



**MOTIVATION FACTORS AND EMPLOYEE RETENTION IN UGANDA**

**A CASE OF UGANDA REVENUE AUTHORITY**

**BY**

**JILLY ANNET AMINAT**

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**DECLARATION**

I, Jilly Annet Aminat, hereby declare that this dissertation is my own original work and has never been submitted for academic award to any university or institution of higher learning.

Signature:..... Date:.....

**APPROVAL**

This is to certify that Jilly Annet Aminat was under our supervision and her research work on motivation factors and employee retention in URA. .

Name: Dr. Sebastian Bigabwenkya

Sign.....

Date.....

Name: Dr. Edgar Mwesigye Kateshumbwa

Sign.....

Date.....

## **DEDICATION**

This work is dedicated to the Almighty God who enabled me to go through the course

## **ACKNOWLEDGEMENT**

I would like to acknowledge the Almighty God for the grace, abundant provisions and divine health throughout this course. My most sincere thanks to my spiritual parents Pr. Denis Amos Emonjong and Pr. Anne Emonjong who have shown their love and support throughout this journey. I am so grateful to my supervisors Dr. Sebastian Bigabwenkya and Dr. Edgar Mwesigye Kateshubwa for their unreserved and timely support in checking, commenting and giving constructive advice. Similarly, I would like to thank the employees of URA for having accepted to contribute towards my research study. God bless them abundantly. My sincere appreciation to Mr. Stephen B. Maloba for his continuous support and guidance towards my career development.

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## **LIST OF ABBREVIATION**

ACCA	Association of Chartered Certified Accounts
CIMA	Chartered Institute of Management Accountants
CPA	Certified Public Accountants
DIIS	Danish Institute for International studies
HRMIS	Human Resource Management Information System
KCCA	Kampala City Council Authority
SPSS	Statistical Package for Social Science
UNRA	Uganda National Road Authority
URA	Uganda Revenue Authority

## **ABSTRACT**

The purpose of the study was to investigate the relationship between motivation factors and employee retention at URA. The objectives of the study included; to examine the relationship between compensation and employee retention at URA, to investigate the relationship between career development and employee retention at URA and to examine the relationship between leadership styles and employee retention at URA. Vroom's (1965) Expectancy theory was used as the main theory for the study as it states that employees join the organization with expectations about their needs. The study used a cross-sectional survey research designs both quantitative and qualitative approaches were adopted. The research used a sample of 186 respondents 'and the response rate of 176 (94.6%) was obtained from both the questionnaire and interview guide administered. Simple random sampling and purposive sampling were used. Methods of data collections were questionnaire, documentary analysis and interview. A questionnaire, interview guide and documentary checklist were used as instruments for data collection. Pearson correlation was used to determine the relationship between independent (IV) and dependent variation (DV) Quantitative analysis mainly consisted of descriptive statistics (frequencies and percentages. data was analyzed using descriptive statistics and cross tabulations to find the relationship between the motivation factors and employee retention at URA. The study found out that compensation significantly affected employee retention, career development significantly affected employee retention and leadership styles have a significant relationship with employee retention at URA. It was recommended that URA should provide benefits that attract and retain employees by aligning remuneration with employee job responsibilities this will motivate employee to enhance retention, employee training at all organizational levels should be given priority to ensure career development and continuity and management to strengthen communication strategies in order to keep employees a braced .All in all , compensation, career development and leadership styles have a significant relationship with employee retention at URA. It is envisioned that, this study make managers more aware of the retention process and the need for more research in the subject area

# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Introduction**

Employee retention has been indicated to be vital to the attainment of organizational goals accomplishment, and a source of a competitive advantage. This study was about employee retention at URA and the motivation factors that affect employees' satisfaction at work. The chapter contains the Background to the study, Historical , Theoretical , Conceptual , Contextual background, problem statement, purpose of the study, , research questions,, specific objectives hypothesis study, conceptual framework, justification of the study, scope and content definitions.

### **1.2 Background to the study**

The background to the study covered the historical background, theoretical background, conceptual background and contextual background. The researcher looked at both motivation factors and employee retention in their backgrounds and how they have developed over the years.

#### **1.2.1 Historical Background**

Motivation broadly is a drive on or within a person causing wakening, persistence of goals, voluntary effort and direction. Early studies on motivation focused on human instincts. In the late 19th and early 20<sup>th</sup> centuries, the psychologists studying motivation revealed that people were mostly set to behave in particular ways reliant on the circumstances which they were exposed. Sigmund Freud, postulates that "the most powerful determinants of human behavior were those of which the individual was not consciously aware of." (Gordon et al, 2001).



Gordon et al (001) further suggests that, the emergency of the industrial society also contributed to the notion of organized work-force using technology to support quality production. Pre-industrial society was majorly agricultural with inadequate capacity to produce. As a result the people derived motivation in living and working in farms to avoid going hungry. The motivation was premised on the fact that if the employees were unwilling to wake up at dawn and begin working so hard, they were likely to have no food at the table.

An era of changed emerged with the rise in Industrialization where vapor carried more power for less fuel. For the first time in the history of mankind, great crowds were gathering in a particular place working together voluntarily not as prisoners or slaves. Consequently, tasks begun to be broken down into small pieces for better efficiency, giving birth the principle of division of labour. Good work was rewarded and poor work was punished which led the introduction of elaborate financial reward schemes across Europe (Fox, et al 1991). This situation was influenced by scientific management approach of Frederick. Taylor.

In the early 1960's in Europe, the focus of employee motivation in the public sector was mainly from the basic needs theory point of view indicating that public servants were mainly intrinsically motivated to perform (Mamolopoulos,2008) this perspective was premised on the research carried out in the early 1960's that associated the effort individual exhibit within their working environment with the fulfillment of their need for personal achievements, power, affiliation, status and worthwhile social contributions (Warner, Cummings and Ceuyot as cited in Manolopoulos, 2008) in that sense, motivation was seen mainly as being determined by individual characteristics such as reward preference personality and values (Rawls, Nelen, Perry &Wittmer 2009).

In Africa, motivation to enhance retention was initially based on monetary financial rewards such as salaries and allowances (Danish Institute for International Studies, 2007) and recent studies have shown that many African countries have adopted incentive systems that address social needs (Dambisya. 2007). In Lesotho, Mozambique, Malawi and Tanzania housing has been provided especially for health workers, staff transport facilities, in Lesotho, Malawi, Zambia and Swaziland child care facilities have been provided and many African countries have improved the working conditions by offering better equipment providing, better security, developed human resource management information systems( HRMIS) to provide feedback and adopted typically trainings and career path incentives including; continuous development, opportunities for higher trainings, scholarships, bursaries, bonding agreements and research opportunities all these are motivation factors to enhance employee retention.

### **1.2.2 Theoretical Background**

Two theories were advanced by the researcher to explain the relationship between motivation factors and employee retention these theories included, Vroom's (1964) Expectancy Theory and Equity theory advanced by Adam Stacy (1965)Vroom's (1964) Expectancy Theory (cited from Okumbe, 1999) states that individuals make conscious choices among outcomes according to estimated probabilities of occurrences and personal values attached to them. Individual factors such as personality, knowledge, skills, abilities and experience affect employee performance. He stated that,"Effort, performance and motivation are linked in a person's motivation".[www.yourcoach.be](http://www.yourcoach.be) . Importantly, Vroom's expectancy theory works on perceptions however much an employer provided everything appropriate for motivation for the employees in that organization. It does not stop employees perceiving it not working for them.

It is theorized here that retention of staff at URA is determined by the expectations of the employees have to be empowered, developed, communicated by the management and provide a conducive working environment if these are fulfilled according to employees expectations they stay longer and when neglected, employees turn-over occurs.

Equity Theory was propounded by Adam. Stacy in 1965 (Hadede, 2011). Based on the principle of employees being motivated to achieve fairness or equity in relation with other employees in the organizations they work for. Employees judge and compare their inputs for instance, experience, skills, effort, qualifications and the outcomes they receive like pay, fridge benefits, working conditions and status.

### **1.2.3 Conceptual Background**

In this study, there were two major concepts namely, motivation factors and employee retention.

Business Dictionary (2016) refers to employee retention as “an effort by a business to maintain a working environment which supports current staff in remaining with the company.” In this study, employee retention was looked at as a measurable degree of employees sense of belonging, regularity at work and number of years worked.

According to Armstrong and Baron (1995), motivation factors are defined as approaches to improving effectiveness in the organization and improving performance of the employees by developing the capabilities of individuals and teams. The focus is to create a culture that inspires continuous improvement of business process and individual behavior, skills and contributions. In this study, however, motivation factors are looked at in terms of compensation, leadership styles and career development.

Compensation plays a major role in employee motivation. It boosts employee motivation and helps in attracting and retaining efficient and effective employees. It enhances job satisfaction and therefore creates a culture of excellence. Employees are proud to be associated with the organization. This minimizes employee turnover. The expectancy theory, submits that employees are possibly motivated to perform and remain in an organization when there is a strong perception link between performance and rewards received (Mendonca, 2002).

Training is an essential component in employee retention. The acquisition of knowledge and skills related to one's job creates confidence at the workplace. This helps in minimizing stress levels. Training results in effective time management and the reduction of learning time. It also helps to minimize supervisory burden. It improves the quality in performance and motivation. , This creates fewer conflicts at the workplace. Human capital theory of the March and Simon (1958) ease-of-movement framework advocate that, human resource practices that improve abilities, skills and knowledge of the employees entering into the organization would lead to retention (Benson, et al. 2004).

The opportunities for career advancement are a motivating factor for many employees. By giving employees the opportunities to climb the promotion ladder or to further training, employees feel valued resulting to job involvement, decrease absenteeism and turnover.

Needs theory notes that employees of an organization need self-actualization a fulfillment to progress and improvement is realized. It is a desire of employees to become what they are capable of as they maximize their potentials. The theory relays the study variables in the way that if the employees are rewarded they are in position to fulfill their desires to the highest level resulting retention from multi-purpose training

According to Northouse (2010), leadership has a strong relationship with employee retention. When leaders apply the right leadership style, employees tend to stay. Occasionally, employees 'pushed' as a result of dissatisfaction in their present jobs to pursue alternate employment. This can also be as an outcome of 'pull' and 'push' factors. Change in domestic circumstances outside the control of any employer for voluntary turnover. (Muindi 2011)

#### **1.2.4 Contextual Background**

Uganda Revenue Authority is a government revenue collection agency established by the Parliament of Uganda. This organization is responsible for assessing, enforcing, collection and accounting for different taxes enforced in Uganda. The Uganda Revenue Authority is divided into administrative departments; the Commissioner General's office, the Customs and Excise Department, the Domestic Taxes Department, the Corporate Services Department, the Legal and Board Affairs department, the Internal

Audit and Compliance Department, and the Tax Investigation Department.

[en.wikipedia.org/\(www.ura.gov.com\)](http://en.wikipedia.org/www.ura.gov.com). URA like any other organizations has been facing challenges of retaining its employees thus losing them to other firms like "Oil companies, , auditing and accounting firms, banks, private businesses among others" Kagina revealed. According to the report issued by New Vision Newspaper most staff quit Uganda Revenue Authority " having attained professional training in accounting, business management, tax and revenue management, financial accounting, Auditing" "Uganda Revenue Authority does not pay higher salaries compared to some international banks and oil dealers. Like any other organization, employees go for greener pastures." Uganda Revenue Authority pays professional bodies like Association of Chartered Certified Accountants (ACCA), Chartered Institute of Management Accountants (CIMA) and Certified Public Accountants (CPA) " to train employees but after

working for an average two years with Uganda Revenue Authority, some professional workers “leave under unclear circumstances“. m.allafrica.com.

### **1.3 Statement to the Problem**

Employee retention is global concern and countless studies have been conducted on this subject and this problem still presents every year. Organizations that put employees first and motivate them effectively have a more dedicated and committed workforce which in turn translates into high employee retention and according to (Calenman, 2005) this competitive environment, all organizations are striving to retain key skilled employees as long as possible.

