


**THE IMPACT OF EXTRINSIC MOTIVATION ON EMPLOYEE TURNOVER IN  
COMMERCIAL BANKS: A CASE STUDY OF CENTENARY BANK**

**BY**

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## **DEDICATION**

I would like to dedicate this book to the Centenary Bank family, especially the Human Resource family. Thank you for all the support you have rendered to me during the course of this programme.

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The success in producing this work is attributed to such a number of people, to whom I wish to acknowledge my thanks. The completion of this piece of work has been such a task that would not have been a success when handled solely.

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## ABSTRACT

The study was on the impact of extrinsic motivation on employee turnover in commercial banks with specific reference to Centenary Bank. It was guided by objectives; the effect of Remuneration on employee turnover, the effect of promotions on employee turnover and the relationship between benefits and employee turnover in Centenary Bank. Data was obtained from a total of 94 employees of Centenary Bank using structured questionnaires to determine impact of extrinsic motivation on employee turnover in commercial banks.

The results showed that extrinsic motivation has greatly impacted on employee turnover in Centenary Bank as shown by its, large extent 49(52.1%), equally remuneration has impact on employee turnover as recorded a large extent 76(81%), promotion recordedkj; a moderate extent49(52.1%), and employee benefits recorded some extent 55(58.5%) responses. Besides results from SPSS analysis were presented, present value close to positive one showing variations of each variable on employee turnover for instance Promotion and employee turnover ( $r=0.601$ ;  $p<0.01$ ), remuneration and employee turnover ( $r=0.501$ ;  $p<0.01$ ), employee benefits and employee turnover ( $r=0.615$ ;  $p<0.01$ ) while human resource management impacts on extrinsic Motivation and employee turnover presented ( $r=0.78$ ;  $p<0.01$ ).

The study concludes that it is only a comprehensive blend of intrinsic and extrinsic motivational variables that can enhance retention and reduce the high rate of employee turnover in commercial banks, Centenary Bank in particular. Based on the findings, the study recommended thus; management of Centenary Bank should pay much attention to the career plans as well as provide motivational packages for their workers to help retain them, the payment of transportation allowances, an opportunity to improve competencies through training as well as attending workshops and seminars should be ensured and improved, the bank should develop a culture of recognizing employees' performance through giving monetary benefits such as incentives, cash prize also motivate the employees to a large extent and they may prefer sticking to the organization.

# **CHAPTER ONE**

## **GENERAL INTRODUCTION**

### **1.1 Introduction**

Employee turnover occurs when employees leave their jobs and must be replaced (Chaminade, (2007). He added that replacing existing employees can be costly to organizations and destructive to service delivery. It is therefore imperative for management to reduce to the minimum, the frequency at which employees, particularly those that are crucial to its operations leave.

Employee turnover refers to the number of persons leaving and the ones retained within the organization. In most formal organizations, labour turnover is inevitable.

Simon (1998), defined employee turnover as the rotation of workers around the labour market, between firms, jobs, occupations, and between the states of employment and unemployment. By whatever name or form, labour turnover is one of the most significant causes of declining productivity and sagging morale in both the public and private organizations.

### **1.2 Background to the Study**

#### **1.2.1 Conceptual background**

Effective work force is the key to a company's success (Smith, 1994). He emphasizes that, the most successful companies in the world include in their mission statements the welfare, recognition and development of its employees. In return, these companies expect to obtain better work performance and loyalty from its workers. The satisfaction they give to their employees equate to better working attitude, output and income and therefore, survival and success for the organization (Smith, 1994).

However, many banks- Centenary Bank in particular, still experience frequent turnovers and average job performances from its employees. The possible main problem is employee dissatisfaction, both personally and professionally. They are unmotivated to meet desired outputs (Smith, 1994).

To be able to keep up with the competitive market, firms have to devise a way to increase their manpower productivity. The corporate world is constantly seeking innovative ways to motivate their employees to be effective units of the company, to retain good employees and to reduce turnovers that interrupt workflow and production. Numerous productivity studies have found that motivation is the largest single contributor to productivity (Boehm, 1981).

Turnover trend has greatly increased in current working environment. Turnover is defined by shifting jobs regularly or frequent movement of profession from one place to another place without any specific motive Khatri (1999). With the increased trend of turnover and its impact on the performance of commercial banks, it has to be monitored seriously by the senior management, human resources and industrial psychologists due to the major impacts to the organization's long-term plan and sustainability.

Tett and Meyer (1993) defined turnover intentions as conscious willfulness to seek for other alternatives in other organizations. The high employee turnover rate may lead to higher employee turnover costs. Chartered Institute of Personnel and Development (2009) has introduced some major categories of turnover costs such as administration costs of the resignation, recruitment costs, selection costs, costs of vacancy, and training costs.

Akintoye (2000) asserts that money remains the most significant motivational strategy. Although Schwab (1974) claims that payment is not a direct determinant of job satisfaction but pay does extrinsically motivate the employees from the economic perspective. However, pay for performance systems may lead to greater productivity but lower job satisfaction (Schwab, 1974).

Working environment can also be a contributor to employee turnover this is because the employees will prefer to work in an environment which is suitable for them (Buzzle, 2010). Furthermore, work stress experienced can also create turnover (Soft works, 2008). Consequently making employees less motivated, committed and lowering quality performance and productivity.

Employee turnover in financial services particularly in Centenary Bank has greatly impacted the productivity, quality and profitability (Centenary Bank Annual Report, 2009). This has impact on the bank's operation costs such as investing in trainings that are required for new employees and eventually impacting the end profit of the organization (Wong, 2010).

Wong (2010) added that due to high demand and competition in the Banking industry has encouraged a turnover trend and decrease loyalty of the employees towards the organization. He further reported that employees have different expectations towards the organization and will leave their current job for another if they felt their expectations are not met because many employees consider this as a career advancement opportunity.

According to the study by Mathieu and Zajac (1990), organizational and employee relationship is essential to achieve the organization's goals. Mathieu and Zajac (1990) noted that, the dedicated employee will view the organization goals and objectives as important as their own committed to achieve them. Wong (2010) said that, the organization should use affective, normative and continuous engagement with the employees to ensure they are committed towards the organization. Besides, Wong noted that it is costly for the organization to lose a great talent that is left for other organizations since it involves the cost of hiring and training the new replacement.

However, Wong (2010) emphasize that, in achieving and fulfilling organizational goals and objectives, the organization must provide a continuous and ongoing career enrichment program for the employees to balance the work-life, minimize work pressure and encourage employees to involve in high profile career in future.

Kevin et al (2004), state that although there is no standard framework to understand employee turnover process as a whole, a wide range of factors has been found useful in interpreting employee turnover. Kelvin noted that the pattern in commercial banks is also influenced with the same factors such as lack of training, poor working condition, workplace conflict, ineffective leadership among others but little is known regarding extrinsic motivation and employee turnover, hence a need for this study.

### **1.2.2 Background to Case study**

Centenary Bank is a commercial bank receiving deposits and offering financial services especially microfinance Ugandan clients and money transfer services in Uganda. Centenary Bank was established by the Catholic Church as a trust fund in 1983: It was registered as a full service commercial bank in 1993. Centenary Bank is one of the fast growing financial institutions in Uganda, the only commercial micro bank in Uganda with a depositing customer base of over 650000 and over 94000 borrowing customers, this has greatly contributed to both the Bank's sustainability and its outreach programs to low income savers.

Centenary Bank like any other organizations rewards her employees in many ways including but not limited to salaries and wages that are not enough, over time and extra bonuses which are not computed accurately as they end work at 6:00pm instead of 5:00pm and medical allowance which is

also low. However, Centenary Bank has not given attention to job security of her workers in addition to limited employee recognition and promotion opportunities (Centenary Bank Annual Report, 2009). The inefficiencies in the extrinsic motivations of Centenary Bank have led to the decline in the employees' performance characterized by late coming, absenteeism and low morale among employees, eventually employee turnover. Therefore, this study was carried out on the effect of extrinsic motivation on the employee turnover taking Centenary Bank, Entebbe Road branch as a case study.

### **1.3 Problem Statement**

Employees are the main pillars and the most important factor in driving the success of the organization. They are the people who have the function and ability to organize and manage the outcome of one certain assignment. In the Banking industry, employees are expected to demonstrate a very high performance in order to achieve the organization's mission, goal and objective each year which highly depend on the sales volume of their products and services. Compared to other industries, Banking industry is well known with high workload and stringent time frame for their employees to adhere to, which can be recognized as major contributions to the increase of turnover rate.

The management of Centenary Bank has not done much to motivate her employees through rewarding employee efforts such as improving on giving out enough remuneration package, they are still getting salaries and wages that are not enough, other benefits like medical allowances as well as leave pay packages which are also low. Despite the efforts put in place to motivate its employees to increase their performance as well as their retention, the Bank registered high turnover rate from time to time. The employees are always looking for a better offer and great opportunity in their

career, and therefore it is difficult to reduce the turnover rate among the employees, (Annual report 2009).

Consequently, this employee turnover has impacted certain costs to the organization in terms of employee recruitment costs, new employee selection costs, cost of covering during the period in which there is gap, administration of the recruitment and selection process and induction training for the new employee. Although this is in place, little or no studies have been carried out on the relationship between extrinsic motivation and employee turnover. This study therefore, seeks to assess the impact of extrinsic motivation on employee turnover in commercial Banks taking Centenary Bank as a case study.

#### **1.4 Purpose of the study**

The purpose of the study is to examine the impact of extrinsic motivation on employee turnover in Centenary Bank.

