

UNIVERSITY OF CAPE COAST

EMPLOYEE TURNOVER IN OPPORTUNITY INTERNATIONAL SAVINGS
AND LOANS LIMITED

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MAY

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AND LOANS LIMITED

BY

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DISSERTATION SUBMITTED TO THE INTITUTE FOR DEVELOPMENT
STUDIES OF THE FACULTY OF SOCIAL SCIENCES, UNIVERSITY OF
CAPE COAST IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
AWARD OF MASTER OF ARTS DEGREE IN HUMAN RESOURCE
MANAGEMENT

MAY 2013

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of this has been presented for another degree in this University or elsewhere.

Candidate's Signature: Date:.....

Name: Isaac Paintsil

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature: Date:.....

Name: Prof. Francis Eric Amuquandoh

ABSTRACT

Employee turnover in nearly all organizations worldwide have raised great concern. Rapid exit and entry of employees into an organization presents serious obstacles to organizations in achieving their organizational goals. Employee turnover should be analyzed in order to identify various reasons for people leaving the organization. Thus, the study sought to analyze employee turnover in Opportunity International Savings and Loans Limited (OISL) and to establish its causes, effects and recommendations on how to retain employees.

Data was collected through the use of interview guide and structured questionnaires. Data was analyzed descriptively by the use of mean, frequencies and percentages. Findings of the study suggested that employee turnover in the company was real and that poor reward and compensation system, low employee motivation, delays in promotions and poor career progression scheme are the major causes of employee turnover. The study also found major effects of the phenomenon to be high operational cost, separation cost, replacement cost, training cost, reduced organizational profits and distorted manpower planning. Recommendations were made that retention strategies should be implemented and that more emphasis should be placed on human resource and the development of people in order to reach the core objective of the company through contented and well developed employees.

ACKNOWLEDGEMENTS

Academic laurels cannot be achieved without the help of others directly or indirectly. It has been the contributions, suggestions and comments of other people that have helped to complete this work. I wish to first express my sincerest appreciation and gratitude to Prof. Francis Eric Amuquandoh, my supervisor for his contributions towards this project. I am very grateful for the pieces of advice, guidance and directions he offered to make this study a success. I am also grateful to my dear wife, Catherine Aba Paintsil (Mrs), my parents, my siblings Sammy, John, Cecilia and Mary whose prayers, sweat and toil, patience and understanding have made my dream of attaining higher education a reality.

This section will not be complete if I do not recognize the immense contributions of Mr. Kwadwo Kyei Kwarteng (Agbogloshie Branch Manager, OISL), my former supervisor who readily served as my back up and took over my portfolio and its responsibilities during my absence for this course, all the Mankessim Branch members of staff during that same period and all other members of staff for their co-operation and pieces of advice. I equally express my profound gratitude and appreciation to Mr. Jacob Gordon Amissah (Headmaster, Enyan Denkyira Senior High School), for providing all grammatical corrections.

Finally, to my fellow course mates, especially my study group members, I say thank you, you have been great friends.

DEDICATION

To my dear wife, our son Isaac (Jnr) and to the blessed memory of our late daughter Jennifer Ekuia Pentsiwa Paintsil.

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LIST OF ACRONYMS

ACCA	Association of Certified Chartered Accountants
BoG	Bank of Ghana
CBA	Collective Bargaining Agreement
CEO	Chief Executive Officer
HRM	Human Resource Management
ICA	Institute of Chartered Accountants
MDG	Millennium Development Goals
MDPI	Management Development & Productivity Institute
NGO	Non-Governmental Organization
NHIS	National Health Insurance Scheme
OIN	Opportunity International Network
OISL	Opportunity International Savings & Loans Limited
SSNIT	Social Security and National Insurance Trust
SPSS	Statistical Product for Service Solutions

CHAPTER ONE

INTRODUCTION

Background to the study

Employee turnover is a major issue for employers all over the world, as employees constitute a core resource for most businesses, organisations and institutions. Therefore, the labour force of an organization is that resource which combines, controls, manipulates or uses the other resources such as money, raw materials and equipment to achieve overall organizational objectives. However, if this labour force or human resource tends to exit the organization either through resignations or dismissals after a short stint, then certainly there exists what is termed high labour turnover or mobility. The concept of labour turnover is therefore the rate at which employees enter and leave an organization. Thus, Cascio (1992) described labour turnover as any permanent departure beyond organizational boundaries. Cascio (1992) continues that labour turnover in a human resource context therefore refers to the characteristic of a given company or industry, relative to the rate at which an employer gains and losses staff. At this point it is worth noting that just as people migrate from one place to another in search of favourable living conditions, so do employees leave their jobs for better jobs in other firms.

If an employer is said to have a high labour turnover, it most often means that employees of that company have a shorter tenure than those of other companies in the same industry. Similarly, if the average tenure of employees in a particular sector is lower than that in other sectors, that sector can be said to have a relatively high labour turnover. In the USA for instance, according to the Department of Labour (2007), for the period 2001-2006, the annual labour turnover rate for all industry sectors averaged 39.6%, as compared to the Leisure and Hospitality sector which averaged 74.6%. Labour turnover is a phenomenon that dates back to history. Several authorities have expressed concern over the high rates of labour turnover in the early part of the century and conducted studies to understand its causes and consequences (Douglas, 1988). Most of these studies focused on the irregularity of labour demand which resulted in seasonal and cyclical lay-offs.

Ruby (2002) classed labour turnover into internal and external. While the internal turnover involves employees leaving their current positions and taking new ones within the same organisation, the external turnover involves workers leaving the organisation to take up jobs in other organisations. The Opportunity International Savings and Loans Limited (OISL) tends to have more of the external turnover than internal turnover. Employees are therefore more likely to leave their current organisation for new jobs in other organisations.

Practitioners differentiate between voluntary turnover which is initiated by an employee and involuntary turnover which is at the instance where the employee has no choice in his/her termination as it is caused by long-term

sickness, death, relocating to a different country or employer-initiated termination such as redundancies and lay-offs. Again, staff of OISL tends to incline more to voluntary turnover than to involuntary turnover.

Employee turnover is a significant challenge for human resource management strategies and organisational performance. This study, therefore, sought to establish the nature and extent of employee turnover in the OISL between the years 2008 and 2010. The study also looked at the interventions put in place by the company to reduce the rates of employee turnover of staff.

Statement of the problem

Employee turnover seems to be one of the numerous problems that the OISL is faced with. Employee turnover deprives the company of the much needed human resources that is central or core to the achievement of the company's objectives.

The company has a huge responsibility in supporting the nation to alleviate poverty among the economically marginalized. Among others, it has an objective to empower women to help eradicate extreme poverty and hunger which is enshrined in the Millennium Development Goals (MDG). To achieve this, management has responsibility to develop the needed capacities, including highly qualified, competent and well-trained human resources. Another important reason for the need for a high caliber of qualified personnel is the fact that the Micro-finance laws in the country require knowledgeable and experienced people to interpret and implement them effectively.

Available records at the Human Resource Department of OISL show that the company has been experiencing high rate of resignations and dismissals in recent years. The report cites instances where 111 employees left the company in 2008. It continues to explain that in the year 2009 the company went through some challenges which resulted in high staff turnover, low productivity, low staff morale which impacted on the company’s key performance indicators. It is believed that an average of 30 percent of well-trained and experienced workers left every year during the period under review. The Table 1 shows the trend of employee turnover in the company from 2008 to the end of second quarter of 2010.

Table 1: Employee turnover in Opportunity International Savings & Loans (2008 -2010)

Year	Number	%
2008	111	27.2
2009	182	36.8
2010 (June 30)	72	15.5

Source: Fieldwork, 2012

Another dimension of the problem is that the company spends a lot of resources on employees who do not stay to contribute to its output. To improve upon the quality and performance of its newly employed staff, the company expends resources on their training at the company’s designated training centre. Again, the training section of the HR Department occasionally organizes short internal courses for the staff, as well as seminars and lectures on leadership,

departmental operations and management- related topics for the various levels of the hierarchy to sharpen their skills. The company again permits employees to pursue further studies while on study leave, with or without pay.

But, after such heavy investments in the human resources, they leave the company for other jobs. The situation becomes more serious when it involves the newly trained young graduates who are likely to offer the company the needed competitive advantage. Such movements become a loss and a drain on the already scarce resources of the company, as the services of the lost employees are no longer available to be utilized. The problem of employee turnover in the company should, therefore, raise a number of questions that must be responded to by all stakeholders.

Objectives of the study

The main objective of the study was to assess the extent of employee turnover in the Opportunity International Savings and Loans Limited. The specific objectives of the study were to:

1. describe the nature of the turnover in the OISL Ghana;
 2. identify the causes of the turnover in the company;
 3. examine the effectiveness of existing systems for retaining staff;
 4. assess the effect of employee turnover on the company's performance;
- and
5. make recommendations for improving staff retention in the Company.

Research questions

The study attempted to answer the questions listed below:-

1. What is the nature and extent of employee turnover in the Opportunity International Savings and Loans Limited?
2. What are the causes of turnover in the OISL?
3. To what extent does employee turnover affect the performance of the company?
4. What does the company do to retain its staff?

Justification of the study

The study has the potential of contributing to addressing the problem of high employee turnover facing the Opportunity International Savings and Loans Limited. Additionally, it will also draw the attention of the stakeholders and policy makers to the causes and dangers associated with the current rate of loss of staff in the company.