URA has made numerous efforts through HR policies to motivate its employees through prompt timely payments of salaries, compensation, career development, creating conducive working environment through engaging employee involvement, recognition of outstanding performance and prompt feedback. URA has also sponsored 50% tuition for any course a staff decides to undertake, hired professional bodies such as ACCA, CIMA and CPA to train employees determining the extent to which talented and skilled staff stay longer on the job.

However URA Budget framework and policy statement report for 2013/2014 financial year revealed that Middle management and field staffs do not stay longer in the organization as the senior management team. Employee retention has still proved to be a major challenge with many professional employees leaving under unclear circumstances.

Despite the effort made by Uganda Revenue Authority to train its employees in professional courses and trying to pay higher salaries, this has not retained employees in Uganda Revenue Authority. According to the Human Resource Report on staff retention 2017, it was reported that URA lost about 32.4% of its employees in financial year 2011/2012. In 2012/2013 and 2013/2014,

about 16.9% and 15.69% respectively left the organization while in the financial year 2014/2015, 15.2% resigned and in 2015/2016 20.2% left the organization.

If the problem of retention is not handled at URA and failure to retain desired employees means organization loss of image, identity, expertise and continuity hence its competitiveness. Basing on the above situation, the major purpose of the study was to establish the relationship between motivation factors and employee retention at URA.

#### **1.4 Purpose of the Study**

The purpose of the study was to investigate the relationship between motivation factors and employee retention at URA.

#### **1.5 Specific objectives the Study**

- i) To examine the relationship between compensation and employee retention at URA
- ii) To investigate the relationship between career development and employee retention at URA
- iii) To examine the relationship between leadership styles and employee retention at URA

#### **1.6 Research Questions**

- i) What is the relationship between compensation and employee retention?
- ii) What is the relationship between career development and employee retention?
- iii) What is the relationship between leadership styles and employee retention?

#### **1.7 Hypotheses of the Study**

H1: There is a significant relationship between compensation and employee retention

H2: There is a significant relationship between career development and employee retention

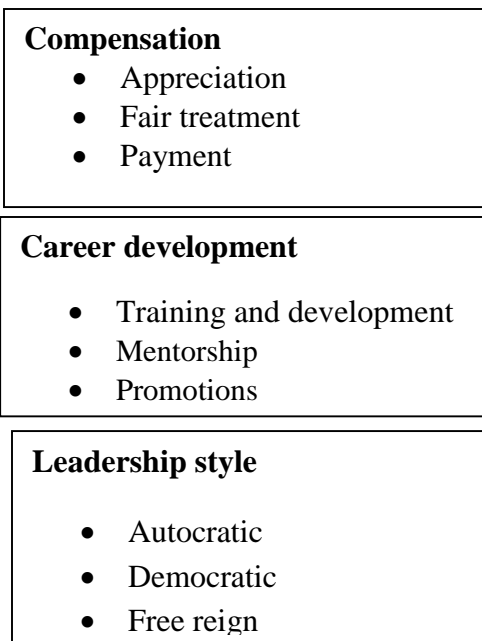
H3: There is a significant relationship between leadership styles and employee retention

## 1.8 Conceptual Framework

This conceptual framework model explains the relationship between motivation factors employee retention in Uganda Revenue Authority as an organization. As indicated in the above IV is motivation factors and they are identified as compensation, leadership styles and career development.

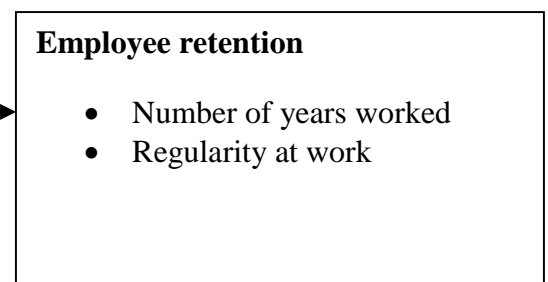
### Independent Variable

#### Motivation Factors



### Dependent Variable

#### Employee Retention



*Source: Adapted and modified from the work of Maicibi (2003) for the IV and DV from the work of Wayne 2006 and Basset- Jones and Lloyd (2005)*

**Figure 1.1: Conceptual framework for understanding the relationship between the motivation factors and employee retention**

According to the study the relationship between motivation factors and employee retention is a causal relationship. It is conceptualized that employees want to work in an organization that offers friendly motivation factors in terms of appreciation, fair treatment and payment they feel satisfied



with their jobs organization, in the same sense the employees perceive that career development will be enhanced through training and development, mentorship and promotions will fancy to stay in the organization and concerning leadership styles, managers build teams, develop individuals and manage performance helping employees achieve success in their jobs. In the event that the employees perceive the leadership styles as unsuitable, they will leave the organization and vice versa. It should be noted that employees that leave good companies leave bad bosses noted that organization but subordinates employees are more likely to work effectively for leaders who adopt alternate effective and flexible leadership styles

### **1.9 Significance of the Study**

As recruitment and selection become extremely costly in a bid to tap superior competencies, retention of human resource becomes key to the organization's success. This study will help Uganda Revenue Authority to employ the best motivation strategies to attract and retain the best staff.

The study will also provide information which may be used by the government, policy makers and legislators in the redesign of the retention process.

It is also envisioned that this study will arouse more interest, hence a basis for further research by academicians and others, hence widening the knowledge base

### **1.10 Justification of the Study**

Despite the efforts made by Uganda Revenue Authority to train its employees in professional courses and trying to pay higher salaries, this has not retained employees in Uganda Revenue Authority. According to the Commissioner General's Report to Parliament Committee, (2012) the listed indicated 101 revenue officers, 2 commissioners 12 assistant revenue officers, 2 support staff

and 12 revenue supervisors during 2013/2014 financial year as reasons for quitting are still unclear.

Human Resources Management Society, “employee replacement can reach as high as 50 to 60 percent of an employee’s annual salary.” Strategies towards retaining good employees support offsetting employee emergency costs. This therefore, calls for an investigation on employee turnover and find strategies to help maximize retention.

### **1.11 Scope of the Study**

This comprised of the subject scope, geographical scope and the time scope

#### **1.11.1 Geographical Scope**

This research was undertaken in Uganda Revenue Authority head office located at Nakawa , Kampala District this is because the employees have options for employment in other firms within the city.

#### **1.11.2 Time Scope**

The study covered issues of employee retention at URA from 2012 to 2017. This is because the issues raised in the research came within this period as the organization went through a leadership transition URA Annual Report 2014/2015

#### **1.11.3 Content Scope**

This study focused on the relationship between motivation factors (IV) and employee retention (DV). Under motivation factor the different issues looked at thus include:

Compensation, leadership styles, and career development while the number of years worked, sense of belonging and regularity at work were looked at under employee retention,

## **1.12 Operational Definitions**

### **Compensation**

Compensation is used by management as a tool for the purposes of furthering the company. Compensation strategies can be adjusted according to the business, goals, needs and available resources.

### **Motivation Factors**

Motivation Factors are internal and external factors which arouse desire and energy in employees to be persistently interested and committed in a job, or role and make an effort to attain a goal.

### **Training**

Training is preparation for performing a job that is provided to staff by the business that has recently hired before they become active in service to the company. Employee training today is immensely required to assist the workforce in using modern techniques, strategies, materials and tools in their jobs.

### **Leadership styles**

Leadership styles are particular behaviours applied by a leader to influence subordinates to achieve the vision, goal and objectives of the organization.

### **Career development**

Career development is a process that shapes employees and the organization to benefit in the development of career paths over their lifespan.

### **Employee retention**

Employee retention is making valuable employees stay their jobs by the companies using policies and practices. Employee retention is so critical in preserving skills of such employees.

### **1.13 Chapter Summary**

This chapter was introduced with a brief explanation of the research topic that is significance of motivation factors on employee retention. The chapter precedes with the background of the study which includes historical background explaining the history of motivation, theoretical background describing the Vroom's (1964) expectancy theory used as the main theory in the study and equity theory by Adam Stacy (1965). Theories will be reviewed in detail in chapter two, followed by the conceptual background explaining the concepts of the framework which was later used in the conceptual framework. The contextual background describing the context of URA how it came into existence preceded by the problem statement defining the problem using the dependent variable to define the problem then the purpose of the study and specific objectives the research hypotheses followed where it correlates positively employee retention and motivation factors. A conceptual framework showing the independent variables and the dependent variable, a significance of the study, justification of the study, scope of the study and ending with operation definition of terms used.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter presents Theoretical review, Conceptual review/conceptual framework, literature review about the relationship between the variables. In this chapter, the researcher reviewed literature related to motivation factors and employee retention.

The review was conceptualized under the objectives of the study and mainly focusing on compensation, leadership styles and career development and retentions because these are the main issues in the study

#### **2.2 Theoretical Review**

This research discussed the expectancy and equity theories in relation to staff retention in organizations in accordance with the motivation factors and employee retention.

##### **2.2.1 Expectancy Theory**

This theory was proposed by Victor Vroom (1964). This theory assumes that an individual's motivation to do something will depend on the extent to which he expects the results of his efforts to contribute to his personal needs or goals, to reward him or to punish him.

With this theory, People decide how much they are to put into their work based on the value they place on the outcome that is; whether a positive value of a reward or a negative value of a punishment which Vroom termed as valence and also base on the strength of their expectation that behaving in a certain way leads to desired outcome.

The Expectancy Theory suggests that employees are motivated by different things and they are motivated by external rewards like good salary, job security, advancement whereas others need intrinsic motivators such as recognition, appreciation and praise.

A motivated employee is a product of the perceived degree of satisfaction, the confidence to achieve and the rewards that the employee hopes to receive on achieving the set goal (Lyer, 2009). New employees are unlikely to put more effort if they believe that promotions are awarded on seniority. This is because of the notion that there would be no link between obtaining what they want and what is done.

Contrary to modern belief, monetary compensation is not the highest employee motivation factor. According to the Harvard Management Update (Jane, 1988), "nine of ten managers think employees stay or go because of money. Employees want more challenging meaningful work and opportunities for learning and development" (as cited in Kaye, 2000)

More so, the Expectancy Theory postulates that employee motivation depends on the perceived association between performance and outcomes and employees will adjust their behavior basing on their calculation of expected. (Chen&Fang, 2008). In other words, this explains why employees perform at a particular level this helps leaders create motivational programs in workplaces.

The Theory further asserts the knowledge, skills and intelligence are often used as a barometer of the chances that a person will be successful to a certain undertaking such as providing education or career but

Success is impossible if an employee has no motivation to work towards goals.

By utilizing expectancy theory, organizations learn to acknowledge the importance of showing appreciation for their employees' effort. As a result, their employees will perform better and show loyalty towards the organization leading to increased employee retention.

### **2.2.2 Equity Theory**

Adam Stacy's (1964) Equity Theory is based on the assumption that when employees feel that they are not being treated fairly by the management or the organizational systems, they will be dissatisfied with their jobs. For example, if a higher position falls vacant and there are two employees with similar backgrounds in terms of training and relevant experience, skills and competencies but management in its wisdom decides to promote one and leave the other, the one not promoted will feel unfairly treated.

The Equity theory has two basic elements. The first is that workers want to get a fair reward for their efforts. For example the employees expect to get equal amount of rewards to the effort put in. The second is that the employees are also concerned with the relationship between their rewards and rewards received by others. For example, if for various reasons management decides to reward bonuses in different proportions to employees at the same rank with equal outputs, those receiving less will be dissatisfied because they will compare themselves with the others.

The inputs here include efforts, skills, education, experience and competence while the outputs include salary levels, recognition, pay rises, promotion, status and other privileges. Therefore, the theory contends that poorly rewarded employees produce less or products of poor quality than equitably rewarded employees or over rewarded employees.