##### **1.4.1 Study objectives**

- To examine the effect of remuneration on employee turnover at Centenary Bank
- To establish the effect of promotions on employee turnover in Centenary Bank
- To examine the relationship between benefits and employee turnover in Centenary Bank

##### **1.5 Research questions**

- What is the effect of remuneration on employee turnover?
- What is the effect of promotion on employee turnover?
- What is the relationship between employee benefits and employee turnover?

## **1.6 Scope of the study**

The scope of the study encompasses geographical, content and time scope.

### **1.6.1 Geographical Scope**

The study was carried out in Centenary Bank Entebbe Road branch located on Plot 7, Entebbe Road Talenta House, Central Division, Kampala District.

### **1.6.2 Content Scope**

Extrinsic motivation was analyzed in terms of, employee remuneration, promotion and employee benefits. While Turnover was considered in terms of measures like, firing, retiring and resignation.

### **1.6.3 Time Scope**

The study considered reports, secondary a period from 2008 to 2013. This was a representative enough to give a picture of the causes of employee turnover.

## **1.7 Justification of the study**

Although employee motivation and retention is the desire of human resource department in the organization and institutions endeavour to set aside an appropriate budget to meet human resource need. It is important to establish whether such efforts contribute to the retention and sustainability of the workforce. This study therefore, sought to establish the linkage between extrinsic motivation and employee retention as measured by resignation, retirement and firing.

## **1.8 Significance of study**

This research project is significant in terms of finding the main factor that lead to employee turnover in commercial Banks. The study findings will help the commercial Banks particularly Centenary



Bank administrators and the managers to drive and revitalize their current retention programs and eventually help in saving their operational cost.

This study will help the researcher to understand the reason behind the high turnover trend that occurs in commercial banks especially in Centenary Bank. Through the designated questionnaire, it will also provide the insight information of the employee's perspective on turnover intention as well. This valuable information given opportunity to access it will then, help and support the Banking industry to revitalize their retention program accordingly.

Although the study primarily aims at fulfilling the academic requirements for the award of Bachelors Degree in Business Administration and Management, the findings will help commercial Banks to revitalize their existing retention program to be more meaningful to the employees.

The result will indicate which factor is more significant towards the turnover and retention, that eventually be used by the organization to adopt. The finding of this study will help to indicate the employee's point of view on the causes of employee turnover and organization will be able to trigger the next solution in order to prevent any turnover intention. This will help to improve the relationship between the employee and the organization, eventually create loyalty in a long run.

It will contribute to the body of knowledge regarding employee motivation and retention hence act as reference material for future researchers who would wish to explore much in the same area of the study.

## 1.9 Conceptual framework showing the possible effect of motivation on employee

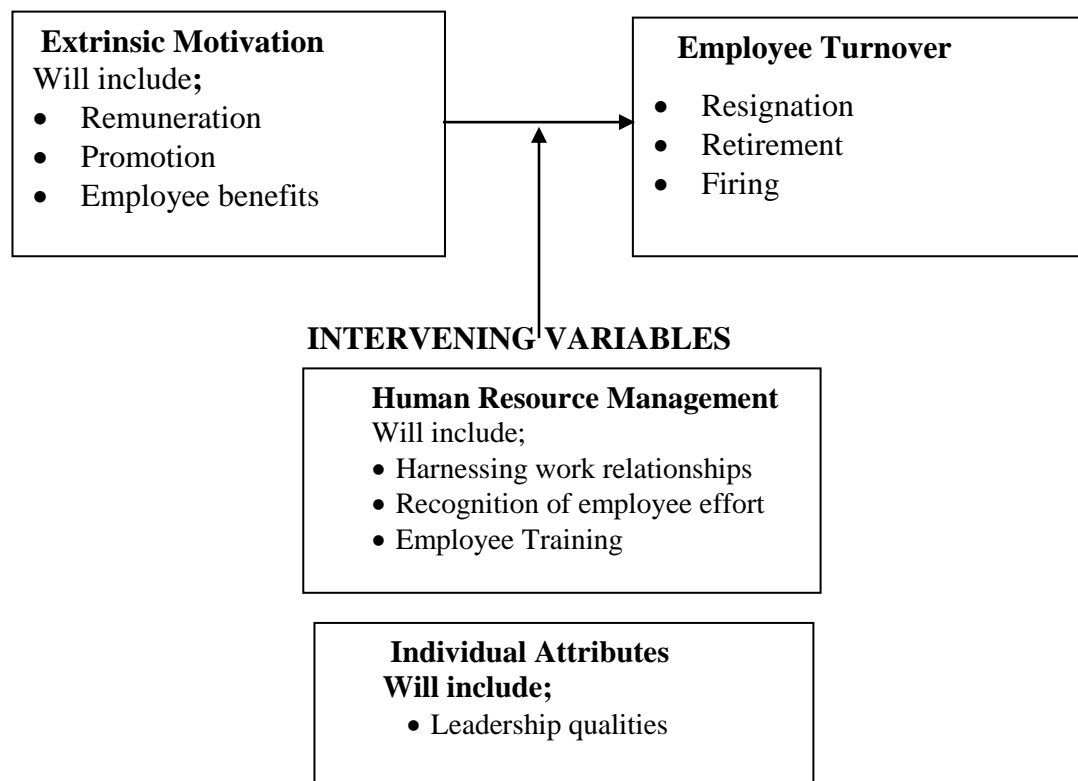
### Turnover

This shows the relationship between two variables under study that is extrinsic motivation and employee turnover. Details are shown on the diagrammatic figure below;

**Figure 1: Conceptual Framework**

#### INDEPENDENT VARIABLE

#### DEPENDENT VARIABLE



**Source: Adopted from Sansone & Harackiewicz (2000) and Modified by the Researcher**

As illustrated in Figure 1 above, extrinsic motivation is the independent variable as measured in terms of remuneration, promotion and employee benefits while Employee Turnover is the dependent variable as measured in resignation, retirement and firing. The intervening variables which include human resources management and individual attributes. These partly affect their direct relationship between extrinsic motivation and employee turnover.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter is comprised of the information that is extracted from the existing literature that is got from text books, magazines and journals related to extrinsic motivation and employee turnover in commercial banks. It was arranged according to themes reflecting the study objectives; the effect of Remuneration on employee turnover, the effect of promotions on employee turnover and the relationship between benefits and employee turnover in Centenary Bank.

#### **2.1 Extrinsic motivation**

Extrinsic motivation refers to motivation that comes from outside an individual. The motivating factors are external, or outside, rewards such as money or grades. These rewards provide satisfaction and pleasure that the task itself may not provide.

Plotnik & Kouyoumjian (2011) states that an extrinsically motivated person can perfectly execute a task in an organization even when they have little interest in it, because of the anticipated satisfaction got from some reward. Plotnik and Kuyoumjian noted that extrinsic motivation does not mean, however that a person gets any pleasure from working or completing a task, but the pleasure they anticipate from some external reward continue to be a motivator even when the task to be done holds little or no interest. This keeps them motivated putting forth the effort to do well the task.

Plotnik and Kouyoumjian (2011) support the argument that extrinsic motivation plays an important role in learning settings. Therefore, the traditional emphasis on external rewards such as grades, report cards, and gold stars undermine any existing intrinsic motivation that students might have.

Therefore, extrinsic motivation is an important way of driving behavior at work place in Commercial Banks.

According to Wruck and Jensen (1998), monetary incentive systems are counterproductive because performance cannot be measured accurately and is influenced by factors beyond employees' control. Wruck and Jensen argument lumps together all forms of monetary pay for performance systems, from individual piece-rates, group rewards to profit-sharing and equity ownership plans.

Lambert (2006) findings reported that individual factors (gender, education, and tenure) and work environment factors are significant predictors of turnover intention, with job satisfaction having the strongest effect. In 2009, he carried out a study on staff working in a private prison and it was found out that the most direct predictors of turnover intent to be age, job satisfaction, and organizational commitment. This implies that individual factors also have a significant impact on employee turnover.

## **2.2 Theories of Employee turnover and Extrinsic Motivation**

This study was guided by the two related theories that is; Herzberg's two -factor theory and Hierarchy of Needs.

### **2.2.1 Herzberg's two -factor theory**

The two-factor theory also known as Herzberg's motivation-hygiene 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 psychologist Frederick Herzberg in 1959, who theorized that job satisfaction and job dissatisfaction act independently of each other (Herzberg et al, 1959).

The two-factor theory was developed based on interviews of two hundred three (203) engineers and accountants and feedback was collected in Pittsburg, USA regarding their personal feelings towards their working environments. Herzberg defined two sets of factors in deciding employees working attitudes and level of performance, namely; motivation and hygiene factors Robbins (2009). Motivation factors are intrinsic factors that increase employees' job satisfaction while hygiene factors are extrinsic factors that prevent employees from dissatisfaction.

Herzberg states that full supply of hygiene factors does not necessarily result in employees' job satisfaction. In order to increase employees' performance, motivation factors should be addressed. Therefore, there is a need for both intrinsic and extrinsic motivations for reduction of employee turnover in organizations.

Robbins, (2009) added that two-factor theory is related to Maslow's hierarchy of needs but it introduced more to factors to measure how individuals are motivated in the workplace.

Herzberg (1966) says that meeting the lower-level needs (extrinsic or hygiene factors) of individuals would not motivate them to exert effort, but would only prevent them from being dissatisfied. In order to motivate employees, higher-level needs (intrinsic or motivation factors) should be supplied. The implication for organizations to use this theory is that meeting employees' extrinsic factors does not only prevent employees from becoming actively dissatisfied but also motivate them to contribute additional effort toward better performance (Herzberg, 1966).

