed because the dependent variable (employee retention) is a categorical variable with two categories and was coded in a binary function (**0** = do not intend to stay; and **1** = intend to stay).

The following logistic regression equation was used for the study:

$$\{P_i = f(Y=1|X_i) = \beta_0 + \beta_1X_1 + \dots + \beta_nX_n \dots\dots\dots (1)\}$$

Where

P_i = the probability of retention

Y = dependent variable (employee retention)

When Y = 1 intend to stay in the organisation or

When Y = 0 do not intend to stay

The LOGIT model can be linearised as

$$\text{Logit } \{P_i/(1-P_i) = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \epsilon \dots\dots\dots (2)\}$$

The dependent variable is the natural log of the probability of Retention (P_i) divided by the probability of No Retention (1-P).

Where:

β_0 = is the Y intercept or constant

$\beta_1 \dots \beta_5$ = coefficient of regression which measures how each independent variable influences the dependent variable that is employee retention.

X_1 = Compensation

X_2 = Career Management

X_3 = Work-Life Balance

X_4 = Employee Engagement

X_5 = Job Satisfaction

ϵ = Error term

4.7.1 Multicollinearity Test

Before the analysis, a multicollinearity diagnostic test was conducted to ensure that the data was suitable for logistic regression analysis. Multicollinearity refers to a situation in which two or more explanatory variables in a regression model are highly linearly related. There is a perfect multicollinearity if the correlation between two independent variables is equal to 1 or -1.

Table 4.9: Correlation matrix for main effects of the binary logistic regression

Variable	1	2	3	4	5	6
1. Constant	1					
2. Compensation	-0.137	1				
3. Career management	-0.002	-0.278	1			
4. Work-life-balance	-0.199	-0.165	-0.151	1		
5. Employee engagement	-0.504	-0.129	-0.081	-0.118	1	
6. Job satisfaction	-0.117	-0.021	-0.317	-0.174	-0.466	1

Source: Fieldwork, 2013

Cooper and Schindler (2008) recommend a correlation value of 0.8 or greater to denote multicollinearity between two variables. From Table 4.9, none of the correlation values was 0.8 or greater, rendering the variables suitable for the logistic regression analysis.

Table 4.10 presents the results of two Binary Logistic Regression models. In the first model, the HRM practices together with the moderating variable were entered. In the second model, the interaction effect of the moderating variable

(job satisfaction) was assessed. The output comprises of B , Wald's X^2 , odds ratio ($\exp B$) and the significance value (P -value). The Wald's X^2 tests the significance of each contributor by holding others constant whilst the odds ratio shows the degree of importance each individual predictor has on the entire model.

Table 4.10: Results of Binary Logistic Regression Analysis

Variable	Model				Interaction Model			
	B	Wald's X^2	Odds Ratio	Sign.	B	Wald's X^2	Odds Ratio	Sign.
Constant	-2.867	5.928	0.057	0.015	-6.463	1.297	0.002	0.255
Compensation	0.097	4.099	1.102	0.043	0.643	4.489	1.902	0.034
Career management	-0.025	0.599	0.975	0.439	0.072	0.136	1.074	0.712
Work-life balance	-0.093	12.821	0.911	0.000	0.000	0.000	1.000	0.999
Employee engagement	0.094	4.935	1.099	0.026	-0.209	0.863	0.811	0.353
Job satisfaction	0.046	2.141	1.047	0.143	0.133	0.822	1.142	0.365
Compensation x job satisfaction					-0.014	3.388	0.986	0.066
Career management x job satisfaction					-0.002	0.212	0.998	0.645
Work-life balance x job satisfaction					-0.002	0.280	0.998	0.597
Employee engagement x job satisfaction					0.008	1.835	1.008	0.176
		Model X^2				Model X^2		
			29.806,				34.492,	
			$P < 0.01$				$P < 0.01$	
		Pseudo R^2	0.122			Pseudo R^2	0.139	

Source: Fieldwork, 2013

On the whole, both models were significant and fit quite well at $P < 0.01$ with pseudo R^2 values (Cox and Snell R Square) of 0.122 and 0.139 respectively, meaning the independent variables account for only about 12% and 13% respectively for the variance in employee retention, meaning there are other variables accounting for the variance in employee retention which have not been included in this model. However, Spicer (2004) suggests that the two different R^2 measures might be viewed as tentative indicators of the range within which the actual influence of the independent variables on the dependent variable lies as such; they should at best be treated with caution or avoided.

According to Kinnear and Gray (2002), for a predictor variable to be considered significant to a model, it must have a combined odds ratio value of more than 1 and a significance value of less than 0.05. Based on this, the predictors (HRM practices) that could significantly predict employee retention were compensation, work-life balance and employee engagement.