Adam's suggested that the higher the perceived equity, the higher the motivation levels of employees and vice versa. More to this, the theory focuses on determining whether the distribution

of resources is fair to both rational partners. Equity is measured by comparing the ratio of distribution and benefits for each employee (Wikipedia). Much as other prevalent theories of motivation, such as Maslow's Hierarchy of needs, Equity Theory acknowledges that subtle and variables factors affect each employee's assessment and perception of their relationship with rational partners (Guerrero et al, 2005). Employees are more concerned with their contributions and performance being rewarded with pay. If an employee feels underpaid then it will result in the employee feeling hostile towards the organization and perhaps their co-workers which results in the employee not performing well at work anymore. It is that subtle variable that plays an important role in the feeling of equity.

Nellie.Akalp, (2015) proclaims that compensating employees with equity has become the tech world's go-to strategy for attracting and fostering loyalty, particularly in this competitive business world. It is a tool that benefits both the organization and the employees. Equity based compensation programs introduce significant complexities when it comes to taxes, accounting, legal and personnel matters.

Recognition for the job performance .praise and appreciation cause feelings of satisfaction which help the employees feel worthwhile, have better outcomes resulting to employee retention

### **2.3 Employee Retention**

Retention is a voluntary move by an organization to create an environment which engages employees for long term (Michael, 2008). Retention of human resources refers to the attempts to ensure that employees stay in the organization and that voluntary turnover will be minimized. The main purpose of retention is to prevent competent employees from leaving the organization as this could have adverse effects on productivity and service delivery (Chiboiwa, 2010).



Employee retention is one of the most critical issues facing managers in organizations as a result of the shortage of skilled manpower, economic growth and high employee turnover (Muhangi 2014). Whereas it is imperative for organizations, through the employment process, to attract and retain quality employees to the organization, it is more important for managers to devise strategies with which to retain the talented employees in the service. Retaining quality staff is important for purposes of keeping loyal customers as well as avoiding the costs of replacing the staff. In the current competitive environment the leaders have to steer their organizations in the competitive business environment (Ng'ethe 2012). Leaders deal with employee challenges and value employees as assets when they give their organizations the competitive advantage. Competitive advantage and good performance is guaranteed as long as core employees are retained in the organization

Human Resources are considered an asset; therefore their effective management could enhance the organization's performance (Armstrong, 2006). Organizations world over strive to attract and retain the best talented employees so as to gain competitive advantage and deliver services both effectively and efficiently if they are to survive in a competitive market. One such means that has been adopted by organizations is to embark on staff retention management schemes. According to Mckeown (2009), employee retention is an efficient effort by employers to build an environment which encourages current employees to remain employed

#### **2.4 Motivation Factors**

According to Maicibi (2017) Motivations factors are defined as strategies for increasing effectiveness of the organization by improving the performance of the people who work in them by developing capabilities of teams and individuals they comprise; achievement personal growth, advancement, recognition, autonomy, responsibility, and work .

[www.businessdictionary.com/definition/motivating-factors.html](http://www.businessdictionary.com/definition/motivating-factors.html)

Motivation factors kindle desire and vigor in people to continually be interested and committed to a job, or make an effort to attain desired goals. They drive human behaviour at work and this study is majorly focused on the following motivation factors for this study; compensation, leadership styles and career development among others.

#### **2.4.1 Relationship between Compensation and Employee Retention**

Employee compensation is a major contributor to employee retention (Chang & Lu, 2007). Compensation plays a major role in attracting and retaining talented employees especially those with outstanding, unique skill performance which is crucial to the organization. Compensation schemes offered by organizations to the employees play vitally in aggregating productivity, motivation and performance of employees. (Mutsuddi&Mutsuddi, 2007). Organizations are more concerned around creating and maintaining ideal compensation structures

According to Maqsood (2015), an organization provides employee with remuneration as primary factor towards commitment and compelling reason for employees to stay in that organization. However, pay only is not satisfactory in motivating employees in an organization. An employee might make a choice to leave the organization for improved monetary considerations; however, high pay does not necessarily make the employees stick to the organization.

Greller (2006) prostates employees mostly work with expectations so they should be provided with work by organization, employers, co-workers or from within. Findings showed that age and a period spent in the organization do not matter when employees need to advance in their career, motivation factor and Rewards are largely related to turnover. Employees who are satisfied with organizational rewards will believe losing such a competitive reward to be costly and would not

find such compensation elsewhere, and therefore they choose to stay. Rewards effectively form a calculative and psychological attachment with an organization.

Rhoades et al., (2001) argue that organizational rewards reflect appreciation and recognition of individual performance. As pay increases with tenure, skills and work experience, satisfaction with rewards implies willingness of both parties to invest time and effort in the continuation of the employment relationship.

Organizations implement worthy retention strategies for employees without high compensation or pay grounded retention strategies (Pfeffer, 2008). Employee reward programs are methods of motivating employees to change work routines and key behaviors to benefit an organization (Armstrong 2009). Reward programs are frequently used by organization to try to retain employees. Most studies noted that financial reward is one of the basic types of extrinsic monetary rewards which cover the basic needs of income to survive; a feeling of stability and consistency and recognition in today's economic times. Compensation is considered an important factor for attracting and retaining talented employees. According to Maqsood et al, (2015) compensation offers recognition, but non-monetary forms of recognition are also not ignored and important. Research studies highlighted the linkage between rewards and employee retention and give insights into what workers want to do, their words about the rewards and their feeling regarding the work and reward matters.

Anderfuhren-Biget et al., (2010) stated that fair salaries in an organization show a strong correlation with intention to remain indicating that as long as the compensation is competitive, financial rewards are not the primary factor in retention support this testimonial, which indicated that the actual level of pay is less important than feelings about pay raises and the process used to

administer them. Employees want to understand how the pay system works, and want to know how they can earn pay increases. Once the pay level has been reached, employee turnover is minimized. Employee retention can be achieved by the organizations by paying higher salaries to their employees (Lewis et al., 2001, Khan et al., 2014) .Zingheim et al. (2009), argues that competitive pay and benefit packages are vital components to affect employee retention.

Fair treatment according to many researchers as Saleemi (1997), individuals often feel that they have been treated fairly. The researcher shares the view with the above author that employees become insecure in the organization and tend seeks for job security by leaving the organization.

#### **2.4.2 Relationship between Career Development and Employee Retention.**

Growth and development are the integral parts for every individual's career. If employees cannot foresee their path of career development in their current organization, there are chances that they will leave the organization as soon as they get an opportunity (Bratton & Gold, 2003).

Training is one way to help an employee grow in his/her career. According to Navern (2015), companies which intend to maintain high levels of productivity must ensure that their employees are properly trained for their tasks. When their employees have the drive and initiative to expand their knowledge, it is a good sign that they will be able to benefit the company further. They might be interested in taking some advancement courses provided by the company. Many businesses will offer to pay for advancement courses so that their employees will perform at a higher standard (Six Sigma Online, 2014). Anything that benefits the company should be looked into. Employees who are interested in advancing their career within a company are always willing to participate in additional training courses.

Training existing employees is a great way for employers to maintain a high job satisfaction rate among the employees and a high production rate from their extensive qualifications. According to Ariely (2009) when employees are satisfied with their job and are aware of the room for advancement, they will try hard to prove themselves so they can take advantage of that opportunity. They will also be less likely to leave the position they have for another company that pays better, has better incentives or lets them work in a manner or schedule they appreciate. When an employee has trained hard or gone back to college for a higher degree, they feel more pride and satisfaction in the work they do. Development opportunities offered by employers reduced turnover intentions. An organization must invest in developing employees in order to strengthen its bond with employees. Career development opportunities offered by an organization help employees enrich their employability internally and externally in the labor market and above all develop personal competitive advantage (Steel *et al.*, 2012). Many employees look out for employers who provide training and skill development activities that facilitate career improvement. When they receive such opportunities, employees are likely to commit to the organization.

Kwenin (2013) contends that employees who benefit from trainings and educational facilities from their organizations prove to be loyal and committed to that organization. Educated and trained employees tend to be more productive thus maintaining competitive position in their organizations. Promotion fulfills the desire for achieving distinction and the craving for social approval.

Psychologically as Cascio (1998) says, it helps satisfy employee's needs for sense of belonging and personal growth. Bowey (1978) in a similar study also observed that employees who are highly career oriented change their jobs in order to move to another job which they regard as a step-up in their career ladder. The researcher shares the same view with the above author that employees

become restless when kept for so long in one position when actual placement is eventually done speculation and strive are possible consequences resulting into retention.

### **2.4.3 Relationship between Leadership Styles and Employee Retention**

Leadership styles employed plays a critical role in the successful completion of duties and the success of the organization (Thrush, 2012). Leadership manifest through different leadership styles Ng'ethe, (2013) and commonly three known styles of leadership are;

The democratic leadership or participative or consultative decentralizes power and authority. In this style, leadership is liable for decisions. The democratic leader calls for employee contributions to the of decision making. These involvements create feeling of motivation and empowerment in employees in the organization and as in away contribute to more than financial rewards. Empowered employees tend to have less intentions to quit consequently this leadership style is more promising for employee retention.

Authoritarian or autocratic leadership style centralizes authority, power and decision making. The leader dictates most of the decisions to the juniors, and limited chances are given to employees make suggestions even if they are in the best interest of the organization. (Gwavuya, 2011). The inflexibility and high degree of control applied by the leader yields to employee resentment and demoralizes staff efforts.

Autocratic leadership leads to high degree of turnover and absenteeism employees tend to become angry and low motivated. For employees who value in more autonomy, flexibility creativity and innovativeness and expected to thrive with regard to the academic staff, this leadership style is not favorable. It is bureaucratic and it works very well in the organizations where procedures, rules and regulations are followed to execute duties

Free reign or laissez faire leadership style is described as “hands off” style. The leader gives no direction to the juniors but giving freedom as much as possible leaving the employees to work on their own. Northouse (2007), laissez faire manager resigns responsibility, and makes no effort to satisfy all the needs colleagues or subordinates. The behaviour the leader is harmful to the organization productivity, employee morale and the staffs feel frustrated and decide to leave the organization. This leadership style works well where the employees are highly skilled and experienced managers have interest and concern about them, especially in knowing what the organization expects of them.

Tettey (2006), consultation and participation by academics in making decisions assist employees develop a sense of belonging and a sense of ownership for the outcomes of those decisions. Employees remain with an organization when leaders believe and trust them in decision making, given a role which suit their capabilities, recognition and receive positive feedback regularly. The quality of relationship an employee has with the managers’ makes employee stay in an organization (Michael, 2008).

Gwavuya (2011), points out that incompetent leadership results into poor performance, low job commitment, higher stress levels, job dissatisfaction and high employee turnover. South African training industry conducted research and the findings showed that leadership styles were the key prominent factors for employee retention in South African organizations (Netswera, 2005). The leadership in the universities comprising top management and Chairmen of Departments as immediate supervisors to the academic staff play essential role in showing their staff how their Universities are the employer for the best choice. Whereas Price (2001), recognized that lack of involvement in decision making and ineffective communication in the leadership styles were major issues that caused dissatisfaction of academic staff in the University of Nairobi. Therefore, it is

evident in the literature that leadership styles are critical for retention of staff so organizations should be more considerate while hiring managers thoroughly tested their professional competencies for leadership.

## **2.5 Summary of Literature Review**

This chapter has discussed the employee retention overview, factors influencing employee retention in line with the variables, theoretical framework, and finally the conceptual framework of the research. Understanding the potential of an organization's resources and optimizing their output given the technological changes, globalization and balancing work-life issues provides the impetus for human resource management of being the key source of creating the needed competitive advantage. In this section, we looked into the commonalties, differences and implications for this study. The literature reviewed summarizes the basic understanding of motivation factors in relations to retention of employees.



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

In this chapter, the researcher explored methods, used for carrying out the study. It specifies the study population, research design and sample size, sampling frame and procedure, measurement of variables, f instruments for data collection, quality control, procedures, data processing and analysis.