From analyzing these interviews, Herzberg found out that job characteristics related to what an individual does that is, to the nature of the work one 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 should focus on the job environment policies, procedures, supervision, and working conditions Herzberg et al, (1959). If management is equally concerned with both, then managers must give attention to both sets of job factors.

Intrinsic factors contribute to employees' level of job satisfaction through providing employees with meaningful works that are able to intrinsically satisfy themselves by their work outcomes, responsibilities delegated, experience learned and achievements harvested Robbins (2009). Robbins said that when employees are well satisfied by motivational needs, their productivity and efficiency improves. On the other hand, sufficient supply of intrinsic factors cultivates employee with inner growth and development that contribute to a higher productivity and performance.

A study by Wan Fauziah and Tan (2013) among 124 employees from electronic companies in Malaysia revealed that, the employees have some differences in their intrinsic and extrinsic motivation factors. Hence, organizations should adjust their operations and procedures to satisfy both intrinsic and extrinsic motivation factors of their employees.

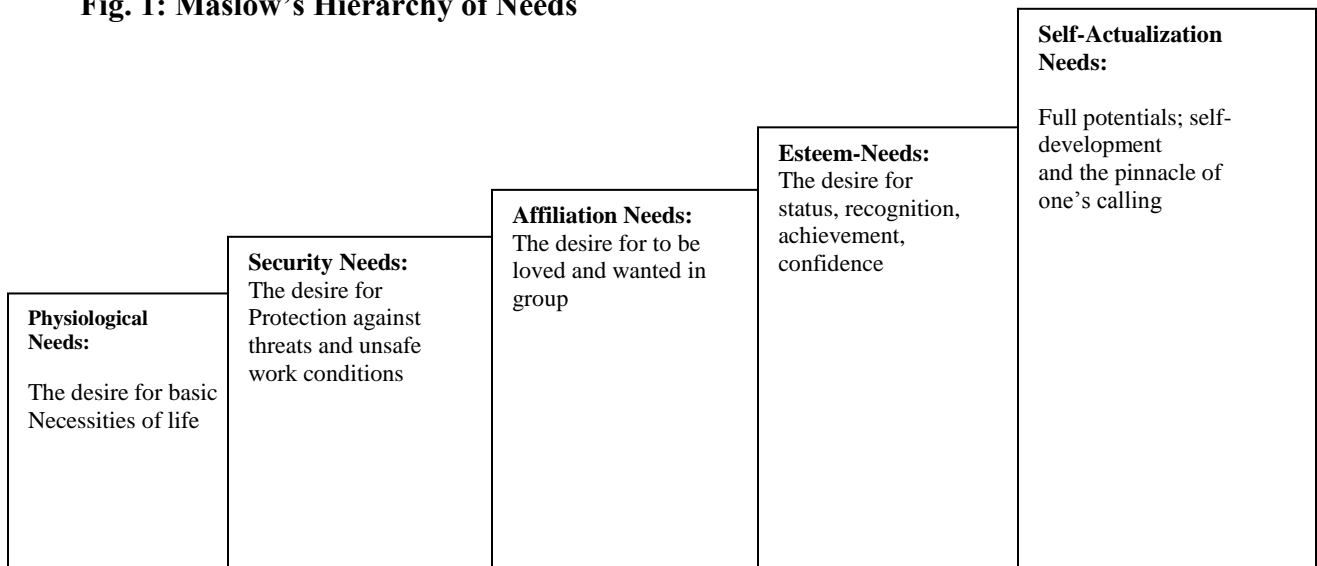
Therefore, Herzberg's two-factor theory has widely been used on variety of motivational researches across different industries and generations. The extra point of Herzberg's Two Factor theory provides an integration of individuals' extrinsic motivation factors that is able to ideally cover other motivation theories. Motivation and hygiene factors introduced by Herzberg have found similarities among other motivation theories under content theories as each theory carries various employees' need for motivation in similar terms Borkowski (2011). In detail, responsibilities, achievements, growth, promotion, recognition and work itself categorized under Herzberg's motivation factors are similar to Maslow's self actualization and self esteem. Relationship with peers, personal life, supervision categorized under Herzberg's hygiene factors is consistent with Maslow's belongingness.

Factor of status under hygiene factors is similar with Maslow's Safety and Physiological Need. As result, compared to the other Motivational theories, two-factor theory provides more comprehensive sets of factors that cover basic individual internal and external needs to exert their additional efforts into jobs. However, the implementation of Two-Factor theory has been found less practical in for today's employees' motivation study. The opposition of findings against theory where Extrinsic Factors should either turn up with job dissatisfactions or neutral feeling towards jobs have clearly call up an urge to revise and update the setting of theory. As result, it is recommended that elements categorized under Extrinsic Factors should be accepted to have direct impact on employees' turnover. The conventional setting of Two-Factors Theory may not only be localized to be used for determining employees' turnover; however, it can further broaden the scope of usage by combining groups of Extrinsic and intrinsic Factors as a group of determinants and thus study its effects towards target respondents.

## 2.2.2 Abraham Maslow's Hierarchy of Needs

Abraham Maslow's (1970) need-based theory of motivation is the most widely recognized theory of motivation and perhaps the most referenced of the content theories. According to this theory, a person has five fundamental needs: physiological, security, affiliation, esteem, and self-actualization. The physiological needs include pay, food, shelter and clothing, good and comfortable work conditions. The security needs include the need for safety, fair treatment, protection against threats, job security. Affiliation needs include the needs of being loved, accepted, part of a group etc. whereas esteem needs include the need for recognition, respect, achievement, autonomy, independence etc. Finally, self-actualization needs, which are the highest in the level of Maslow's need theory, include realizing one's full potential or self development. According to Maslow, once a need is satisfied it is no longer a need. It ceases to motivate employees' behavior and they are motivated by the need at the next level up the hierarchy

**Fig. 1: Maslow's Hierarchy of Needs**



*Source: Adopted from Abraham Maslow's (1970) Theory of Motivation*



However, in spite of Maslow's effort and insights into the theories of motivation, replicated studies like Naylor (1999) failed to offer strong support of the need-based theories. Also, studies aimed at validating Maslow's theory failed to find substantiation in support of the needs hierarchy Ifinedo (2003). The issue of extrinsic motivation is important because of its correlation with the overall employee turnover.

### **2.3 Measurement of Turnover**

Turnover is often not measured in a sophisticated enough manner to enable discrimination between cases where employees have chosen to leave, and cases where they have had to leave for reasons out of their control. Often organizations use a relatively crude measure of turnover as below (Marchington and Wilkinson 1997).

$$\frac{\text{Leavers in Year}}{\text{Average Number of staff in post during the year}} \times 100$$

***Source: Adopted from Marchington and Wilkinson (1997).***

A certain amount of labour turnover is inevitable; namely; illness, accidents, aging, death and a variety of personal reasons bring about separation. Too much of labour turnover however can severely reduce productivity, as workers are perpetual learners, new to the organization all the time; demoralize incumbents and damage an organization's public image thereby adversely affecting her corporate existence. It implies therefore that management should be concerned about the level of labour turnover in their organization, determine the degree of it that is healthy or unhealthy for the organization.

High labour turnover is dangerous as it affects the growth and productivity of an establishment. Scholars believe that a core of experienced workers is necessary for the success of an organization. For experience on the job and in the organization, workers must be stable (Hackett, 1979). Organizations are highly concerned about employees' leaving because it is generally very costly to select and train new employees to replace those who left. There is a general situation of discontent pervading the entire labour scene in commercial Banks.

#### **2.4 The effect of Remuneration on employee turnover**

Remuneration is the compensation that one receives in exchange for the work or services performed. Typically, this consists of monetary rewards, such as salaries, wages, services and other bonuses, allowances (including car allowances) and overtime payments (Huselid, 1995).

A good remuneration system can motivate employees, thereby reducing the intention of looking for other jobs and turnover Shi, (1991). As an incentive for companies, employee benefits play a unique role in attracting and retaining talents. Benefits satisfaction as a feeling and evaluation of the employees to the corporate welfare system will have an important impact on employees' attitudes and behavior Danehower & Lust, (1996). From the perspective of the development of human resources practice, organizations take actions which are conducive to the development of employees will enhance the motivation of the staff to make positive reciprocal behaviors. For example, inner career development implies more meaningful tasks, more responsibility and autonomy, which presents the investment in employee development, and to provide staff with the opportunities.

Many scholars found that the various aspects of total rewards contained are the key variables that affect employee turnover. Remuneration in form of rewards provides employees with good work

environment as well as development and career opportunities. It can significantly increase the employees' retention rate and productivity Nazir, et al, (2012). Liu et al (2006) supported that there are five crucial influencing factors of employee turnover: work content, promotion system, salary, subjective perception about the selectable jobs and affective commitment.

Eikhof *et al*, (2007) show that; when income or the increase is not satisfied, the employee will have intent to depart, even lead to the turnover behavior. The job of high autonomy can lead employee to emerge endogenous satisfaction and make employees feel the challenge of the work and be motivated. Work-life balance has become the academics focus. If employees spend more energy and time on the job, they cannot take into account the life, and the employee's job performance is bound to decline. At the same time, there may also be lack of family support, then turnover is generated.

