REWARD MANAGEMENT AND EMPLOYEEE TURNOVER IN SELECTED FINANCIAL INSTITUTIONS IN KAMPALA UGANDA

BY:

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DECLARATION

"This thesis is my original work and has not been presented for a degree or any other academic award in any university or institution of learning".

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Name and Signature of Candidate

Date; …………………………..   Signature ……………………………

APPROVAL

"I confirm that the work in this thesis report is carried out by the candidate under our supervision".

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08/11/2016

Date

DEDICATION

I extend thanks to my parents father AbdiNoor Nour and Mother Halima for making me understand the value of education, especially my parents. Brothers and sisters as my relatives at large through your willingness with endless support and full love toward me; I would have never achieved my current position as second model in lives.

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ABSTRACT

The study was set to assess the effect of reward systems on the employee turnover in selected financial institutions in Uganda. The study was based on three research objective which included establish effect of Pay management on employee turnover, effect of benefits management on employee turnover and the influence of promotions on employee turnover in selected commercial banks in Kampala Uganda namely centenary, housing finance and Crane bank. The research adopted the cross sectional research design based on qualitative research and quantitative. The data was attained from the employees of the studied commercial institutions who were 161 and returned the questionnaire. The respondents were interacted with using the research questionnaire. The study findings reveal that payments management affect the employee turnover, the results reveal that the payments by the studied banks were poor. It was found that there exited a relationship between payments and financial performance of banks though the prevalence of a non significant relationship indicated that payments did not account for employee turnover, the researcher concluded that payments seem to not to be explaining the employee turnover in financial institutions. The second research objective reveals that benefits management in the studied financial institutions was reasonable though not sound. The researcher further established that a positive but not significant relationship was detected between benefits and employee performance meaning that the state of benefits do not guarantee turnover though there exist a link. Finally the researcher concludes that the relationship between promotions and employee turnover was positive showing that promotions guaranteed employee turnover of the financial institutions. It is prudent that interventions into financial assessment can graduate into employee turnover. Based on the study findings the researcher recommends that there is need for improving payments through bonuses increases, improve the payment terms so as to improve payments for the employees, payment times need to be adjusted in order to enable the employees receive their remunerations in a period early enough to enable the provisions of individual wants for their operations. There should also be rewards based on the profitability of the organization. There should be also open system of communication. Compensation system of rewarding employees, this refers to the assessment of employee's contributions towards the organization. Promotions need to be based on performance of the junior staff in order to enable them perform well and all promotions should be for a trial period to ascertain whether the promoted person is found capable of handling the job or not.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter is concerned with the background of the study, statement of the problem, purpose of the study, specific objectives, research questions, research hypothesis, scope of the study, significance of the study and operational definition of key terms.

1.1 Back ground to the study

The background of the study is presented on four perspectives namely historical, theoretical, conceptual and contextual perspective.

1.1.1 Historical Perspective

In today's environment characterized by rapid socio-economic and technological advancement, only the fittest organizations can flourish, organizations in such an era rely on employee performance to achieve their goals. Employee rewards were defined to include all types of benefits, from cash payments to working conditions (Eric, 1994). Organizations offer intrinsic and extrinsic rewards to members for the purpose of improving human resources outcomes (Mahaney & Lederer 2006). Rewards in the whole world are looked at as the fundamental part of the employment relationship in organizations and its employees. Employee rewards try to align individual goals with cooperate objectives and provides return for the individuals contributions (Meshane & Glinow 2003) this concept of rewarding employees can be found across cultures. Organizations distribute rewards in exchange for employee's availability, competencies and good behaviors. Although the history of employee turnover in organizations cannot be easily traced. Labor turnover is typically measured in terms of the separation rate (quits, layoffs, and discharges per 100 employees on the payroll). The aggregate data on turnover among U.S. workers is available from a series of studies focusing almost entirely on the manufacturing sector.

In African perspective of understanding rewards give meaning and significance to goals of the organization. The ultimate improvement in performance in any organization is based on the proper rewarding of the employees. (Daft, 2000). Employees are thought to be motivated to work hard to produce quality results when they have pride in their work, they believe their efforts are important to the success of the team, and their jobs are fun, challenging, and rewarding (Mahaney & Lederer 2006: 50). Frederick Herzberg found intrinsic rewards to be much stronger than financial rewards in increasing employee motivation. Effective managers find ways to combine extrinsic rewards with intrinsic ones. In sub-Saharan Africa, the concept of employee reward system has not firmly grown root as most organizations consider it at the financial perspective only and do not recognize the concept and this has created a state of need for the intervention of intrinsic and fringe reward forces in order to enhance motivation.

In Uganda different organizations have adopted the different rewarding systems to employees' especially high performance. The rewarding systems of employees has led to development of organizations, increased productivity, reduced labor turn over and has reduced strikes (conflicts between employees absenteeism at the work place leading to high performance in their respective areas of operations. According to Daft (2003) the ultimate responsibility of managers is to achieve high performance, which is the attainment of organizations goals by using resources in the efficient and effective manner. Organizations adopt the system so as to achieve high performance.

The context of the situation in Kampala is that the workforce is better educated, questions authority and control, and is more diverse (Lawler, 2000). The method of compensation of employees in the hospitality industry is beginning to get some traction from researchers (Sturman, 2001; and Renn & Barksdale, 2001). Rewarding in the banking sector of Kampala through tipping is largely a societal phenomenon that is based on tradition rather than economic necessity (Lynn et al, 1993) UMA report of 2014 indicate that rewards to employees in various forms account for the high level of commitment that avoid employee turnover though rewards in Kampala financial institutions are not so effective amongst the employees to transform into the productivity in work force.

1.1.2 Theoretical perspective

The study is based on Frederick Herzberg's Two-Factor Theory (also known as Herzberg's motivation-hygiene theory and dual-factor theory) states that there are certain factors in the workplace that cause job satisfaction, while a separate set of factors cause dissatisfaction. It was developed by Frederick Herzberg, a psychologist, who theorized that job satisfaction and job dissatisfaction act independently of each other. The theory finds rewards to be much stronger than financial rewards in increasing employee motivation.

In the 1950's Herzberg and his associates conducted a study of the job attitude of 200 engineers and accountants. Hertzberg placed responses on factors relating to Job satisfaction and dissatisfaction. From this research, Hertzberg concluded that Job dissatisfaction and Job satisfaction arose from two separate sets of factors. Hence the two factor theory. Dissatisfies which he called "hygiene" factors included salary, working conductions and company policy. Company policy was the most highlighted factor. One that individuals judge to be a major cause of Inefficiency and ineffectiveness. Satisfiers (motivating factors) include achievement, recognition, responsibility and advancement- all related to the content of work and the rewards of work performance.

1.1.3 Conceptual Perspective

Reward is a type of compensation individuals or employees receive in exchange for performing organizational tasks that one is entitled to do in most organizations in the world; reward is seen as a way of compensating workforce who contribute to the achievement of organizational goals. Also it is seen as a means of creating a way an organization can achieve its desired out comes (Pock, 1991).

Reward management is defined as a set of activities responsible for coordinating the combination of all cash incentives and the fringe benefits mix that an employee received from a company, which constitutes an individual's total compensation (Lawler, 1981).

According to Dessler,(1998) reward management is all form of pay or reward arising from deals with every reward an individual gets in exchange for performing organizational tasks. The reward an employee gets as a result of his efforts. In this study it was characterized by pay, Benefits and incentives as in the text (George 2005).

According to Mathis and Jackson (2007), staff turnover can be broken down into internal and external types. Internal staff turnover strategies involve promoting current employees, adding new responsibilities to job titles and bringing in entry-level employees due to company growth.

External staff turnover implies that employees are leaving the company to seek new jobs, raise families or enter retirement.

Labour turnover is a gradual process. According to Mobley (1977), an employee starts by an evaluation of an existing job and the environment in the work is being done. It is believed that work environment plays a pivotal role on an employee's decision.

Labour turnover is a deliberate policy to change the overall system of the organizations to use more capital-intensive technique rather than labor-intensive technique. The objective of intentioned labor turn over programs include to improve the overall efficiency and performance of the organization as well as encourage private sector to improve productivity and profitability of a firm to reduce public sector borrowing hence faster growing of the economy (George, 2005).

Labour turnover is the rate at which people leave an organization and is basically concerned with the rate of replacement of employees, labor stability on the other hand is a little known topic that deserves a bit more consideration that it gets labor stability is concerned with an organization ability to retain its employees (Armstrong, 2009). Labour turnover is often not measured in enough manner to enable discrimination between cases where employees have chosen to leave and cases where they have to leave for the reasons out of their control (Ricky, 2002).