Organisation of the study

The study was organized under five chapters as follows:-

Chapter One deals with the background of the study, statement of the problem, research objectives, research questions, research objectives and the justification or significance of the study, limitation to the study and organisation of the study. Chapter Two provides a review of related literature on employee turnover and conceptual framework that informs the study. Chapter Three deals with the

research methodology in general and specifically deals with the description of the study organisation, design of the study, sampling techniques, data gathering instruments and methods of analysis. Chapter Four, deals with the presentation and discussion of findings while the final chapter provides the summary and contributions of the study. It also gives suggestions and recommendations for future applications and the limitations to the study.

CHAPTER TWO

REVIEW OF LITERATURE

Introduction

This chapter presents some of the underlying literature on the subject of employee turnover and related issues. The chapter begins with the definition and types of employee turnover, the major determinants of the turnover (which are classified into employee characteristics, the work situation and the economic environment) and the effects of high rates of employee turnover. The chapter also discusses the human resources in the OISL, with emphasis on the importance of the human resource in the company. The chapter closes with the conceptual framework which formed the basis of the review.

Employee turnover

The Cambridge International Dictionary of English (1996, p.1571) defines employee turnover as “the rate at which employees leave a company and are replaced by new people”. To Cole (1997, p.163), it is “the rate of movement of people through the organisation”. It is also a separation from the job or an alienation or withdrawal from an organization. In contrast, Abbasi and Hollman (2000) refer to the concept of employee turnover as the rotation of workers around the labour market, between firms, jobs and occupations, and between the state of employment and unemployment. According to them, it is one of the most significant causes of declining productivity and morale in organisations.

There are two types of leavers – voluntary and involuntary leavers. The voluntary leavers are the people who leave on their own volition to further career or to seek greener job satisfaction or another. Voluntary turnover is often categorized into two, namely; functional and dysfunctional. Functional turnover is where the employee's departure becomes beneficial to the organisation, whilst the dysfunctional type is where the organisation would like to retain the departing employee.

Dysfunctional turnover usually involves high performers who are difficult to replace in the organisation. Carsten and Spector (1987, p.379) put it this way: “typically, only workers who have alternative employment opportunities consider leaving, and it is the best employees who have the most opportunities... the best employees moving on, the worst staying on, and engaging in other forms of withdrawal behavior”. Noe, Hollenbeck, Gerhart and Wright (1996, p.239) paint a grimmer picture that, “in the worst scenario, the better employees go to work for the company's competitors the disgruntled employees may take sensitive information with them to their new jobs”. Involuntary leavers may fall into any of these four categories:

- Retirement – these are people who have reached their statutory retirement age, but some people however retire earlier. This early retirement may be due to ill-health or deciding to enter into private practice.
- Redundancy – this is where employees are employed on work, which is no longer required. According to Lanz (1988), Under the Employment Protection (Consideration) Act 1978, redundancy is presumed to occur

where services of employees are dispensed with because the employer ceases or intends to cease, carry on business, or does not require so many employees to do a certain kind of work. Redundancy may, therefore, arise when jobs cease to exist due to a decline in the activity of the business or through some form of internal reorganisation. (p.118).

- Ill-health – this is a situation where employees are laid off on grounds of ill-health. Such unfortunate employees may or may not be given monetary assistance by the organisation. Ill-health may also result from accidents on the job and the affected victims are usually compensated. In Ghana, employees are protected against arbitrary dismissals on grounds of ill-health under Section 50 of the Labour Act 651 (2003).
- Dismissals – this is where the services of an employee are dispensed off on grounds of serious misconduct.

It is a fact that some employee turnover is inevitable and that it may indeed be advantageous to a company in minimizing planned redundancies. Such situations also open up opportunities for promotions (Katz & Docherty, 1994).

Determinants of employee turnover

This section takes a look at the major determinants of employee turnover. Though many such factors can be identified, the study has conveniently classified them into employee characteristics, the work situation and economic factors.

Employee characteristics

Employee characteristics relate to the self-generated factors that influence people to behave in a particular way or move in a particular direction. They are generally intrinsic factors that deal with the content of the job such as the depth of responsibility and empowerment of the employee, their attitudes and opportunities for advancement and the reputation, attraction and challenges of the job. Thus, employees are not motivated merely by extrinsic factors such as good pay and benefits, and conducive work environment, but also harbour the desire to grow and develop professionally.

Luthans (1995, p.174) observed that, “management are often perplexed because they are paying high wages and salaries, have excellent fringe benefit packages and provide great working conditions but their employees are still not motivated”. For managers to motivate and retain their employees, therefore, they have to ensure that the job contents of their employees are challenging and that they create opportunities for achievement, recognition, responsibility and personal growth. Generally, satisfied workers are more regular in attendance and are less likely to be absent for unexplained reasons than are dissatisfied workers. Again, satisfied workers are less likely to quit while dissatisfied workers are more likely to leave when they can. Employee characteristics are enhanced by a number of factors in organisations, including job analysis and role ambiguity, job enrichment and empowerment.

Job analysis and role ambiguity

One area of organisations that affects the morale of employees is role ambiguity. Employees are recruited to perform a task but the way the job is structured may be a source of stress or dissatisfaction for the employee. Many organizations, for instance, do not have a clear definition of what employees have to do in order to perform their work effectively, hence the term ‘role ambiguity’. This situation arises where the employer has not done a proper and comprehensive job analysis, which describes that the absence of job analysis is often a source of job dissatisfaction to many employees and can accelerate the rate of turnover in organisations.

Job design and job enrichment

Job design has been defined by Davis (1966) as: “The specification of the contents, methods, and relationships of jobs in order to satisfy technological and organisational requirements as well as the social and personal requirements of the job holder” Job design is an aspect of job analysis aimed at developing “work assignments that meet the requirements of the organisation and technologies and that satisfy the personal and individual requirements of the job holder” (Chase & Aquilano, 1992, p.494). One of the main contents of job design technique is Job Enrichment – a term coined by Herzberg (1968) to denote the vertical enlargement of a job by adding responsibility and opportunity for personal growth (Cole, 1997).

To Paul and Robertson (1970, p.63), job enrichment is to “improve both task efficiency and human satisfaction by building into people’s jobs, quite specifically, greater scope for personal achievement and recognition, more challenging and responsible work, and more opportunity for individual advancement and growth”. Johns and Saks (2001, p.181) recognize job enrichment as “the design of jobs to enhance intrinsic motivation and the quality of working life”. In general, enrichment involves the motivating potentials of jobs via the arrangement of their core characteristics. There are no hard and fast rules for the enrichment of jobs. Specific enrichment procedures depend on a careful diagnosis of the work to be accomplished, the available technology, and the organisational context in which enrichment is to take place.

In addition, job enrichment adds greater autonomy and responsibility to a job and is based on the job characteristics approach. That is, increasing the depth of the job to include responsibilities that have traditionally been carried out at a higher level of the organisation. For example, the teller also has the authority to help a Client fill out a loan application, and to determine whether or not to approve the loan. In the above scenario, where the bank teller does not only handle deposits and withdrawals but also, helps in approval and disbursement of loans – the bank teller is now confident in breaking new grounds as a result of training and gaining new skills.

Employee empowerment

Another approach for making a job more challenging and providing employees the opportunities to have a sense of responsibility and personal

achievement is employee empowerment. This involves giving the employee the power to act and make relevant decisions independently. In his perspective, Kreitner (1995, p.133), states; “empowerment occurs when employees are adequately trained, provided with all relevant information and the best possible tools, fully involved in key decisions and fairly rewarded for results”. Empowerment makes jobs more challenging and gives employees a sense of involvement, satisfaction and fulfillment. From his point of view, Greene (1972, p.31), suggests that, “if management could keep employees happy, good performance could automatically follow”, and they are more likely to stay on.

Work situation

The work situation is extrinsic in character and relates to the work environment or job content such as pay and aspect of personal life that are affected by the work situation, physical working conditions, company policy and administration, management style, job security, social status and relationships (Smith, et al, 1982).

Reward and compensation systems

For employees to be retained, organisations are obliged to provide personal services, which have been recognized as necessary for an individual to achieve job satisfaction. One of such personal services that motivate and create satisfaction in employees is the reward and compensation system of the organisation.

Employee compensation is generally of three main forms, namely; pay, incentives and benefits. Pay refers to the wages and salaries received by an employee, which is the hourly, weekly, monthly or annually remuneration given to employees for their work. Incentives are other additional forms of rewards such as bonus, for example, commissions and profit sharing. Benefits come in the form of paid leave or vacation, health and other forms of insurance, free medical care and retirement income (Abdulai, 2000) and (Cole, 1997). The Labour Act, 2003 (Act 651) also defines conditions of service or employment to include such benefits as the employment contract, the organisational reward and compensation systems, hours of work, paid leave and health and safety of work.

Another area of concern to the employee is the reliability and promptness of the payment schedules of the pay and benefits – where this is absent, it creates a sense of dissatisfaction among employees.

Physical and social environments

The environmental pressures within the organisation also contribute to employee turnover (Flowers & Hughes, 1973). These pressures may be physical or social – the physical pressures include the attractiveness and safety of the working environment and the quality of working tools, logistics and facilities.