In contrast, Kinnear and Sutherland, (2001) put it that creative strategies that go beyond pay and benefits can be employed to attract and retain employees, Recognition, flexible work arrangements, work-life balance, employee engagement, health and safety, communication, workplace diversity, formal wellness programs, inclusion and employee development are some examples of approaches that can become a part of the mix when developing retention strategies.

Therefore, balancing the needs of the work and personal life is considered to be the world's important issue Noor, (2011). Also the development of employees feels from the organization will affect their expectations from organization in many aspects. Rhoades & Eisenberger (2002) also proved this opinion, because if the organization is unable to provide career development support to employees, the result will be the employees' turnover behavior. Zhang & Zhang (2007) showed that the personal opportunities of technology development and career development direction is an important influencing factors of employee turnover, conversion costs and career growth opportunities was significantly negatively correlated with turnover.

Promotions opportunities help reduce employees' turnover through making employees feel the possibility of the increase in income and welfare. High opportunity for promotion can encourage individual career development in the organization, and it can ensure the security of the work and other long-term future earning (such as income, rights, and status), that are deemed to reduce employee turnover.

## **2.5 Promotion and Employee Turnover**

Promotion is the advancement of an employee's rank or position in an organizational hierarchy system Susan (2013). Promotion is an employee's reward for good performance that is positive appraisal. Promotion involves advancement in terms of designation, salary and benefits, and in some organizations the type of job activities may change a great deal.

Of the various processes governing the moves of employees within and between organizations, such as promotions, lateral moves, and quits, the first mentioned offer some of the most salient, visible and enduring rewards obtainable in bureaucratic organizations. Promotion arrangements can reward individual behavior by providing security, status, and skill development.

Extrinsic motivation benefit the organization by helping it reach its productivity and performance goals. Particularly, promotion arrangements can contribute to retaining employees and motivating them to perform, thus reducing costs of training, recruiting, and turnover. It brings together such diverse issues as careers, organizational structure and strategy, reward allocation and equity, human resource policies, and employees' motivation and behavior (Trevor, 2001).

A meta-analysis by Carson et al. (1994) showed no significant relationships between satisfaction from promotion and turnover or between perceived promotional opportunities and turnover.

However, Trevor et al. (1997) was the first study to focus on the net effect of promotions (controlling for pay). These researchers reasoned that the reported negative associations between promotion and turnover might in fact have been driven by the relationship of salary growth with both variables.

Indeed, Trevor et al. (1997) found that once salary growth was controlled, actual promotions positively predicted turnover, with poor performer turnover most strongly affected. These researchers explained their exceptional findings by arguing that even though promotions may diminish the desirability of movement because of salary growth and other intrinsic benefits, the signal they provide to the external job market on the employee's ability (e.g., McLaughlin, 1991) outweighs other inversely related effects that contribute to diminishing the desirability of movement.

Most theoretical arguments for a relationship between promotion and employee turnover rely on March and Simon's (1958) influential formulation on causes of turnover (Trevor, 2001). In this formulation, the employee's decision to quit is jointly dependent on the perceived ease of movement and the perceived desirability of that movement. Although other formulations that do not necessarily assume rational behavior exist in the literature (Lee & Mitchell, 1994), most treatments portray a relatively rational individual weighing the costs and benefits of quitting, particularly in terms of his or her capacity and motivation to move (Bridges & Villemez, 1991).

Unlike perceived potential for promotions, indicates cognition, actual promotions constitute behaviors. As such, they represent actual rewards and resource commitments conferred on the individual by the organization, not just promises that may go unrealized. Like other behaviors, actual promotion also constitutes an event that produces both tangible outcomes and information that can be experienced or observed by a variety of internal and external actors. These may include the

individual, other individuals within the organization or in the individual's reference group, the organization itself, and external actors such as past or future employees, potential employers, and the like. Operating through the reaction of these various actors, actual promotions affect the ease with which individuals can quit and the desirability of their doing so.

There are three main related mechanisms through which promotion of individuals may influence the likelihood of their staying or quitting. First, promotions confer benefits such as status, skill development, and job satisfaction, which may be contingent on the individual's staying in the same organization. Therefore, other things being equal, such as education and position in the hierarchy, the more the individuals perceive opportunities for further promotions in the current organization, the less desirable and likely their voluntary quitting becomes. Individuals who have already been promoted may be particularly more likely to be promoted again in the future.

Past promotions can reinforce the expectation of the individual that the firm will repeat its behavior in the future. Assuming that a promotion ceiling has not been reached and that their qualifications and performance are satisfactory, employees may expect the firm to provide them with future promotions. This is particularly true when employees believe that their future promotions are also of value to the firm. Second, actual promotion may also affect ease of movement. Even when promotion opportunities are scarce or unknown, in which case it may be less desirable to stay, the individual may find it difficult to quit (Doeringer & Piore, 1971). This is so because over time and with ever more promotions, the individual becomes "entrapped" by developing firm-specific skills, loyalty, and commitment (Carson et al. 1994). The more employees are promoted, the less employable they may be to other organizations and, to the extent that they are satisfied with and attached to their employment situation, the harder it may become for them to leave.

Third, a record of actual promotions may signal the employee's qualities to potential employers (Trevor, 2001; Trevor et al., 1997). Because these employers may not always be able to observe the employee in action, they may need to use his or her resume as a proxy. Therefore, in the particular circumstances in which employees' abilities are less observable and less firm specific, actual promotion may in fact lead to more hiring away of employees and increase the quit rate through its effect on the ease of movement.

The above highlights the mediating role of expectations for future promotion but also suggest a direct link between actual promotions and quit behavior based on restricted mobility due to past promotions. The three mechanisms portray actual promotion as having a self-reinforcing quality to it, simultaneously increasing the benefits of staying and the impediments and risks of quitting, yet they also suggest a countervailing force that of external offers.

Notwithstanding the potential effect of promotions in inducing turnover through external offers, we see several reasons why the effects of this mechanism will not be so pronounced. First, the requirement that employee skills will be less observable to potential employers may also make it difficult for them to evaluate the extent to which these skills are firm specific or transferable.

Second, there are offsetting forces to employees' inter-organizational mobility such as the cost of engaging in a job search or a preference to avoid the potential uncertainty involved in taking a new job with a different employer. Finally, there are some circumstances in which this mechanism may be less applicable such as when the market is not competitive or when quitting employees prefer to be unemployed rather than work for other firms. Therefore, when other factors such as education and position in the organization are held constant, the expectations for future promotions and the self-reinforcing quality of prior promotions will outweigh the potential effect of external visibility.

Aside from the differences in employee commitment and skill specificity, which may increase the likelihood of professionals quitting, other factors can make them more mobile. Professionals by their nature are more easily transferred across organizational boundaries. They share problem-solving routines and skills, norms of conduct, and network ties (developed in professional schools and later on the job through ongoing relationships with professional peers). These features of professional life first facilitate the search process via better information channels. Subsequently, they ease the entry to a new job in a different organization. As noted by Mintzberg (1998) the profession itself, not the manager, supplies the structure and coordination required for performing.

Generally, when the organization wants to retain professionals, it may need to offer them future employment in the organization as a consequence of their greater mobility. In the framework of the present research, this can be done through the rewards the organization distributes, especially promotion.

## **2.6 Employee benefits and employee turnover**

Employee benefits, the term includes only employer-provided benefits for death, accident, sickness, retirement, or unemployment.

Benefits can demonstrate to employees that a company is supportive and fair, and there is evidence to suggest that stable benefits are at the top of the list of reasons why employees choose to stay with their employer or to join the company in the first place (Tompkins and Beech, 2002; Tillman, 2001). However, it is often the case that many employees do not realize the true value of the benefits they receive (Meyer, 2003). Nor are they always sure what motivates the employer to provide these benefits. Thus, the link between benefits and employee commitment is not always strong. Adequate communication with employees is, as with most other retention practices, essential (Tillman, 2001).



The range of benefits offered by companies is too broad to mention here, and readers will already be familiar with the main categories: health, dental, vision, vacation, parental/family leave, disability, retirement/pension, employee assistance programs (EAPs), life insurance, extended leave among others.

Employee benefits are constantly evolving as the workforce itself evolves, and as people identify new priorities as being important. We may note, for example, the growing interest in fitness subsidies or eldercare provisions which are a direct response to changes in personal priorities and demographic changes. In addition, there is also growing concern within industry about the mounting costs of health-related benefits and the magnitude of pension obligations for an aging workforce. Thus, while benefits do not necessarily figure prominently within the literature as a major area of HR innovation, they are the subject of considerable concern among employers and workers, and a few key observations are worth making with respect to employee retention.

It is important to note that the relative importance of benefits will vary according to the specific needs of each individual. The importance of a benefit plan to an employee with dependents may assume far greater importance particularly in an environment where benefits costs are increasing rapidly Tompkins and Beech (2002). Companies with an older workforce demographic might see their retention efforts best served through benefit plans that cover health-related expenses, care for elderly parents, etc. Companies with a significantly younger demographic may find education subsidies or tuition rebates to be more effective retention drivers.

Most innovation in the area of benefits appears to be focused on the concept of flexibility. Many companies are responding to the increasingly diverse needs of their employees by introducing a

greater element of choice in the range of benefits from which their workers can choose. Thus, the introduction of flexibility in benefits packages can be a key ingredient in ensuring good retention, particularly since it affords greater responsiveness to the specific needs and circumstances of individuals (Smith, 2001).