#### **3.2 Research Design**

This study adopted a cross sectional and quantitative approach independent to collect and analyze data about the causal and predictive potential of more than one variable on the dependent variable, at one point in time. “ A cross sectional research is a type of observational study that analyzes data collected from the population or a representative subset, at a specific point in time” according to [www.academicjournals.org](http://www.academicjournals.org) while quantitative research is the systematic empirical investigation of observable phenomena via statistical, mathematical or computational techniques.

The study was a cross sectional study design and employed both quantitative and qualitative approach (Neuman, 2011). It was used because it involved a choice of a small sample of respondents from a larger population to act as the inference and allowed the researcher to make comparison with many different variables.

#### **3.3 Study Population**

Sekaran, (2005), defined population as a group of individuals, items or object from which samples are drawn for measurement, an entire group of persons or elements with commonalities. A population is an aggregate or totality of individuals having different characteristics in common which are in the interest of the researcher and inferences made.

The total population of URA headquarters currently is 464 staff members employees comprised of

Commissioners, managers, supervisors, officers and support staff (URA HR, 2017).The study focused on a sample of 186 URA staff targeting particularly, Commissioners, managers, supervisors, officers and support staff.

All the above categories were represented when collecting data from the organization.

### 3.4 Determination of the Sample Size

Out of the population size of 464, the study considered 464 employees determined basing on Krejcie and Morgan (1970) sample size selection model. This l included commissioners and managers, supervisors, officers and support staff. The researcher used simple random sampling technique in collecting data such that every participant would have an equal chance to take part in this study.

**Table 3.1 Sample size determination**

Category	Population	Sample	Sampling technique
Top Management level	11	5	Purposive sampling
Middle Management level	112	51	Simple random sampling
Operational Management level	271	99	Simple random sampling
Support staff	70	31	Simple random sampling
<b>Total</b>	<b>464</b>	<b>186</b>	

*Source: Uganda Revenue Authority (HR 2017)*

Table 3.1 above indicates that; the first column presents the various categories of the people the study targeted. Top management level comprises of Commissioners General, Commissioners and

Assistant Commissioners, Middle Management levels those are Managers and supervisors, Operational Management level are officials and lastly Support staff.

The second column depicts the total population of the various categories of the people. The third column shows sample of people that were selected from the targeted category of people. The fourth column shows the sample technique that was used. While the fifth column shows the data collection Instruments used.

Table 3.1, above shows the selected size of the sample covering five categories of respondents. Out of a population of 464, sample of 186 respondents were selected.

### **3.5 Sampling techniques and Procedure**

Simple random sampling was employed in selecting the respondents whereby a subset of a statistical population in each member of the subset had an equal probability of being chosen. A *simple random sample* is an unbiased surveying technique and for this reason, randomization is typically employed to achieve an unbiased sample.

Purposive sampling was used to select key informants who were staff employees in managerial positions. This method allows selected staff to enrich the information obtained from the questionnaires.

### **3.6 Data source and Methods of Data Collection**

Data was collected using primary and secondary data collection sources. Primary data was gathered mainly through structured questionnaires and interview of URA staff. Secondary data was gathered through review of human resource reports and other organization Publications.

### **3.6.1 Questionnaires Survey**

These are self- administered questionnaires and have a five point Likert scale of 1-5 ranging from strongly disagree to strongly agree. The Questionnaire had both open and closed ended items.

### **3.6.2 Documentary Analysis**

According to Baver, (2000), Documentary analysis is a means of interpreting textual data since it as examined in as a medium of expression which reflects a people's culture. He further observed that the text contain record of events, values, norms, tresses of conflicts and arguments. Documentary analysis provided an insight on what motivation factors affect employee retention in URA. A part from reviewing available documents in URA archives like annual reports, minutes and any other relevant documents such as; recruitment manuals will be consulted.

The researcher used document analysis as a form of qualitative research whereby documents were interpreted to provide a meaningful voice around the topic of assessment .Document analysis incorporated coding content into similar themes to focus group or interview transcripts also were analyzed.

### **3.6.3 Interviews**

Interviews were used by the researcher as a data collection technique, it was a way of supplementing questionnaires filled, it permitted the researcher probe more into the responses regarding the questionnaires and the Interview Guide given the specialized nature for the topic under study.

### **3.7 Data collection Instruments**

A self-administered questionnaire based on a five Likert scale was used to collect quantitative data. Questionnaire as a research instrument was chosen because it allowed the researcher to present the

same questions to all respondents providing a comparable basis for assessment. The questionnaire instrument was also appropriate, convenient giving the respondents the independence and free will expression of their thoughts and opinions. Documentary review and analysis was also undertaken to complement the data obtained using questionnaires.

Interviews were used as the other data collection technique by the researcher to supplement the questionnaires already filled.

### **3.7.1 Questionnaire**

Questionnaire was the primary source of data collection for obtaining quantitative a similar questionnaire was administered to all respondents (Appendix 1) with the aim of getting responses and views from the respondents regarding motivation factors and retention of the employees in the organization.

### **3.7.2 Documentary Review Checklist**

The researcher used documentary check list to structure the person's observation or evaluation of employee retention. Check list which is a simple list of criteria is marked as present or absent and also provides space for comments observed. This tool provides consistence over time or between observers or instructions sessions.

### **3.7.3 Interview Guide**

The Interview Guide was used to help in directing the conversation towards the topic and issues the researcher wanted to learn about. Under this method, the researcher read out the interview guide to the respondents and they answered as instructed. The researcher used this method because she had control over the respondents selection, interview is the most vital data collection method Kumar, (2011) because it allows on spot explanations where arguments, variation could

be introduced during data collection process and through incidental comments, use of body expressions, tone of the voice, gestures, feelings and attitudes Amin,(2005).

### **3.8 Validity**

Validity is referred to the research credibility that is how genuine the findings are? The researcher ensured that the data is valid and reliable during the data collection procedures. The researcher physically interviewed the staff and the staffs who were custodians as far as the validity of the instruments was concerned.

Validity of instruments is concerned with the extent to which the items measure adopted, adequately measured the variables of the study. To ensure validity, an expert opinion was sought from experts in the field of the study to assure relevance of the items or to establish if the item reflected the real meaning of the concept under consideration.

Reliability is the repeatability of the findings. Would the study be carried out the second time and yields the same results? If the same results are attained, then the data are reliable, as more than persons observe behavior, all observers should agree on what is recorded in support of the claim for reliability.

Reliability is a measure of the degree to which research instruments produce consistent results after repeated trials (Mugenda &Mugenda, 2003). The reliability of the instrument was ensured by the researches by giving it to experts who used the similar instrument before for verification.

#### **3.8.1 Reliability Test**

The research questionnaire was subjected to a reliability test using the Cronbach's Alpha test and the results in table 3.2 show that all variable items were found to be reliable since they had a coefficient above the recommended cut off of 0.70 by Nunnally (1978). This implies that the items

would on average elicit similar responses when administered by the same respondents several times.

**Table 3. 2: Reliability Coefficients**

<b>Variable</b>	<b>Cronbach 's Alpha</b>	<b>N = number of Items</b>
Compensation	0.862	20
Career development	0.730	17
Leadership styles	0.887	21

### **3.9 Procedure of Data Collection**

After developing a research proposal, approval by supervisors and after its defense, an introduction letter to go for field work was obtained from the administration of UMI, signed by the coordinator of MBA course. It was then attached to the questionnaire with the vivid explanation of the objective of the study and assurance to the respondents of confidentiality and respect of their references.

As regards the data collection procedure, the researcher had a meeting with the Human Resource Manager of URA to conduct a research in the study area. The main consideration was to make sure that any information collected was done in a way and for a purpose that was consistent with the *Code* and complies with freedom of information and privacy protection legislation. The rationale behind the questionnaire was explained to staff and one week was given to them to complete it. This would help to give enough time to respondent so they can comprehend each item in the questionnaire and respond appropriately.

### **3.10 Data Management and Data analysis**

The study targeted top managers, middle level managers, operational level managers and support staff to form units of analysis. The data collected was fed into a computer program using Statistical

Package for Social Sciences (SPSS) with the help of an expert for easy analysis and interpretation of results. All data collected was analyzed using both statistical and narrative methods, correlation was used as a way of assessing and establishing the relationships between the variables under consideration namely; compensation, leadership style, career development and employee retention Pearson's correlation coefficients for each relationship was be computed. In addition, multiple regression analysis was undertaken to show the effect of the independent variables on the dependent variable.

Narrative analysis was used to explain the qualitative results of the survey.

### **3.10.1 Methods of Data Analysis**

According to Kothari, the purpose of data analysis is to get a feel of data, test the goodness and hypothesis devalued for a research. Data was analyzed using quantitative and qualitative research methods. Each method had its own techniques. Interviews and observations are forms of qualitative research while the experiments and surveys are quantitative research.

### **3.10.2 Quantitative Data Analysis**

Quantitative analysis emphasized objective measurements and statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys, or by manipulating pre-existing statistical data using computational techniques. Data was collected and analyzed using statistical measures of central of central tendencies and variability (standard deviation).

### **3.10.3 Qualitative Data Analysis**

Quantitative analysis encompasses development of concepts which help in understanding social phenomena in natural (rather than experimental) setting, giving emphasis to the meanings, views and experiences of the respondents. Data was recorded, analyzed and patterns generated. The findings were interpreted in line with research objectives.



### **3.11 Measurement of Variables**

Compensation was measured using a tool adopted from Luthans *et al.*, (2006). The answers were anchored into five scale such that is 1=strongly disagree and 5=strongly agree.

Career development was measured using a tool developed from the work of Berthon *et al*, (2005). The answers will be anchored into six scale such that 1=strongly disagree and 5=strongly agree.

Leadership styles were measured by a tool developed by Muhangi (2014). The answers were anchored into five scale such that 1=strongly disagree and 5=strongly agree. Employee Retention was measured by a tool developed from the works of various scholars (Perrin, 2004). The answers were anchored into five scale such that 1=strongly disagree and 5=strongly agree.

### **3.12 Ethical Considerations**

To ensure that research ethical principles are kept, the researcher sought permission from URA Human Resource Management department and employees before undertaking the study. During data collection phase, anonymity of the respondents was ensured and the respondents were guaranteed that the information received would be handled with confidentiality. To avoid plagiarism, the researcher cross checked all consulted sources and references and the literature was cited appropriately.

## **CHAPTER FOUR**

### **PRESENTATION DATA ANALYSIS, AND INTERPRETATION OF FINDINGS**

#### **4.1 Introduction**

This gives the description of the background variables, data analysis, presentation and interpretation of the findings, research question per research question from the study which investigated staff retention in URA. The research was guided by the following objectives;

- (i) To examine the relationship between compensation and employee retention
- (ii) To investigate the relationship between career development and employee retention
- (iii) To examine the relationship between leadership styles and employee retention

In this chapter data collected from the field is presented , analysed and interpreted .The presentation is guided by the research objectives stated above and as result ,the statistics are a reflection of what it takes to answer the research questions. The results presented were based on the responses from the questionnaires and, interviews, and observations made. Tables, frequencies and percentages have been used to present and describe the findings of the study.

## 4.2 Response Rate

**Table 4.1.1 showing response rate by questionnaires and interview**

<b>Instrument s</b>	<b>Target sample</b>	<b>Sample size</b>	<b>Response rate</b>
Questionnaire	181	172	92.4
Interviews	5	4	2.2
<b>Total</b>	<b>186</b>	<b>176</b>	<b>94.6</b>

From table 4.1 above, the researcher distributed 181 questionnaires to different categories of people including top management, middle management, lower management and support staff. out of the 181 questionnaires distributed, only 172 (92.4%) were returned accounting for 94.6% . Also, the researcher had targeted 5 interviews but managed to conduct 4 interviews which is suitable to draw valid and reliable conclusions.