1.1.4 Contextual perspective

World over there exist high degree of labour turnover majorly affiliated to reward issues. The circumstance and the context of the labour situation is still at its poorest since even developed countries like USA and European countries trail in the turnover situations amidst poor rewards for organizations (World Bank 2010). In the African continent perspective reward systems are not effective and have translated the concept into a more aligned state of disrespect for employees especially in private organizations. The link between reward transparency and the value of extrinsic rewards is confirmed in all three sites. This implies that the perceived value of extrinsic rewards, and consequently their motivational impact, are both inextricably linked with the way rewards are administered within the reward system. In order to acquire positive motivational properties, the rewards distributed by organizations through their incentive schemes may need to be performance-dependent and the link between performance and rewards to be perceived as transparent Zhou, Zhang and Montoro-Sanchez, 2011. The financial institutions in Uganda are aiming at transforming itself from a reactive to a proactive commercial sector and to be recognized for being a successful service provider. Quality service is therefore an imperative to gain and sustain competitive advantage. The commercial banks are still being faced with inefficient employee performance that has continued to mar the image of some banks in the provision of services to its clients (UPSF 2010). One of the problems experienced by the commercial banks is the high rate of staff turnover. The reports from the Uganda national labour union 2011 indicate that commercial banks loses some of their staff members to better paying corporate organizations but discussions about how to recruit and retain skilled staff are still going on.

In Kampala Staff turnover places unnecessary pressure on staff members who are at work. The remaining staff experiences an increased workload leading to low morale, high levels of stress and therefore absenteeism. Employees also have to work extra hours to compensate for the work of those who resigned (Private Sector Foundation, 2014). When an employee leaves the organization the present employees have to fill the gap until a new employee is appointed. Staff turnover impacts on employee performance because they get disrupted on their daily work performance. There are numerous complaints from the banking community regarding the performance of employees in the banks for example there are long queues and long waiting periods in the banks. This study identifies the causes of the high rate of staff turnover and proposes strategies or recommendations for improving organizational effectiveness and employee performance were reward management has been cited as a pivotal cause.

1.2 Statement of the problem

Employee turnover in financial institutions constitute the biggest hindrance to the operations of financial institutions that has led to the reduction in the net worth of businesses across the Globe. It presents a fundamental problem as both the skills, experience and sometimes the confidential information of commercial banks is lost (ILO, 2008). The situation presents a seriously hard environment that prohibits employee and organizational development. Organizations across the globe recognize that reward management constitutes a focal part in the motivation of employees, which implies that compensation is fundamental in the operation and stimulating performance of organization Guppta 1996). Despite this known revolution, organization's rewards schemes are still poor characterized with insufficient remunerations, poor allowances and generally poor schemes of incentives which is not good for stimulating productivity Kreiter R (2004). Information from the Uganda Private sector foundation report Uganda Private Sector Foundation Report, 2010) cites poor reward systems in organizations. The employee turnover prevalence in centenary, Housing finance bank and crane banks is existing, therefore given the circumstances it is right to assert that organizations are headed for trouble if roots of employee's turnover are not appropriately traced indicating that organizations that do not embrace this are on the vague of collapse (Ministry of finance planning and economic development, MOFEP, 2010). The research is therefore research intended to establish the degree and extent if possible the mechanism through which employee's turnover can be reduced in the commercial banks of Uganda.

1.3 Purpose of the study

The purpose of the study was to investigate the effect of reward management on employee turnover in the selected commercial banks in Kampala Uganda.

1.4 Objectives of the study.

1. To determine the effect of Pay management on employee turnover in the selected commercial banks in Kampala Uganda.
2. To assess the effect of benefits management on employee turnover in selected commercial banks in Kampala Uganda
3. To assess the influence of promotions on employee turnover in selected commercial banks in Kampala Uganda.

1.5 Research Questions

1. What is the effect of Pay management on employee turnover in the selected commercial banks in Kampala Uganda?
2. What is the effect of benefits management on employee turnover in selected commercial banks in Kampala Uganda?
3. What is the influence of promotions on employee turnover in selected commercial banks in Kampala Uganda?

1.6 Scope of the study

1.6.1 Geographical scope

The research was confined to selected commercial banks in Kampala Uganda namely crane bank located along Kampala road, Centenary Bank located on Kampala road and Housing Finance bank located in Kololo Kampala due to a range of activities handled by the organization in line with the topic assessed and its accessibility by the researcher.

1.6.2 Content Scope

The investigation was limited reward management on employee turnover in organizations so the research centered on getting all the relevant data and information about this subject. The focus will be mainly on the pay management, benefits and promotions including how they affect employee turnover in organization.

1.6.3 Theoretical Scope

The study employed the two factor theory of Herzberg's motivation-hygiene theory and dual-factor theory) states that there are certain factors in the workplace that cause job satisfaction, while a separate set of factors cause dissatisfaction. Two-factor theory fundamentals: Attitudes and their connection with industrial mental health are related to Maslow's theory of motivation. His findings have had a considerable theoretical, as well as a practical, influence on attitudes toward administration. According to Herzberg, individuals are not content with the satisfaction of lower-order needs at work, for example, those associated with minimum salary levels or unsafe and pleasant working conditions decide to leave the organization hence labour turnover.

1.6.4 Time scope

The research was carried out for the period of 8(Eight months) from the year 2016 February to October 2016.

1.7 Hypothesis

H_0 There is no significant relationship Pay management and employee turnover in selected commercial banks in Kampala.

H_0 There is no significant relationship between benefits management and employee turnover in selected commercial banks in Kampala Uganda

H_0 There is no significant relationship between promotions on employee turnover in selected commercial banks in Kampala Uganda.

1.8 Significance of the study

The study is going to be significant to.

The study recommendations will be used by management of financial institutions and other organizations in improving the rewarding systems for organizations

The research will be a spring board and provide a plat form on which other academicians will base to conduct further research for development.

The study will help other business organizations keep down capital in investments in streamlining the human resource function through assessing the rewarding costs and competences necessary for the organization

Governmental institutions are to help to know how to control the human resource function since money they get from the treasury is limited and they do not want use money on inventory that would not be used.

Other academic researchers are to use the data collected to come up with better aspects of managing the entire human resource mix other than the one developed.

1.9 Operational definitions of key terms

Reward management is the organized set of rules in providing personal satisfaction to Employees who excel in attaining individual goals and contribute towards attainment of organizational goals.

Pay is the monetary compensation for the work done over a given period of time. It is usually monthly, daily, weekly and for a specified and usually agreed upon on a certain basis.

Benefits are indirect rewards given to employee as part of organizational memberships. (Leslie et-al 2000) which include, unemployment insurance, paid holiday, land unemployment benefits among others, this are to employees or affiliates of a given organization.

A promotion is the advancement of an employee's rank or position in an organizational hierarchy system. Promotion may be an employee's reward for good performance, i.e., positive appraisal.

Labor turnover is the process that leads to the movement of people away from the work for which they are assigned. The labor turnover exists in most cases because of uncomfortable situation in an organization or due to prevalence of better opportunities elsewhere.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter presents the, theoretical framework, conceptual framework, review of literature based on the objectives and related studies.

2.1 Theoretical framework

The Two-Factor Theory (also known as Herzberg's motivation-hygiene theory of 1959 states that there are certain factors in the workplace that cause job satisfaction, while a separate set of factors cause dissatisfaction. It was developed by Frederick Herzberg, a psychologist, who theorized that job satisfaction and job dissatisfaction act independently of each other.

Two-factor theory fundamentals: Attitudes and their connection with industrial mental health are related to Maslow's theory of motivation. His findings have had a considerable theoretical, as well as a practical, influence on attitudes toward administration. According to Herzberg, individuals are not content with the satisfaction of lower-order needs at work, for example, those associated with minimum salary levels or safe and pleasant working conditions. Rather, individuals look for the gratification of higher-level psychological needs having to do with achievement, recognition, responsibility, advancement, and the nature of the work itself. So far, this appears to parallel Maslow's theory of a need hierarchy. However, Herzberg added a new dimension to this theory by proposing a two-factor model of motivation, based on the notion that the presence of one set of job characteristics or incentives leads to worker satisfaction at work, while another and separate set of job characteristics leads to dissatisfaction at work. Thus, satisfaction and dissatisfaction are not on a continuum with one increasing as the other diminishes, but are independent phenomena. This theory suggests that to improve job attitudes and productivity, administrators must recognize and attend to both sets of characteristics and not assume that an increase in satisfaction leads to decrease in unpleasurable dissatisfaction.

The two-factor, or motivation-hygiene theory, developed from data collected by Herzberg from interviews with a large number of engineers and accountants in the Pittsburgh area. From analyzing these interviews, he found that job characteristics related to what an individual does that is, to the nature of the work he performs apparently have the capacity to gratify such needs as achievement, competency, status, personal worth, and self-realization, thus making him happy and satisfied. However, the absence of such gratifying job characteristics does not appear to lead to unhappiness and dissatisfaction. Instead, dissatisfaction results from unfavorable assessments of such job-related factors as company policies, supervision, technical problems, salary, interpersonal relations on the job, and working conditions. Thus, if management wishes to increase satisfaction on the job, it should be concerned with the nature of the work itself the opportunities it presents for gaining status, assuming responsibility, and for achieving self-realization. If, on the other hand, management wishes to reduce dissatisfaction, then it must focus on the job environment policies, procedures, supervision, and working conditions (Bolander, 2005).

2.2 Conceptual framework

This is a diagrammatic representation of variables. The framework shows the linkage of variables under their measurable units.

Conceptual framework showing the relationship between reward management and Employee turnover.