Some companies have become more creative in the types of benefits they offer their employees, and many such initiatives are focused on allowing employees to strike a better balance between their working and non-working lives. Examples are numerous and include: earned time off, on-site child care, paid paternity leave, sabbaticals, tuition reimbursement, etc Meyer, (2003). In the interest of facilitating a better work-life balance, Duxbury and Higgins (2001) advise employers to make it easier for employees to transfer from full-time to part-time work and vice versa, introduce pro-rated benefits for part-time workers, guarantee a return to full-time status for those who elect to work part-time, and protect employee seniority when shifting from full to part-time work, and vice-versa.

## **2.7 Human resources and employee turnover**

From personnel administration to the evolution of wide range of Human Resource practices, the guardianship of employees has been the main concern for this organizational domain. It can either be in the form of providing training to keep the employees abreast with modern business dimensions or giving away attractive compensation packages to retain the key employees; to recognize the hard work to keep them motivated or delegate decision making to make the employees feel empowered. Hence the effect of human resource practices remains existential in the daily operations of any modern business enterprise.

It is vital to remember that the employees and not the organization are the means in shaping how the organization will act to the competitive and dynamic environment. Employee engagement focalizes on how the psychological happenings at work and work contexts forge the process of people presenting and absenting themselves during their jobs, (Bernthal, 2004).

Bernthal (2004) added that employees will feel engaged when they unearth enthusiasm and personal sense in their work, get positive social support and work in an environment that is well-organized and proficient. Therefore, Human resource managers should endeavor to attain employee engagement by giving rewards, recognition of employee's effort, harnessing relationships, giving opportunities to excel, inducing leadership qualities and providing a friendly environment.

HR practitioners accept as true that the engagement basically deals with the fact that how an employee thinks about the job and in what manner the organization deals with him. Actually it's the emotions that result in the success of the organization. The effective use of HR can enable the organization to bring engagement and consequently cultivate motivation, output and off course retention. The intensity of engagement reveals whether the workforce will stay and remain productive or they will relinquish and become part of the competitors, (Ram & Prabhakar, 2011).

The employee turnover is the last stride which ultimately results in the renouncement of the job. Engagement is negatively associated with turnover intentions which mean that an engaged employee would never think about leaving the organization. Work engagement is directly and positively related with employees' job satisfaction and it has a negative relationship with employee turnover intentions Saks (2006). The more engaged employees are, the longer they would remain committed and such employees also stay longer with the organization. The engagement of employee is in fact a

valuable gauge to measure the connection of an employee to the place of work (Jones and Wilson, 2009).

In order to increase the attraction and retention of valuable workforce, that policy should be formulated that allow employees to have flexible work schedules, result oriented remuneration, input in decision making, career advancement along with the exigent work assignments is a must Jorgensen (2005). Engagement also leads to higher levels of identification with a job which may make it difficult for employees to detach themselves from the role and leave the organization. A study by Masroor and Fakir (2009) on Nurses from Malaysia revealed that with effective use of HR practices, the level of intentions to leave the job is considerably reduced. Similarly, Cho, et al, (2006) support the view that work practices like the employee participation, employee engagement and total quality management must effectively be incorporated on day to day basis as they result in lower turnover intentions and increased satisfaction of the employees.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

This chapter is comprised of the methodology that will be used to collect information from the field study. It is comprised of research design, study population sample size and sample selection procedure, Data collection instruments, validity and reliability of data, collection instruments, data analysis, ethical considerations and anticipated study limitations.

#### **3.1 Research Design**

Both qualitative and quantitative descriptive research designs were used for this study. This helped the researcher to get a clear explanation of the phenomenon under study and explored the relationship between extrinsic motivation and employee turnover in Centenary Bank, Entebbe road branch.

#### **3.2 Study population**

The study was comprised of the Branch Manager and employees of Centenary Bank Entebbe road branch. This is because the employees had enough information on the problem at hand. The manager was also included due to the responsibilities held as he takes part in policy making, planning and implementation of Bank policies; he was able to express his opinions and views on the problem under study in relation to extrinsic motivation and employee turnover.

### **3.3 Sample size**

A representative sample size of 130 respondents was selected to save resources like time and money. Therefore, considering 130 employees in Centenary Bank Centenary Bank (Human Resource Report 2013). The researcher employed the Table that was developed by Krejcie and Morgan, (1970) to determine the sample size resulting into 94 respondents selected by this study. These included manager and employees from various departments. This is because 94 respondents was an ideal number of respondents that was interviewed considering time, convenience and the number of employees available for this research.

### **3.4 Sample selection Procedure**

To come up with enough field notes, two sampling techniques were employed that is; simple random and purposive sampling techniques to select a sample of 94 respondents. Therefore, Centenary Bank employees were randomly selected from the stratified randomly selected bank departments namely; banking department, loans department, IT department among others. This sampling procedure was preferred due to their large numbers and this enabled the bank employees get equal chances of participating in the research study.

While purposive sampling technique was employed to interview Bank manager and supervisors. This sampling technique was employed in selecting the Bank manager and supervisors, since they hold key information regarding extrinsic motivation and employee turnover. Also the manager was selected for this study due to his probable understanding of the problem at hand.

### **3.5 Data collection methods**

Data collection instruments were used to generate data from the respondents. This included questionnaires and interview guide.

#### **3.5.1 Questionnaires**

These were set of predetermined questions set by the researcher to the respondents at the time of the filed data collection. They were both close ended; here the researcher gave options for the respondents to choose from, hence guiding the study and open ended questionnaires which enabled the respondents express their views and opinions about the problem under study. This method of data collection was preferred because the targeted people knew how to read and write.

### **3.6 Reliability and Validity**

#### **3.6.1 Reliability**

Validity was designed to measure and pre-test the instruments to ensure clarity; accuracy of the instruments so that the data collected provided meaningful, reliable results representing variables in the study. Pre-testing helped the researcher to determine the time it took to fill out the questionnaire. The pre-test was done on 10 staffs of FINA Bank Mbarara which is an organization in the same field as Centenary Bank almost but which didn't participate in the study. A few comments from the pre test such as length of questionnaire, rephrasing of some unclear questions was done and a clear instrument was obtained.

#### **3.6.2 Validity**

The researcher used expert judgment in order to verify the validity of the instruments. To effect this, the researcher contacted the supervisor, who clearly guided on how to formulate instruments that is

in line with the study variables. A number of unclear questions from the instruments were removed during the correction. This helped in coming up with a valid instrument.

### **3.7.0 Data Analysis**

#### **3.7.1 Qualitative data analysis**

Qualitative data was analyzed and presented according to themes (thematically) following the order of research objectives set. Micro soft word was used to present and edit field findings got from the field in form of words and not figures. Qualitative analysis was employed to analyze peoples' views and opinions to reflect the problem under study.

#### **3.7.2 Quantitative data Analysis**

Tallying information from questionnaires, quantifying figures and developing frequency tables to generate frequency tables was done by the help of computer programmes; Microsoft excel that was used for drawing tables. Using this package, data was tabulated and then presented on tables by use of comparison and visual presentation. This package was preferred because it's time saving and easy to use.

### **3.8 Ethical considerations**

Participation in this research was voluntary and the respondents were explained to why this research was being done and the respondents that participated first consented, those who voluntarily consented were included in this study.

Also the researcher respected peoples' values; norms within the community as it maintained the dignity of the respondents.



### **3.9 Limitations to the study**

There was a problem of collecting of enough and timely data as some of employees did not accept to participate voluntarily because they claimed to be busy. This was because of their working schedule which required the researcher to leave the questionnaire with them that caused some delay in the research process. This was overcome by targeting them when in their morning briefing and lunch time and there, they could spare some time to fill the questionnaire.

The researcher also faced financial difficulties as the research process involved transport costs, typing and printing costs which required a lot of money. This was overcome by sourcing for help from friends to supplement on the little money that the researcher had.

Also the time allocated to this research alongside other University activities including course works and lectures was not fully enough to accomplish these activities involved. However this was solved by developing a work plan so that this research is finished in the time scheduled on the work plan.

## CHAPTER FOUR

### PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

#### 4.0 Introduction

This chapter presents the findings in the process of fulfilling the over all objectives of the study. They were under the themes; to examine the effect of Remuneration on employee turnover, the effect of promotions on employee turnover and the relationship between benefits and employee turnover in Centenary Bank. This study was confined to Centenary Bank Entebbe road Branch Kampala.

#### 4.2 Biographic Data of the Respondents

This presents the gender, age, and marital status, level of education and position of the respondents.

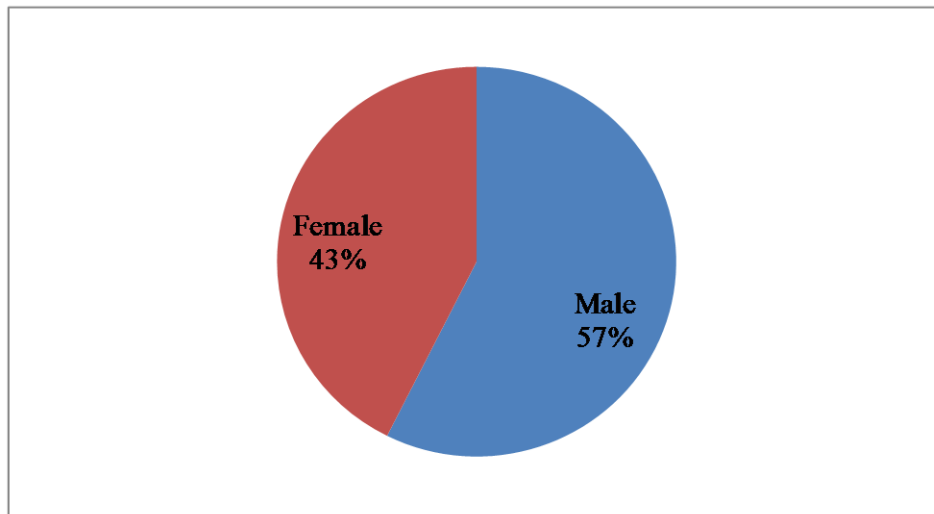
##### 4.2.1 Gender of the Respondents

The researcher looked at the gender of the respondents to link it with extrinsic motivation and employee turnover in organization as shown on the table below;

**Table 1: Gender of the Respondents**

<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Male	54	57.4	57.4	57.4
Female	40	42.6	42.6	100.0
Total	94	100.0	100.0	

**Figure 1: Gender of the Respondents**



*Source: Field data 2014*

According to the study findings, 54 respondents making (57.4%) were males while 40 respondents making (42.6%) were females. This clearly shows that majority 54 (57.4%) of the study participants were males. It was reported by the human resources officer that, females have high turnover compared to their male counterparts, so given extrinsic motivations like maternity leave among others reduces employee turnover and enhances performance in the long run.