### 4.2.1 Category of the Respondents and their Response rates

As shown in the table 4.1 the study obtained 176 (94.6%) out of the 186 respondents that were supposed to be involved in the study for questionnaires and interviews of the 186 questionnaires distributed to all categories of respondents which include top management, middle management, lower management and support staff, 176 were returned that is 172 questionnaires returned and 4 (2.2%) interview and used giving rise to a percentage of 94.6% which is suitable to draw valid and reliable conclusions. According to Mugenda & Mugenda (2003) , 50% response rate is adequate, 60% is good and above 70% is rated very good. This is in line with Kothari (2004) assertion that a response rate of 50% is adequate, while a response rate greater than 70% is very good. This implies that based on this assertions; the response rate in this case of 94.6% is very good. This reasonable response rate was achieved after the researcher made personal calls and physical visits to remind the respondent to fill-in and return the questionnaires.

**Table 4. 1: Category of the Respondents and their response rates**

<b>Category</b>	<b>Population</b>	<b>Sample size</b>	<b>Response rate</b>	<b>% of Response rate</b>
Top Management	11	5	4	2.2
Middle Management	112	51	46	24.7
Lower Management	271	99	96	51.6
Support staff	70	31	30	16.1
<b>Total</b>	<b>464</b>	<b>186</b>	<b>176</b>	<b>94.6</b>

**Source:** primary data (2017)

Lindner and Wingenbach (2002) asserted to researchers report rates and show potential non-response rates and how errors were handled because failure to do so can bring the validity of the study findings into question. Studies with high response rates provide a measure of reassurance that findings which were obtained can be projected to the population from which the sample was drawn. On the other hand, findings which were obtained in studies with low response rates can be questioned (The American association for Public Opinion Research, 2000). If a high response rate is achieved, or if respondents differ from non-respondents on one or more of the variables of

interest, it becomes difficult to assess whether differences exist between respondents and non-respondents. The response rate should always be reported. Miller and Smith (1993) noted that the practice of ignoring non-respondents can be questioned if evaluation studies are to have extended validity. Linder, Murphy and Briers (2001) indicated that steps must be taken to allow for possible non-responsive error whenever a response rate is less than 85%. The findings indicate that response rate for top management were 4 giving a percentage rate of 2.2%. Middle management response rate accounted for 46 respondents giving a percentage rate of 24.7%. The lower management response rate was 96 respondents and this accounted for 51.6%. Support staff who answered the questionnaire was 30 and this constituted 16.1%.

### 4.3 Background characteristics of the respondents

This section presents information about the background characteristics respondents of the study. These characteristics of the respondents analyzed include; age, gender, highest academic qualifications and duration spent with URA and the management levels. The first section of the questionnaire (Appendix 1) captured opinion of respondents on the demographic characteristics that were thought to be important by the researcher as presented as indicated in tables below.

#### 4.3.1 Age Distribution

Table 4.2 showing distribution of respondent's age.

**Table 4. 2: Age Distribution**

Age	Frequency	Percent	Cumulative Percent
18-25 years	13	6.9	6.9
26- 35 years	93	50	56.9
36- 45 years	66	35.5	92.4
Above 46 years	4	2.2	94.6
<b>Total</b>	<b>176</b>	<b>94.6</b>	

**Source:** Primary data (2017)

From table 4.2 above shows category of respondents according to age distribution. The majority of respondents were the age of 26-3year with the total of 93 respondents representing 50%, followed by 36-45 years with 66 respondents representing 35.5%, then 18-25 with 13 respondents representing 6.9% and above 46 years with 4 respondents representing 2.2% The age distribution of the participants in this research indicate that majority of the respondents are youth, which is portrays the age distribution of the country. The age distribution were representative since the majority of the respondents were mature public servants who understood and appreciated the study implying that the finding of this study will be relied upon.

#### 4.3.2 Gender Distribution

The researcher included gender of the respondents so as to establish whether gender distribution has an effect on staff retention in Uganda Revenue Authority (URA). The views were from both male and female respondents and their proportion of response are indicated in table 4.3 below.

**Table 4.3: Gender Distribution**

This table is showing gender distribution of respondents in URA

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
Male	89	47.8	47.8
Female	87	46.8	94.6
<b>Total</b>	<b>176</b>	<b>94.6</b>	

**Source:** Primary data (2017)

The findings in the table 4.3 above showed that the majority of the respondents were males with

89 respondents representing 47.8% were male while 87 respondents females representing 46.8% the study was gender sensitive and considered the views of both male and female

This translates to the total response of 94.6% for the sampled respondents who actively participated in the study in quantitative and qualitative response. The study findings results are gender representative.

The researcher included gender of the respondents so as to establish whether gender distribution has an effect on staff retention in Uganda Revenue Authority (URA). This is an issue that has raised concern globally and the gender distribution if enforced in organizations like Uganda Revenue Authority could affect operations basing on the traditional belief that female are associated with simpler tasks compared to men. Globally gender balance has become a big issue in employment and advocates of gender sensitivity are trying to influence the developing countries as regards to gender balance at the work places. The researcher therefore found out the effects of gender balance on the employee retention of URA basing on African belief that men are more capable in terms of performance compared to their female counterparts. This is an issue of cardinal importance since discrimination in employment has been catered for in the labour laws of Uganda (The Employment Act, 2002, section 6(3) and 6(7) provides that every employer shall pay male and female for work of equal value. Uganda Revenue Authority is a government body that should be at the fore front to promote gender balance.

#### **4.3.3 Highest education**

In trying to find out respondents highest level of education, the researcher aimed at establishing the educational levels of different respondents in Uganda Revenue Authority. Good education background implies employees at Uganda Revenue Authority have the capability to handle

professionally clients and meet their expectations. Results about education background are presented in table 4.4 below.

**Table 4.4: Highest education**

The table 4.4 below shows the levels of education of the respondents in URA.

Highest education	Frequency	Percent	Valid Percent	Cumulative Percent
No formal Qualification	1	0.5	0.5	0.5
Certificate	20	10.8	10.8	11.3
Diploma	44	23.7	23.7	35
First Degree	108	58	58	93
Masters	3	1.6	1.6	94.6
<b>Total</b>	<b>176</b>	<b>94.6</b>	<b>94.6</b>	

**Source:** Primary data (2017)

The above Table 4.4 showed majority of respondents (108 respondents) attained at least first degree level of education (58%), followed by 44 respondents had attained diplomas representing 23.7%, 20 respondents had a certificate of education and this represents 10.8%. 44 respondents had attained diplomas and 3 respondents who had attained master's degree and this represented 1.6%.

The results mean that the study attracted views from members who had the ability to self-administer the questionnaire and offer appropriate results. The above figures also show that most of the employees had the basic knowledge to carry out their different roles and therefore were capable of offering the required services.

#### **4.3.4 Time spent in URA**

The researcher further captured the period of stay of the respondents in the organization. This was an area of which was vital as far as staff retention at Uganda Revenue Authority is concerned. One's period of stay in the organization could either be a sign of experience or inexperience of a

given staff in the organization influencing the capacity of the employee performance in the organization.

**Table 4.5: Time spent in URA**

<b>Time spent in URA</b>	<b>Frequency</b>	<b>Percent</b>	<b>Cumulative Percent</b>
1- 3 yrs.	43	23.1	23.1
4- 6yrs	48	25.8	48.9
7- 10yrs	31	16.7	65.6
Above 10yrs	54	29.0	94.6
<b>Total</b>	<b>176</b>	<b>94.6</b>	

**Source:** Primary data (2017)

Table 4.5 showed the time employees had spent in URA was such that majority which were 54 respondents representing (29.0%) had spent above 10 y, followed by 48 respondents represent 25.8% had spent 4-6 years., had spent 43 respondents had spent 1- 3 year representing 23.1% and 31 respondents had spent 7-10 years representing 16.7%, implying that had enough information regarding this study.

These findings imply the most of the employees were highly experienced and understood the study problem so the results of the study can be relied upon.

#### **4.4 Empirical findings as by objectives**

The Questionnaire instrument had a list of items that measured the relationship between motivation factors and employee retention in URA. The initial conceptualization had three dimensions namely compensation, career development and leadership style. The out puts were grouped into seven, two and nine dimensions respectively.

The first objective was “To examine the relationship between compensation and employee retention at URA.” Compensation was dimensioned as appreciation, fair treatment and payment.



It was found out that compensation affected financial performance. This implied that if you compensate employees well, they are able to stay and work for the organization.

The second objective was “To establish the relationship career development and employee retention at URA. Career development was dimensioned as Training and development, mentorship and promotions. It was found out that career development significantly affected employee retention.

The third objective was “To examine the relationship between leadership styles and employee retention. Leadership styles were dimensioned as Autocratic, democratic and free reign leadership style. It was found out that leadership styles significantly affected staff retention.

The dependent variable staff retention was measured using number of years measured and regularity at work. The results were further explained using correlation in order to show the correlation between variables and regressions shows the degree to which variables are related. Results from interviews were used to back up the quantitative data findings.

#### **4.5 Presentation of findings and interpretation (Employee retention in URA)**

The quantitative data was analyzed using Pearson Coefficient correlation, regression analysis and analysis of variance which gave the test for significance of data generated from each of the objectives above.

For qualitative data, the researcher presented data in form of generated statements or themes which were used to answer the questions. This data was prepared by making quotations of the respondents. The identified thematic patterns were used to explain the possible reason for the outcome of the study particularly where the research findings would contradict the results of previous studies.

#### 4.5.1 Presentation of findings on Compensation in URA

The descriptive analysis of the items under mobile payments was performed, whereby the objects were tagged to a five point Likert scale with numerical values 1-5 ranges. Therefore the average score on the scale was 3. This indicates that all responses with a mean value above the average score of 3 accounted for favorable responses (Agree) whereas all responses with a mean value below the average mean accounted for unfavorable responses (disagree).

The findings for descriptive statistics are represented on table 4.6 below.

**Table 4.6: Responses on compensation**

Particulars	N	Min	Max	Mean	S D
I feel a personal accomplishment in my work	176	1	5	4.09	.649
I feel recognized as an individual by the organization	176	1	5	3.85	.817
I am satisfied with how I am involved in decisions concerning my work	176	1	5	3.77	.873
My organization pays me fairly well	176	1	5	3.67	.922
My salary is competitive with similar jobs in other organizations	176	1	5	3.26	1.078
I am paid well compared to my colleagues in different organizations	176	1	5	3.22	1.070
I am satisfied with my job	176	1	5	3.62	.949
I feel satisfied with the opportunities to advance career in this company	176	1	5	3.75	.938
I am given opportunities for career personal growth by updating my skills.	176	1	5	3.66	1.029
I am encouraged by my supervisors to be my best	176	1	5	3.90	.865
I feel my efforts are valued.	176	1	5	3.66	.933
My organization is treating me in a respectful way	176	1	5	4.09	.773

**Source:** Primary data (2017)

Abbreviations: N- Total number of respondents, Min. - Minimum response value. Max. - Maximum response value. SD – Standard deviation

From table 4.6; the approximate mean value of 4.0 is above the average, signifying agreement to the items capturing compensation. Specifically, majority of the respondents agreed that the organization is treating them in a respectful manner, they are encouraged by their supervisors to

be their best, feel a personal accomplishment in work and they feel that they are recognized by the organization so they are motivated to work for the organization.

The agreement in responses on compensation was supported by views of key informants of interviews in appendix II open ended question 5 which was to the effect that: “how does URA motivate its employees?”

Views presented by one of the key informants were as follows:

*URA motivates employees through employee compensation and benefits, welfare initiatives, employee engagement, listening, appreciation recognition resulting to effectiveness and efficiency in the organization (Interview Data, COM – 05) 26<sup>th</sup>/10/2017 therefore there is need to strengthen motivation and retention policies for better quality services*

On the other hand the respondents believe that they are not well paid compared to their colleagues in other organizations. Such responses were in agreement with views of key informants of interviews in appendix II open ended question 7 which was to the effect that: “In your opinion, what is the level of staff turnover?” Views presented by one of the key informants were as follows:

*Some employees leave due to availability of other employment opportunities especially in new government organizations like KCCA, UNRA which have taken on former URA staff in leadership positions(Interview Data, COM –07 (23/10/2017) hence need to retain talent employees in the organization.*

However, according to the URA Budget framework and policy statement based on the financial year report 2013/2014, Middle management and field staffs do not stay longer in the organization as the senior management team. Employee retention has still proved to be a major challenge with

many professional employees leaving under unclear circumstances. According to the Minutes of Human Resource Management meetings 2016/2017 the employees leave the organization after attaining trainings in professional courses.