Most employees respond negatively to extreme environmental conditions such as extreme temperatures, poor lighting and physical features of the environment, like cleanliness and health hazards, and where the job takes place, such as indoors or outdoors” (Noe et al. , 1996, p.242). They add ... the unattractiveness of some jobs can be seen operationally in the fact that employers must often pay

compensating differential'...to workers whose tasks have unpleasant physical features" (p.242).

The nature and set up of the office is also important because the "nature of open offices leads some categories of employees (managerial and professional) to resent the perceived loss of status conferred by personal offices" (Zalesny & Farace, 1987, p. 248). Oldham and Fried (1987, p.80) concluded from a research conducted at a university that, "when crowding and lack of privacy occurred together, dissatisfaction and turnover were exceptionally high".

Another aspect of the work situation is the social environment. This involves the primary sets of people in the organisation, namely the employees, colleagues, subordinates, and supervisors. Poor relations "include low trust, low supportiveness, and low interest in listening to and trying to deal with problems that confront the organisational member". Behavioural scientists have long suggested that good relationships between members of a work group are a central factor in individual or organisational health Cooper, (1976).

Organisational climate

Organisational climate is the prevailing workplace atmosphere experienced by employees. In the April 26, 2005 edition of the Daily Graphic, Addaih defined work climate as "the prevailing workplace atmosphere as experienced by employees. It is what it feels like to work in a place... a positive work climate encourages and sustains staff motivation" (p. 14). To Boxall and Purcell (2003, p. 16), satisfaction of workers in an organisation is affected by many factors including "the extent to which they find their work interesting, by

how fairly they feel they are paid, by how fairly they feel their workload is, by the extent to which they feel recognized and listened to, and by how much they can trust the management". Cascio (1992), therefore, argued that organisational climate includes the management style, the depth of participation allowed in decision making, the depth of appreciation and recognition given to employees and the work relationships. According to him, a number of fundamental management practices can be counter-productive, and thereby increase tension between management and employees.

Appreciating the efforts of employees is another important motivating tool. Torto (2005) wrote extensively on appreciating and recognizing the efforts of employees. To him, showing appreciation in your work place can be a strong mechanism of motivation...you can tell your colleagues, workers and staff how much you value them and their contributions each day of the year... (p. 33). He admonishes today's managers to have special opportunity to their appreciation for the hard work of their employees. Stewart (1994) also suggests that employees generally are likely to respond to being treated with respect and consideration.

Organizational commitment

Researchers have established that there are different types of organisational commitment. Barrick and Zimmerman (2005) investigated the nature of the link between turnover and the three components of attitudinal commitment: affective commitment refers to employee's emotional attachment to identification with and involvement in the organisation; continuance commitment refers to commitment based on costs that employees associate with leaving the

organisation; and normative commitment refers to employees' feelings of obligation to remain with the organisation. Put simply, employees with strong affective commitment stay with an organisation because they want to, those with strong continuance stay because they need to, and those with normative commitment stay because they feel they ought to. The study indicated that all the three components of commitment were negative indicators of turnover. Generally, most research has found affective commitment to be the most decisive variable linked to turnover.

Career progression and professional development

Robbins and Langton (2003, p.512) define career as "the evolving sequence of a person's work experiences over time". They further explained that this definition does not imply advancement or success or failure. Any work, paid or unpaid, over an extended period of time, can constitute a career.

In organisations where employees have the opportunities for self-development through formal and informal training, the employees have a feeling of self-fulfillment and satisfaction. Career development is the means by which employees acquire the knowledge, skills and attitudes they require to perform work effectively and efficiently through direct experience of various situations and by formal training (Tyson & York, 1996). To many employees, especially those in paid employment with rank gradations, career development is closely related to promotions.

According to Smith et al. (1982), the career progression for many managers is of overriding importance by promotion they earn not only money but

also status and the new challenges for which they strive. Costley and Todd (1987), argue that among the many opportunities a job might offer, opportunity for gaining promotion from one grade to another is crucial.

Many employees develop plans to reach career goals by looking at the available opportunities in relation to their abilities within the organisation. Progress made along the designed career path generates satisfaction among employees and creates a feeling of achievement. Where this situation is non-existence, employees have a feeling of no real future of progression in their jobs and therefore quit. Taking an interest in employees' careers can also improve morale and have a positive effect on the manner in which employees view their jobs.

The role of career progression and training as an employee retaining factor was again emphasized by Torto (2005) who suggested that:

The importance of training as a central role of management has long been recognized by leading writers... training can increase the confidence, motivation and commitment of staff, provide recognition, enhanced responsibility and the possibility of increased pay and promotion, give a feeling of personal satisfaction and achievement and broader opportunities for career progression and help to improve the availability and quality of staff (p.33).

Economic environment

The third major determinant of employee turnover has to do with the economic and political conditions of the country. Employees would generally like to work in prosperous, affluent and flourishing economies, and as result,

employees usually move out of poor and deprived economies to seek greener pastures in the more developed ones – a situation which is often referred to as ‘brain drain’.

It is a fact that brain drain has escalated on the wings of the socio-economic conditions of poorer countries around globe. One major problem facing developing economies today is the fact that due to the poor working conditions of their employees, the scarce but highly trained professionals and skilled technicians are leaving their shores in droves to look for greener pastures in the rich developed economies, thereby denying them of their services.

Globalisation and brain drain

In contemporary sense, globalisation is associated with changing experiences of time and place and with the development of new communications technologies and the rise of what has been referred to as the “information society”. Globalization is often stressed as enhancing the free movement of goods, services, capital, information and, in some instances, people, across national boundaries and is therefore inescapably plugged into the neo-liberal world order.

Cole (2004) sees globalization as “The implementation of an international business strategy based on the idea that the sourcing and manufacturing of goods or the provision of services, can be undertaken in almost any part of the world to take advantage of cheap labour, ready access to raw materials, lower taxation or other cost advantages”

Armstrong (2006, p.26) says globalization “requires organisations to move people, ideas, products and information around the world to meet local needs”. In the October-November, 2004 edition of the *Christian Messenger*, Heilke Wolters defined globalisation by quoting the Roman Catholic Theologian Robert Schreiter as “the increasingly inter-connected character of the political, economic, and social life of the peoples on this earth”. These definitions support the notion that through advancement in information and communication technology, the world has presently become ‘smaller’ and more inter-related.

Williamson (1997, p.119) found out that “between the 1960s and the 1980s, an increasing proportion of immigrants to the United States were from developing nations”. He laments, “the correlation between real wages or GDP per worker, hour and migration rates is positive and highly significant... in an age of unrestricted international migration, poor countries should have the highest emigration rates and rich countries should have the highest immigration rates”.

Socio-political factors

Other important determinants of employee turnover are the social and political conditions of the country. In the economies where the extended family system is practiced, employees are compelled to move to employments with higher pay and salaries so as to be able to respond to the needs of their people and society.

Societies’ attitude towards wealth is also an important factor. In most poor economies, the rich and affluent are specially recognized, while the poor are looked down upon. In such situations, the desire to amass wealth becomes

paramount to most employees. They, therefore, move rapidly from one employment to the other in search of better conditions to satisfy their quest for wealth.

The nature of political authority and the state of stability also influence employee turnover. During dictatorial regimes and periods of civil strife, political conflicts and war, people are compelled to leave their homes and countries for relatively peaceful places. Organisations, communities and countries, therefore, lose their skilled personnel to other businesses and economies.

Effects of high rates of employee turnover

- The issue of employee turnover has become a major challenge in Human Resource Management (HRM) today because of its negative impact on organisational goals. According to Boella (1996), assessing the costs of labour turnover is extremely difficult. To him, it is relatively simple to identify the factors that need to be taken into account, but to put a cost to them is not so easy. In spite of this, it is generally agreed that turnover is expensive and costly for organisations, especially when it is voluntary and unplanned. Noe *et al.* (1996) give the example of Hewlett-Packard, a high-technology firm that spends an estimate of \$ 40.000 to replace one middle-level manager. A report, “Employment Flows in the Hotel and Catering Industry (1994)”, in London, as cited in Boella (1996), gives the turnover cost in the industry as £ 430 million or 27 percent per year.

Smith and Watkins (1978) have provided a simple model for computing turnover costs as the sum of the separation costs, replacement costs and training costs. Cascio (1992) gives a detailed outline of the various costs as follows:

Separation Costs: This comprises of such factors as

- Exit interview, which is conducted to assist management to identify the actual reason as to why employees quit their jobs. This involves the costs incurred by both the employer and the terminating employee during the interview process.
- Administrative functions related to termination: this includes the payment of benefits, the cost of removal of employee from the payroll, and turn-in of company property.
- Increased unemployment tax (this is applicable in the United States).

Replacement Costs: This involves the cost of replacing employees who leave, and is composed of

- Communicating job availability, which is associated with the cost of advertising the position.
- Pre-employment administrative functions including recruitment procedures such as accepting applications.
- Entrance interview: this takes care of the costs of interviewing potential employees.
- Testing and / or other types of assessment procedures.
- Staff meeting to determine the replacement needs and procedures.

- Travel and moving expenses, i.e. travel for all applicants and travel plus moving expenses for all new hires.
- Post-employment acquisition and dissemination of information: this involves all the activities associated with in-processing new employees.
- Medical examinations.

Training Costs: This is made up of the following factors

- Informational literature; e.g. an employee handbook and cost of orientation for new employees.
- Instruction in a formal training and induction programme.
- Instruction by employee assignment; e.g. on-the-job training.

