

The Influence of Employee Rewards, Human Resource Policies and Job Satisfaction on the Retention of Employees in Vodafone Ghana Limited.

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Abstract

The purpose of this study is to investigate the influence of employee rewards, job satisfaction and human resource policies on employee retention in Vodafone Ghana Limited. The study surveyed 142 employees from Vodafone Ghana Limited. Data collection was done by means of a semi-structured questionnaire through personal contacts. Data was analyzed with descriptive statistics and Pearson Chi-square. The results showed that when organisations' reward systems are adequate, it does not only lead to equity, but increase retention. The findings again showed that job satisfaction and favourable human resource policies have positive link with retention. A limitation of the study was that the questionnaire was voluntarily completed by respondents, the researcher therefore had no information about the non-respondents.

Keywords: employee rewards, job satisfaction, human resource policies, employee retention, Vodafone Ghana Limited.

1. Introduction

Many organizations have now recognized that human resources play an important role in gaining a competitive advantage in today's highly competitive global business environment. While all aspects of managing human resources are important, employee retention continues to be an essential Human Resource Management activity that helps organizations in their quest to achieve their goals and objectives (Mello, 2007). As such, researchers and practitioners alike are interested in addressing the key issues and challenges relating to employee retention. Reducing employee turnover is a strategic and very important issue. No business can enjoy and sustain the success until it deals with the problem of employee turnover efficiently and successfully (Ongori, 2008). This calls for a strategic approach to the management of employees in order to motivate them to stay.

Turnover has negative effects on productivity, product and service quality, and profitability. The cost involved in hiring new employees is high and finding skilled employees can be difficult (Boyens, 2007). Replacing a lost valuable employee can be more expensive than employing a new one. Cappelli (2008), believes that retaining the organization's valuable employees has been very challenging for many organizations. Research estimates indicate that recruiting and training new employees cost approximately 50 percent of the worker's annual salary (Johnson, Griffeth and Griffin, 2000). It is again estimated that each time an employee leaves an organisation, it is presumed that productivity drops due to the learning curve involved in understanding the nature of the job and the organization (Sutherland, 2004). Employee turnover is a global problem and companies in Ghana, including those in the telecommunications industries have not been spared. In the case of Vodafone, the acquisition of the erstwhile state-owned Ghana Telecom by Vodafone and the subsequent laying off some workers led to a sense of insecurity on the part of many employees, leading to employee disloyalty and labour turnover.

The Ghana Statistical Service (GSS) reported in 2010 that the telecom industry has been a key driver of economic growth, directly accounting for 7% of investments in Ghana, 10% of government income, and 2% of Gross Domestic Product (Dowuona, 2011). Even though the industry has seen tremendous and remarkable growth over the last decade, according to (Africa ICT indicator, 2007), the growth is not as a result of employee productivity or performance but rather is fundamentally due to substantial growth in investment and expansion of the network access. Frempong and Henten (2004), noted that the goals set by the government of Ghana have only partly been met – especially with respect to telecommunication development in the rural area. With the problem of increasing employee turnover in the telecommunication industry, as the case in Vodafone for example, one wonders if the goal of the Ghana government concerning the growth and expansion of the sector is going to be realized. It therefore calls for a greater action to be taken to find out how to retain the organization's valuable employees and

the factors likely to affect them to remain in the industry to help achieve company objectives.

2. Objectives of the Study

The objectives of the study are as follows:

- Determine the association between rewards and employee retention in Vodafone Ghana Limited.
- Assess the influence of job satisfaction on employees' intention to stay with Vodafone.
- Investigate the association between human resource policies and employee retention in Vodafone Ghana Limited.

3. Overview of Literature

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 organizations they work with. 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 designing 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 (Shechtman, 2008).

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.

Job satisfaction is the pleasurable emotional state resulting from the appraisal of one's job as achieving or facilitating the achievement of one's job values (Perez, 2008). Armstrong (2010), also describes job satisfaction as the attitudes and feelings people have about their work. Positive and favourable attitudes towards the job indicate job satisfaction. Negative and unfavourable attitudes towards the job indicate job dissatisfaction. Collins (2007), also defined job satisfaction as the degree to which an employee has positive emotions towards the work role. Job satisfaction is vital for employee well-being and organizational effectiveness. Lee-Kelley, Blackman and Hurst (2009), contend that lack of satisfaction in the job is a major predictor of turnover intentions.