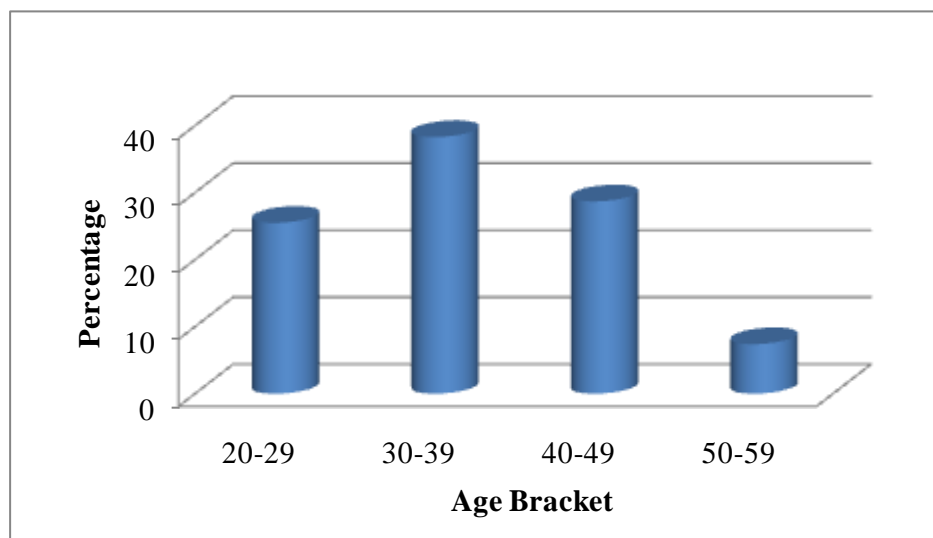
#### **4.2.2 Age of the Respondents**

The researcher also looked at the age of the respondents so that to link it with extrinsic motivation and employee turnover in Centenary Bank as the table below shows.

**Table 2: Age of the Respondents**

Age (years)	Frequency	Percent	Valid Percent	Cumulative Percent
20-29	24	25.5	25.5	25.5
30-39	36	38.3	38.3	63.8
40-49	27	28.7	28.7	92.6
50-59	7	7.4	7.4	100.0
Total	94	100.0	100.0	

**Figure 2: Age of the Respondents**



*Source: Field data 2014*

According to the study findings, 36 respondents making (38.3%) were in the age between brackets 30-39 years. These were the people, who are working as cashiers and loans officers, they are still capable of executing their duties due to the nature of their activities attached to them. Besides, 24 respondents making (25.5%) were aged between 20-29 years, 27 respondents making (28.7%) were aged between 40-49 years while 7 respondents making (7.4%) fell between the age brackets of 50-59 years.

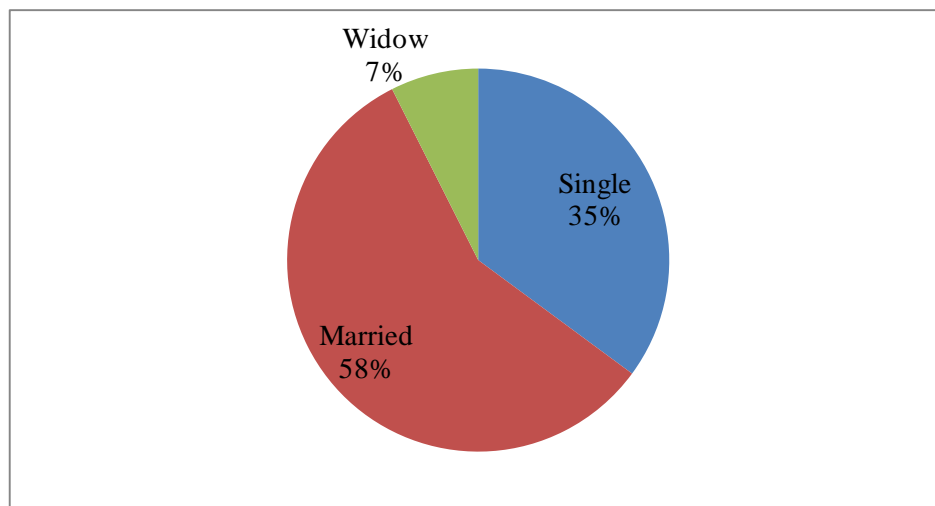
### 4.2.3 Marital Status

The study found it important to look at the marital status of the respondent as it was found relevant to the study because marital responsibilities may influence employee turnover, the findings are shown here under;

**Table 3: Marital Status of the Respondents**

Marital Status	Frequency	Percent	Valid Percent	Cumulative Percent
Single	33	35.1	35.1	35.1
Married	54	57.4	57.4	92.6
Widow	7	7.4	7.4	100.0
Total	<b>94</b>	<b>100.0</b>	<b>100.0</b>	

**Figure 3: Marital status of the respondents**



*Source: Field data 2014*

From the Table 5 and Figure 3, 54 respondents making (57.7%) were married, 33 respondents making (35.1%) were single while 7 respondents making (7.4%) were widows.

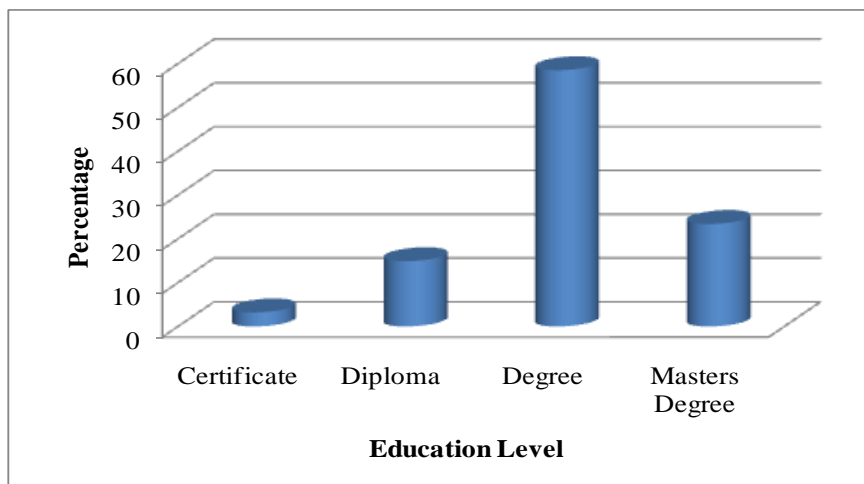
#### 4.2.4 Respondents Level of Education

It was found out that all respondents that participated in the study, had attained one form of education or the other. The study looked at respondents education level since it is contributes on ones understanding of complex issues and helps in making informed decisions, the findings are shown here under;

**Table 4: The Respondents Level of Education**

Education level	Frequency	Percent	Valid Percent	Cumulative Percent
Certificate	3	3.2	3.2	3.2
Diploma	14	14.9	14.9	18.1
Bachelors Degree	55	58.5	58.5	76.6
Masters Degree	22	23.4	23.4	100.0
Total	94	100.0	100.0	

**Figure 4: The Respondents Level of Education**



*Source: Field data 2014*

Results indicate that all employees have attained a given level of education whereby 3 respondents making (2%) were certificate holders, 14 respondents making (14.9%) were Diploma holders, 55 respondents making (58.5%) were Bachelors Degree holders while 22 respondents making (23.4%)

had attained education up to Masters Degree level. The findings imply that all the employees in Centenary Bank had basic qualifications to make good decisions if retained in the organization. Also this possibly implied that, to work in the financial sector one requires a great deal of knowledge and skills to be able to fit in there, and make the needed impact.