Independent variable **Reward Management**		**Dependent Variable** **Employee Turnover**
▪ Pay management ▪ Benefits management ▪ Promotions management	→	▪ Resignation ▪ Termination of employment ▪ Contract period expiry

Source: (Blonder, 2004)

The conceptual frame work above shows the great relationship between dependent and independent variables. Reward management is the independent variable; its components are payment, promotion and benefits management. The dependent variable is labour turnover which is as a result of rewards. The rewards of employees effect on the state of employees in the organization.

The situation of pay management in organizations accompanied by the provision of benefits in the organizations support the organizational support to enable avoiding the turnover of employees in the organizations. The promotional mix management provides employees with lee way that supports the organization in their operations for prevalence.

2.3 Related Literature

The related literature was revealed basing on the specific research objectives set in chapter one.

2.3.1 Effect of payment on Labour Turnover

Payment is the basic reward received usually as a wage or salary (Matias & Jaction, 1998) it has an effect on motivation since it energies them to persist in their work. According to scientific management theory managers believe that money acts as motivators (Ricky 2002, Prasad, 2001).

Salary: is defined as the remuneration paid to the clerical and managerial personal employed on monthly or annual basis, it boosts performance of employees if paid as agreed.

The lower acts as motivator in Abraham Maslow's hierarchy of needs theory motivate employees and they are satisfied through. Earning direct compensation to provide for basic needs (French 2003). Pay affects employee motivation especially when they are not compensated above or per market value. The equity theory regards individual as existing in a social environment where they make compensation o what they and others receive and determine whether it's fair or suitable (scarpello and Ledvinka, 1988) there are two types of equity. Internal equity which is the fairness of the pay structure within a firm and external equity which is the fairness of pay relative to what other employees pay for similar labor (Mejia et al 2002).

Bratton (1988) presents salaries as the most widely recognized type of employee payment. It is a fixed periodical payment given to employees usually in form of cash(Herbert et al 2000) salary structure should comprise job grade, responsibility, status and authority with corresponding pay incentives (Bowey, 1976) incentive such as shift pay and over time are also important to compensate than for inconvenience or hardship during employment (Richard et al 1998).Special additions of incentives should be paid to risks involves in the job and dirty jobs that is conditions regarded as abnormal in the Armstrong(2006) this suggestion is also supported by(George 2005).

Everyone is motivated by the different things and some of these factors are not money oriented, instead they react more effectively to incentives that offer personal recognition and achievement. Motivation is based on individuals needs, not external influences. When an individual himself want to do something for his needs motivation occurs automatically.

Therefore a standard management considers the relationship between the individuals' needs and the organization to increase the individuals' motivation at work. Since motivation influences production, administrators need to understand what motivates workers to reach peak performance. It's not UN problematic task to increase employee's motivation because employees react in different ways to their jobs and their organization practices.

Without motivation in the work place organizations would have to bear with the lack of efficiency at the work force may fail to apply. This is mostly because they have no incentive to execute duties too high standard or complete them on time. It is therefore essential that they are given something to work for as a reward or an incentive for their high level performance, all being vital for the success of the company. When the reward system in an organization is used properly, it motivates the work place to do three things.

First, initiative behaviors are assumed and accepted, secondly the initiatives behaviors contribute to the company achievements and share its prosperity. Thirdly, the behaviors focus on increased knowledge, obtain the newly required skills and improve performance.

V-room (1964) describes the outcomes of efforts, performance, rewards and satisfaction (Steers, 1979). It suggests that an increase in effort leads to growing performance and then appropriate rewards with satisfaction help keep the relationships. Another important theory is one given by Herzberg. Herzberg views of motivation (1966) suggests that motivators lead to individual commitment and the level of job performance is chiefly influenced by this factor Maslow (1954) has argued a hierarchy of human requirements. The needs are set from the bottom of the top. The bottom is the physical desires, next is safety and security needs and third is social and community needs, forth is self respect, fifth is self-actualization. Maslow's theory suggests that an individual's motivational needs aim at the next level once the lower need have been accorded. However in the modern day's life, these needs are preferred by an individual at the same times.

A prime mover of every human action is motivation. Motivation should be simpler and sincere. Motivation would promise greater dedication to the job a renewed interest in working together, more eagerness to collaborate and act together as a team, and greater permission to be honest with not only the profession but also with co-workers. Therefore, it can be concluded that in today's uncertain world, it is important that employees are motivated to work hard and increase productivity.

Salary and performance, if the salary given to the employees enable them to met their needs, the rate of labor turnover, absenteeism, strikes and low production is reduced; in other words, in an organization where employees are highly paid, the rate of labor turn over, absenteeism, strikes, is low and the performance of employees will increase. But in an organization where salary is low, there is problem of labor turn over, absenteeism, low production, strikes and the performance of employees is also low (Gomez Balkin & Candy 2001).

Wages and performance; wages are remuneration paid by the employer for the service of hourly, daily, weekly and fortnightly employees; if the employees are given high wages, they are able to meet their needs. It encourages the employees to work hard and meet the organization goals. Therefore employees' performance also depends on the wages. If the wages given to employees is low, performance will also be low and if it is high, performance is also high (Cole, 2002)

Allowances and performance; allowances are given to employees due to work related disturbances such as travel allowances, medical allowances, lunch allowances and accommodation allowances while performing organizational duty this is done to ensure that employees are attentive at work which improves their performance but in organizations where employees are not given allowances, performance tent to be low due to absenteeism, latte coming, poor health (Scheermerhorn, 1996)

2.3.2 Effect of benefits on employee turnover

Armstrong (2001) present benefits to include time off, sabbatical leave, social facilities and subsidized mortgage, from the above Gashaijas (2007) point was to bring right to say that the current thinking is based on single opinion that pay should be seen as part of the wider relationship between management and employees and reward system applied should act as medium for the expression of management style.

Employee benefits also called fringe benefits, perquisites, or perks) include various types of non-wage compensation provided to employees in addition to their normal wages or salaries. In instances where an employee exchanges (cash) wages for some other form of benefit is generally referred to as a 'salary packaging' or 'salary exchange' arrangement. In most countries, most kinds of employee benefits are taxable to at least some degree.

Examples of these benefits include: housing (employer-provided or employer-paid), group insurance (health, dental, life etc.), disability income protection, retirement benefits, daycare, tuition reimbursement, sick leave, vacation (paid and non-paid), social security, profit sharing, funding of education, and other specialized benefits. The purpose of employee benefits is to increase the economic security of staff members, and in doing so, improve worker retention across the organization BLS Information, 2008) As such, it is one component of reward management.

The term perks is often used colloquially to refer to those benefits of a more discretionary nature. Often, perks are given to employees who are doing notably well and/or have seniority. Common perks are take-home vehicles, hotel stays, free refreshments, leisure activities on work time (golf, etc.), stationery, allowances for lunch, and when multiple choices exist first choice of such things as job assignments and vacation scheduling. They may also be given first chance at job promotions when vacancies exist.

Benefits are indirect rewards given to employee as part of organizational memberships. (Leslie et-al 2000) which include, unemployment insurance, paid holiday, land unemployment benefits. Competitive benefits offer safety needs according to Maslow theory. The hierarchy arranges needs from physiological through safety, social and self-esteem to self-actualization. A high level need becomes a motivator when a lower need is satisfied. Benefits were to help an employee more from one level to another in the hierarchy. A typical organization like Child Holland in the alternative classification and pay system generally starts with at least a couple assumptions. One assumption is that management has an interest in alternative pay methods, such as competency-based pay, or market-based pay, or other methods available in the broad band pay system. The other assumption is that an agency's top leadership supports management's interest in alternative pay methods. Approaches for initiating a project may vary, but one constant in the unionized workplace is the legal obligation to bargain with the employees' exclusive representative over proposed pay changes.

Cannon- Bower, (2003) argued that, in factories, the union and management developed, through collective bargaining every component of the new system. These mutual labor-management efforts included the initial building of the competency pay link. In other projects, generally where time lines were shorter and greater numbers of employees were involved, management developed the competency model and the performance appraisal tools as a management proposal for collective bargaining over pay and promotion opportunities. Generally, extensive employee involvement in the development stage seems to pay off in the form of smoother negotiation and better employee buy-in at the implementation stage. Any efficiency that might be perceived or associated with minimal employee involvement in the early design stage could be offset by protected or contentious when management eventually submits its proposed system to the union. Employees and unions were to have difficulty buying into a proposed system if they had no role in its development. Different approaches have different costs and benefits to be weighed in analyzing the technical aspects of the future pay system and in determining a productive bargaining strategy.

Additionally, Experts seem to agree that involving employees with their union representatives in the early design and implementation process helps the alternative pay system and eases the agency's transition to a new pay program. In response to a survey conducted by the American compensation association, about one third of organization that was reforming their pay systems felt that employee participation in the design process was a large factor in the success of the program. Majority of the organizations felt that employee participation in the ongoing administration of the program was crucial to its success (Blickensderfer, 1999). However in a non-union workplace, many non-supervisory and non- managerial employees who are not in collective bargaining units still may be covered by collective bargaining laws and entitled to certain bargaining rights. In other words, the board held that the committee constituted a labor organization, because they were created to address issues that were mandatory subjects of bargaining.