The role of job satisfaction in moderating the effects of the HRM practices on employee retention was however insignificant. Hypotheses $H_1 - H_5$ are hereby tested through a Binary Logistic Regression analysis.

4.7.2 Effect of Compensation on Retention

H₀₁ Compensation does not have a significant effect on employee retention in the banks in Ghana.

From Table 4.10, the effect of compensation on employee retention was significant in the model ($B = 0.097$, $\exp B = 1.102$, $p < 0.05$). The odds ratio of 1.102 means that a unit increase in compensation will lead to 1.102 times more likelihood of employees staying with their organisations. The null hypothesis that compensation does not have a significant effect on employee retention is thus rejected.

The result compares with previous studies by Chew and Chan (2008) and Hong, Hao, Kumar, Ramendran and Kadiresan (2012) who found out that effective compensation reduces employee turnover and increases retention. Whiles Chew and Chan, (2008) employed a Structural Equation Model to establish that remuneration positively predicted organisational commitment and intention to stay on a job; Hong, Hao, Kumar, Ramendran and Kadiresan, (2012) used regression analysis and found out that, there is a significantly positive relationship between compensation and retention.

According to March and Simon (1958) as long as an organisation pays an individual monetary inducement that matches or exceeds the individual's input into the organisation; the individual will remain a member of the organisation.

Another reason why compensation influences retention is that employees who receive good compensation may feel that they are appreciated by the organisations for their performance and contributions (Lai, 2011). They may then be motivated to contribute more and also stay with the organisation. Thus employees place a lot of value on compensation and it is therefore not surprising that compensation has a positive significant relation on employee retention.

4.7.3 Effect of Career Management on Retention

H0₂ Career management does not have a significant effect on employee retention in the Ghanaian Banks.

The effect of career management on the retention of employees of banks in Accra was however found to be insignificant ($B = -0.025$, $\exp B = 0.975$, $P > 0.05$). The null hypothesis could therefore not be rejected. There is evidence that employee retention is not significantly influenced by career management practices. The negative coefficient means an inverse relationship between career management and retention. An increase in career management results in a decrease in the intention to stay with an organisation by 0.98 times.

This result is consistent with that of Chew and Chan, (2008). However, it contradicts the results of studies by Fey, Bjoörkman and Pavlovskaya (2000); Hong, Hao, Kumar, Ramendran and Kadiresan (2012); and Lam, Chen and

Takeuchi (2009) who found a significant relationship between career management and retention.

Career management can be likened to the recognition, status or self-esteem in the Maslow's hierarchy of needs theory and advancement and growth (the motivators or satisfiers) in Herzberg's theory. These theories indicate that if a certain level of need manifests and it is not satisfied there is the tendency that employees will be dissatisfied and not motivated to stay.

The insignificant relationship between career management and retention was however unexpected because generally, providing training and development opportunities for employees is a valuable HR activity expected to enhance their self esteem, morale, and satisfaction. Employees are deemed to acquire additional knowledge, skills, and abilities and subsequently increase their performance, commitment and retention. Lee and Bruvold (2003) for instance established that comprehensive training activities are positively related to productivity and reduce staff intention to leave. The indication that employees may not necessarily stay as the organisation increases the provision of training and development could be due to some explainable reasons.

The paramount justification may be that usually when employees are trained they acquire extra knowledge and expect to be promoted and compensated accordingly. When this expectation is not met, there is a high likelihood that the employees may decide to leave the organisation.

Also, the fact that employee retention is not significantly influenced by career management practices could be due to disparity between training and career development and personal growth needs of the employee. Thus the organisation could be providing generalised training but it may not be relevant to the needs of the employees at the time. The Price and Mueller (1981) model of turnover suggested that generalised training weakens an individual's intention to remain with the organisation. The organisations may therefore need to identify appropriate training and career development needs for individual employees (Wetland, 2003).

Another reason could be that the training being given may have been repeated over and again. Training and development is expected to generate tangible outcome such as increased capability, quality of products and services and productivity (Khan, 2010). However, if employees have received the skill already then it will definitely not be of use to them again and will therefore not compel them to stay on the job. Thus the actual results of the training by way of productivity will not be seen either by the individual or even the organisation.

Also, delivery of the training itself could be a de-motivator to an employee. Personnel to handle the training programme, time spent on training, materials to be used and facilitation of the training itself could affect the impact of the training on the individual (Snell & Bohlander, 2007). If the employee does not receive the expected benefit from the training he/she will be dissatisfied. Most employees' view training as a symbol of their employer's commitment to them, if this need is not fulfilled, such employee may not see the need to remain with the organisation even if further training is promised.

4.7.4 Effect of Work-life Balance on Retention

H₀₃ Work-life balance does not have a significant effect on employee retention in the banks in Ghana.