Numerous research studies have been conducted on the relationship between employee retention and job satisfaction, most of the studies believe that job satisfaction is directly linked with employees' desire and willingness to stay with their organizations (Johnson, 2004, Perez, 2008, Sutherland, 2004). Most studies assume that employee retention strategies can affect job satisfaction; therefore, organizations that need to retain their employees need to adopt policies and practices that lead to satisfaction on the job (Ahmed *et al.* 2009, Ongori & Agolla, 2009, Somaya & Williamson, 2008). Memon, Panhwar, and Rohra (2010), in their analysis suggest that employees who are satisfied with their jobs are less likely to leave. Job satisfaction involves employees feeling valued by their organizations for their contributions and accomplishments, being able to take decisions that affect their job role and performance, having opportunities to grow in their career, having a flexible work schedule, working in a friendly and pleasant work environment and having good relationship with their leaders and colleagues (Branham, 2005).

A lot of research has been conducted on the role of human resource policies in mitigating voluntary turnover, and in each of the studies, the conclusion is that Human Resource policies go a long way to affect employee retention. Memon *et al.* (2010), identified that appropriate and proficient organizational policies and Human Resource practices geared towards employee retention will stimulate employee satisfaction and performance. They argue that organisations that put in place practices like effective and equitable compensation structure, appropriate promotional scales, an enhance development and training opportunities will motivate their employees to stay. Sutherland (2004), further explains that proficiently planned and well-executed employee retention program will significantly enhance productivity and reduce employee turnover expenditures.

Human Resource policies with respect to stimulating performance evaluation mechanism, performance based reward mechanism and career growth and promotion opportunities affect workers' decisions to stay or quit a job. Employees always look for career growth opportunities and in this context human resource policy functions stimulate employees to stay in the current job (Memon *et al.*, 2010). Ahmed, Osman-Gani and Teng (2009), recommend that an organisation that is concerned with the planning for skill work force and their education do a good job in ensuring effective and efficient succession. Human Resource Training and Development function plays an important role in developing a learning organization that exploits full potential of its people at an individual, team and organizational level. Empirical studies have identified that organisations that give proper professional training to its members have an advantage of reducing turnover apart from increase in productivity (Somaya and Williamson, 2008). Additionally Memon *et al.* (2010), found that development opportunities available to employees significantly alleviates employees' intention to leave the organisation.

Ongori & Agolla (2009), conducted a study to determine the effects of career plateau on turnover intentions among employees. In their analysis, they identified that career plateau is a major determinant of turnover intentions, since plateaued employees are always seeking for opportunities for self-development and promotions. Consequently, Memon *et al.* (2010), advice that human resource policies should be geared towards a clear and well-communicated career growth strategies since they help mitigate the effect of employee intention to leave especially when they have an unclear career expectation. Thus, clearly defined job growth and advancement opportunities have great influence on the employment relationship and consequently reduce intentions to quit (Samuel and Chipunza, 2009).

4. Research Hypothesis

The study made the following hypothesis

- H₁: There is no association between reward and employee retention in Vodafone Ghana Limited.
- H₂: There is no association between job satisfaction and employee retention in Vodafone Ghana Limited.
- H₃: There is no association between human resource policies and retention in Vodafone Ghana Limited.

5. Research Methodology

Data was collected from both primary and secondary sources. The primary data was collected through a survey by a semi-structured questionnaire and secondary data through document review mainly organizational reports and company magazines. The target population comprised all the 1,420 employees in Vodafone Ghana Limited. The sample size was 142 employees representing 10% of the target population. However, 136 questionnaires were retrieved, representing 96% response rate.

Simple random sampling was employed in selecting the sample size to ensure that all the employees had equal chance of being selected for the study to avoid sampling bias. Statistical methods used for the research analysis were mainly descriptive statistics and Pearson Chi-Square analytical techniques.

6. Discussion of Finding

6.1 Employee Rewards

INSERT TABLE 1 HERE

Respondents were asked to indicate their level of agreement or disagreement with respect to whether their income levels influence their decision to stay or quit. The result can be seen from Table 1. Only 7.4% of the respondents strongly agreed that their salary level is the reason for their staying with the organisation. Those who agreed constituted 39% of the respondents, with 22.8% being uncertain. Twenty-three and a half percent (23.5%) also shared in their disagreement with this statement and 7.4% strongly disagreed that their income levels actually motivate them to remain with their current organisation. Many authors agree that when employees are rewarded adequately they tend to stick with their organisation (Sutherland, 2004; Shoaib *et al.*, 2009). However, it is important to note that financial reward alone is not enough to attract employees to stay with their organisation.