2.3.3 Promotion and employee turnover in organizations

A promotion is the advancement of an employee's rank or position in an organizational hierarchy system. Promotion may be an employee's reward for good performance, i.e., positive appraisal. Before a company promotes an employee to a particular position it ensures that the person is able to handle the added responsibilities by screening the employee with interviews and tests and giving them training or on-the-job experience. A promotion can involve advancement in terms of designation, salary and benefits, and in some organizations the type of job activities may change a great deal. The opposite of a promotion is a demotion. Armstrong Michael (2008),

A promotion can involve advancement in terms of designation, salary and benefits, and in some organizations the type of job activities may change a great deal. In many companies and public service organizations, more senior positions have a different title: an analyst who is promoted becomes a "principal analyst"; an economist becomes a "senior economist"; or an associate professor becomes a "full professor". The amount of salary increase associated with a promotion varies a great deal between industries and sectors, and depending on the parts of the hierarchical ladder an employee is moving between. In some industries or sectors, there may be only a modest increase in salary for a promotion; in other fields, a promotion may substantially increase an employee's salary. Bartol &Martin (1998).

The same is true with benefits and other privileges; in some industries, the promotion only changes the title and salary, and there are no additional benefits or privileges (beyond the psycho-social benefits that may accrue to the individual). In some not-for-profit organizations, the values of the organization or the tightness of funding may result in there being only modest salary increases associated with a promotion. In other industries, especially in private sector companies, a promotion to senior management may carry a number of benefits, such as stock options, a reserved parking space, a corner office with a secretary, and bonus pay for good performance. Blonder (2005) argues that the degree to which job activities change varies between industries and sectors. In some fields, even after an employee is promoted, they continue to do similar work. For example, a policy analyst in the federal government who is promoted to the post of senior policy analyst will continue to do similar tasks such as writing briefing notes and carrying out policy research.

The differences may be in the complexity of the files that the individual is assigned to or in the sensitivity of the issues that they are asked to deal with. In other fields, when an employee is promoted, their work changes substantially. For example, whereas a staff engineer in a civil engineering firm will spend their time doing engineering inspections and working with blueprints, a senior engineer may spend most of their day in meetings with senior managers and reading financial reports. In symphony orchestras, when a musician such as a violinist is promoted to the position of concertmaster, their duties change substantially. As a violin player, the individual played the music as part of the violin section. As a concertmaster, the individual plays solo parts, decides on the bowings and interpretation of the music, and leads the violins during performances. Different organizations grant the hiring and promoting managers different levels of discretion to award promotions. In some parts of the private sector, the senior management has a very high level of discretion to award promotions, and they can promote employees without going through much procedures or formalities such as testing, screening, and interviewing. In the public sector and in academia, there are usually many more checks and balances in place to prevent favoritism or bias. In many Western public service bodies, when a manager wants to promote an employee, they must follow a number of steps, such as advertising the position, accepting applications from qualified candidates, screening and interviewing candidates, and then documenting why they chose a particular candidate. Boland, Snell & Sherman (2001),

Compensation. One way that promotions motivate employees is by providing an opportunity for increased compensation. This factor appeals to the lifestyle career anchor. It includes not only the increased wages that workers make when they earn promotions, but also benefits such as paid time off, expense accounts, company cars and health insurance. All of these forms of compensation contribute to a more comfortable lifestyle, which makes promotions appealing motivational goals for a wide range of workers. Another way that employees get motivated by promotions is by recognizing the opportunity for an improved on-the-job experience. Career anchors such as security and stability lead some employees to work toward promotions in order to cement their positions within their organizations.

Ambition. Promotions motivate employees by appealing to their sense of ambition. This affects workers whose career anchors include the desire for autonomy, independence, authority and managerial competence. Employees who see these as attainable goals via promotions will work to demonstrate their supervisory and leadership skills. They will also take on positive traits that reflect positions of authority, such as accountability and a willingness to cooperate with colleagues. Boland G and Snell and Sherman A. (2001),

Employer Promotion Policies. Even when an employer understands the motivating effects of promotions, it must still establish a policy for administering promotions and managing job advancement. This may include discussing opportunities for advancement during employee performance evaluations or allowing all workers with a given level of experience to apply for executive position openings.

2.4 Related Studies on reward management and employee turnover

Shoaib, Noor, Tirmizi and Bashir (2009), recognize that employee rewards are very important since they have lasting impression on the employee and continue to substantiate the employees' perception of their value to the organization they work for. Moreover, they contend that employees judge the quality of their job in the intrinsic satisfaction and the personal reward they earn from their work. Using intrinsic rewards to increase employee commitment and retention is achievable in all organizations.

Sutherland (2004) demonstrates that reward is the basic element, which indicates how much employees, gain by dedicating their time and effort towards the achievements of company objectives; therefore employers have the responsibility to design an attractive reward package to attract and retain valuable employees. Shoaib et al. (2009), also attest that it is important for employers to know the value employees place in their reward systems and to formulate strategies that address equitable and adequate reward for their employees. When appropriate reward strategies are understood and embedded in the organization's culture, productive employees remain.

A valued employee is more likely to stay in employment than an unvalued employee is.

Sutherland (2004) argues that reward systems ought to be a significant sphere of innovation for employers. The increasing diversity of the workforce, she states, suggests the need for more creative approaches to tailoring the right rewards to the right people. She concluded that recognition and reward are part of a more comprehensive effort at keeping workers or adopting good workplace practices, which can contribute to increased retention. Recognition programs are an important component of an employee retention plan. The importance of these kinds of program is rooted in theories of positive reinforcement. By saying 'thank you' to employees for a job well done or a 'pat on a shoulder' to show appreciation, an organization is reinforcing ideal behavior and encouraging more of the actions that will make it successful.

According to Willis (2001), compensation is one of the crucial issues as far as attracting and keeping talent in organizations is concerned. The fundamental hypothesis is that money that influences employee behavior through shaping their attitudes (Parker &Wright, 2001). Therefore wages influence the attraction and retention of the workforce (Parker &Wright, 2001). The provision of a lucrative remuneration package is one of the broadly discussed factors of retention. Not only do rewards fulfill financial and material needs but they also provide a social status and position of power within an organization.

Shackeleton, Bratton (2003) was right when he notes that, the rest of success of a staffs' station is not just attracting a sufficient number of people but as ensuring that the attracted people are motivated and given opportunity to grow. Staffing is a search to obtaining global job applicants in sufficient quality and quantity so that the institution can select the most appropriate person or persons to feel kits job needs .indeed staff attraction is a process of announcing the existence of a vacancy to be filled, and strategies involved in getting people register interest to want to fill such a vacancy

Thornburg, Linda (2004) argued that bonus systems are based on corporate productivity at group department or unit levels. They are short term motivation and are usually paid at the end of the year .Bonus system of payment is usually based on company's productivity of the previous year, therefore employees may be reluctant to work hard in order to improve productivity. However employees argue that such a remuneration system only encourages long stay within the organization and a legitimate of remuneration outstanding productivity.

Buwa (1991) noted that "the quality of dedication can only be improved if qualified staff stays longer in organizations where they have been posted and that this can only be achieved if the conditions and terms of service of teachers are favorable and attractive. Secondly physical and social facilities should be good and conducive so that teachers can stay in the schools without having to opt for other employment opportunities elsewhere. Though many organizations world over are striving to achieve organizational stability through an efficient reward practice, it looks different from that of crown beverages company today. At the conference it was observed that lecturers in Africa work under strain largely because they are poorly remunerated and have this low production prospects.

2.5 Research gaps

The review of theoretical, empirical and critical literature has clearly identified several knowledge gaps that exist in this area of study. Measuring employee performance is not an easy task given the tendencies of employees overrating their efforts hence employee turnover. Developing a reward system based on performance that motivates employees as well as helps organizations achieve their objectives is elusive. There is evidence that rewards, in its various forms, affects employee turnover. However, most existing research on the effects of rewards on employee turnover has focused on how it is administered the forms. In the financial institutions of Kampala Uganda, individual benefits such as incentives, merit pay and bonuses do not exist and therefore the focus is in how much is paid rather the form of payment. Finally, prevalence of reward systems was to create structures that would make employees in organizations more effective and efficient in service delivery; this has not been achieved so far. This study is expected to bridge these exiting literature gaps.

3.3 Sample size determination

The method for determining the sample size was purposive were by the researcher determined the number of respondents from each category.

The Slovene's formula to be used to determine minimum sample size

$$n = \frac{N}{1+Na^2}$$

Where, N= Total Population

n=sample size

a= correlation coefficient 0.05)

$$n = \frac{320}{1+320(0.05)^2}$$

$$n = \frac{320}{1.8}$$

n= 177.7

Therefore a sample of 178 respondents selected to participate in the study.

Table 1 Population and sampling in the study

Categories of respondents	**Population**	**Sample size**
Housing finance bank	100	56
Centenary Bank	118	65
Crane Bank	102	57
Total	**320**	**178**

Source: Human Resource office.

The table presents the population and the subsequent sample populations that were conducted for data collection from the respective banks.