There are other implicit costs associated with turnovers; these include reduced productivity, hence profit of organisations during the learning period of the newly recruited employees. Reduced productivity has corresponding effects on reducing customer satisfaction where their demands are not met. Some of these customers may be compelled to shift their allegiance to competing organisations. The seriousness of this situation is observed from its long-term effect on the organisation when it becomes difficult to regain its lost customers.

Since employee turnover is inevitable, an organisation needs to establish what level of turnover is acceptable and should be avoided. Cole (1997, p. 118) is of the view that “a turnover rate of 25% would be considered perfectly satisfactory by most firms. A turnover rate of 100% would be considered a major problem”.

Because of the numerous problems associated with employee turnover, especially to HRM practitioners and managers, finding why employees leave when terminations are voluntary should be an automatic procedure for an organisation (Katz & Docherty, 1994). It is, therefore, recommended that managers conduct exit interviews for leavers to probe into the actual reasons why employees quit their jobs.

In an organisation, especially the relatively bigger ones, it is recommended that the situation is critically examined by department, unit, occupation, sex, age, and qualification to determine whether there are unsatisfactory areas that need immediate attention. This is done to avert re-occurrences or minimize their occurrences. The sad truth, however, is that many managers in fact do not know why their employees quit, worse is that, they do not make any effort to know why.

The importance of the human resource in the organisation

According to Smith et al. (1982, p. 7), management in essence is concerned with “the efficient use of the three Ms – Men, Money and Materials. Each of these three ingredients is an essential part of the work activity of a manager, whether he is producing silicon chips, optical fibre or cotton T-shirt... in service industry as widely different as merchant banking, hospital management or publishing”. Thus, all organisations, whether involved in the production of goods or services, do so by means of inputs or resources. Penrose (1959) supports the view that firms create value by the way they combine human and non-human resources.

Ahuja (1988, p. 52) proposes that of all these resources, “the human asset is the centre and it is this asset which will convert all other resources”. To Cole (1997, p. 110), “arguably the most important single resource is people” in work settings. Cascio (1992, p. 5) is of the view that “Organisations are managed and staffed by people. Without people, organisations cannot exist, thus supporting the axiom that ‘the enterprise is the people’. Every organisation, therefore, has to ensure that sufficient numbers of the appropriate calibre of human resource are readily available to the organisation in its effort to achieve its desired goals.

The strategic importance of the human resource in production follows logically from the conclusions that whilst human resource leads to increases in output or value, the other factors add to cost (Drucker, 1954). The importance of the human resource to the organisation cannot, therefore, be overemphasized. The efficient and professional management of this key resource of the organisation will, therefore, determine its ability to gain competitive advantage, as well as meet its set objectives.

Organisations compete on competencies; that is the core set of knowledge and expertise that gives them an edge over their competitors. Armstrong (1992) supports the notion that people are a key source of competitive advantage and to achieve rapid, sustained development, an organisation must emphasize on its people. According to Torto (2005, p. 33), “in any company or business, people are company’s most important assets; the technologies, products and structures can be copied by competitors. No one, however, can march the highly charged motivated people...”.

Most HRM writers agree that people must be put first; for example, to Eddy (1981, p. 56), “without the meanings that are provided by the human mind, organisations are only piles of stone and metal blobs of ink on pieces of papers”. Crane (1982, p. 126) suggests that, “as organisations plan their manpower needs, they should ensure that they have the right number of people, the right kind of people at the right time, at the right place and doing the things for which they are economically most useful”.

The importance of people or human resource in an organisation has brought into sharp focus an interest in the study HRM. Storey (1995, p. 5) defined HRM as a “distinctive approach to employment management which seeks to achieve competitive advantage through the strategic deployment of a highly committed and capable workforce, using an integrated array of cultural and personal techniques”.

According to Harbinson (1973, p. 17), it is about “the management of energies, skills, talents and management of people in organisations who can or should be applied to the production of goods and services”. HRM is therefore a management process of bringing together and developing into coherent whole the human assets of the organisation in order to make them perform more productivity and efficiently.

Whatever the structure of the organisation, it has to be staffed with people of the right quality who are deployed in the right numbers. According to Cole (1997), if organizations are able to employ staff who consistently fulfill their roles and are capable of taking on increased responsibilities, they are immeasurably

better placed to deal with the opportunities and threats arising from their operating environment than competitors who are always struggling to build and maintain their workforce (p. 140).

Today, the focus of most organisations is to seek better ways to secure the talents necessary for success, which implies that recruiting and managing the right calibre of people for the job should be a top priority. Compelling evidence also suggests that organisational success comes more from managing people effectively than from attaining large size or operating in a high-growth industry. In fact, numerous studies indicate that, effective management of people using high-performance or high-commitment inducement practices such as incentive packages can produce huge economic returns for organisations.

Recruitment and selection are two vital human resource planning practices concerned with identifying, attracting and choosing suitable people to meet an organisation's human resource requirement. These processes aim at attracting a pool of qualified personnel for job openings. Some of the factors that induce people to organisations are organisational compensation systems, the general working environment, career opportunities, management styles and organisational reputation.

Much as recruitment and selection are important in human resource planning, it is more important that organisations ensure that qualified employees recruited are retained. The Cambridge International Dictionary of English (1996, p. 1215) defines retention as "the continued use, existence or possession of something or someone", thus organisations strive to keep their human resource

strategically to effectively compete with others. Organisations, again aim at the optimum utilization of employees and this is achieved where and when employees' movement is relatively stable. To the Department of Employment in Ghana (1974, p. 72), "human resource planning is a strategy for acquisition, utilization, improvement and retention of an enterprise's human resources". This definition stresses that human resource planning is a strategic activity that is concerned with employing and retaining people on a long-term basis.

It is interesting to note that this definition does not envisage a situation of disintegration of employee. It assumes a situation of permanently or perpetually staying in employment; but, as Armstrong and Murlis (1994, p. 393) point out, "fewer and fewer staff stay with one employer for life and that for many employees, career progression depends on the ability to gain experience and promotion with several employers".

Indeed, the labour market today has become very turbulent, causing rapid labour movements in all directions. Organisations are, therefore, compelled to adjust their systems of managerial control so as to effectively utilize their employees – this is indeed the challenge facing present day managers.

Conceptual framework for the study

The conceptual framework adopted by the study is illustrated in Figure 1. The conceptual framework centred on the importance of OISL as a financier of small and medium businesses, the role of the human resource in the OISL operations and the major determinants of employee turnover in the company. The

framework provided the under listed variables and issues, and their relationships for further discussions.

- Shareholders
- Management Team
- The role of Human Resource in the OISL operations
- The factors that contribute to high employee turnover in the OISL and,
- The effects of employee turnover on the company.

In OISL, the main sources of funding include Loans, Savings, Donors and Shareholders capital. To achieve its target, the management of OISL has a responsibility to provide all the necessary logistics, especially the human resource which is the key resource in any given organisation. Again, OISL requires the services of highly qualified and well-trained personnel who will be able to