The observations revealed that when employees at Uganda Revenue Authority are unable to advance their careers, they begin searching for better opportunities. This is why organizations are offering more career flexible opportunities which support employees desiring to move across different departments or even change their occupation. In a study by Cisco and Future Workplace, it was noted that this mobility increases engagement, teamwork and productivity. The results make sense, because employees need new challenges and opportunities to stay engaged in their work, develop skills, and advance in their careers.

Flexibility at the workplace is crucial to retain employees at their workplace because employees are expected to continuously respond to emails and phone calls after hours even when no additional compensation is given. In light of these new work demands, they are seeking ways to better manage their personal time and relationships. When they get dissatisfied with such conditions, they start to look for opportunities elsewhere

#### **4.5.2 Presentation of findings on Leadership styles in URA**

A descriptive analysis of the items relating to Leadership styles was performed. The responses obtained are summarized in table 4.7 below.

**Table 4.7: Responses on leadership styles.**

<b>Particulars</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>SD</b>
Organizational Leadership styles in URA make positive contribution to the overall effectiveness of the organization	176	1	5	4.05	.835
Managers treats all employees fairly	176	1	5	3.63	1.012
Supervisor assist individuals with their personal problems	176	1	5	3.45	.920

Leaders/ supervisors represent employee needs, ideas and suggestions to the managers	176	1	5	4.14	.785
Leaders regularly involves staff in decision making, problem solving and policy making in URA	176	1	5	3.48	.950
I have the opportunity to interact with management above my immediate supervisor	176	1	5	4.09	.883
The leadership of URA listens and addresses employee issues promptly	176	1	5	3.61	.956
The leaders communicate to employees regularly on matters important to them	176	1	5	4.20	.856
I am satisfied with the leadership style used by my supervisors	176	1	5	4.23	1.023

**Source:** Primary data (2017)

From table 4.7 indicate that respondents agreed that the leaders communicate to staff regularly on matters important to them, (mean= 4.20), Effective communication is critical in the organization and helps in many ways. In fact, communication plays a major role in customer relations, employee management and product development virtually every important facet of business operations. Employees are a key audience because they always serve as the conduit to other audiences. When employees are engaged and informed, communication with other constituencies is likely to be strong as well.

Staff have the chances to interact with management superior to their immediate supervisor (mean = 4.09) and Leaders/ supervisor represent employee needs, ideas and suggestions to their top manager (mean= 4.14). This participatory approach to implementing teamwork meant that employees were involved in making decisions about the team in which they wished to work; planning how they wished to work together in teams, planning the implementation of teams (the speed with which they took on additional areas of responsibility), defining initiatives to support team implementation, such as additional training; and evaluating the results by reflecting on the implementation in teams. Participants' job expertise and knowledge of the organizational context

have been identified as being an important supplement to the expertise of managers and intervention experts during intervention planning and implementation activities. It has been argued that employee participation has increased the likelihood of changes in procedures being appropriate and useful of them being integrated well into existing organizational structures.

Staff are satisfied with the leadership style used by their supervisors (mean =4.23) and organizational leadership style in URA makes positive contribution to the overall effectiveness of the organization (mean= 4.04). The agreement in responses on compensation was supported by views of key informants of interviews in appendix II open ended question 5 which was to the effect that: “how does URA motivate its employees?”

Written responses indicated that employees were satisfied with the leadership styles and interviews indicated that staffs were not satisfied with leadership style practiced at URA. The study established that consultation in decision making was not adequate. Other unfavorable aspects related to the leadership style that were cited included lack of adequate communication to the staff from the management, failure by managers to treat staff fairly and equitably, failure to listen and respond to staff issues promptly, bureaucracy and lack of competence in managerial skills of those in management. These findings on the unfavorable aspects on leadership style are consistent with the findings of Muindi (2011) who established that similar aspect such as lack of participatory decision making and failure to communicate to staff regularly especially on matters affecting them caused dissatisfaction among academic staff in the University of Nairobi.

The interviews with some top managers indicated that leadership style was not cited as a reason for leaving by those who left. Further they showed that staffs were involved in decision making through representation in various committees. Views presented by one of the key informants were as follows:

*“We have a good working relation with our bosses and we always interact for professional for team building. URA also sponsors us studies.”(Interview Data, CD – 06) 23<sup>rd</sup>/20/2017 therefore participation and decision making for employees is key in the aspects of brand image and ownership of collective contributions.*

According to the Human Resource Report 2016/2017 employees were also informed of matters that were important to them through departmental meetings. The respondents suggested that the URA management establishes other modes of involvement in decision making other than through committees system, impartiality in treatment of staff should be practiced always, leaders should listen and promptly respond to staff issues, and managerial training for leaders especially on people management should be offered regularly to enhance their skills.

#### **4.5.3 Presentation of the findings on Career Development in URA**

A descriptive analysis of the items rating to career development was performed. The results obtained are summarized in Table 4.8.

**Table 4.8: Responses on career development**

<b>Particulars</b>	<b>N</b>	<b>Min</b>	<b>Max</b>	<b>Mean</b>	<b>SD</b>
Training opportunities are offered regularly in URA	176	1	5	3.55	1.110
Upon recruitment, staff deserves training to equip them with the right skills.	176	1	5	4.13	.695
If I receive training, I am willing to continue to work for URA	176	1	5	3.75	.985
Financial support is regularly given by URA to enhance my professional growth	176	1	5	3.34	.981
My career advancement path is clear.	176	1	5	3.45	.984
My organization prepares people for the next leadership position	176	1	5	3.53	.935
My supervisor mentors me for other new duties	176	1	5	3.59	1.065
Promotions improve output in URA	176	1	5	3.53	.935
I am motivated to stay in this organization because I am promoted	176	1	5	2.76	1.196

I am satisfied with the promotion practices in this organization	176	1	5	2.98	1.134
An employee upward career growth is important to this organization	176	1	5	3.79	.881

**Source:** Primary data (2017)

Table 4.8 indicate that respondents agreed that upon recruitment, staff deserves training to equip them with the right skills (mean = 4.13), and that they are willing to work for URA for quite a long period of time.

It was also found out that respondents disagree that they are motivated stay in this organization because I am promoted (mean = 2.76) and they are also dissatisfied with the promotion practices in this organization (mean = 2.98).

#### **4.5.4 Presentation of findings on Staff Retention in URA**

A descriptive analysis of the items relating to staff retention was performed. The results obtained are summarized in table 4.9 below.



**Table 4.9 Responses on Staff Retention**

	N	Min	Max	Mean	SD
I plan to work at my present job for as long as possible	176	1	5	3.05	1.195
I am actively searching for an alternative to this organization	176	1	5	2.68	1.431
I would hate to quit this job	176	1	5	2.91	1.259
I am in this organization for lack of an alternative employer	176	1	5	2.25	1.332
As soon as is possible, I will leave this organization	176	1	5	2.49	1.151
Compensation plays significant role in attracting and retaining good employees	176	1	5	3.95	.907
Investment on employee Training and career development is considered important factor by the organization	176	1	5	3.03	.882
I would like to work for this organization for a very long period	176	1	5	3.23	1.099
There is low labour turnover in the organization	176	1	5	2.53	.937

**Source:** Primary data (2017)

From table 4.9, results indicate that majority of respondents disagreed with some of the issues raised in the study. For instance, respondents disagreed that they are actively searching for an alternative job opportunity (mean= 2.68), they are in this organization for lack of an alternative employer (mean= 2.25), have intentions to leave the organizations as soon as possible (mean=2.49) and There is low labour turnover in the organization (2.53).

When an individual resigns from his present organization, it is more likely that he/she would join the competitors: In such cases, employees tend to take all the strategies, policies from the current organization to the new one. Individuals take all the important data, information and statistics to their new organization and in some cases even leak the secrets of the previous organization. To avoid such cases, it is essential that the new employee is made to sign a document which stops him from passing on any information even if he leaves the organization. Strict policy should be made which prevents the employees to join the competitors. This is an effective way to retain the

employees.

On the other hand, some respondents were not sure on whether they should work for the organization for a very long period (mean 3.23), whether they plan to work at the present job for as long as possible (mean = 3.05) and Investment on employee Training and career development is considered important factor by the organization (mean = 3.03).

The employees working for a longer period of time are more familiar with the company's policies, guidelines and thus they adjust better: They perform better than individuals who change jobs frequently. Employees who spend a considerable time in an organization know the organization in and out and thus are in a position to contribute effectively. Employee retention has become a major concern for corporate in the current scenario. Individuals once being trained have a tendency to move to other organizations for better prospects. Lucrative salary, comfortable timings, better ambience, growth prospects are some of the factors which prompt an employee to look for a change. Whenever a talented employee expresses his willingness to move on, it is the responsibility of the management and the human resource team to intervene immediately and find out the exact reasons leading to the decision.

#### **4.6 Relationship between motivation factors (compensation, leadership styles and career development and employee retention.**

According to Mugenda & Mugenda (2003), correlation technique is used to analyze the degree of relationship between two variables. The computation of a correlation coefficient yields a statistic that ranges from -1 to +1. This statistic is called a correlation coefficient ( $r$ ) which indicates the relationship between the two variables and the bigger the correlation the stronger the coefficient between the two variables being compared (Carver *et al.*, 2009). The direction of the relationship is also important in that if it is positive (+) it means that there is a positive relationship between

the two variables and this means that when one variable increases, the other variable increases or when one variable decreases the other variable also decreases. A negative relationship (-) means that as one variable decreases, the other variable increase and vice versa and hence an inverse relationship. The score 1 indicates perfect correlation, which is found only when a variable is correlated with itself. 0 indicates no correlation at all.

The researcher carried out correlation analysis between the variables of the study using Pearson correlation coefficient. Correlation Coefficient was used to test whether there existed interdependency between independent variables and also whether the independent variables were related to the dependent variable intention to leave on institution basis. This section outlines the correlation analysis as shown in table 4.10 below.

**Table 4. 10: Pearson’s correlations between the dependent and independent variables**

		Compensation	Leadership Style	Career Development	Staff Retention
Compensation	Pearson Correlation	1	.759**	.748**	.173*
	Sig. (2-tailed)		.000	.000	.022
	N	176	176	176	176
Leadership Style	Pearson Correlation	.759**	1	.756**	.177*
	Sig. (2-tailed)	.000		.000	.019
	N	176	176	176	176
Career Development	Pearson Correlation	.748**	.756**	1	.252**
	Sig. (2-tailed)	.000	.000		.001
	N	176	176	176	176
Staff Retention	Pearson Correlation	.173*	.177*	.252**	1
	Sig. (2-tailed)	.022	.019	.001	
	N	176	176	176	176

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

**Source:** Primary data (2017)

From the table 4.9 above presents Pearson co relation co cr= 0.759) showing the relationship compensation and employee retention. The relationship in % form translates to 75.9 % .Pearson

co efficient correlation ( $r=0.75.9$  and the sign fancy level of ( $p= 0.01$  which is less than  $0.05$  showing that there is a relationship the null hypothesis was rejected and the alternative was accepted. There was a significant positive relationship between compensation and employee retention( $r=0.173$ ) ( $sig<0.05$ ) this implies that employees are appreciated in whatever they doing, reactive fair treatment and fair salary they are most likely to stay at their work place and work for longer years .

Pearson's correlation analysis was conducted to establish the relationship between compensation and employee retention, relationship between career development and employee retention and relationship between leadership styles and employee retention as indicated below.