3.4 Sampling procedure

The researcher used two sampling techniques for carrying out the research, these included: stratified sampling and purposive. The researcher identified the different data strata. Then using stratified sampling divide the population into different strata. Stratified sampling was used to address issues of repetitiveness where matrix describing the characteristics of the target population was used to know what proportion of the population. The purposive sampling will be used in the selection of administrators, these is because all the administrators are assumed to be having similar, reliable and sufficient populations for the study.

3.5 Sources of data

Both primary and secondary data was used in data collection

3.5.1 Primary data

This is data collected from the field, primary data was attained through use of research questionnaires after thorough interview were respondents answered the questionnaires.

3.6 Data collection instrument

The data was collected using both questionnaires to enable the utmost data collection.

3.6.1 Questionnaire

Data was collected using a structured closed ended questionnaire. Questionnaires are data collection instruments that enable the researcher to pose questions to subjects in his/her search for answers to the research questions. The questionnaire was structured in a 4 point Liker scale format. A highly structured question format allows for the use of closed questions that require the respondent to choose from a predetermined set of responses or scale points. Blumberg, Cooper & Schindler (2005) state that a Liker scale format on the other hand, involves the use of special rating scale that asks respondents to indicate the extent to which they agree or disagree with a series of mental belief of the statements about a given subject (strongly agree, agree, disagree and strongly disagree). The 4 point Likert scale is chosen because it facilitates robust statistical analysis. The researcher will hand deliver questionnaires to the participants using the personal method for data collection. When using the personal method, a questionnaire is handed to the respondent who will complete it in his own time, but the researcher is available in case problems are experienced. When using the personal method, the researcher distributes questionnaires by hand, so that respondents can complete them immediately and collect them. Respondents will be asked to return all questionnaires within two weeks.

3.7 Validity and Reliability of the instrument

This sub chapter is concerned with the validity and reliability of the research instruments. The data collected was pretested as shown below.

3.7.1 Validity

The tool validity was checked and confirmed using retest method, three weeks later between the first and second application and using Cronbach Alpha for the internal coordination, the value for retest was be a content validity index(CVI.) judges was used to establish a validity for each item. Where by judges was be selected to judge each item. The inter judge coefficient validity was computed to be CVI= (number of judges declared item valid) (total no of judges to arrive at an average acceptable for the study using the research instrument.

According to Amin (2005) validity of instrument is determined by the formula:

$$\text{CVI} = \frac{RQ}{\text{TQ}}$$

Legends: CVI = Content Validity Index

According to Amin (2005) Validity of instrument is determined by the formula:

$$\text{CVI} = \frac{RQ}{\text{TQ}}$$

Legends: CVI = Content Validity Index

RQ = Relevant Questions

TQ = Total number of Questions

The attainment of the figure of 0.7 indicated that the instrument is valid.

Table 3.7.1: Determination of the validity of the instrument

	Relevant items	**Not relevant**	**Total**
Rater 1	27	6	34
Rater 2	26	8	34
Total	**53**	**7**	**68**

$$CVI = \frac{53}{68} = 0.779$$

The above demonstrate that the CVI is 0.779 and this is greater than the minimum value of valid instrument which is 0.7 implying that the instrument is valid.

3.7.2 Reliability of the instrument

Reliability of the tool was checked and confirmed by the researcher who ensured that the instrument developed is reliable. Reliability of the tool was checked and confirmed by subscribing the tool to a committee of judges, assessments evaluation, educators and special consultants and after giving their opinions and suggestions. This study adopted Cronbach's index to establish the reliability of the results. The Cranach's results were extracted from SPSS as tabulated as follows:

Table 3.7.2: Shows the reliability of the instrument

Constructs	**Cronbach's Alpha**	**No of items**
Pay	0.81	08
Benefits	0.74	08
Promotions	0.70	08
Employee turnover	0.87	10
Total	**0.78**	**42**

The results above showed that the level of internal consistency is good for all the items measured according to 0.78.

3.8 Administrations of questionnaires

Before the administration of questionnaire, a letter requesting permission to conduct the research was requested from the commercial banks under study. Upon the approval the researcher attached a covering letter to the questionnaire and request the respondents to participate in this study. The letters for participation from respondents were received by the researcher before distribution of Questionnaires. The questionnaires were distributed by the researcher using the personal method. The researcher asked all respondents to return the completed questionnaires after a week after two weeks the researcher personally collected most of the questionnaires from the participants. The researcher did not manage to get the other two questionnaires because two employees were absent in the final collection of questionnaire. The completed questionnaires from the target population of 178 respondents were collected using the personal method for data collection.

3.9 Data Analysis

Data was entered into SPSS tool which was a package that was developed for analyzing survey data and here the hypotheses was tested mainly considering relational statistics. The researcher designed a questionnaire on Reward management and employee's turnover on 4 point scale rating. Therefore, a 4 point likert scale self-administered questionnaire comprising of statements and responses ranging from 1=Strongly Disagree to 4=Strongly Agree was formulated. Questionnaires were designed to capture all the aspects of the objectives of the study. Data analysis on the first to the third objective took into consideration the analysis of the levels of the constructs of independents variables. That is evaluating the means, standard deviation on payment management, benefits management and promotions management against decision making using SPSS and establishing the correlation between the variables.

Mean Range	**Response**	**Interpretation**
3.26 - 4.00	Strongly Agree	Very Good
2.51- 3.25	Agree	Good
1.75 -2.50	Disagree	Poor
1.00-1.74	Strongly Disagree	Very poor

Regression analysis was set to establish the relationship between the constructs of reward management and employee turnover as for objective one to three and Pearson correlation were used prove the nature of relationship between reward management and employee's turnover in the selected commercial in Uganda; at 0.05 level of significance.

3.10 Ethical Considerations

The researcher complied with ethical procedures to protect the rights of the research participants, involving the principle of voluntary participation which requires that participants do not need to be coerced into participating in this research. The following ethical measures were adhered to (Sekaran, 2003:94):

Right of the participant in this study, no attempt was made to harm participants deliberately and those who could experience any form of harm be it through victimization, emotional or otherwise, were informed in advance of their right to withdraw from participating in the study.

Confidentiality and anonymity Confidentiality means that information from participants was not going to be divulged to the public nor made available to colleagues, subordinates or superiors. In this study, all information about participants were treated with confidentiality and the participants were anonymous (Saunders, *et al.*, 2003:94). A covering letter also will assure respondent that all responses would be treated with utmost confidentiality and anonymity

3.11 Limitations and Delimitations

The data was collected based on the data collected from the 161(90.4%) of the respondents out of the 178 questionnaires that were supplied to the respondents. The data acquired is deemed to be reliable and information attained was presented as shown in the analysis below.

Intervening or confounding or extraneous variables: There were a very big threat on some respondents with personal biases and dishonesty. To minimize this threat, the researcher requested respondents to avoid being subjective while answering the questionnaires.

Instrumentation: the data collection instrument was standardized and this problem was solved through testing it for validity and reliability

The sample did not fully address the concerns of the whole organization. The data collection instrument (technique) were also hard for some individuals to comprehend and understand hence respond accordingly.

CHAPTER FOUR

DATA PRESENTATION ANALYSIS AND INTERPRETATION

4.0 Introduction

The chapter was about the profile of the respondent which was main category sub category, frequency and percentage on the effects of reward management on the employee turnover in the selected commercial banks in Kampala Uganda. The study was based on three research objectives which included assessing the effect of Pay management on employee turnover, assess the effect of benefits management on employee turnover and determine the influence of promotions on employee turnover in selected commercial banks in Kampala Uganda. The data was collected based on the data collected from the 161(90.4%) of the respondents out of the 178 questionnaires that were supplied to the respondents. Never the less the researcher went ahead and analyzed the data aware that even Mugenda and Mugenda 1999 as well as Saunders 2006 provide that a responses rate of 50% is sufficient when data is collected from the respondents. Based on this the researcher analyzed the data as shown below. The data was collected from 161 respondents constituting 49 from housing finance bank, centenary bank, 60 and crane bank 52 respondents hence 161 was the response rate.

4.1 Bio-data of respondents

Table 4.1: Bio data of Respondents

Main category	Sub category	Frequency	Percentage
Gender	Male	098	60.80
	Female	063	39.20
	Total	**161**	**100.00**
Age	20-29	20	12.40
	30-39	54	33.50
	40-49	62	38.50
	50 and above	25	15.60
	Total	**161**	**100.00**
Education qualification	Certificate	06	03.70
	Diploma	18	11.10
	Bachelors	99	61.40
	Masters	32	19.90

	PHD	06	03.70
	Total	**161**	**100.00**
Working Experience	Below 2 years	032	19.9
	2 – 5 Years	027	16.8
	6 years above	102	63.3
	Total	**161**	**100.00**

Source Field data, 2016

The table above indicates the information of respondents in terms of gender, age, educational qualification and time of work in the organizations. The bio data of the respondent's present information regarding the information collected on the respondents. It provides a basis for the study and explains further the provisions for analysis purposes.

The results on the gender of the respondents reveal that majority gender was male with 98(60.80) percentage of the respondents, females followed with 63(39.20%) of the respondents. The results imply that the data collected is based on the gender grid, it cannot be doubted as such on that ground.