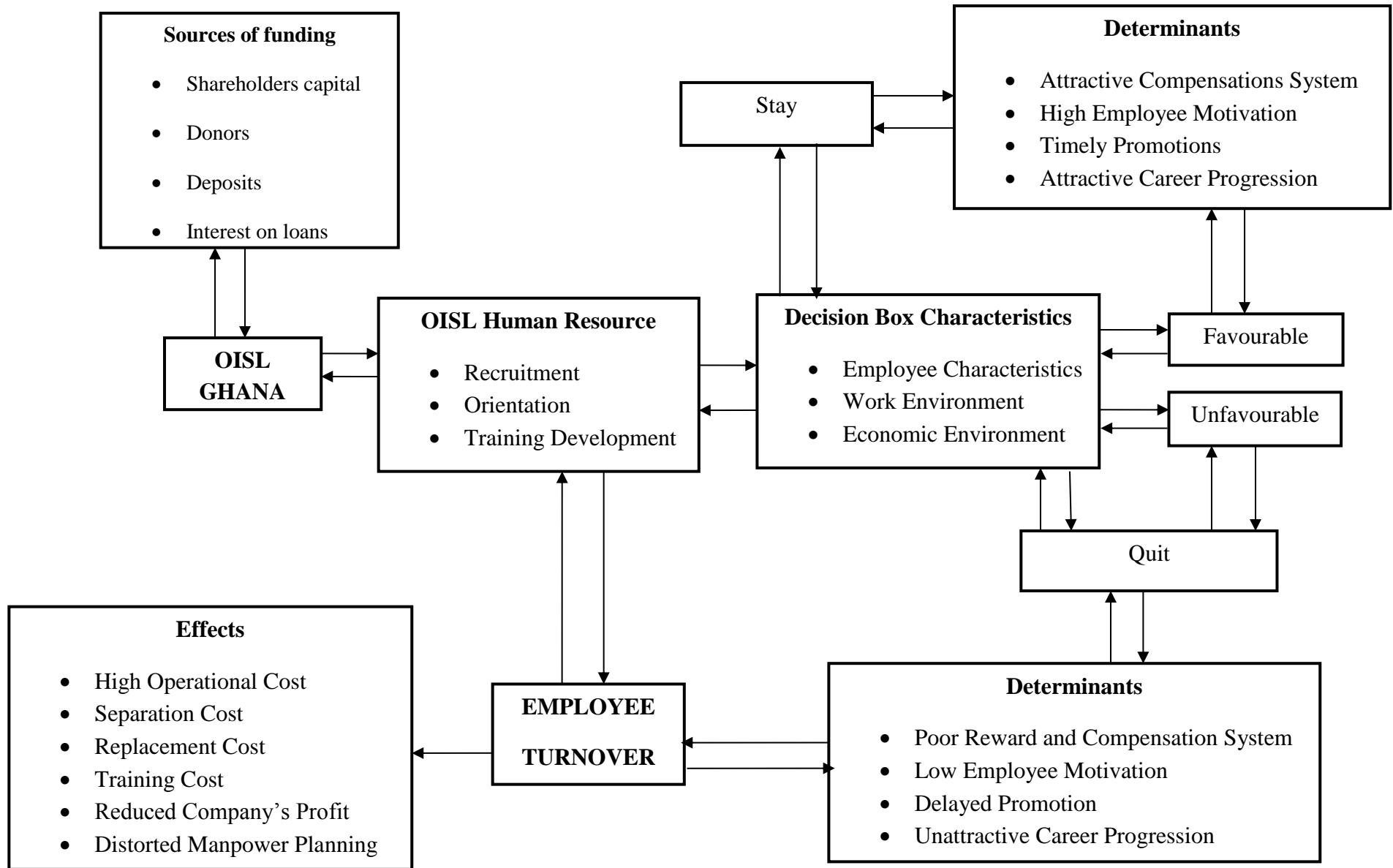


Figure 1: Conceptual framework for employee turnover in OISL

Source: Author's construct

Interpret and implement the numerous and constantly changing policies and financial laws of the country.

The OISL has over the years spent a lot of resources in recruiting the required number of qualified personnel to enable it achieve its set objectives. Most of these personnel were products of the country's tertiary and professional institutions. The company, in addition, spends chunk sums of money in their training and development.

It is unfortunate, however, that after all these efforts, the company is not able to retain its staff, and is thus, losing them out at an alarming rate to competing institutions and organisations. This is as a result of many factors, which the study has classified into employee characteristics, the work situation and economic environment of the country.

Employee characteristics deal with the intrinsic factors or the job content such as responsibility, scope to use and develop skills, opportunities for professional advancement and prestige attached to the job. The work situation involves extrinsic factors – the reward and compensation system, the social and physical work environment, opportunities for promotions and career progression.

The economic environment deals with the prevailing conditions, such as stability of the economy and the socio-political environment. Employees generally weigh how favourable these conditions are in deciding to remain in the organisation or quit. The major determinants of employee turnover in the OISL identified by the study included the poor reward and compensation system, weak career progression scheme and the repulsive working environment.

The high rate of employee turnover has a lot of implications for stakeholders in the OISL operations. These are the shareholders, board, management, staff and beneficiary public. To the company, it is a loss of skilled personnel on whom a lot of resources have been spent in terms of training and development. Again, extra resources will be needed to pay off the staffs that are leaving, while additional resources will also be needed to recruit and train newly qualified personnel to augment the staffing position.

The high turnover rate also has a negative repercussion on the remaining staff, as the fall in the number of employees will demand that they put in extra efforts to achieve the goals and vision of its set targets, hence a loss of profit to the company, a situation that will draw back the company's development agenda. The beneficiary public will face increased frustrations as the newly recruited personnel will need time to adjust to the system, in order to serve them appropriately.

CHAPTER THREE

METHODOLOGY

Introduction

This chapter deals with the methodology of the study which involve es the techniques and processes applied in collecting and collating the data. Issues covered in this chapter include the study organisation, research design, data sources, target population, sample size, sampling technique, and research instruments and data analysis.

Study organisation

Opportunity International Savings and Loans Limited (OISL) is a non-bank financial institution licensed by the Bank of Ghana (BoG) to operate in savings and loans. The company serves micro and small entrepreneurs with loans, deposits and other financial services. OISL is a partner member of Opportunity International Network (OIN), an Ecumenical Christian economic development organisation with 42 partners operating in Africa, Asia, Europe, Latin America and North America.

The Opportunity International Network is a global coalition of microfinance organisations, which provide transformational microfinance services to over 340,000 poor entrepreneurs in 25 countries. For the past 30 years, Opportunity International has provided its clients with access to training and

capital to expand their businesses and their lives. In order to meet the changing needs of the modern development world and to have an even greater, lasting impact on the entrepreneurial poor, OISL adjusted its strategy in the year 2000 from the development of NGOs to the development of national-scale, transformational formal financial institutions.

As a part of this effort, Opportunity International Savings & Loans Limited, (OISL) was formed and granted a license by the Bank of Ghana on July 15 2004 to operate as non bank financial institution to provide broader access to financial services to the entrepreneurial poor and disadvantaged people of Ghana, particularly deposit and credit services. OISL was born out of the belief that a transformational, formal financial institution was required to make a lasting economic impact on the entrepreneurial poor in Ghana.

Study design

The study employed cross-sectional design as the study aimed at finding out the prevalence of a phenomenon. The choice of the study design stems from the fact that it is capable of obtaining the most reliable and valid data possible given the constraints of funds, time and personnel requirement. Another rationale for choosing the study design is that, it is useful in obtaining an overall ‘picture’ as it stands at the time of the study.

Data and sources

The study gathered data using both primary and secondary sources. The management personnel and other employees of the company were the primary

sources of data. In other words, the first hand information gathered from the staff form the primary source of data. The management staff also provided relevant information about the problem and the steps they had taken to resolve them. These two actors were, in fact, the best source of reliable information about the past and present state of affairs of the company. The secondary sources of data consisted of documents provided by the key informants, as well as other relevant materials kept at the company's library located at the Head Office, and other libraries, these included the use of turnover and recruitment information on the problem.

Target population

The population used for the study was employees of O1SL in 2011. The population consisted of the management at the Head Office, senior and junior staff from the five selected branches out of the 21 branches. These five branches were selected because of the availability of resources such as time, money and energy and for precision or accuracy. The employees were the main human resource base of the company and as such had direct insight into the measures and efforts of the management at improving employee retention. On the whole, 78 employees were involved in the study with the break down presented in Table 2.

Table 2: Distribution of respondents by branch and staff

Category of staff	Head office	Accra	Circle	Kasoa	Mankessim	Takoradi	Total
Mgt staff	5	-	-	-	-	-	5
Senior staff	5	4	4	3	5	4	25
Junior staff	7	9	10	6	9	7	48
Total	17	13	14	9	14	11	78

Source: Field work, 2012

Sample size

A total of 78 respondents consisting of management (5), senior (25) and junior (48) staff were selected for the study. There were a total of 120 employees at the time of conducting this study. As recommended by Kirk (1995), for a population of around 1500, 20% should be sampled. For this reason 65 per cent of the 120 employees representing 78 employees were chosen as the sample size. The management staffs were involved in the study by means of in-depth interview while the senior and junior staffs were involved by means of questionnaires.

Sampling technique

Both probability and non-probability sampling techniques were employed in this study. For the probability sampling technique, convenience sampling technique was used to select senior and junior staffs. The population was stratified as a special attempt made to target females, to ensure a gender balance,

as 30.8 per cent of the sample size of 78 which was made up of 24 female respondents.

With regard to the non-probability sampling technique, three key informants were purposively targeted; the Human Resource Manager, Chief Finance Officer and the Chief Operations Officer. Purposively, judgment sampling technique was used to select five (5) management personnel for interview, which included the offices of HR (2), Finance (1) and Operations (2). These personnel were specifically selected by virtue of their respective positions as heads and deputies of departments/units in the company. They served as key informants who provided very vital information and other reference materials for the study. The senior and junior staff was, however, selected through simple random sampling. The senior and junior staff were also purposefully they were mostly affected in terms of dismissals as a result of non performance and leaving voluntarily because of late or non promotion and related factors. Thus, all available employees had an equal chance of being selected.

Research instruments

The instruments used in collecting the data were an interview guide and a questionnaire. While the management personnel who served as key informants were interviewed through an interview guide, the senior and junior staff responded to the questionnaire. The questionnaire consisted of five sections: causes of employee turnover, nature of employee turnover, the impact of employee turnover on staff performance, what to do to retain staff and socio-

demographic characteristics with 21 items which had to be answered by respondents to elicit perceptions and views on the phenomenon.

The first section sought to identify the major causes of employee turnover (namely poor reward and compensation system, low employee motivation, delays in promotions and poor career progression scheme). The second section measured the rate and size of the turnover. The third section focused on respondents' perceived impacts of turnover on staff performance in the company. The fourth section sought to enumerate the efforts and attempts made by the management to solve the problem. The fifth section dealt with socio-demographic characteristics of respondents' requested information about their sex, age, length of stay and educational attainment. This was self administered. Interview schedules which were loosely structured were also used for key informants/personnel. During a face-to-face encounter the researcher sought to allay the fears as well as pick up information not otherwise offered through the impersonal questionnaire but deemed pertinent to the study.

Data analysis

The data collected from the respondents were edited, coded and then processed using the Statistical Product and Service Solutions (SPSS version 17.0). The use of SPSS was handy for the analysis of the respondents view points. Frequencies and percentages were used in describing the data whiles chi-square was used to determine associations between independent and dependent variables. Interviews with key informants were transcribed and summarized and used to confirm or reject some of the findings.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter deals with the results and discussion of data collected on the management and staff of the Opportunity International Savings and Loans Limited. A number of descriptive and inferential tools including frequency tables, percentage, cross tabulations and diagrams were adopted to give pictorial representation of the findings. Issues covered include the nature of employee turnover, causes of employee turnover in the organisation and intervention of management.