6.1.1 Recognition Programs

INSERT TABLE 2 HERE

From the table, 7.4% strongly agreed and 25% of respondents agreed that their organisation has recognition program that recognizes employee performance. However, 39.7% were not certain whether such programs exist in their organisation. Those who disagreed accounted for 19.7% and 8.2% strongly disagreed that there are recognition programs in the organisation. These groups of employees probably want something more than just the financial reward. Hence, it is agreeable that recognition programs, which give intrinsic satisfaction, need to be embedded in the organisation. With the absence of these recognition programs, it is very easy for employees to leave as Hay

Group (2007) asserts. It is therefore important for organisations to not only reward employee through financial benefits alone but also to look at other aspects which brings recognition and thus increasing intrinsic reward for employees to be satisfied. Armstrong & Murlis (2007), also agree that financial reward alone should not be adequate to reward employees but recognition programs should be establish since they are linked with the esteem needs of Maslow's Hierarchy of needs.

6.2 Job Satisfaction

INSERT TABLE 3 HERE

Empirical studies have identified job satisfaction as one of the factors that influence employee retention. Consequently, respondents were inquired to indicate their level of satisfaction on the job in their organisation. Many researchers agree that job satisfaction has a direct relationship with employee retention. Memon *et al.* (2010), have established that when employees are satisfied with their organizations, they tend to stay. Respondents were asked to indicate their level of satisfaction with their organisation and the results can be seen from Table 3. From the table, 7.4% of respondents strongly agreed that they were satisfied with their jobs in the organisation, with 29.4% agreeing that they were satisfied. Many of the respondents (31.6%) were not certain whether they were satisfied or not. Those who disagreed they were satisfied constituted 17.6%, while those strongly disagreed numbered 14%. It can be observed that job satisfaction is not enough to keep employees with their organisation but other elements are important to keep employees with their organisations.

6.2.1 Quitting Intentions

INSERT TABLE 4 HERE

When employees were inquired to indicate their quitting intentions due to dissatisfaction with their jobs, 9.6% of respondents strongly agreed, with 40.4% agreeing that they frequently think of quitting their current jobs because they are dissatisfied with their jobs. Those who were not certain if they intend to quit the organisation accounted for 25.7%. Respondents who did not have any quit intentions constituted 18.4% and 5.9% strongly disagreed with any quit intentions. This result confirms that when employees are not satisfied with their jobs, they think of quitting. This is why Phillips and Connell (2008), and Branham (2005), maintain that jobs should be attractive by instilling some positive elements to make them more satisfying to keep the holders.

6.3 Human Resource Policies ensuring employees' growth and development

INSERT TABLE 5 HERE

The third objective of the study was to determine the association between human resource policies and employee retention. Consequently, respondents were asked to indicate their agreement levels on the human resource policies in the organisation with respect to growth and development. Table 5 indicates the level of responses. Only 6.6% of the respondents strongly agreed that there are human resource policies on employee training and promotion, with 20.6% agreeing to the statement. Most of the respondents (47.8%), however were not certain whether the organisation has human resource policies on training and development. accounting for Those who disagreed were 21.3%, with strongly disagreed constituting 2.9% of the respondents.

Memon *et al.* (2010), argue that organisation with comprehensive human resource policies geared towards employee retention actually stimulates employee satisfaction and performance. Sutherland (2004), also identifies that employees want to see a future with the organisations in which they work, and therefore expect some element of policies and practices which address issues like training and development, promotion and reward strategies to stimulate them to stay. With the absence of these policies, it is not surprising that about 50% of respondents answered in affirmative that they frequently think of quitting because they are not satisfy with their jobs (Table 4).

7. Test of Hypotheses

Saunders *et al.* (2009), contend that Chi-Square test enables a researcher to find out how likely it is that two variables are associated. The study sought to establish the association between employee rewards, job satisfaction, and human resource policies with employee retention in Vodafone Ghana Limited. Pearson Chi-Square test was used to test whether there is any significant association between the variables. This test was performed on the null hypothesis that there exists no association between employee rewards, job satisfaction, and human resource policies with employee retention in Vodafone Ghana Limited against an alternate hypothesis that there exists an association between employee rewards, job satisfaction, and human resource policies with employee retention in Vodafone Ghana Limited. The chi-square statistic was computed using the formula below.

$$\chi^2 = \sum_{i=1}^k \frac{(O_i - E_i)^2}{E_i}$$

Where; χ^2 is the chi-square statistic value; O_i is the observed value; E_i is the expected value. The test was performed using SPSS computer software where the level of significance was set at 0.05 (5%).

7. 1 The Null and Alternate hypotheses

H₁: There is no association between rewards and employee retention in Vodafone Ghana Limited.

H₁₁: There is an association between rewards and employee retention in Vodafone Ghana Limited.