Work-life balance was another HRM practice that significantly influenced employee retention ($B = -0.093$, $\exp B = 0.911$, $P < 0.01$). Hypothesis H₀₃ is therefore rejected. The negative coefficient and odds ratio however shows that there is an inverse relationship between work-life balance and retention in the sense that a unit increase in work-life balance results in a slight reduction (by 0.91 times) in the likelihood of employees staying with their organisations.

It is not surprising that work-life balance has a significant effect on employee retention because families play important roles in the lives of individual employees. Work life balance is seen as the process for reconciling work, family

and individual self demands and time. When an organisation recognises that employees have important family and extra organisational obligations that equally compete with their work commitment and assist their employees to strike a more meaningful and less stressful balance they are more likely to stay with that organisation. However, conflict between the two essential dimensions of human activity can be the basis for both job dissatisfaction and family conflicts and hence intention to leave an organisation (Deery, 2008).

Research on work-life balance as HRM practice on employee retention is scanty. It is often cited as a work related issue that will make employees stay on the job. In discussing their findings on the study on employee attraction and retention, Hutchings, De Cieri and Shea (2011) identified a need for employers to give greater attention to work-life balance issues. They established that it is important for employers to give greater attention to work life balance issues since they tend to lead to retention. Their findings compare with this research.

The inverse relationship could however mean that the work-life balance needs of employees do change overtime. For instance, employees with young children will no longer need flexible work schedules if their children become of age. Again an employee who is taking care of an elderly dependent may not require the flexibility if another relative decides to relieve him or her of the care taking duties.

Work life balance is generally appealing particularly for employees with strong family ties and commitment; without it some employees may have to desert their careers since they may be raising young children or have to deal with other domestic issue at a certain stage in their life. Researchers have found that work-life balance benefits are attractive even to those with no strong family obligations since it promotes the notion that the organisation is supportive of employees' personal needs and cares about their well-being (Casper & Buffardi, 2004). Also the accessibility of work-life balance practices has been related to increased affective commitment and decreased turnover intentions (Wood & de Menezes, 2008).

4.7.5 Effect of Employee Engagement on Retention

H0₄ Employee engagement does not have a significant effect on employee retention in the Ghanaian banks.

The effect of employee engagement on employee retention was also significant ($B = 0.094$, $\exp B = 1.099$, $P < 0.05$). Thus the null hypothesis is rejected. Employee engagement has a significant effect on retention. A unit increase in employee engagement results in a 1.099 times increases in retention.

There has been limited research on employee engagement because it is a relatively new concept (Macey & Schneider, 2008). However the result of this study is consistent with the literature found on The Gallup Organisation (2006)

research. They established critical links between employee engagement and retention. The findings from Truss *et al.* (2006) in their research ‘working life: employee attitudes and engagement’ also confirm this since they found that, overall, engaged employees are less likely to leave their employer. Employee engagement has been shown to have a significant relationship with productivity, profitability, and employee retention (Bhatnagar, 2007).

Baumruk, (2006) also found that organisations with higher engagement levels have lower employee turnover, higher productivity and better results. Generally, engaged employees are highly involved in their jobs, go beyond their employment contractual agreement and remain with their organisation for a long period of time (Towers Perrin Report, 2003). Also research have indicated that organisations with engaged employees have higher employee retention as a result of reduced intention to leave and turnover leading to increased productivity, profitability and growth (Markos & Sridevi, 2010).

4.7.6 Moderating Effect of Job Satisfaction

H0₅ Job satisfaction does not have a moderating effect on the relationship between HRM practices and employee retention in the banks in Ghana.

It was hypothesized that job satisfaction does not moderate the effect of the HRM practices on employee retention. From Table 4.10, results of the interaction model did not establish any significant contribution of job satisfaction to the

model as the products of the HRM practices and job satisfaction did not result in any significant result. The combined effects of job satisfaction and the other HRM practices on employee retention were thus insignificant. This means the effects of the HRM practices on employee retention did not depend on how satisfied employees were with their jobs.

Thus HRM practices rather than job satisfaction plays an important role in an employee's decision to stay. Therefore job satisfaction can indeed not interfere with the interaction between HRM practice and employee retention.

Tian-Foreman (2009) found a negative relationship between job satisfaction and employee turnover intentions. However job satisfaction has frequently been used as a predictor variable and seldom as a moderator. Hence evidence of job satisfaction as a moderating factor on the relationship between HRM practices and employee retention has not yet been established.

This study however found that in as much as employees have different attitudes and values regarding the varied aspects of their work; the influence of HRM practices on retention cannot be affected by job satisfaction. Thus employees could either stay or leave the organisation if they are not happy with the HRM practices that have been initiated but not necessarily because they are not satisfied with their job.