The nature of employee turnover in the organisation

This section covers a discussion on the nature of employee turnover in OISL. It looks at the rate and size of the turnover, as well as the characteristics and type of employees who quit from the company. The 2011 Report of the Data and MIS units to OISL provide a clue to the rate of resignation in the company from 2009 and 2010 (Table 3). Table 3 shows that 75 and 36 staff resigned in 2009 and 2010 respectively. The alarming aspect of the problem is the fact that in both years, the senior staff that constituted a vital human resource of the company formed about a half of this number.

Table 3: Turnover in OISL (2009-2010)

Category of staff	Turnover %			
	2009		2010	
	Frequency	Percentage	Frequency	Percentage
Management staff	6	8.0	3	8.3
Senior staff	33	44.0	21	58.4
Junior staff	36	48.0	12	33.3
Number	75	100.0	36	100.0

Source: Data and MIS Units (2011)

A more recent data at the HR department indicates that three top management members and 5 senior members of staff resigned from the company between January and June 2011; a situation described by the head of HR department as very unhealthy.

Closely related to the above situation is the reaction of the existing employees' intention to quit from the organisation. Intention to quit relates to employees decisions to quit or remain in the company, subject to their personal ambitions and challenges, and the prevailing conditions of service. Table 4 presents the details of employees' intention to quit from OISL.

Table 4: Intentions to quit from OISL

Intention	Frequency	Percentage
Would like to quit	42	53.8
Would like to stay	8	10.3
Undecided	28	35.9
Total	78	100.0

Source: Fieldwork, 2012

Table 4 shows that 42 respondents, representing 53.8% , were emphatic that they would quit their jobs with the company if they had better options elsewhere as against 10.3 % who would stay. Another 28 of the respondents, making up to 35.9% were, however, undecided as to the action they would take in such a situation. Their uncertain positions imply that up to 89.7% of the employees might leave the company when they were offered better conditions by competing organisations and institutions.

Intention to quit by socio-demographic characteristics

This section describes the background of the employees who leave OISL. The variables that considered included their level of education, gender, age, religious belief, length of service and employment status.

Educational background of respondents

It is found from the Table 5 that the greatest number of staff who will quit are the university graduates: they constituted 63.3% of the total respondents who were certain about leaving the company. Again, it is

interesting to note that none of this category of staff said they would stay, while the remaining 39.1% were uncertain.

Table 5: Decisions to quit by educational attainment (N = 78)

Educational background of respondents	Decisions of respondents (%)		
	Quit	Stay	Uncertain
J.H.S. / Elementary	-	16.7	-
S.H.S.	8.2	50.0	30.4
University graduate	63.3	-	39.1
Post graduate	4.1	-	4.4
Others	24.4	33.3	26.1
Total	100.0	100.0	100.0

Source: Field work, 2012

Others such as polytechnic graduates and professionals had a similar opinion as their university counterparts – while 60% of this group were certain about leaving, 30% were undecided. Again, none of the post-graduates would stay – while 4.1% indicated that they would quit, and the other was uncertain. This confirms that employees with higher education are more likely to leave if better opportunities are offered by competing institutions than those with less education.

Intention to quit by age

Table 6 shows the decisions of the respondents in relation to their ages. Table 6 presents a picture that most of those who might quit from the company were in the prime of their working lives.

Table 6: Ages of respondents and their intentions to stay or quit (N=78)

Age of respondents	Decision of respondents (%)		
	Quit	Stay	Uncertain
25-29	7.5	13.3	8.7
30-34	32.5	13.3	13.0
35-39	20.0	13.3	17.4
40-44	12.5	6.8	21.7
45-49	12.5	13.3	14.7
50-54	10.0	26.7	8.7
55-59	5.0	13.3	15.8
Total	100.0	100.0	100.0

Source: Fieldwork, 2012

The modal age group in this situation is the respondents between the age group of 30-34 years, where 32.5% respondents could be found. It was again indicated that up to 82.5 % of those who were likely to leave the company were less than 50 years old – ironically, they represent the age group that constitutes the future of the organisation.

Intention to quit by length of service

Table 7 presents the views of the respondents' vis-à-vis the number of years they had been in the company. It will be observed that 57.8% of the respondents who had been in the company for up to eight years were certain that they would leave if they got the opportunity to do so. While only 14.1% said they would stay, about a third (28.2%) was, however, undecided. This implies that the company

could lose up to 86% of its experienced employees if they had better opportunities.

Table 7: Number of years with OISL and intentions to stay or quit (N=78)

No. of years with OISL	Intentions of respondents (%)		
	Quit	Stay	Uncertain
1-2	40.0	18.1	40.9
3-4	44.5	18.1	45.5
5-6	11.1	27.2	4.5
7-8	4.4	36.6	9.1
Total	100.0	100.0	100.0

Source: Fieldwork, 2012

In support of the assertion that older employees are more reluctant to quit from companies they have outgrown (Armstrong & Murlis, 1994), 36.6% of those who had served the organisation for more than 6 years said they would stay. Indeed, some of such respondents recorded that, “after spending so long a time in OISL, it is not so easy to leave”.

Intention to quit by employee status

The responses of the various categories of employees in respect of their decisions to either quit or remain in the company are shown in Table 8.

Table 8: Decisions of the different categories of employees (N=78)

Category of staff	Decision of respondents %		
	Quit	Stay	Undecided
Junior staff	34.1	45.5	43.5
Senior staff	61.4	45.5	47.8
Management staff	4.5	9.0	8.7
Total	100.0	100.0	100.0

Source: Fieldwork, 2012

Table 8 shows that the senior staff members of the company were more likely to resign than junior and their management counterparts. Whereas 34% of the junior staff said they will quit, almost 61.4% and 4.5% of the senior and management category of staff respectively also responded in the affirmative. It was again observed that 45.5% each in both senior and junior category were emphatic that they would stay in the company, while management category recorded only 9.0%. About 43.5%, 47.8% and 8.7% of junior, senior and management staff respectively was uncertain.

Causes of employee turnover in the organisation

The major factors contributing to the problem of employee turnover in the company are presented in Table 9 in their order of magnitude.

Table 9: Factors resulting in employee turnover in the OISL

Determinants of employee Turnover	Frequency	Percentage
Poor compensation system	64	82.0
Low motivation	49	66.7
Delays in promotions	49	59.0
Poor career progression scheme	38	48.7
Competing organisations provide better offer	33	42.3
Challenging nature of job	28	35.9
Poor retirement benefits	24	30.8
Lack of logistics	16	20.5
Poor management-employee relationship	14	17.9
Risky nature of the job	9	11.5

Source: Fieldwork, 2012

Table 9 shows that 82% of the respondents held the view that poor compensation and reward system at OISL was the most important factor that accounted for employee turnover in the company. Also 66.7% and 59% of the respondents rated low motivation and delayed promotions respectively as the next important factors. Poor career progression scheme was 48.7% although competing organisation provide better working conditions or offers, recorded 42.3%, the challenging nature of the job recorded 35.9% and poor retirement benefits 30.8% following in that order.

Other factors mentioned namely lack of logistics, poor management-employee relationship and risky nature of the job were not major determinants of employee turnover in the company.

Poor reward and compensation system

The reactions of the respondents show that this is the most important determinant of employee turnover in the company. Table 10 presents a picture of how the respondents compared their salary, benefits and other emoluments to their counterparts in similar institutions. Table 10 reported that only 36.4%, 27.3%, 21.7% and 29.4% of the respondents considered the salary, benefits and other incentives structure as high, average, low and very low respectively. Thus 78.4.4% of the respondents rated the reward and compensation system of the company between average and very low when compared to some other competing institutions. To most employees of the company, therefore, similar and competing institutions offer better remunerations and enticing incentives packages than OISL. The study also sought the views of the employees on the promptness of payment of salaries and incentive packages. The responses were largely in the affirmative since the company is a financial institution.

Table 10: Ratings of reward and compensation system (N=78)

Reward and Compensation	Ratings of reward and compensations (%)				
	Very high	High	Average	Low	Very low
Salary	-	36.4	27.3	21.7	29.4
Residential accommodation	-	-	-	-	11.8
Transport Facilities	-	-	22.7	34.8	58.8
Health schemes	100.0	63.6	50.0	43.5	-

Source: Fieldwork, 2012

On residential accommodation for employees it was emerged that the company had not provided employees with accommodation facilities. It was, however, noted that only the company's Chief Executive Officer (C.E.O) occupies the company's rented hotel apartment in Accra. The respondents, therefore, indicated that the absence of residential accommodation allowance was a disincentive to them since they had to pay high rent advances to landlords.

On how employees commuted between their homes and place of work, it was cited from company's loans book that 24.5% had benefited from the car loan scheme of the company, most beneficiaries were senior staff and management members.

The company had in place a health scheme for employees and their dependents. According to the Collective Bargaining Agreement (C.B.A) of the OISL signed in 2007, an "employee and his/her spouse and

up to four children and dependents not above 18 years shall qualify for the company's medical fee. The company shall pay the cost of ordinary medical attendance". It further sets the upper limit, which is reviewed upwards from time to time to reflect the economic trends of the times. The upper limit for 2007 was Nine Hundred Ghana Cedis (GH¢ 900.00). The study found that much as the respondents appreciated the existence of such a scheme, 43.5% were of the view that there should be no upper limit for the reimbursement of medical expenses, while 63.6% considered the present scheme as satisfactory. It must be noted, however, that in January, 2011 all employees were registered with the National Health Insurance Scheme (NHIS).