#### **4.6.1 Relationship between Compensation and Employee Retention**

There was a significant positive relationship between compensation and employee retention ( $r = 0.173$ ), ( $sig < 0.05$ ). This implies that when employees are appreciated in whatever they are doing, reactive fair treatment and fair salary, they are most likely to stay at their work place and work for longer years. Compensation can have a direct impact on employee retention. While employers may use employee incentives and monetary rewards to retain employees, there are ways to complement compensation that have a much greater impact. Based on the type of compensation, along with the terms and conditions of an employee compensation package, an employer can boost employee retention. Compensation might not be the most important factor in determining whether an employee will stay with you, but it can tip the balance and motivate many people to stay. Helping employees improve their skills and improve their chances for climbing the ladder is a benefit that motivates workers to stay with you. Offering tuition reimbursements and sending employees to workshops and seminars to help them learn new skills that not only benefit them, but make them more productive at your place of work. Having more skilled workers on your staff allows employee

to promote from within, rather than look outside your company for new workers hence leading to staff retention.

#### **4.6.2 Relationship between Leadership Styles and Employee Retention**

From the table 4.9 above Pearson correlation coefficient ( $r=0.748$ ) showing the relationship of leadership and employee retention. The relationship in a percentage form translates to 75.6% Pearson correlation coefficient (  $r=74.8\%$ ) and the significance level of  $p=0.01$  which is  $< 0.05$  showing that there was a relationship the null hypothesis was rejected and the alternative was accepted this implies a significant positive relationship between leadership styles and employee retention. ( $r = 0.177^*$ ), ( $r < 0.05$ ). This implies that good leadership style greatly influence the employees' decisions to stay in the organization.

#### **4.6.3 Relationship between Career Development and Employee Retention**

From the table 4.9 above presents Pearson correlation ( $r=0.252$ )( $0.252 \times 100$ ) showing the relationship of career development and employee retention the career development in the % form translates to 25.2% correlation coefficient ( $r=25.5$ ) and the significance level ( $r=0.01$ ) which is less than 0.05 showing a significant positive relationship between career development and employee retention. ( $r = 0.252^{**}$ ), ( $r < 0.01$ ). This implies training and development, mentorship and promotions influence one's ability to work regularly and stay for long in the organization. Career development enhances retention as employees develop a sense of loyalty for employers who are willing to invest in them. Likewise, during the recruitment of hire employees, career development programs attracts to job-seekers. When employees perceive that their organizations support career development, they feel more confident about their long-term career path.

**Table 4.11: Regression results of Staff Retention on Compensation, Career Development and Employee Retention**

**Model Summary**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.253 <sup>a</sup>	.064		.048	.44226

**Source:** primary data (2017)

a. Predictors: (Constant), Career development, compensation, Leadership Style

Regression analysis was used to find out the influence of the career development, compensation and leadership styles on the dependent variable employee retention at Uganda Revenue Authority. Table 4.11 shows that R – Square value was 0.064 and the adjusted R – Square value was 0.048 for internal control environment. Table 4.11 shows that career development, compensation, leadership styles had a positive influence on employee retention at Uganda Revenue Authority. It is reflected by a regression analysis of R – Square = 0.064 and adjusted R –Square of 0.048 at (p = 0.000), which represents a high level of influence of the independent variable onto the dependent variable. This implies that in the study area (career development, compensation and leadership style) influenced 0.048 (4.8%) of employee retention at Uganda Revenue Authority, while other independent factors influenced the remaining 95.2% of the dependent variable. From the above findings, it can be concluded that career development, compensation and leadership styles have a positive influence on employee retention at URA. However, there are still other independent factors that may be controlling the remaining 95.2% of the dependent variable.

**Table 4.12: Analysis of variance (ANOVA) table on Motivation factors and employee retention in URA.**

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.309	3	.770	3.935	.010 <sup>b</sup>
	Residual	33.643	172	.196		
	Total	35.952	175			

a. Dependent Variable: STAFF RETENTION

b. Predictors: (Constant), Career Development, Compensation, Leadership Style

**Source:** primary data (2017)

Furthermore, analysis of variance (ANOVA) was used to determine whether there is any relationship between motivational factors and employee retention at Uganda Revenue Authority. By using F – Statistic, the researcher sought to determine the motivational factors and employee retention. This is represented in table 4.12 above and it shows that the value of the F– statistic was 3.935 at (p = 0000) level of significance, the calculated F – value was less than the F value at p = 0.005 level of significance. At this level of analysis we accept the research hypothesis there is significant relationship between motivational factors and employee retention at Uganda Revenue Authority.

**Table 4.13: Coefficient <sup>a</sup>**

**Coefficients <sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.416	.209		11.583	.000
	Compensation	.019	.086	.027	.215	.830
	Leadership Style	.014	.089	.020	.162	.871
	Career Development	.204	.087	.287	2.328	.021

a. Dependent Variable: STAFF RETENTION

**Source:** Primary data (2017)

From the table it presents the square linear co relation on compensation, leadership styles and career development and employee retention

Results from the regression analysis in table 4.13 above show that the dependent variables significantly and positively predict 48% of the variations in staff retention at URA. However, career development appears to be a stronger predictor variable of staff retention (Beta = .287, sig. = .000) than compensation (Beta = .027, sig. = .000) and leadership styles (Beta = .020, sig. = .000) this implies that training and development of employees is a requirement to keep them at their workplace for a longer period.

#### **4.7 Conclusion**

The findings highlighted in this chapter were according to the research objectives which were: to examine the relationship between compensation and employee retention at URA, investigate the relationship between career development and employee retention at URA and to examine the relationship between leadership styles and employee retention at URA.

Data analyzed was from 176 questionnaires returned out of 186 administered giving a response of 94.6%. In conclusion, findings have indicated that a relationship between compensation and employee retention, career development and employee retention as well as leadership styles and employee retention. A good understanding of leadership style, employee compensation and career development leads to employee commitment and hence increases the chances of employee retention in the organization.



## CHAPTER FIVE

### SUMMARY, DISCUSSION, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

This study was to investigate the relationship between motivation factors and employee retention in Uganda a case of URA and this chapter presents the discussion of the results of the study, as well as emerging conclusions and the recommendations. This chapter however, summarizes all information collected from the first four chapters.

The discussion of results is about the objectives of the study which were;

- i) To examine the relationship between compensation and employee retention at URA
- ii) To investigate the relationship between career development and employee retention at URA
- iii) To examine the relationship between leadership styles and employee retention at URA

This chapter also describes the conclusion of the research as well as drawing recommendations for policy makers, managers as well as employees of Uganda Revenue Authority can learn from the findings. These are presented below.

#### 5.2 Summary

##### 5.2.1 Relationship between compensation and Employee Retention.

Pearson Correlation Coefficient for compensation and employee retention was  $r = 0.173^*$  at ( $p = 0.000$ ) that was way below the critical alpha value ( $p = 0.005$ ) significance level. This showed that the relationship between compensation and employee retention at URA was significant at this level of analysis.

### **5.2.2 The relationship between Leadership Styles and Employee Retention**

Pearson Correlation Coefficient for leadership styles and employee retention was 0.748\*\*at ( $p = 0.01$ ), and the critical alpha value ( $p = 0.005$ ) level of significance. This revealed that there was a significant relationship between leadership styles and employee retention in this area of study whereby, the null hypothesis was rejected and the alternative accepted.

### **5.2.3 The relationship between Career Development and Employee Retention**

Pearson correlation coefficient for career development and employee retention was  $r = 0.252^{**}$  and the significance level ( $p=0.01$ ) which is less than 0.05 showing a significant relationship between career development and employee retention.

## **5.3 Discussion**

Discussion of the findings was done following the objectives of the study. The researcher assessed whether the study findings were in agreement or disagreement with the literature which was reviewed.

### **5.3.1 Relationship between Compensation and Employee Retention**

Objective one aimed at examining relationship between compensation and employee retention at URA. The respondents were asked a variety of questions and the findings from data analyzed and interpreted by using Pearson Coefficient Correlation, analysis of variance and regression analysis revealed that the relationship was insignificant. From the study findings the null hypothesis was rejected since the relationship was significant. The above findings showed a strong relationship between compensation and staff retention and these findings were consistent with (Chang & Lu, 2007), who noted that employee compensation is one major contributors to the retention of employees in organizations.

Compensation plays significant role for attracting and retaining talented employees especially those with outstanding performance or unique skill which are central to the organization. Compensation structures offered to the employees by the organization play a key role in increasing employee motivation; effective productivity and performance (Mutsuddi & Mutsuddi, 2007).

Furthermore, the findings are in line with Greller (2006)'' states that people always work for a reason and the cause should be provided by work, organization, co-workers or from within. Findings showed that when employees want to advance in their careers, a motivational factor, it does not matter how old one is, a lot of stay in the organization as a way to advance''. Rewards are substantially related to turnover as employees who are satisfied with organizational rewards will believe losing such a competitive reward to be costly and would not find such compensation elsewhere, and therefore they choose to stay.

In addition, Lewis et al., (2001) and Khan et al., (2014) supplemented that Employee retention can be achieved by the organizations by paying higher salaries to their employees and Zingheim et al. (2009),urges that competitive pay and benefit package are important elements to affect employee retention, but this cannot be referred as a whole picture.

### **5.3.2 Relationship between Career Development and Employee Retention**

Objective two aimed at establishing the relationship between career development and employee retention at URA. Data analysis and interpretation using Pearson Correlation Coefficient, analysis of variance and regression analysis revealed a positive strong relationship between career development and employee retention. The findings were in agreement with Bratton and Gold, (2003) who assert that growth and development are the integral part of every individual's career. If employees cannot foresee their path of career development in their current organization, there

are chances that they will leave the organization as soon as they get an opportunity. Price (2007), also supports the findings that organizations that provide relevant quantity and quality development schemes are signaling to employees their likeliness to develop a cadre of skillful employees to grow together with the business. Huselid (1995) complemented that progressive human resource practices that embrace career-related practices could improve knowledge, skills and the abilities of an organization's current and potential employees, and enhance the retention of quality employees. By offering career development employers assist employees increase their employability internally and externally in the labor market and development of their own personal competitive advantage (Steel *et al.*, 2012). Most employees look out for employers who provide training opportunities and skill development activities which enhance improvement in their careers these fascinate employee commitment to the organization when they receive such opportunities

### **5.3.3 To examine the relationship between Leadership Styles and Employee Retention**

Objective three aimed at establishing the relationship leadership styles and employee retention at URA. Data analysis and interpretation using Pearson Correlation Coefficient, analysis of variance and regression analysis revealed that the relationship leadership styles and employee retention was positively significant. This finding was in consistent with the work of earlier researchers like Greenhaus (2004) suggested that employees' views concerning organizations are mostly concerned about relationship with supervisor. If supervisor support, communicate openly and effectively with constructive good relationship with employees, then employee turnover is less likely to be minimal and more engagement with organization.

Heathfield (2008) postulates that employees leave managers and supervisors more often than they leave organizations or jobs. In other words, the most common cause of employee turnover is the lack of a positive relationship between the employee and the manager or supervisor. He further

argues that it is not enough that management is liked by the employees. Starting with clear expectations of the employee, management has a critical role to play in retention. Anything that management does to make the employee feel undervalued will contribute to turnover.

According to Hildebrand (2008) the employee's relationship with the supervisor has the greatest impact on whether to stay or go, because a supervisor has control over the core elements that create job satisfaction i.e. compensation, opportunity, recognition and environment. It is therefore important to hold management accountable for retaining a thriving workforce. This means that not only do organizations need a performance management system that recognize and rewards management for meeting objectives that reduce employee turnover; managers need to understand what steps they can take to meet their responsibility in employee retention.

## **5.4 Conclusion**

Study conclusions were drawn basing on the different research questions as shown below;

### **5.4.1 “What is the relationship between compensation and employee retention at URA?”**

From the findings, it was clear that there was a significant relationship between compensation and employee retention at URA. A main concern of any organization is its capacity to attract, engage, and retain the right employee. Certain factors are crucial in influencing the employees' decision to either leave or remain in an organization. Nonetheless, the importance of other factors need not be miscalculated when formulating a retention policy. URA need to come up with a number of strategies to increase employee retention such as: design an interesting employee value proposition; develop a total reward system that contains more than compensation; give constructive point of view on employee performance on regular basis; implement flexibility programs in terms of work-life balance; build a culture of engagement, develop and refine

management skills to be effective, as it engages employees while driving improved performance at the same time among others. Also, management of URA is expected to focus on issues that are of great concern to staff.