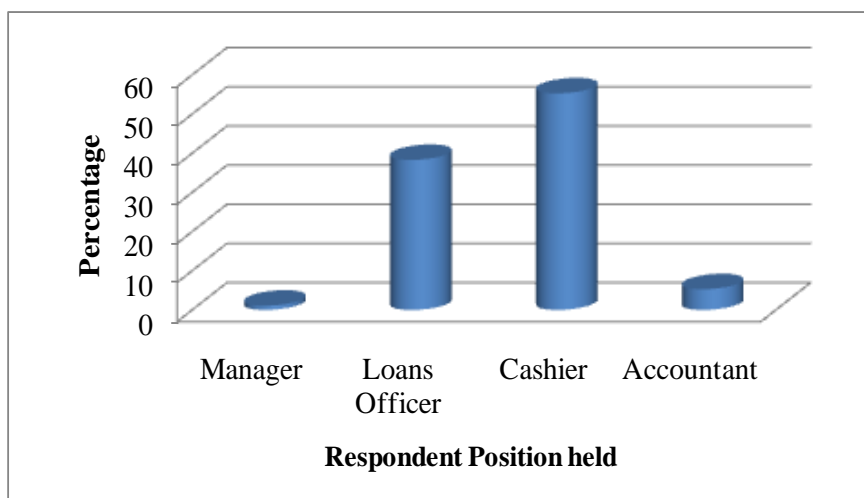
#### 4.2.5 Distribution of respondents by Position held in Centenary Bank

The respondents, who were interviewed during the field study, were employees of Centenary Bank serving in various departments and position as shown below;

**Table 5: Distribution of respondents by Position held in Centenary Bank**

Position held	Frequency	Percent	Valid Percent	Cumulative Percent
Manager	1	1.1	1.1	1.1
Loans officer	36	38.3	38.3	39.4
Cashier	52	55.3	55.3	94.7
Accountant	5	5.3	5.3	100.0
Total	94	100.0	100.0	

**Figure 5: Distribution of respondents by Position held in Centenary Bank**



*Source: Field data 2014*

As show from findings, 36 of respondents making (38.3%) were loan officers, 5 respondents making (5.3%) were accountants while 52 respondents making (55.3%) were cashiers while 1 respondent making (1.1%) was a manager. Manager, accountants and cashiers were employed in indoor activities with in Centenary Bank unlike other categories like loan officers who involve field activities. However, it was reported from the manager that compared to other categories of employees, in Centenary Bank, cashiers are paid lowly which affect their turnover as well as their performance.

#### 4.3 Respondent’s Perception on Extrinsic Motivation

The study find out about respondents perception towards extrinsic motivation in Centenary Bank.

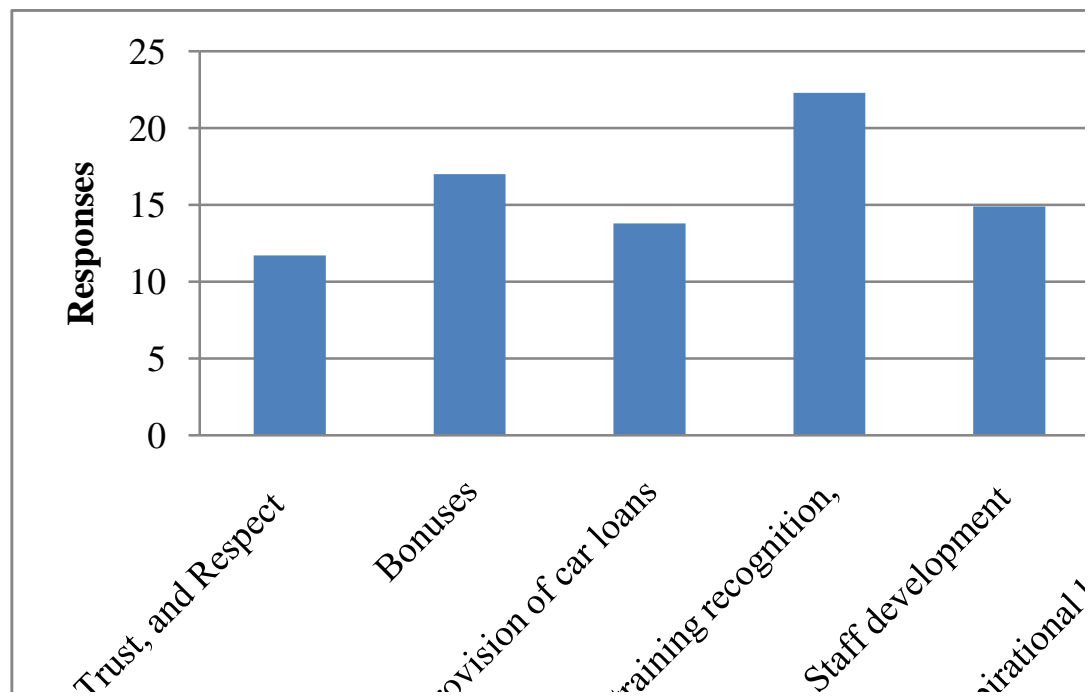
The following are various perceptions employees reached at during the study;

**Table 6: Respondent’s Perception on Extrinsic Motivation**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Trust and respect	11	11.7	11.7	11.7
Bonuses	16	17.0	17.0	28.7
Provision of car loans	13	13.8	13.8	42.6
Money, training, recognition,	21	22.3	22.3	64.9
Staff development	14	14.9	14.9	79.8
Inspirational leadership.	10	10.6	10.6	90.4
Growth needs	9	9.6	9.6	100.0
Total	94	100.0	100.0	



**Figure 6: Respondent's Perception on Extrinsic Motivation**



**Source: Field data 2014**

Out of the total sample, 11 respondents making (11.7%) put that trust and respect is a form of extrinsic motivation. They noted that they desire self respect and self esteem and esteem for others. This implies that respondents, in addition to the enticing salaries and the numerous incentive packages at their disposal offered by management for them to be motivated to increase performance they desire management and colleagues to allow some level of trust in them and accord to them the due respect which alone is enough for employees to maximize their performance and remain in the organization.

Further still 16 respondents making (17.0%) were of the opinion that bonuses is an extrinsic motivation that induces them to perform at work and can help them remain serving the same organization for a long time. It was observed by the study that respondents understand bonuses as extra payment to them over and above their usual salary given as incentive. Respondents reported

that such monies come at times when things are hard so to speak, giving them a relief. This helps them to run day to day needs and activities.

It was reported by 13 respondents making (13.8%) that provision of car loans to employees of the Bank serves as a motivator to boost their performance as well as their stay in the organization. They cited that, most of them stay far away from town, and getting transport to work becomes very hectic. This renders important for the Centenary Bank management to provide transport facility to employees to boost their performance as well as reducing their turnover.

The analysis of data collected revealed that respondents see staff development as the next important form of extrinsic motivation. 94 respondents making (100%) agreed on consensus that this helps them to self-realize objectives in life and continuous self-development to facilitate the process of becoming effective and efficient employee in the organization. The views shared by the respondents implied that, the employees of Centenary Bank are not only enthused and enticed by juicy incentives and fat salaries given by management, but also personal development for the future with respect to furthering their education and achieving their aim in life, enhancing them to perform at their maximum best and remain in the Organization.

Besides, 94 respondents making (100%) agreed on the importance of extrinsic motivation on employee turnover. It was further revealed by the study findings, that 21 respondents making (22.3%) perceive extrinsic motivation as money, training, recognition and 10 respondents making (10.6%) reported inspirational leadership. Besides, most of the employees feel that the present extrinsic motivation in Centenary Bank in form of compensation is able to attract, retain and motivate employees.

It was observed by the study that employees in Centenary Bank are aware of the importance and needs for effective extrinsic motivation. It was found out that needs for extrinsic motivation is not identified on the basis of market trend and competition, yet extrinsic motivation is a backbone of banks, as they provide services to all segments of society. These compensation policies should be sound and respecting skill, knowledge, competence and talent of their employees. Therefore, banks cannot only provide better services to customers once employee turnover is reduced, but also can achieve growth.

Lastly, 9 respondents making (9.6%) reported that extrinsic motivation is based on growth needs. It is an internal engine, and its benefits show up over a long period of time. Because the ultimate reward in extrinsic motivation is personal growth. Therefore, retaining an employee is to give him challenging work for which he/she can assume responsibility. Extrinsic motivation according to various respondents is so complex and so important. Employees are the banks' best assets. If employees are not motivated extrinsically, there is a tremendous effect on employee turnover as well as the bank's performance.

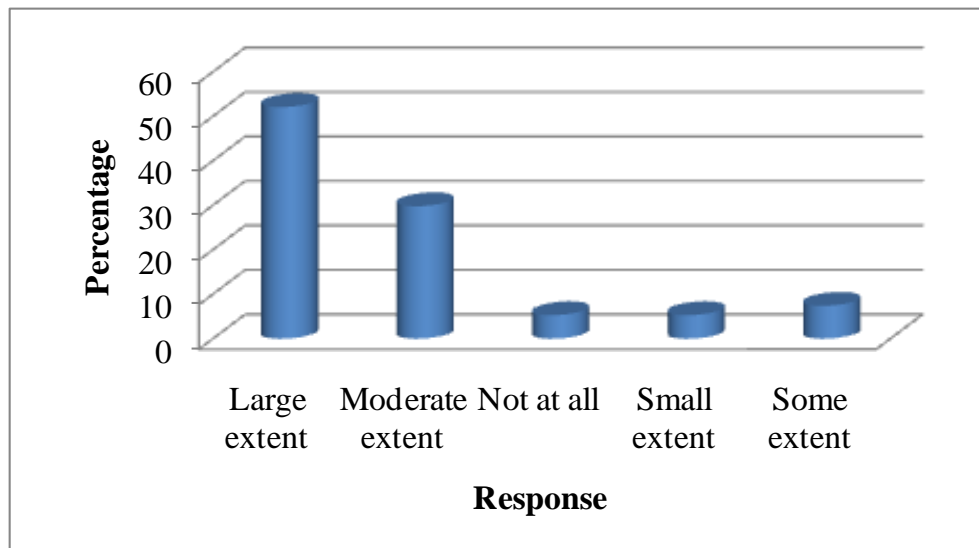
#### **4.4 The extent on how extrinsic motivation impacts on employee turnover**

The study aimed to determine the extent extrinsic motivation impacts on employee turnover. This question was used to seek opinions from the respondents regarding the subject matter; details are presented here under;

**Table 7: Impact of Extrinsic motivation on employee turnover**

Response	Frequency	Percent	Valid Percent
Large extent	49	52.1	52.1
Moderate extent	28	29.8	29.8
Not at all	5	5.3	5.3
Some extent	5	5.3	5.3
Small extent	7	7.4	7.4
Total	94	100.0	100.0

**Figure 7: Impact of Extrinsic motivation on employee turnover**



**Source: Field data 2014**

As illustrated from the findings, 49 respondents making (52.1%) reported large extent, 28 respondents making (29.8%) reported moderate extent, 5 respondents making (5.3%) similarly reported not at all and some extent while small extent was reported by 7 respondents who constituted (7.4%) of the total respondents. Therefore, the findings clearly showed that extrinsic motivation is a crucial incentive because it is related to all needs of human beings 49 (52.1%). It was established by the study that employees are reluctant to leave Centenary Bank depending on how they are

motivated by extrinsic motivators that are relatively well and paid in time, which they said was a better strategy for the success of their organization as well as retaining employees namely; incentives, bonus and premium plans, salaries, wages and overtime among others.