Motivation of employees

The respondents had different views as to what constituted motivation, yet most looked at it from the view point of the extrinsic needs of people. The respondents considered motivation as the provision of better conditions of service, while positive management style and safe working environment/job security were viewed as intrinsic needs. The perception of the employees on how they were motivated by management is shown in Table 11.

Table 11: Respondents perceptions of motivation in OISL

Response	Frequency	Percentage
Highly motivated	2	2.6
Averagely motivated	27	34.6
Poorly motivated	49	62.8
Total	78	100.0

Source: Fieldwork, 2012

Table 11 shows that only two respondents (2.6%) felt highly motivated, while 34.6% and 62.8% perceived that they were averagely and poorly motivated. The OISL newsletter of 6th April, 2009 summed up the impressions of the employees in these words; “disillusionment and loss of hope is gradually engulfing the company, leading to high employee turnover”.

Respondents’ views about promotion scheme

The third most important determinant of the high rate of employee turnover in the OISL was the delays and apparent unfairness in the promotion system. The views of the respondents with respect to the promptness and fairness of promotions in the company are shown in Table 12.

Table 12: Views of respondents about promotion in OISL

Remark	Frequency	Percentage
Frustrating	54	69.2
Bias	8	10.3
Fair	8	10.3
Normal	6	7.7
Timely	2	2.5
Total	78	100.0

Sources: Fieldwork, 2012

Table 12 shows that only two respondents indicated that promotion was timely, whilst six saw it as normal, 54 and 8 each were of the view that the system was frustrating, bias and fair respectively. The reasons cited by the respondents for the delayed promotions included the fact that management hid under the “subject to the availability of vacancy” clause in the CBA to unduly frustrate the employees. Some of the respondents had in fact been on one grade for well over five years because there were no vacancies in their units/departments, though the CBA proposed a minimum of three years on any given grade.

Some respondents also viewed the system as not being fair and tainted with some sort of favouritism and nepotism. In the view of such respondents, getting promoted depended particularly on having what some of them referred to as a ‘God-Father’ at the top. According to the respondents, frustration and panic are gradually catching up with staff particularly those that are due for promotion in the foreseeable future.

Respondents' views on career progression and professional development**Table 13: Respondents' views on career progression and professional Development / succession plan.**

Response	Frequency	Percentage
ACCA	2	2.6
ICA	3	3.7
Post graduates	2	2.6
Graduates	12	15.4
Stenography	2	2.6
Driving	2	2.6
Others (None)	55	70.5
Total	78	100.0

Source: Fieldwork, 2012

The study found that most employees were not satisfied with the lack of opportunities to progress in their chosen professions: that apart from the annual Basic Professional Course in Credit Delivery and Banking Operations organized for all categories of staff, 70.5% of the respondents had not pursued any other form of further studies. Twelve and two respondents had been able to earn their bachelor's and post – graduate degrees, 5 had reached various stages of the Institute of Chartered Accountants (ICA) and Association of Certified Chartered Accountants (ACCA) programmes, while two each were taking courses in stenography and driving.

On management's attitude towards their studies, nine responded as co-operative, while 14 were indifferent. To 10 others, management's reaction was

discouraging, while four faced resistance. With respect to how often in-service training programmes were organized for the employees, the programme was rated very often when the respondents had attended at least two courses over the past one year.

Interventions by management

Management of the company over the years has made various efforts and attempts to solve the problems that have contributed to the high rate of employee turnover. These efforts and attempts assess the effectiveness of these measures and how they have been able to halt or minimize the trend of resignations that have been a disturbing characteristic of the company since 2008.

Reward and compensation system

The management of the company appears to have taken steps to improve its reward and compensation scheme. Generally, its policy on employee conditions of service is clearly prescribed in the CBA. Over the years the salaries of the employees have been consistently increased over and above the government's approved minimum wage, in an attempt to motivate and retain the staff. The percentage increases in salaries from 2007 to 2011 are presented in Table 14.

Table 14: Percentage increase in salaries (2007-2011)

Year	Percentage increase
2007	22
2008	26
2009	17
2010	36
2011	42

Source: OISL Employees Salary Slips (2007-2011)

Table 14 shows that salary increases have been considerably high between 2007 and 2011. With the exception of 2009, the annual increases for all other years were above 20 percent.

In addition to these salary increases, management has initiated quantitative and qualitative performance-based incentives to further boost morale and encourage extraordinary effort by the employer. In the year 2011, for instance, the employees of the company were paid all the four quarterly bonuses and annual bonus of monthly basic salary which they (the employees) referred to as 13th month salary.

As enshrined in the CBA of October 2006, the employees of the company were in addition entitled to the following:

- Transport Allowance of 10.0% of basic
- Rent Allowance of 5.0% of basic
- Utility Allowance of 5.0% of basic

- Loan interest Allowance of 7.2% of basic
- Clothing Allowance of 24.5% of basic per month, reimbursements to be made on a quarterly basis.

The company also provides loan facilities to staff to purchase their own means of transport (cars). Staff members that benefited from this scheme, or managed to acquire their own means of transport are, however, not given any form of fuel or maintenance allowance. Other loan facilities available to the employees were rent and personal.

Table 15: Views on management’s attempts at improving the reward and Compensation

Remarks	Frequency	Percentage
Very satisfactory	1	1.3
Satisfactory	9	11.5
Unsatisfactory	54	69.2
Very unsatisfactory	14	17.9
Total	78	100.0

Source: Fieldwork, 2012

On retirement benefit for employees, the company had established a provident fund for all permanent employees to which the organisation and every employee contributed a minimum compulsory percentage of their basic salary. The company’s intention is to augment the benefit for retiring employees which is provided by the Social Security and National Insurance Trust (SSNIT).

The views of the respondents about management's effort at improving the various aspects of their conditions of service are expressed in Table 15. Only 10 (12.8%) rated the efforts of management as satisfactory. The majority of the respondents 54 (69.2%) and 14 (17.9%) rated it as unsatisfactory and very unsatisfactory. This implies that a total of 87.1% of the respondents were not satisfied with the efforts of management at improving the conditions of service of employees. Some respondents were just candid when they expressed the sentiments that management was, in fact, not doing anything to improve upon their well-being. The management was accused of simply being insensitive to the plight of the employees.

In conclusion, this chapter dealt with the data received from respondents based on carefully designed research instruments in the form of questionnaires and interviews in line with the research questions and specific objectives for the study. Accordingly, analysis was done on respondents' personal data, reasons and perception of employee turnover, compensation system, motivation, promotions, career progression scheme and the like and measures to improve employee turnover in OISL.

It is clear from the above discussion that the factors that account for employee turnover are varied. Most of the statements were collectively agreed upon with very few reservations.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter presents the summary of the major findings of the study. It also discusses the conclusions drawn from the findings and appropriate recommendations to improve theory and practice.

Summary

The main objective of the study was to assess the extent of employee turnover in the Opportunity International Savings & Loans Limited. With regard to data collection, 78 questionnaires were distributed to the respondents who were randomly selected. All the questionnaires were returned.

Data analysis was done using the simple frequency tables, cross tabulations and percentages obtained from Statistical Product and Service Solutions (SPSS version 17.0) software.

Main findings

- The study revealed that the most important determining factors of employee turnover in the company was related to the work environment. These included the reward and compensation system, low employee motivation, delays in promotions and poor career progression scheme.

The study, however, found that factors such as employee characteristics and economic environment were not major contributory factors to the problem of employee turnover in the company.

- Though the management of the company had over the years adopted and introduced a number of measures at solving the problem of employee turnover, these had not been comprehensive and far reaching enough to fully address the problem.
- Another finding from the study was the negative implication of the situation on all the stakeholders: the company loses skilled personnel, extra resources needed to pay off the staff that are leaving, to recruit and train new personnel, the existing staff will have to put in extra efforts to achieve the organizational goals and the company in general will face frustrations as they will need some time to adjust to the newly recruited personnel.

Conclusions

Based on the findings of the study, the following conclusions were made: Employees' dissatisfaction with reward and compensation system, low staff motivation, delays in promotions and poor career progression scheme are the major causes of the high rate of employee turnover in the company. Conversely, competing organizations provide better offers, the challenging nature of the job, poor retirement benefits, lack of logistics, poor management-employee relationship and risky nature of the job emerged as minor causes.

It was concluded that employees' socio-demographic characteristics such as age, level of education, length of service and employee status also related to the turnover. It was found that majority of senior staff and those who have served the company for a considerable number of years (6 years and above) are likely to quit from the company.

The company has put in place some measures such as increasing salaries, offering car, rent and personal allowances and study leave with or without pay. Nevertheless, the respondents perceived these as woefully inadequate.

Recommendations

- Management should build a reliable database on its human resource. Embarking on this exercise will mean that management should equip the existing Human Resource Department to do a proper manpower planning assessment for the company. This assessment should consider such essential issues as the manpower planning needs, mode of recruitment and selection, reward and compensation systems, appraisal and promotion procedures, retirements and succession plans of the company.
- Management should deeply research into the true nature and causes of employee turnover in the OISL, in order to assess the trend and types of employees who resign from the company. It should be a policy of the company to conduct exit interview for resigning staff in order to know their reasons for leaving with the view to correcting all existing anomalies.