H₂: There is no association between job satisfaction and employee retention in Vodafone Ghana Limited.

H₁₂: There is an association between job satisfaction and employee retention in Vodafone Ghana Limited.

H₃: There is no association between human resource policies and retention in Vodafone Ghana Limited.

H₁₃: There is an association between human resource policies and retention in Vodafone Ghana Limited.

INSERT TABLE 6 HERE

The findings presented in table 6 shows that the chi-square statistic for reward, job satisfaction and human resource policies were 257.29, 307.335 and 389.225 respectively which were all statistically significant at 0.05 ($P < 0.05$). This led to rejecting the null hypotheses and accepting the alternate hypotheses that there exists an association between rewards, job satisfaction, human resource policies and employee retention in Vodafone Ghana Limited. These associations explain a direct connection between these variable. It also means that with an improvement in the reward systems, increasing the aspect of the job to make it more satisfying and implementing strategic human resource policies, an organisation can significantly boast the retention of its employees. These findings are in congruence with previous studies focusing on the factors affecting employee retention (Sutherland, 2004; Cho *et al*, 2009; Shoaib *et al*, 2009; and Memon *et al*, 2010).

8. Conclusion and Implications

This study analyzed the influence of employee rewards, job satisfaction and human resource policies on employee retention in Vodafone Ghana Limited. Reviewed literature provided a strong evidence of the relationship between the variables tested and employee retention. Empirical review showed that in order for organizations to do a better work in retaining employees they should understand the factors that motivate employees to stay and to facilitate measures in keeping valuable employees because of the huge cost associated with employee turnover. The study used a sample population of one hundred and forty-two employees, constituting 10% of the target population.

The implications of the study is that employee rewards, job satisfaction and human resource policies significantly influence employee retention in Vodafone Ghana Limited. Therefore, it is recommended that management of Vodafone Ghana Limited should as much as possible provide attractive and equitable reward packages that not only attract employees but to retain them in the organisation as well. Moreover, the study also identified that employee job satisfaction also indicated a strong signal for retention. Consequently, the study recommends that management of the organization provide intrinsic values in the jobs to make them more satisfying for the employees to stay. Human resources policies was also identified to connect directly with retention, and is thus recommended that the company takes a second look at its policies to promote growth and opportunities for employees. Finally, the study also recommends that future research be directed towards investigating how variables like work/life balance, organizational commitment, supervisor support, and work environment can influence employee retention and to expand the scope to cover other telecommunication industries like MTN, TIGO, EXPRESO and AIRTELL in Ghana.

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Table 1. Income Perception

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	10	7.4	7.4	7.4
Agree	53	39.0	39.0	92.6
Uncertain	31	22.8	22.8	53.7
Disagree	32	23.5	23.5	30.9
Strongly disagree	10	7.4	7.4	100.0
Total	136	100.0	100.0	

Table 2. Recognition Programs

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	10	7.4	7.4	7.4
Agree	34	25.0	25.0	32.4
Uncertain	54	39.7	39.7	72.1
Disagree	27	19.7	19.7	91.8
Strongly Disagree	11	8.2	8.2	100.0
Total	136	100.0	100.0	

Table 3. Job Satisfaction

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	10	7.4	7.4	7.4
Agree	40	29.4	29.4	36.8
Uncertain	43	31.6	31.6	68.4
Disagree	24	17.6	17.6	86.0
Strongly Disagree	19	14.0	14.0	100.0
Total	136	100.0	100.0	

Table 4. Quitting Intentions

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Agree	13	9.6	9.6	9.6
Agree	55	40.4	40.4	50.0
Uncertain	35	25.7	25.7	75.7
Disagree	25	18.4	18.4	94.1
Strongly Disagree	8	5.9	5.9	100.0
Total	136	100.0	100.0	

Table 5. Human Resource Policies ensuring employees' growth and development

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	9	6.6	6.7	6.7
	Agree	28	20.6	20.7	27.2
	Uncertain	65	47.8	48.1	75.
	Disagree	29	21.3	21.5	96.3
	Strongly Disagree	4	2.9	3.0	100.0
	Total	135	99.2	100.0	
Missing	System	1	.8		
Total		136	100.0		

Table 6. Pearson Chi-Square Test (χ^2)

Variables	Chi-Square statistics (χ^2)	Df	Sig. Level (P-Value)	Decisions
Rewards	257.298	204	.007*	Reject H ₁
Job Satisfaction	307.335	204	.000*	Reject H ₂
Human Resource Policies	389.225	272	.000*	Reject H ₃
N of Valid Cases	136			

- * Indicate significance at 0.05 (P-values < 0.05)