Concerning the age, it was realized that respondent (38.50%) was in the ranging between 40-49 years. They were followed by respondent in the age 30-39 years which was represented by 54(33.50) the respondents aging between 50 years followed with 25(15.60%) of the respondents and 20-29 were with 20(12.4%) of the respondents. The findings imply that findings were attained from mature and responsible people, therefore decision making is possible and no doubt exist on the age

On the educational qualification of respondents the results reveal that majority of the respondents were bachelor holders with 99(61.4%) of the respondents, Masters holders followed with 19.9% of the respondents, Diploma holders had 11.1% of respondents, certificates had 3.70% of the respondents as well as PHD with 3.70% of the respondents. The educational prevalence reveals that many respondents argue that many educated respondents are deemed to providing reliable information.

The researcher attained the findings from the respondents concerning the topic. Many findings reveal that majority respondents have been there for over 6 years 102(63.3%), followed by below two years with 19.9% of the respondents while 2-5 years had 27(16.8%) of the respondents. It further implies that information was collected from reliable sources and data collected is reliable for decision making.

4.2 Effect of payment management on employee turnover in financial institutions in Kampala

The first objective of the study was to establish the effect payment management and employee turnover in financial institutions in Kampala. The functions were measured by 8 quantitative questions in the research questionnaire, each of which was scaled among one to four likert scale, where 1= strongly disagree, 2 = disagree 3= agree 4= strongly agreed. Their responses were analyzed using SPSS's summary statistics showing the mean and standard deviations as shown in Table 4.2.1.

Table 4.2.1: Responses on the payment management in financial institutions

Category response	Mean	St.D Dev	interpretation
The employees are effectively paid upon the agreed scale	2.701	.960	Good
Bonuses are paid for operation beyond targets	2.602	.875	Good
Our staff is paid for over time and extra hours worked	2.372	.820	Poor
The payment is sufficient to compensate the employee efforts	2.403	.951	Poor
Employees who get injuries or occupational hazards are fully compensated	2.621	.907	Good
We provide the equitable and standard pay to our employees	2.577	.787	Good
The management of our organization ensures payment is on time	2.341	1.000	Poor
There is sufficient consideration and no discrimination exist in payment	2.130	.830	Poor
Average Mean	**2.467**	**0.891**	**Poor**

Source Field data, 2016 **n=161**

Table 4.2.1 presents the findings on the payment management in financial institutions. The research findings reveal that a mean of 2.467, standard deviation of .891, interpreted as poor meaning that the state of the payment systems in the financial institutions of Kampala are not appropriate in the establishment as shown below.

It was established that the employees are effectively paid upon the agreed scale with the mean of 2.701, Bonuses are paid for operation beyond targets with a mean of 2.602, standard deviation of .875 interpreted as good meaning that bonuses and payment scales are effectively paid.

The staff is paid for over time and extra hours worked according to the responses of 2.372, standard deviation of .820 interpreted as poor meaning that extra works are paid. The payment is sufficient to compensate the employee efforts according to the mean of 2.403, standard deviations of .951 interpreted as poor meaning that payments are insufficient to provide means for effective operations.

The results further revealed that employees who get injuries or occupational hazards are fully compensated according to the mean of 2.621, standard deviation of .907 interpreted as good meaning that injuries are being compensated

It was also revealed that we provide the equitable and standard pay to our employees according to the responses of 2.577, standard deviation of .787 interpreted as good revealing prevailing equitable standards.

The analysis concerning the aspect that the management of our organization ensures payment is on time. The results revealed that 2.341, standard deviation 1.000 interpreted as payment not effective on time.

It was established that there is sufficient consideration and no discrimination exist in payment. The results revealed that a mean of 2.130 was attained interpreted as poor meaning discrimination exist in payments.

The results reveal that the majority findings pin to the fact that the financial institutions in Uganda have a system for rewarding their employees; it further implies that though rewards exist the management trends are poor; it implies that the management has done less than more to ensure rewarding on payment terms is effective. The results further revealed that operations of financial institutions are appropriate though not so effective for the organizations.

4.2.2 Employee turnover in financial organizations in Uganda

The first objective further the researcher set to establish the employee turnover in financial institutions in Kampala. The functions were measured by 10 quantitative questions in the research questionnaire, each of which was scaled among one to four likert scale.

Table 4.2.2: Showing Employee turnover in financial organizations

Category response	Mean	St.D Dev	interpretation
Our employees usually leave the organization because of poor rewards	2.378	.928	High
Our employees are always suspended from work due to complains on rewards	2.428	.906	Low
The employees leave work because of firing by the management over poor rewards	2.366	.885	Low
Our employees usually complain about the rewards in several occasions	2.515	.837	High
There is loss of experience, expertise and skills in the organization due to turnover	2.534	1.140	High
The organizational context is sufficient for employee turnover	2.583	.855	High
The turnover on employees is due to performance challenges in operations	2.894	.826	High
The employees are highly eliminated from operations due to disciplinary measures	2.515	.852	High
Several employs resign due to low lack of job security	2.552	.835	High
There is frequent resignations of employees from these organization to our competitors	3.236	.711	Very high
Average mean	**2.600**	**0.877**	**High**

*Source: **Primary data, 2016*** **n=*161***

The study level of employee turnover in financial organizations. The responses show that many the level of employee turnover is 2.600, standard deviation of .877 implying high meaning that the financial institutions are not sufficient. The responses rated as high due to the following responses:-

The employees usually leave the organization because of poor rewards, the mean of 2.378, standard deviation of .928 interpreted as high meaning that poor rewards account for high employee turnover.

The employees are always suspended from work due to complain on rewards. The findings reveal that a mean of 2.378 the standard deviation of .928 implying high meaning that suspensions due to work complaints exist in adequacy.

The results further reveal the employees leave work because of firing by the management over poor rewards. The responses imply that firing accounts for the turnover of the employees in financial institutions in Uganda. The respondents further revealed that employees usually complain about the rewards in several occasions. The responses provided that a mean of 2.515 meaning that complains exist on rewards.

The results further revealed that there is loss of experience, expertise and skills in the organization due to turnover. The finding provided the mean of 2.534, standard deviation 1.140 implying that loss of expertise in work. The results further reveal that the organizational context is sufficient for employee turnover was with the mean of 2.583, .855 standard deviation interpreted as high meaning

The results reveal that the turnover on employees is due to performance challenges in operations. The results reveal that a mean 2.894, standard deviation implying high meaning that the respondents agree with the prevalent of the challenges for turnover. The employees are highly eliminated from operations due to disciplinary measures. The mean responses were 2.515, standard deviation of .852 meaning high implying that disciplinary measures enhance turnover.

The researcher also established that several employs resign due to low lack of job security according to the mean of 2.552, standard deviation of .845 interpreted as high, further responses were that there is frequent resignations of employees from these organization to our competitors with the mean of 3.236 standard deviation of .711 interpreted as very high implying that employee job insecurity is high.

The researcher revealed that many respondents consulted and contacted accepted with the prevalence of employee turnover in the financial institutions, in fact most of them agreed that employee turnover dimensions exist is the fact that prevalence is affiliated to the rewarding systems prevailing for organizations.

4.2.3 Showing effect of payment management on employee turnover in financial institutions in Kampala.

The study was set to establish the effect of payment management on turnover of financial institutions of Kampala. The analysis of the effect is done using the regression analysis as shown in table 4.2.3

Table 4.2.3: Showing the effect of payment management on employee turnover in financial institutions in Kampala

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.302[a]	.091	-.060	.17232

a. Predictors: (Constant), Payment Management

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.018	1	.018	.604	.467[a]
	Residual	.178	6	.030		
	Total	.196	7			

a. Predictors: (Constant), Payment Management

b. Dependent Variable: Employee turnover

Coefficients[a]

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	3.186	.851		3.745	.010
	Payment Management	-.267	.344	-.302	-.777	.467
a. Dependent Variable: Employee turnover						

Source Field data, 2016

The value .302[a] of the regression coefficient between payment management and employee turnover, the regression coefficient expresses that only 30.2 % of change in the dependent variable (i.e Employee Turnover) is caused by payment management. The R^2, .091, on the other hand expresses that for this change; only 9.1% of the data are accounted. The information shows that 9.1% of the turnover is caused by the payments

The analysis of variance (ANOVA) explains further the relationship between the independent variable (payment) and the dependent variable (employee turnover). From the ANOVA table, the value of F, .604 is smaller than the value of significance, .467[a]. Therefore confirming that the effect between payment and affect employee turnover and the effect is not significant.

Finally, the individual constructs of payment management had to be checked for their relevance in the model. Findings suggested that the significant values for the betas were not significant as they were all computed. The level of significance the results imply that there was a relationship between reward management and employees turnover at .467 level of significance. It implies that payments account for the employee turnover. The researcher accepts the null hypothesis and concludes that there is no significant relationship pay management and employee turnover in the financial institutions of Kampala. It implies that payment accounts for turnover though the contribution to turnover is low.