- To retain the employees, management should adopt policies that will address the major factors that contribute to the problem of employee turnover in the company. These policies should aim at improving upon the reward and compensation systems, and other major contributory factors. Similarly, the management should put up its best in boosting the morale of the staff members to show total commitment and dedication in raising the image of the company.
- The company should make it a policy to invest more resources in the training programmes of its managers to improve upon their management and leadership skills. This will promote a better employee-management relation, and thereby, minimize the low motivation experienced by the employees. Management may also adopt a policy that will empower the employees, involve them in taking major decisions, as well as making their jobs more challenging and interesting in order to promote personal growth and advancement. Management should also take a second look at the promotion policy of the company so as to minimize the delays and frustrations associated with it.
- Management should adopt a more comprehensive and attractive career progression policy to develop the skills and knowledge of the employees. Thus, employees could be encouraged and sponsored to undertake further studies as it pertains in many other organisations. Management will also have to intensify its in-service training programmes for all categories of staff.

Direction for further study

- Future studies should focus on employees who have left the organization in order to get the actual reasons for leaving.
- The current study covered five branches of the company in the southern sector of the country only. Future studies should also cover the other branches in the northern sector to get a clearer picture of the nature of employee turnover in the entire company.

Limitations to the study

The researcher had wished to widen the scope as well as the area of the study but was constrained by inadequate resources in the form of time and finance to carry out such a large scale research. For instance, it was not possible at the time to undertake the study involving over 21 branches operating in the six regions of Ghana.

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APPENDICES

APPENDIX A

QUESTIONNAIRE FOR STAFF OF THE OISL

Introduction

I am a student of the University of Cape Coast pursuing a Master Degree in Human Resource Management. This study is being conducted to find out the extent of Employee Turnover (the rate at which the organisation gains or losses employees) in the Opportunity International Savings & Loans limited. It is purely for academic work and nothing else. Responses to these questions would be treated as confidential.

Kindly respond to all sections of the questions by ticking (√) or providing answers in the space provided.

Thank you.

Section A: Causes of employee turnover

1. How long have you served as an employee of the Opportunity International?

2. Please state the department for which you were initially employed
.....

3. Your current department
.....

4. How do you see your workload as an Opportunity staff?

(Tick all that apply)

(1) Work over-load [] (2) Work under-load []

1. Extremely loaded []

2. Very loaded []

3. Moderately loaded []

4. Under loaded []

5. Very under loaded []

5. Does your current job falls in line with your career objective?

1. Yes [] 2. No []

6. What will motivate you to resign from Opportunity International? (Tick all that apply)

(1) Better prospects in another organisation []

(2) Take up political appointment []

(3) Travel abroad to settle either work or school []

(4) Others, please indicate

7. If you get a chance will you leave Opportunity for another job?

(1) Yes [] (2) No []

If yes give for reasons why you will like to leave Opportunity

1.

2.

3.

If No, give your reasons

1.
2.
3.

7. Please, indicate your level of agreement to the following statements by ticking [√] at the columns provided.

8. Job analysis by employee

Statement	Strongly Agree	Agree	Neither A/D	Disagree	Strongly Disagree
1. My job functions and roles in my department at Opportunity are clear to me					
2. Most Opportunity job functions are routine and repetitive					
3. There are adequate training programmes for staff					
4. My skills, abilities, competencies and					

knowledge are being efficiently utilized in the course of my work					
5.Opportuity has provided me with opportunities to develop new skills					
6. Staff of Opportunitiy is involved in making key decisions that affects the organisation.					

9. Work environment situation

Statement	Strongly Agree	Agree	Neither A/D	Disagree	Strongly Disagree
1. There is poor working relationship between staff and management at Opportunity					
2. Bullying and					

harassment of junior staff persist at Opportunity.					
3. The management style at Opportunity is that of authoritarian and dictatorial					
4.Lack of basic working tools and equipments hinders the smooth running of my department					
5. Job security at Opportunity boosts staff moral					
6. Salaries and					

other benefits are better in Opportunity than other institutions					
7. There are better retirement packages at Opportunity than other institutions					
8. Promotions and transfers are well dealt with in Opportunity.					
9. I feel appreciated and listened to by management of Opportunity.					
10. Most had unrealistic expectations					

before joining the institution					
11. Other benefits aside the salary serve as a motivating factor for most staff.					

Section B: Nature of labour turn over

10. Please, indicate your level of agreement to the following statements by ticking [√] at the columns provided.

Statement	Strongly Agree	Agree	Neither A/D	Disagree	Strongly Disagree
1. More staff tends to resign from Opportunity than other institutions					
2. Movement of staff at Opportunity is more from one department to the other organizations					

<p>3. Junior staff of Opportunity are more likely to resign from their jobs than senior staff and management</p>					
<p>4. Seasoned and experienced Opportunity staff are more likely to resign than inexperienced ones</p>					
<p>5. Most staff leave Opportunity through retirement, deaths, sicknesses etc but not through resignations or dismissals</p>					
<p>6. Most Opportunity staff are engaged in other business</p>					

activities such as trading, clearing of vehicles, running shops etc					
9. Male opportunity staff is likely to resign than female staff.					

11. How would you rate the extent at which staff leaves Opportunity?

- 1. Very High { }
- 2. High { }
- 3. Low { }
- 4. Very Low { }

12. Which of the following do you consider are the major reasons why staff leaves Opportunity? Tick all that apply

- 1. Resignation { }
- 2. Transfer { }
- 3. Retirement { }
- 4. Deaths { }
- 5. Dismissal { }
- 6. Redundancy { }

Others, please specify

Section C: The impact of employee turnover on staff performance

12. Please, indicate your level of agreement to the following statements by ticking {√} at the columns provided.

Statement	Strongly Agree	Agree	Neither A/D	Disagree	Strongly Disagree
1. There is no fresh ideas, new methods and innovations in Opportunity because staff doesn't frequency leave for new ones to occupy their positions.					
2. Annual targets are not being met because the rate at which staff resign from Opportunity is high					
3. Organisational					

output is generally low because poor performers in Opportunity are not being replaced with better ones.					
4.Frequent staff resignations has led to low morale of staff in Opportunity.					
Add more statements.					

Section D: What to do to retain staff

13. Please, indicate your level of agreement to the following statements by ticking {√} at the columns provided.

Statement	Strongly Agree	Agree	Neither A/D	Disagree	Strongly Disagree
1 Induction and recruitment should be streamlined in Opportunity					
2Salaries,					

allowances and other packages should be enhanced for Opportunity.					
3 Management should focus on employee training and career development programmes					
4 Management should improve internal communications in Opportunity					
5 Management of Opportunity should improve the physical working environment (e.g. repainting and minor renovations)					
6 Opportunity staff					

<p>should be engaged through social events and community activities.</p>					
<p>7 Management of Opportunity should empower and involve employees in key decisions that affect the organization</p>					
<p>8 Management should encourage staff volunteering which offers development opportunities.</p>					
<p>9 Management of Opportunity should in-cooperate work-life balance and flexible working arrangements</p>					

10 Management of Opportunity should endeavor to train and promote staff as and when they are due.					
11 Management of Opportunity should provide basic working tools and equipments to staff.					

Section E: Socio – demographic characteristics

14. Sex: 1. Male { } 2. Female { }
15. Age:
16. Marital Status: 1. Married { } 2. Unmarried { }
17. Family size:
18. Educational Qualification:
 1. SSSCE { } 2. Diploma { }
 3. Degree { } 4. Post-graduate { }

Others please specify
19. Position/Rank.....
20. Ethnicity (provide the possible responses).....
21. Religion (provide the possible responses).....

APPENDIX B

INTERVIEW GUIDE FOR MANAGEMENT STAFF OF OISL

I am a student of the University of Cape Coast pursuing a Master Degree in Human Resource Management. This study is being conducted to find out the extent of Employee turnover (the rate at which the organisation gains or losses employees) in the Opportunity International Savings & Loans limited. It is purely for academic work and nothing else. Responses to these questions would be treated as confidential.

Kindly respond to all sections of the questions by ticking (√) or providing answers in the space provided.

Thank you.

Name of Department/Unit.....

Name of Branch.....

Rank.....

1. What was the caliber of the people who were recruited (age, sex, qualification, etc) by the company between 2008-2010?
2. As part of the Management team of the OISL, what can you say about the reward system, that is, salary, allowances, bonuses, end of service benefits or pension scheme and other such incentives? Are the employees satisfied with their conditions of service?
3. How do reward or appreciate hard working and dedicated staff? How would you describe the Management – Employee relationship?

4. How often are employees promoted? What are criteria for promoting staff? From your point of view, is the promotion scheme fair and attractive enough to retain employees?
5. Do you have a scheme for career progression for employees? Are the employees encouraged to pursue further studies while in employment? How often do you organize in – service training courses and seminars for the employees?
6. Would you say that the employees have job satisfaction? Do they experience job enrichment and feel empowered in the performance of their duties? How often do you transfer the employees?
7. Do you have residential accommodation, transportation, and health etc facilities for your employees?
8. Would you say that the employees are proud of the company and therefore make complimentary remarks about it? Please give reasons for your answers.
9. Since taking over your present position, have you experienced any resignations? If yes, did you get the opportunity to interview those who resigned? From your point of view, why do employees quit from the company? Is the situation alarming? What could be done to normalize employee retention?