The compensation and benefits given by URA to its employees is a vital policy that helps organizational nourishment. The employees hold the opinion that compensation/rewards contribute to improving an employee's loyalty and retention toward organization. The results indicate that URA is very capable and successful in employee retention. It is also providing a culture that is helping in retaining the employees at levels. Hence management of URA should give it a great attempt it deserves.

#### **5.4.2 “What is the relationship between leadership Styles and Employee Retention at URA?”**

From the above findings the researcher concluded that there was significant relationship between leadership styles and employee retention at URA. Whereas management has tried to reduce on the rate of turnover, it has faced challenges of a pyramidal organizational structure limiting promotion opportunities, poor management style and employee unethical behaviors. Management of URA is mandated to employ different strategies aimed at retaining staff which among others may include; offering competitive salaries that are equitable both within the organization and in the competing firms, recognizing employees for work well done, enhancing effective communication and emphasizing employee training and development programmes.

### **5.4.3 “What is the relationship between Career Development and Employee Retention at URA?”**

The research finding revealed that career development significantly affected employee retention at URA. This meant career development in the study area was given enough attention by the URA administrators so as to register positive meaning. URA has invested in its staff through providing on job trainings, sponsoring professional courses like ACCA and CPA as well as paying for the postgraduate studies. This has not only improved the working expertise of employees, but also motivating them to stay and dedicate their energy to work hard for the organization. Management of URA needs to continue training its staff in order to improve the quality of its staff.

## **5.5 Recommendations**

### **5.5.1. Relationship Compensation and Employee Retention at URA**

- The Board and management of Uganda Revenue Authority (URA) and other organizations enhance their reward and compensation strategies through offering competitive salaries to make its staff stay longer; offering equitable pay and reward to its employees; linking salary increase to promotions; management recognizing employees for work well done; and reasonable benefits and incentives extended to staff in addition to monthly salaries in order to improve retention of employees.
- URA should provide rewards which will attract the best employees to remain in the organization to improve service delivery and align remuneration with employee job responsibilities as a mechanism of motivating employees to stay working for the organization.

### **5.5.2 Relationship between Leadership Styles Employee Retention at URA**

- The study recommends that URA Management strengthen the effective communication strategies through use of friendly top down communication between supervisors and subordinates; and sharing immediate and useful feedback about performance. This will help staff to keep well versed with what is taking place in the organization and to forward their complaints as they arise. Giving them constant feedback will help in resolving issues and ensuring that business runs as stipulated.
- Improving on the work environment through cooperation and coordination of the different departments of the organization; management giving immediate feedback to staff; and evaluating performance of which best performers are recognized to encourage poor performers. This should be complemented by the use of teamwork in the organization. To this end, URA should look at employing this strategy to ensure its employees get satisfied with the working environment as this will increase their level of concentration and ultimate productivity.
- URA should also conduct job analysis to ensure that it gets to understand job details and its requirements, and thereafter should use this information to design rich and challenging jobs that are more motivating than stressing through reinforcing skills variety, task significance, job autonomy and job feedback. The management also create a conducive working environment to make employees assured of their stay.



### **5.5.3 Relationship between Career Development and Employee Retention at URA**

- Employee training and development at all organizational levels should be given priority to ensure career development and continuity. This can be through coaching and mentoring staff, quality supervision and mentorship of employees by management, training new recruits to equip them with the right skills, training management in people management skills before appointing or promoting them to higher positions. This will enhance employees' comfort ability as they perform their respective duties and responsibilities as well as making them feel a valued part of the organization.
- URA ought to likewise have an organized profession advancement arrange. This can help employees to get a superior long way view regarding their advancement inside the organization and this will also permit the employer to prove commitment to empower its capacity profiting both the employer and the employees.
- URA should strengthen succession plan as employees are recruited, trained and developed, they must see possibility for them to navigate their career path within the organization. This plan ensures availability of people ready to step up and take responsibility when called upon. This creates job satisfaction and serves as a perfect way for retaining employees.

### **5.6 Limitation of the study**

The researcher encountered a number of challenges related to the research particularly, during the process of data collection. First, the researcher lacked enough financial resources to use in the process of data collection and this delayed the process of data collection.

Some respondents were biased while giving information due to reasons such as victimization in the event the research findings turned sour. Lack of cooperation is undoubtedly the greatest challenge that was witnessed by the researcher. Respondents were naturally suspicious and uneasy

when directed to cooperate in a study that they were not aware of its consequence. To further calm and set at ease the respondents, the researcher explained the nature of the study and its intended purpose and that it was purely an academic undertaking and that information divulged would be held in confidentiality by the researcher.

### **5.7 Areas of further Research**

The main objective of this study was motivation factors influencing employee retention in URA. Therefore the researcher suggests similar studies should be carried out in other organizations to enable this organizations benefit from knowing whether retention reasons differ even in similar contexts, thus, adding another perspective to the management literature on comparing the retention management practices.

The study recommends further research to establish the level of readiness of the organization to adopt the suggested recommendations, access the existing structures and how they can support the desired changes, and how best such practices can be institutionalized for employee future retention and organizational continuity without antagonizing future business plans.

Find out other variables that are predictive potential on employee retention other than compensation, career development and leadership styles. The current study accounts for 4.8% of variance in employee retention which leaves 95.2% unaccounted for making it an area for further research.

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## APPENDICES

### Appendix I: Questionnaire

UGANDA REVENUE AUTHORITY

EMPLOYEE QUESTIONNAIRE

Dear Respondent, my name is **JILLY ANNET AMINAT**.

I am currently carrying out a study for the purpose of writing a dissertation as a requirement for award of Masters of Business Administration of Uganda Management Institute.

The topic of study is motivation factors and employee retention of URA

You have been chosen to participate in this study that seeks to establish motivation factors and employee retention in Uganda. The study is purely academic and any information provided will be treated with at most confidentiality.

Please, feel free and answer the questions truthfully

#### SECTION A (Please tick/fill-in as appropriate)

a) Gender: Male  Female

b) Age bracket: 18-25 yrs  26-35 yrs  36-45 yrs  46-55  56   
above

c) Highest education attained

No formal Qualification  Certificate  Diploma  First Degree

Masters  Others (Please Specify).....

d) For how long have you served at URA?

1-3 yr  4-6yrs  7-10 yrs  Above 10 yrs

e) What is your employment level?

Top level  Middle level  Operational level  Support staff

## SECTION B

With reference to what you have been involved in, please evaluate each statement by ticking in the most appropriate box. Use the scale **1= strongly disagree (SD)**, **2= I disagree**, **3= am not sure (NS)**, **4= I Agree (A)** and **5 = I strongly Agree (SA)**

SN	Compensation	SD	D	NS	A	SA
COM1	I feel a personal accomplishment in my work	1	2	3	4	5
COM2	I feel recognized as an individual by the organization	1	2	3	4	5
COM3	I am satisfied with how I am involved in decisions concerning my work	1	2	3	4	5
COM 4	My organization pays me fairly well	1	2	3	4	5
COM5	My salary is competitive with similar jobs in other organizations	1	2	3	4	5
COM6	I am paid well compared to my colleagues in different organizations	1	2	3	4	5
COM7	I am satisfied with my job	1	2	3	4	5
COM8	I am satisfied with the opportunity to expand my career in this company	1	2	3	4	5
COM9	I get opportunities for personal growth by updating my skills.	1	2	3	4	5
COM10	I am encouraged by my supervisors to be my best	1	2	3	4	5
COM11	I feel my efforts are valued.	1	2	3	4	5
COM12	My organization is treating me in a respectful way	1	2	3	4	5
<b>Leadership Style</b>		<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
LS1	Organizational Leadership style in URA makes positive contribution to the overall effectiveness of the organization	1	2	3	4	5
LS2	My manager treats every one fairly	1	2	3	4	5
LS3	My supervisor assists individuals in their personal problems	1	2	3	4	5

LS4	My Leaders/ supervisor represents my needs, ideas and suggestions to his/her manager	1	2	3	4	5
LS5	The leaders often involves staff in decision making, problem solving and policy making in URA	1	2	3	4	5
LS6	I have the opportunity to interact with management above my immediate supervisor	1	2	3	4	5
LS7	The leadership of this organization listens to and addresses staff issues promptly	1	2	3	4	5
LS8	The leaders communicate to staff regularly on matters important to them	1	2	3	4	5
LS9	I am satisfied with the leadership style used by my supervisors	1	2	3	4	5
<b>Career development</b>		<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
CD1	Training opportunities are offered regularly in URA	1	2	3	4	5
CD2	Upon recruitment, staff deserves training to equip them with the right skills.	1	2	3	4	5
CD3	If I receive training, I am willing to continue to work for URA	1	2	3	4	5
CD4	Financial support is regularly given by URA to enhance my professional growth	1	2	3	4	5
<b>My career advancement path is clear.</b>		<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
CD5	My organization prepares people for the next leadership position	1	2	3	4	5
CD6	My supervisor mentors me for other new duties	1	2	3	4	5
CD7	Promotions improve output in URA	1	2	3	4	5
CD8	I am motivated to stay in this organization because I am promoted	1	2	3	4	5
CD9	I am satisfied with the promotion practices in this organization	1	2	3	4	5
CD10	An employee upward career growth is important to this organization	1	2	3	4	5

<b>Staff Retention</b>		<b>SD</b>	<b>D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>
SR1	I plan to work at my present job for as long as possible	1	2	3	4	5
SR2	I am actively searching for an alternative to this organization	1	2	3	4	5
SR3	I would hate to quit this job	1	2	3	4	5
SR4	I am in this organization for lack of an alternative employer	1	2	3	4	5
SR5	As soon as is possible, I will leave this organization	1	2	3	4	5
SR6	Compensation plays significant role in attracting and retaining good employees	1	2	3	4	5
SR7	Investment on employee Training and career development is considered important factor by the organization	1	2	3	4	5
SR8	I would like to work for this organization for a very long period	1	2	3	4	5
SR9	There is low labour turnover in the organization	1	2	3	4	5

**Thank you for your cooperation.**

## **Appendix II: Documentary Review Checklist**

1. Minutes of Human Resource Management meetings 2016/2017
2. Human Resource Management policy
3. Human Resource Management reports 2016/2017
4. Organogram
5. Human Resource Manual

**Appendix III: Interview Guide Motivation factors and Employee Retention in URA.**

Interview Guide for top management

Dear Respondent:

My name is JILLY ANNET AMINAT. I am currently carrying out a study for the purpose of writing a dissertation as a requirement for the award of Masters of Business Administration of Uganda Management Institute.

You have been selected to participate in the study due to the importance of your position in the institution.

The information you provide will be only be used for the purpose of this study and will be treated with utmost confidentiality, kindly help me generate solutions for the following questions.

1. How long have you worked at URA  
.....
2. What is the main reason you have managed to work this long at URA  
.....  
.....
3. Has URA sponsored you for any specialized training  
.....
4. Do you think the leadership style at URA has supported you to grow and stay at URA. Explain.  
.....  
.....  
.....
5. How does URA motivate it's employees  
.....  
.....  
.....
6. what strategies has URA put in place to encourage employee retention  
.....  
.....
7. What is the level of staff turnover at URA  
.....  
.....

**Thank you for your cooperation.**

**Appendix IV: Krejcie & Morgan (1970) Sampling Table**

<b>Population Size</b>	<b>Sample Size</b>	<b>Population Size</b>	<b>Sample Size</b>	<b>Population Size</b>	<b>Sample Size</b>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note:  $N$  = population size

$S$  = sample size

## **Appendix V: Introductory Letter**



## **Appendix VI: Field Research Letter**

## **Appendix VII: Letter of Acceptance from URA**

## **Appendix VIII: Anti plagiarism Report**