In all, it was established that out of the five hypotheses, H₀₁ - H₀₅ the results failed to support H₀₂ and H₀₅. Thus career management does not have a significant effect on employee retention and job satisfaction does not have a moderating effect on the relationship between HRM practices and employee retention. Table 4.11 summarizes the results and effect of the hypothesis test.

Table 4.11: Summary of Hypotheses Test

	Hypothesis	Results	Effect of Test
H0 ₁	Compensation does not have a significant effect on employee retention.	B = 0.097 expB = 1.102 p < 0.05	The null hypothesis was rejected
H0 ₂	Career management does not have a significant effect on employee retention.	B = -0.025 expB = 0.975 P > 0.05	The null hypothesis could not be rejected
H0 ₃	Work-life balance does not have a significant effect on employee retention.	B = -0.093 expB = 0.911 P < 0.01	The null hypothesis was rejected
H0 ₄	Employee engagement does not have a significant effect on employee retention.	B = 0.094 expB = 1.099 P < 0.05	The null hypothesis was rejected
H0 ₅	Job satisfaction does not have a moderating effect on the relationship between compensation and employee retention.	B = -0.014 expB = 0.986 P > 0.05	The null hypothesis could not be rejected
	Job satisfaction does not have a moderating effect on the relationship between career management and employee retention.	B = -0.002 expB = 0.998 P > 0.05	The null hypothesis could not be rejected
	Job satisfaction does not have a moderating effect on the relationship between work-life balance and employee retention.	B = -0.002 expB = 0.998 P > 0.05	The null hypothesis could not be rejected
	Job satisfaction does not have a moderating effect on the relationship between employee engagement and employee retention.	B = 0.008 expB = 1.008 P > 0.05	The null hypothesis could not be rejected

Source: Fieldwork, 2013

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This final chapter presents the summary of the study. It also discusses the major findings and draws the necessary conclusions. The implication of findings, contribution to knowledge, recommendations and future directions for further research are put forward.

5.2 Summary

Human resource is valuable and serves as the backbone of organisations the world over. Indeed resources that are rare and valuable create competitive advantage. It is therefore imperative for organisations to institute appropriate measures to retain adroit employees because employee turnover is costly and can negatively affect organisational effectiveness. The banking industry in Ghana however suffers the risk of labour turnover due to intensive competition. Effective HRM practices can however help organisations to retain their valued employees.

The main purpose of this study was to empirically examine the effects of HRM practices on retention of employees in banks in Accra, Ghana. To achieve this, five specific objectives were set, these were; to determine the effect of compensation on the retention of employees' in the banks in Ghana; to investigate

the effect of career management practices on retention of employee in the Ghanaian banks; to establish the effect of employee work-life balance on employee retention in the banks in Ghana; to investigate the effect of employee engagement on employee retention in the Ghanaian banks and to establish the moderating effect of job satisfaction on the relationship between HRM practices and employee retention in the banks in Ghana.

The research followed an explanatory cross-sectional design. Data for the study was collected through both open and close-ended questionnaires. The target population for this study consists of various categories of employees working in the banks operating in Accra, Ghana. The target respondents comprised of officers, middle and top level employees working in the head offices of the banks. Out of the 26 banks licensed by the Bank of Ghana which is the national banking regulator, employees working in 13 local and foreign banks were sampled to participate in the study. In all the total population of the selected banks was 3420 employees. A stratified random sample of 342 respondents was targeted for the survey. In all, a total number of 230 questionnaires representing a response rate of 67.3% were used for the analysis.

Both descriptive and inferential statistical techniques were used to analyse the data. Frequencies, mean, percentages and standard deviation were employed to present the responses obtained from the respondents. Statistical Product and

Service Solution (SPSS) version 20.0 was employed to analyse the data. Finally, Binary Logistic Regression analysis was employed to test hypotheses. Basically, three out of the five hypotheses were rejected. Thus based on the results, it was established that compensation, work-life balance and employee engagement significantly predicted employee retention. The effect on career management was however insignificant. Also the effects of HRM practices on employee retention did not depend on how satisfied employees are with their work. The full interpretation and discussion of data have been done in chapter four and chapter five provides among other things the summary of the main findings as well as conclusions and recommendations.

5.3 Conclusions

The study sought to examine the effects of HRM practices on retention of employees and has identified some practices that significantly affect retention and others that do not. The study also sought to determine if job satisfaction has a moderating effect on the relationship between HRM practices and employee retention. The conclusions drawn from the study are discussed below.

Firstly, conclusions from the study point to the fact that HRM practices such as compensation, work-life balance and employee engagement are important and indeed influence employee retention in the banks.

Secondly, this study provides evidence that compensation has a significant effect on employee retention in the banks. However compensation alone is not enough to retain a highly skilled, motivated and experienced workforce that the organisation needs to excel.