4.3 Benefits management and employee turnover in financial organizations

The second objective of the study was set to investigate the Benefits management and employee turnover in financial organizations. The data collected was presented for the interpretations and analysis in the table 4.3.1

Table 4.3.1: Responses on Benefits management in financial organizations. (n=161)

Category response	Mean	St.D Dev	interpretation
There is employer-provided or employer-paid for housing	2.590	.869	Good
There is provision of insurance especially the health insurance for our employees	2.360	.898	Good
We have a disability income protection scheme in our organizations	2.316	.944	Poor
Retirement benefits are provided to our employees	2.304	.887	Poor
Our employees are paid for even on sick leave	2.770	.923	Good
There is social security for our employees	2.987	.798	Good
There is profit sharing with employees in our organization	2.745	.882	Good
There is education funding for our employees to improve in career development	2.590	.817	Good
Average mean	**2.582**	**0.877**	**Good**

Source Field data, 2016

The study findings on the benefits management in financial organizations revealed that a mean of 2.582, standard deviation of .877 interpreted as good meaning that somehow the employees of financial institutions in Kampala are provided with the some benefits for the organizations.

The data reveal that there is employer-provided or employer-paid for housing. The findings established that a mean of 2.590 was attained, standard deviation of .869 meaning that few employees are provided for housing. There is provision of insurance especially the health insurance for our employees according to 2.360, standard deviation of .898 interpreted as good meaning that majority responses are in line with the argument.

The results reveal that there is a disability income protection scheme in our organizations; the responses were with the mean of 2.316, standard deviation of .944 meaning poor implying that such schemes are not appropriate. It was established that the retirement benefits are provided to our employees with the mean of 2.304, standard deviation of .887 interpreted as poor meaning that many respondents agree with low level retirement schemes.

The finding reveal that Our employees are paid for even on sick leave with the mean of 2.770 interpreted as good, there is social security for our employees with the mean of 2.987, standard deviation of .798 interpreted as good meaning that many respondents agree with prevalence of paid for sick leave.

The findings revealed that there is profit sharing with employees in our organization in the responses a mean of 2.745 was attained, the standard deviation of .888. There is education funding for our employees to improve in career development the mean of 2.590 was attained implying good education funding.

The study findings on the prevalence of benefits management for the organizations in Uganda reveal that majority responses were presented for the prevalence of benefits in the financial institutions that were not though sufficient enough to fully facilitate the employee operations. The organizational capacity management teams provide means to the standards that are required to full facilitate the though prevailing means of benefits management for the financial institutions in Kampala.

4.3.2 Showing Effect of benefits management on employee turnover in financial institutions in Kampala

The study was set to establish the effect of benefits management on turnover of financial institutions of Kampala. The analysis of the effect is done using the regression analysis as shown in Table in 4.3.2

Table 4.3.2: Effect of benefits management on employee turnover in financial institutions in Kampala

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.523[a]	.273	.152	.15409
a. Predictors: (Constant), Benefits Management				

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.054	1	.054	2.258	.184[a]
	Residual	.142	6	.024		
	Total	.196	7			
a. Predictors: (Constant), Benefits Management						
b. Dependent Variable: Employee turnover						

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.607	.614		2.618	.040
	Benefits Management	.356	.237	.523	1.503	.184
a. Dependent Variable: Employee turnover						

Source Field data, 2016

From the respondents on benefits management on employee turnover in financial institutions in Kampala, the study computed the R Squared Coefficient to stand at .273. This figure means that benefits management had 27.3% effect on the employee turnover in the organizations under study. Because this is the coefficient of determination, it implies that benefits management affects positively, but does not significantly contribute to employee turnover.

Looking at the ANOVA test results, findings suggest that the significance level was below the threshold of 0.184 above 0.05 level of significance. The calculated F-Statistic of 2.258is high.

This fact provides evidence to the fact that benefits management have an effect on turnover of employees.

Regarding the coefficients, the benefits management had a t Statistic was 1.503. Besides both the independent and dependent variables have a significance value of .040 and 0.184.This means the variable is not very important to the model and can be removed. The researcher accepts the nuly hypothesis and concludes that there was no significant relationship between benefits and employee turnover among employees in financial institutions in Kampala.

4.4 Effect of Promotions management on employee turnover in financial organizations

The third objective of the study was set to investigate the effect of promotions management on employee turnover in financial organizations. The data collected was presented for the interpretations and analysis in table 4.4.1

Table 4.4.1: Responses on promotions management in financial organizations (n=161)

Category response	Mean	St.D Dev	interpretation
There is promotion based on the experience on the work places	2.360	.848	Poor
Most employees are promoted because of talent in the work schedule	2.496	.888	Poor
Highly educated employees are employed	2.459	.974	Poor
There is periodic promotion of employees in the organization	2.503	.814	Good
Our employees are aware of the promotions procedures in our organization	2.428	.926	Poor
The recruitment for managerial positions is done on promotional basis	2.453	.954	Poor
There is effective training for promotion preparedness	2.142	.850	Poor
Our staff have the capacity to be promoted to higher and senior positions	2.441	.914	Poor
Average mean	**2.410**	**0.896**	**Poor**

Source: ***Primary data, 2016***

The study findings on the level of promotions management in financial organizations revealed that the mean of 2.410 was attained, the standard deviation of .896 implied as poor meaning that the state of promotions is low though some promise of a truth environment is traced as shown in the responses.

The results reveal that there is promotion based on the experience on the work places according to the mean of 2.360, standard deviation of .848 interpreted as poor, further responses on the employees are promoted because of talent in the work schedule had a minimal response of 2.496 with the standard deviation of .888 interpreted as poor further implying that majority responses show limited talent promotions.

It was established that highly educated employees are employed and promoted according to the mean of 2.459; the standard deviation of .974 meaning poor was seen implying that educated employees are less promoted plus there is there is periodic promotion of employees in the organization. The mean of 2.503 was attained with the standard deviation of .814 meaning good showing that promotion is based on education.

Concerning the aspects that our employees are aware of the promotions procedures in our organization the mean was 2.428, standard deviation of .926 implying poor. The recruitment for managerial positions is done on promotional basis the findings reveal a mean 2.453, standard deviation of .954 with the implication poor hence promotions for managerial is deemed poor in the organizations.

There was effective training for promotion preparedness according to the mean of 2.142, .standard deviation of 850 meaning poor. Concerning the responses on our staff have the capacity to be promoted to higher and senior positions the mean 2.441, .914 standard deviation implying lower capacity in promotions.

The research findings revealed that promotions in the financial institutions in Kampala Uganda. The research findings reveal that promotions in the organizations of the study are done though poor, the few people are promoted through the hierarchal process of the life. The managerial trends show otherwise however the signals for performance are poorly determined in the commercial banks.

4.4.2 Showing influence of promotions on employee turnover in financial institutions in Kampala.

The third objective of the study further set to establish the influence of promotions on employee turnover. The data collected is presented as in table 4.4.2.

Table 4.4.2: Influence of promotions on employee turnover in financial institutions in Kampala

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.775[a]	.600	.534	.11427
a. Predictors: (Constant), Promotions				

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.118	1	.118	9.017	.024[a]
	Residual	.078	6	.013		
	Total	.196	7			
a. Predictors: (Constant), Promotions						
b. Dependent Variable: Employee turnover						

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.197	.890		5.838	.001
	Promotions	-1.108	.369	-.775	-3.003	.024
a. Dependent Variable: Employee turnover						

Source: Field data, 2016

The R-Squared coefficient was computed to be at .600. This figure indicates that promotions alone have a 60% effect on the employee turnover in financial institutions. This also means that the rest of the 40% of employee turnover is affected by other factors. Analysis of variance was also performed where findings suggested that there was some significance in the effect. The p value for the test was computed within an acceptable range since it was at .024[a]. This is enough evidence to suggest that promotions have a significant effect on employee turnover on employees in financial institutions

The t statistics for the variable promotion was also within the acceptable range to support their relevance in the model, Promotions as the independent variable had a calculated t value of -3.003. This implies that that it has a high and significant predictive potential on employee turnover. The researcher rejects the null hypothesis and concludes that there was a significant relationship between promotions and employee turnover. It further implies that poor promotions accounted for employee turnover.

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussion, conclusions and recommendations arising from the findings of the study along the study objectives.

5.1Discussion of findings

The discussion of the findings were based on the objectives of the study

5.1.1 Effect of Pay management on employee turnover in financial institutions

The study reveals that the effect of payment management on employee turnover in financial institutions was low. The effect established was not significant implying that payment management effect on employee turnover was low. It implies that probably other factors complement in explaining employee turnover.

The results presented that were attained by the researcher are in line with those of Gomez Balkin and Candy (2001) who argued that Salary and performance, if the salary given to the employees enable them met their needs, the rate of labor turnover, absenteeism, strikes and low production is reduced; in other words, in an organization where employees are highly paid, the rate of labor turnover increased.

French (2003) argued that pay affects employee motivation especially when they are not compensated above or per market value. The equity theory regards individual as existing in a social environment where they make compensation determine whether it's fair or suitable. Even Bratton (1988) also presents salaries as the most widely recognized type of employee payment. It is a fixed periodical payment given to employees usually in form of cash(Herbert et al 2000) salary structure should comprise job grade, responsibility, status and authority with corresponding pay incentives (Bowey, 1976) incentive such as shift pay and over time are also important to compensate.