Although it is evident that both work-life balance and employee engagement are recent additions to research on HRM issues both constructs significantly predicted employee retention. Therefore HRM managers should strive to look for newer and innovative employee retention practices because it appears employees are keen on them.

Surprisingly however, career management did not have a significant effect on employee retention. One would have thought that if employees are given the needed training and development they require, it will boost their morale and subsequently propel them to stay on the job. However, the evidence from this study does not support this assertion. Nevertheless, the negative effect does not necessarily mean that managing the careers of employees has lost its usefulness.

Also, though there was evidence that career management does not lead to employee retention it is necessary for the effective functioning of an organisation. Training and development is still one of the foundations of HRM and the importance of knowledgeable and highly skilled employees cannot be ignored.

Indeed training and development play a very important role in any organisation, and it is said to be the backbone of strategy implementation. In addition, it is central in nurturing and strengthening of employee competencies.

Another conclusion drawn from the study is that rewards and benefits are appreciated by the employees. Also there appears to be no complaints on salary issues and there was an indication that total compensation is reviewed from time to time.

Finally, the insignificant effect realised presupposes that the effects of the HRM practices on employee retention did not depend on how satisfied employees were with their jobs. This could imply that although the satisfaction employees derive from their work is usually very important to them, HRM practices equally plays a critical role in retaining employees.

5.4 Implication of Findings

The findings of the study have some valuable implications for practitioners and organisations alike. It will be particularly useful for organisations to understand how they can improve their employee retention strategy. Similarly this study holds some vital lessons for HRM practitioners and provides workable solutions to the problem of labour turnover.

First of all, banks facing retention problems could among other things, institute HRM practices such as compensation, work-life balance and employee engagement as part of their mitigation measures. This is because these practices have been proved to positively affect retention and hence essential human resource management tools. These HRM practices must however not be applied across-the-board rather a proper assessment of the employee needs specific to individuals at different levels must first be done so that the right practices can be introduced to facilitate their strategic management.

Secondly, from time to time organisations must vary the kind of HRM practices they initiate. This is because human resource needs of the employees may change over time. Hence if the same practice is repeated overtime, it will lose its efficacy and will therefore not achieve the intended purpose.

Thirdly, in concert with many other studies compensation has once again been identified as an important determinant of retention. Undeniably, a number of organisations are already aware that wages and benefits are important to employees. It is therefore important that organisations identify and try out other contemporary HRM functions such as work-life balance and employee engagement that can attract and retain employees rather than stick to only the traditional ones. The mixture of both fundamental and contemporary practices

can eventually increase productivity and efficiency in the operations of the banks and can also improve the organisation's image.

Also the study provides new evidence on practices such as, compensation, work-life balance and employee engagement and this will help to shape HRM policies and practices of the banking industry. This will also mean that HR managers would have to devise effective retention programmes in order to maintain high calibre employees leading to employee satisfaction and optimum performance. It will also contribute towards the banking industry's continual search for practices to help to retain their employees and give them an edge over their competitors.

Although employees have received some training to enable them work effectively, there seem to be lack of mentorship or career advisers to direct employees as to the appropriate career path to take. No matter the number of career opportunities that may exist in the banks, there must be direction and mentorship as to how they should pursue their careers otherwise employees could become frustrated on the job and decide to leave. It is therefore crucial that the banks introduce or intensify mentorship programmes so that their employees will have a clear idea as to the way to progress in their careers.

Finally, the benchmark set by this study will invariably assist employers and especially HR managers of the banks to make informative decisions regarding the development of their human resources. The findings will help them to proactively identify both contemporary and traditional HRM practices that will equip and retain their diverse employees as well as maintain workforce productivity. Indeed this study can serve to further develop the body of knowledge on successful employee retention programmes in the banking industry and promote more comprehensive research in the area. Thus the study will assist organisation in formulating appropriate retention policies, making informed decisions and adopting strategies that will boost retention, performance and productivity.

5.5 Contribution to Knowledge

One major contribution of this study is the fact that it provided evidence that the issues of work-life balance and employee engagement as HRM practices can predict employee retention. These contemporary HRM practices are gaining popularity in use and importance in the workplace. Unlike the traditional functions of HRM these are emerging issues in people management. Both work-life balance and employee engagement are relatively new to HRM (and in Africa) though it appeared in the literature nearly two decades ago. By establishing that employee engagement and work-life balance have significant impact on retention, this study has added to knowledge on HRM practices that are essential for employee retention.

Secondly, the study adds to the literature on the importance of compensation to employees. It confirms earlier works of other researchers that the direct and indirect compensation that employers offer to their employees are very critical and can influence the decisions employees make.

Another important contribution to knowledge is that, the study also illustrates that banks in Ghana need to introduce new HRM practices if they are to retain their valued employees and remain competitive.

Apart from providing some answers as to how to tackle the critical management issue of employee turnover, both theoretically and practically, the study also bridges the gap in the literature on the effects of HRM practices on employee retention in the banking industry in Ghana. It further serves as secondary data for prospective researchers and a reference point for future studies.

5.6 Recommendations

This study put forward some essential recommendations. Firstly, although compensation plays a significant role in the life of employee, it is recommended that employers must not interpret it as the only basis for retaining their employees because among other things, employees must deserve the kind of compensation they receive. Certainly their qualifications, experience and productivity must be commensurate with the compensation they receive.

Secondly, it is currently not enough for organisations to stick solely to the traditional HRM practices. The banks must therefore explore other contemporary practices that can equally make significant impact on retaining adroit employees.

Thirdly, from this study, it is evident that banks are investing in the training of their employees. However, they are also losing the employees they have trained to their competitors. Indeed, it seems poaching is common in the banking industry in Ghana. To address this problem, it is recommended that the banks should collaborate and formulate appropriate laws or measures to help curb these happenings. The Ghana Association of Bankers can come up with appropriate ethical standards to address this issue.

Furthermore, it appears that generally, there is lack of flexibility in the banking industry even though work-life balance appears to be important to the employees. Therefore the banks can decide to provide some level of flexibility such as job sharing or working longer hours per week to get a day off or sometimes working from home. This can be done on a trial basis and with some category of staff who do not have to be physically present to serve clients and its import assessed. It is possible that those banks that are able to initiate these could gain some competitive advantage.

Another recommendation worth making is that, in today's technological world, employers should identify the relevant training needs of the various employees rather than providing generic and repetitive training which may not be beneficial to some of them and thereby affect their intention to stay in the organisation. Also, in the face of competition and advances in technology, there is a natural tendency for banks to invest substantially in technology to enhance their operations but this should not be at the expense of the human resources. It is recommended that the banking industry pays equal attention to its human resources so that they can achieve a competitive advantage through them.

Also it seems that employees are generally satisfied with their jobs and working conditions. The structures of their organisations also facilitate teamwork and enhance effective accomplishment of tasks. This notwithstanding, employees were not allowed to fully utilise their skills, abilities and experience in their positions. It is therefore recommended that there should be some level of empowerment and the employees should be given challenging assignments that will require them to make use of their full potential. Also the skills of the employees should be leveraged to the advantage of other colleagues and the organisation as a whole.

Finally, it is recommended that the banks collaborate with universities and other academic institution for research on problems confronting them so that the best solutions can be derived for human resource management. Banks can provide the needed funding for such studies.

5.7 Suggestions for further research

Some extensions to this study may provide further insights into the important issues of retaining employees. Some suggestions for other future studies have been provided below.

First of all the research on HRM practices and its effect on retaining employees is a very significant area due to the importance of human resources. However, most of the studies are carried out in the Western world which necessitated this study. It is therefore important that more researchers especially those in Africa continue to explore the area empirically.

Secondly, due to time and financial constraints, this research was cross sectional and was also restricted to the banking industry in Accra, Ghana. It is therefore suggested that in future, other researchers will undertake a longitudinal study to assess the practices that affect retention. Such a study will have the potential to reveal if the HR practices leading to retention which is measured at one time will be the same or vary from the outcomes at a later point in time. This can help in

the decision that management may take at each point in time. Also the study can be replicated in other regions or the entire financial sector that is, insurance and capital markets. This can provide a broad representation of what happens in the entire financial sector in Ghana.

Also, this study mainly employed quantitative methods. It is therefore suggested that future studies should employ mixed methods i.e. both quantitative and qualitative methods in order to obtain greater insights into the specific HRM practices especially from the perspective of HR managers of the banks. Such a research can also elicit secondary data for the purpose of calculating retention rates so as to determine the exact picture of retention in the banking industry.

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APPENDIX A: COVER LETTER TO RESPONDENT

Department of Business Administration
School of Business
Kenyatta University
P. O. Box 43844-00100
Nairobi, Kenya.

Dear Sir/Madam,

Invitation to Participate in a Research

I am a PhD candidate at Kenyatta University conducting a research on effects of human resource management practices on retention of employees in the banking industry in Ghana. It is also expected that this study will help to identify factors which affect employee retention. This will assist managers to formulate appropriate human resource policies which will boost employee retention, performance and productivity.

I humbly request that you spare a few minutes off your schedule to complete the attached questionnaire. The questions seek your opinions regarding your organisation's human resource management practices in relation to retention. There is no right or wrong answers; I just need your honest opinion. Your anonymity is assured and the information you provide will remain confidential.

Thank you for participating in this study. Your cooperation and contribution in this research is very much appreciated.