Steers (1979) argues that payment does not affect the employee turnover and then appropriate rewards with satisfaction help keep the relationships. Another important theory is one given by Hertzberg. Hertzberg views of motivation (1966) suggests that motivators lead to individual commitment and the level of job performance is chiefly influenced by this factor Maslow (1954) has argued a hierarchy of human requirements.

Scheermerhorn (1996) provided that payment does not affect employees turnover due to work related disturbances such as travel allowances, medical allowances, lunch allowances and accommodation allowances while performing organizational duty this is done to ensure that employees are attentive at work which improves their performance but in organizations where employees are not given allowances, performance tent to be low due to absenteeism.

5.1.2 Effect of benefits management on employee turnover in financial institutions

Benefits management for the financial organizations in Uganda reveal that majority responses were presented for the prevalence of benefits in the financial institutions that were not though sufficient enough to fully facilitate the employee operations. The organizational capacity management teams provide means to the standards that are required to full facilitate the though prevailing means of benefits management for the financial institutions. The results further revealed that a positive but low effect between benefits management and employee turnover.

The findings are in line with those of Leslie (2000) who argued that Benefits are indirect rewards given to employee as part of organizational memberships which include, unemployment insurance, paid holiday, land unemployment benefits. Competitive benefits offer safety needs according to Maslow theory. Cannon- Bower, (2003) also argued that, in factories, the union and management developed, through collective bargaining every component of the new system. These mutual labor-management efforts included the initial building of the competency pay link.

Blickensderfer (1999) contend that majority of the organizations felt that employee participation in the ongoing administration of the program was crucial to its success However in a non-union workplace, many non-supervisory and non- managerial employees who are not in collective bargaining units still may be covered by collective bargaining laws and entitled to certain bargaining rights.

Cannon- Bower, (2003) argued that benefits management does not affect the performance of employees hence employee turnover developed, through collective bargaining every component of the new system. These mutual labor-management efforts included the initial building of the competency pay link.

5.1.3 Promotions on employee turnover in financial institutions

The research findings reveal that promotions in the organizations of the study are done though not appropriate. The researcher also established a low effect of promotions on employee turnover meaning other factors could complement in explaining employee turnover.

Regression analysis shows the correlation between promotion and employee turnover in financial institutions. The level of significance indicates that there was a positive relationship between payment management and employee turnover in financial organizations.

The results attain relate to those of Boland and Snell and Sherman (2001) who argued that promotions motivate employees by appealing to their sense of ambition. This affects workers whose career anchors include the desire for autonomy, independence, authority and managerial competence.

Bartol and Martin (1998) in some industries or sectors, there may be only a modest increase in salary for a promotion; in other fields, a promotion may substantially increase an employee's salary.

The results further relate to those of Sutherland (2004) who argued that reward systems do not have significant sphere of innovation for employers. The increasing diversity of the workforce, she states, suggests the need for more creative approaches to tailoring the right rewards to the right people.

Boland G and Snell and Sherman (2001) argued that employees who see these as attainable goals via promotions will work to demonstrate their supervisory and leadership skills. They will also take on positive traits that reflect positions of authority, such as accountability and a willingness to cooperate with colleagues.

5.2 Conclusions

The study established that the first objective that set to determine the effect of payments on employee turnover established that promotions accounted less for employee turnover. The researcher concludes that not only payment management does account for employee turnover but complemented with other factors.

The findings from the second research objective reveals that benefits management in the studied financial institutions was reasonable though not sound. The researcher further established that a positive but not significant effect was detected between benefits and employee performance meaning that the state of benefits do not guarantee turnover though there exist a link.

Finally the researcher concludes that the promotions affect employee turnover was positive showing that promotions affected employee turnover of the financial institutions.

5.3 Recommendations

Based on the findings the researcher makes the following recommendations.

5.1.1Effect of Pay management on employee turnover in financial institutions

Loss effect of promotions accounted for employee turnover, the researcher recommend for the need to improve payments through bonuses increases and wages that are fundamental for the provision of employee operations and strength for the organizations. Payment times need to be adjusted in order to enable the employees receive their remunerations in a period early enough to enable the provisions of individual wants for their operations.

5.1.2 Effect of benefits management on employee turnover in financial institutions

There should also be rewards based on the profitability of the organization. Here if the profit has been high then employees need to be rewarded more, this makes employees satisfied and an open system of communication about rewards between employer and employees. The system of pay fairness should be used in the organizations.

5.1.3 Promotions on employee turnover in financial institutions

Promotions accounted for low effect on employee turnover therefore the researcher recommend that promotions need to be based on performance of the junior staff in order to enable them perform well. Making the promotion system clear to all concerned who may initiate and handle cases of promotion. All promotions should be for a trial period to ascertain whether the promoted person is found capable of handling the job or not. Other factors other than promotions could be investigated to establish their effect on employee turnover.

5.4 Contribution to the existing knowledge

One of the findings from this study is the fact that it has provided evidence to support the two factor theory. Indeed, employee turnover can be significantly be reduced with the introduction of strong reward systems. This is one of the premises that is held by the theory in question.

Another important revelation that can be attributed to this study is that it is now clear that financial institutions in Kampala are faced with high employee turnover. This is contrary to common belief that these banks are well-managed employees. Finally it has been established that even though the individual rewards have a rather weak effect, the overall effect is quite high. This implies that they go hand in hand if they are to work effectively and reduce turnover of employees.

5.5 Areas of further research

The researcher suggests the following as possible areas for further research on rewarding and performance.

- An assessment of role of government in legalizing rewarding in companies
- The effect of remunerations on employee performance
- The effect of reward on employee retention
- The effect of reward on organizational development

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Appendix i: Questionnaire

Please assist me by answering the questionnaire by providing the most appropriate answer in your opinion by writing the rating in the given space. Kindly use the scoring system below.

SECTION A: Demographic Characteristics of the respondents

1. Gender (please tick)

Male ☐

Female ☐

2. Age

20 — 29 years ☐

30 — 39 years ☐

40 — 49 years ☐

50 years ☐

3. Education levels (please specify):

Certificate ☐

Diploma ☐

Bachelors ☐

Masters ☐

PhD ☐

4. Number of years (working experience) (please):

Below 2 years ☐

3 — 5 years ☐

6 years and above ☐

Response Mode	**Rating**	**Description**	**Interpretation**
Strongly agree	4	You agree with no doubt at all	Very Good
Agree	3	You agree with some doubt	Good
Disagree	2	You disagree with some doubt	Poor
Strongly disagree	1	You disagree with no doubt at all	Very Poor

Direction: please tick the column corresponding rating that best describes your response using the guide below.

PART B: REWARD MANAGEMENT

Please rate /indicate/ tick (√) appropriately your response with respect to the importance of the statements below:

SECTION B: Pay management in financial organizations

	Items	1	2	3	4
PM_1	The employees are effectively paid upon the agreed scale				
PM_2	Bonuses are paid for operation beyond targets				
PM_3	Our staff is paid for over time and extra hours worked				
PM_4	The payment is sufficient to compensate the employee efforts				
PM_5	Employees who get injuries or occupational hazards are fully compensated				
PM_6	We provide the equitable and standard pay to our employees				
PM_7	The management of our organization ensures payment is on time				
PM_8	There is sufficient consideration and no discrimination exist in payment				

SECTION C: Benefits management in financial organizations

	Items	1	2	3	4
BM_1	There is employer-provided or employer-paid for housing				
BM_2	There is provision of insurance especially the health insurance for our employees				
BM_3	We have a disability income protection scheme in our organizations				
BM_4	Retirement benefits are provided to our employees				
BM_5	Our employees are paid for even on sick leave				

BM_6	There is social security for our employees				
BM_7	There is profit sharing with employees in our organization				
BM_8	There is education funding for our employees to improve in career development				

SECTION D: Promotions in financial organizations

	Items	1	2	3	4
PR_1	There is promotion based on the experience on the work places				
PR_2	Most employees are promoted because of talent in the work schedule				
PR_3	Highly educated employees are employed				
PR_4	There is periodic promotion of employees in the organization				
PR_5	Our employees are aware of the promotions procedures in our organization				
PR_6	The recruitment for managerial positions is done on promotional basis				
PR_7	There is effective training for promotion preparedness				
PR_8	Our staff have the capacity to be promoted to higher and senior positions				

SECTION E: EMPLOYEE TURNOVER IN FINANCIAL ORGANIZATIONS

	Items	1	2	3	4
ET_1	Our employees usually leave the organization because of poor rewards				
ET_2	Our employees are always suspended from work due to complains on rewards				
ET_3	The employees leave work because of firing by the management over poor rewards				
ET_4	Our employees usually complain about the rewards in several occasions				
ET_5	There is loss of experience, expertise and skills in the organization due to turnover				
ET_6	The organizational context is sufficient for employee turnover				

ET_7	The turnover on employees is due to performance challenges in operations				
ET_8	The employees are highly eliminated from operations due to disciplinary measures				
ET_9	Several employs resign due to low lack of job security				
ET_{10}	There is frequent resignations of employees from these organization to our competitors				