Yours faithfully,

Rebecca Dei Mensah (PhD Candidate)
Lecturer
University of Cape Coast
Cape Coast
Ghana

Tel. no.: +233 244-166668
Email: bdei1@yahoo.co.uk

APPENDIX B: QUESTIONNAIRE

KENYATTA UNIVERSITY

School of Business

Effects of Human Resource Management Practices on Retention of Employees in the Banking Industry in Accra, Ghana

QUESTIONNAIRE

Dear Sir/Madam

The purpose of this questionnaire is to collect information on the *effects of HRM practices on employee retention in the banking industry in Ghana* as part of a study for the award of PhD at Kenyatta University. I will be most grateful if you could take time off your busy schedule to respond to the questions. This is only an academic exercise and you are assured of anonymity and confidentiality. Thank you.

Section A: Compensation

Please indicate the extent to which you agree to the following statements by ticking (✓) the appropriate response.

No.	Statement	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
1.	I earn more than others who occupy similar positions in other banks.					
2.	The non-monetary benefits, such as vacation time and medical insurance that I receive here are better than those I could get at other banks.					
3.	People who are hard working and results-oriented are rewarded in the organisation.					
4.	The salary and benefits I receive in this organisation is commensurate with my responsibilities.					
5.	Compensation is satisfactorily reviewed from time to time.					

Section B: Career Management

Please indicate the extent to which you agree to the following statements by ticking (✓) the appropriate response.

No.	Statement	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
6.	I have received sufficient training in this organisation to enable me do my job effectively.					
7.	This bank has assigned me a mentor who advises me on my career plans.					
8.	This organisation provides opportunities for staff training and career development on a yearly basis.					
9.	There are better career and learning opportunities in this organisation as compared to others.					
10.	My organisation sometimes sponsors me to participate in training or career development programmes.					
11.	The training I receive for my current job is adequate.					
12.	There are opportunities for me to advance my career.					
13.	My supervisor takes an interest in my professional growth and career development.					

Section C: Work-Life Balance

Please indicate the extent to which you agree to the following statements by ticking (✓) the appropriate response.

No.	Statement	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
14.	My working life balances well with my family life.					
15.	My organisation offers flexibility as to when to start and end the day's work.					
16.	My organisation allows working for longer days per week to get a day off.					
17.	The volume of work that I have been assigned does not give me stress.					
18.	Other banks do not offer better work-life balance than my organisation.					
19.	Once I notify my supervisor, I am sometimes allowed to work from home.					
20.	I can easily take time off for 'home crisis' such as flooding, accidents or illness involving loved ones					
21.	I am satisfied with the amount of time I spend at work.					
22.	I have the time and energy to fulfil my responsibilities outside of work.					
23.	My ability to achieve the desired balance between work and family life is a source of good health.					
24.	I think that if employees have good work-life balance the organisation will be more effective and successful.					

Section D: Employee Engagement

Please indicate the extent to which you agree to the following statements by ticking (✓) the appropriate response.

No.	Statement	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
25.	I care about the success of this organisation.					
26.	Communication across all levels in this organisation is good.					
27.	I am proud to tell others that I am a member of this organisation.					
28.	I am prepared to put in a great deal of effort beyond what is normally expected in order to help this bank to succeed.					
29.	I feel a strong sense of belonging to this organisation.					
30.	This organisation recognizes and rewards employee loyalty.					
31.	I plan to build my career with this organisation.					
32.	My supervisor creates a motivating and supportive work climate.					
33.	My supervisor recognizes and values my ideas, suggestions and opinions.					

Section E: Job Satisfaction

Please indicate the extent to which you agree to the following statements by ticking (✓) the appropriate response.

No.	Statement	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
34.	The working conditions in my organisation are good and safe.					
35.	The organisational structure facilitates teamwork, which enhances effective accomplishment of tasks.					
36.	Management has created an open and comfortable work environment.					
37.	My superiors make themselves easily accessible to discuss issues pertaining to my job and personal needs.					
38.	I receive recognition or praise for doing a good work.					
39.	My performance is appraised and my progress discussed with me from time to time.					
40.	Management treats me like a professional and allows me to use my discretion in my job.					
41.	I am fully able to utilize my skills, abilities and experience in my present position.					
42.	I have a clear understanding of performance standards and expectations to successfully perform my job.					
43.	My work gives me a feeling of personal accomplishment.					
44.	I can work autonomously on my work assignments.					

Section F: Retention

Please respond appropriately to the following items.

45.	How many people do you think left this organisation last year? Please specify
46.	I will remain with this organisation even if I am offered a better opportunity elsewhere. <input type="checkbox"/> Yes <input type="checkbox"/> No

Section G: Socio-demographic characteristics of respondents.

Please respond to each item by choosing the response that best describes you.

47.	Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female
48.	Age: <input type="checkbox"/> Below 30 years <input type="checkbox"/> 30-39 <input type="checkbox"/> 40-49 <input type="checkbox"/> 50 years & above
49.	Marital status: <input type="checkbox"/> Single <input type="checkbox"/> Married <input type="checkbox"/> Separated
50.	<input type="checkbox"/> Divorced <input type="checkbox"/> Widowed
51.	Highest level of education: <input type="checkbox"/> Diploma <input type="checkbox"/> Bachelor Degree <input type="checkbox"/> Masters Degree <input type="checkbox"/> Doctorate <input type="checkbox"/> Professional
52.	<input type="checkbox"/> Other (please specify)
53.	Length of service in your current organisation: Please specify
54.	Current position/rank: <input type="checkbox"/> Supervisory <input type="checkbox"/> Middle level managerial <input type="checkbox"/> Top level managerial <input type="checkbox"/> Other (please specify)
	Monthly income (net): <input type="checkbox"/> Below GH¢500 <input type="checkbox"/> GH¢500-999 <input type="checkbox"/> GH¢1000-1499 <input type="checkbox"/> GH¢1500-1999 <input type="checkbox"/> GH¢2000-2499 <input type="checkbox"/> GH¢2500 or more
	Number of children or other legal dependents: Please specify

Thank you very much for your time.

APPENDIX C: LIST OF BANKS IN GHANA

Ghanaian or Locally-Owned Banks

1. Agricultural Development Bank of Ghana
2. ARB APEX (supervising all rural banks)
3. CAL Bank
4. Fidelity Bank Ghana Limited
5. First Atlantic Merchant Bank Ghana (FAMBG)
6. Ghana Commercial Bank
7. HFC Bank
8. Merchant Bank Ghana Limited
9. National Investment Bank
10. Prudential Bank Limited
11. UT Bank
12. Unibank

Foreign-Owned Banks

13. Access Bank Ghana
14. Bank of Baroda
15. Barclays Bank
16. Bank of Africa (Ghana)
17. Sahel Sahara Bank (BSIC)
18. Ecobank Ghana
19. Energy Bank
20. Guaranty Trust Bank (Ghana)
21. International Commercial Bank
22. Société Générale - Social Security Bank (SG-SSB)
23. Stanbic Bank
24. Standard Chartered Bank
25. United Bank for Africa (UBA)
26. Zenith Bank

Source: Bank of Ghana

APPENDIX D: SAMPLE SIZE DETERMINATION TABLE

Required Sample Size[†]

Population Size	Confidence = 95%				Confidence = 99%			
	Margin of Error				Margin of Error			
	5.0%	3.5%	2.5%	1.0%	5.0%	3.5%	2.5%	1.0%
10	10	10	10	10	10	10	10	10
20	19	20	20	20	19	20	20	20
30	28	29	29	30	29	29	30	30
50	44	47	48	50	47	48	49	50
75	63	69	72	74	67	71	73	75
100	80	89	94	99	87	93	96	99
150	108	126	137	148	122	135	142	149
200	132	160	177	196	154	174	186	198
250	152	190	215	244	182	211	229	246
300	169	217	251	291	207	246	270	295
400	196	265	318	384	250	309	348	391
500	217	306	377	475	285	365	421	485
600	234	340	432	565	315	416	490	579
700	248	370	481	653	341	462	554	672
800	260	396	526	739	363	503	615	763
1,000	278	440	606	906	399	575	727	943
1,200	291	474	674	1067	427	636	827	1119
1,500	306	515	759	1297	460	712	959	1376
2,000	322	563	869	1655	498	808	1141	1785
2,500	333	597	952	1984	524	879	1288	2173
3,500	346	641	1068	2565	558	977	1510	2890
5,000	357	678	1176	3288	586	1066	1734	3842
7,500	365	710	1275	4211	610	1147	1960	5165
10,000	370	727	1332	4899	622	1193	2098	6239
25,000	378	760	1448	6939	646	1285	2399	9972
50,000	381	772	1491	8056	655	1318	2520	12455
75,000	382	776	1506	8514	658	1330	2563	13583
100,000	383	778	1513	8762	659	1336	2585	14227
250,000	384	782	1527	9248	662	1347	2626	15555
500,000	384	783	1532	9423	663	1350	2640	16055
1,000,000	384	783	1534	9512	663	1352	2647	16317
2,500,000	384	784	1536	9567	663	1353	2651	16478
10,000,000	384	784	1536	9594	663	1354	2653	16560
100,000,000	384	784	1537	9603	663	1354	2654	16584
300,000,000	384	784	1537	9603	663	1354	2654	16586

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Source: Formula by Krejcie & Morgan 1970