In addition, findings on Table 9 and Figure 6 provide an indication of the perceptions of these employees that they would prefer receiving higher monetary rewards although slightly so, rather than receive the non monetary rewards collectively offered and would be motivated as a result. This concurs with Phonic and Kouyoumjian (2011) who state that an extrinsically motivated person will work on a task even when they have little interest in it because of the anticipated satisfaction they will get from some reward. It should also be noted that, extrinsic motivation does not only enhance personal pleasure from working or completing a task, but also the pleasure they anticipate from some external reward which possibly keep them motivated putting forth the effort to do well the task.

**Table 8: Correlation Results of extrinsic motivation and employee turnover**

		Extrinsic Motivation	Employee Turnover
Extrinsic Motivation	Pearson Correlation	1	.585**
	Sig. (2-tailed)		.000
	N	94	94
Employee Turnover	Pearson Correlation	.585**	1
	Sig. (2-tailed)	.000	
	N	94	94

\*\* Correlation is Significant at the 0.01 (2-tailed)

Analysis from Spss as illustrated on Table 8, shows a moderate positive correlation between extrinsic motivation and employee turnover in Centenary Bank ( $r=.585$ ;  $p<0.01$ ). This analysis shows a unit improvement in extrinsic motivation, other factors held constant, employee turnover is likely to reduce. This analysis was also confirmed by the manager who revealed that extrinsic motivation is

vital because it helps employees feel part of the organizations and aim at improving their performances.

It was reached by consensus during the study that extrinsic motivation has greatly affected employee turnover in Centenary Bank in various ways.

It was found out that 16 respondents making (17.0%) were of the opinion that bonuses motivate them to perform at work. From the findings, respondents understood bonuses to mean extra payment to them over and above their usual salary given as incentive. Their reason was very simple it's due them as they have worked for it. They noted that such monies come at times when things are so hard to speak, giving them a relief.

It was established by the study that 49 respondents making (52.1%) believe that having a good and decent accommodation motivates them to perform at their optimum best and induces them to stay in the organization for long time. The reason was that having a place to house you gives the peace of mind to perform, than to wake up every morning very disorganized and thinking of where to stay the next day. It is not surprising because Maslow in his hierarchy of needs said, shelter and security is a vital motivator to human behaviour. This imply that however, hard the situation may be, management should be able provide the workers with decent shelter to put them in the right frame of mind enhancing their performance at work and reduce the rate of employee turnover in Centenary Bank in the consequence.

It was further reported that provision of car loans to employees of the bank will serve as a motivator to boost their performance and a retention strategy. They cited the following reasons that most of them stay far away from town, and getting transport to work becomes very hectic. Others looking at

it from another angle believed facilitating the means to work will give a sort of prestige and fame (esteem needs). This implies that if management cannot give car loans or create that facility for the employees can provide transportation in any other form for the workers.

In a typical fashion, participants revealed that they were uncertain as to whether salaries given to them motivate them to perform, surprisingly, majority of respondents shared this perception however, a small percentage did not share the perception. It is the universal perception that every employee works for money in return but they also work because they have personal goals to achieve. However, numerous studies share a contradictory opinion to this particular finding. Maslow (1943) claimed that employees work to survive and live through financial compensation, to make new friends, to have job security, for a sense of achievement and to feel important in society, to have a sense of identity, and most especially to have job satisfaction. Taylor (1911) siding with Maslow reiterated that the most important motivator of workers is salaries and wages when he claimed that non monetary rewards breed low productivity. He continued by saying that if employees receive the same wage irrespective of their individual contribution to the goal, they will work less and that employees think working at a higher rate means fewer employees may be needed which discourages employees to work more.

It was concluded that not all employees that were selected by this study consider extrinsic motivation to retain them in Centenary Bank. According to Worman (2010) it is a costly mistake to get lost in the false theory that more money equals happy employees. He further asserted that cash will always be a major factor in motivating people and a solid compensation plan is critical to attracting and keeping employees. But the key additional cash is not always the only answer and in many cases not even the best answer. To effectively help de-motivated employees, managers can

look forward to developing team spirit among the group members and connecting with McClelland’s managerial needs.

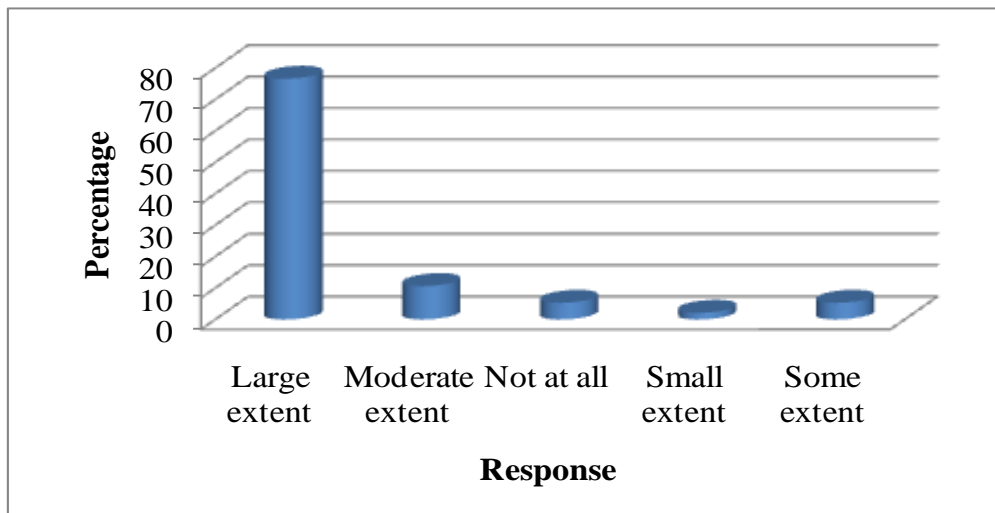
#### 4.5 How Remuneration impact on employee turnover

The study aimed at determining the extent on how remuneration impacts on employee turnover, the details are presented here under;

**Table 9: Impact of Remuneration on employee turnover**

	Frequency	Percent	Valid Percent
Large extent	72	76.6	76.6
Moderate Extent	10	10.6	10.6
Not at all	5	5.3	5.3
Some extent	2	2.1	2.1
Small extent	5	5.3	5.3
Total	94	100.0	100.0

**Figure 8: Impact of remuneration on employee turnover**



Source: Field data 2014



On the extent on how remuneration impacts on employee turnover, to a large extent presented majority as reported by 72 respondents making (76.6%), 10 respondents making (10.6%) reported moderate extent, 5 respondents making (5.3%) each reported not at all with and small extent while 2 respondents making (2.1%) reported some extent. This implies that, much as majority 72 (76.6%) agreed to a large extent that remuneration impact employee turnover; a negligible percentage has an opposite view. The above findings are in agreement with Shi, (1991) that a good remuneration system can motivate employees, thereby reducing the intention of looking for other jobs and turnover. Similarly, Eikhof et al, (2007) show that when income or the increase is not satisfied, the employee will have intent to depart, even lead to the turnover behavior. This renders remuneration significant in Centenary Bank and other commercial banks.

**Table 10: Correlation Results of Remuneration and Employee Turnover**

			Employee turnover	Remuneration
Spearman's rho	Employee turnover	Correlation Coefficient	1.000	.795**
		Sig. (2-tailed)	.	.000
		N	94	94
	Remuneration	Correlation Coefficient	.795**	1.000
		Sig. (2-tailed)	.000	.
		N	94	94

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

Table 10 shows a moderate positive correlation between remuneration and employee turnover in Centenary Bank ( $r=0.501$ ;  $p<0.01$ ). This analysis shows a unit improvement in remuneration, other factors held constant, is likely to reduce employee turnover. This analysis was also confirmed by the

respondents who revealed that remuneration is vital to an organization because it motivates employees as they see their efforts are recognized with rewards.

It was reported by 72 respondents making (76.6%) that as employees, they prefer receiving remuneration in form of monetary rewards instead of receiving collectively the specified non monetary rewards and would be more motivated as a result. Therefore, remuneration is a major determinant of employee turnover and plays a significant role in retaining employees in the organization. They revealed that remuneration is an important motivator when the employer rewards the employee for his achievement of the desired organizational results. The employees in the organization expect compensation as the motivation strategy for their personal benefits. They reported remunerations in form of salary and wages, bonuses, benefits among others.

It was further noted during the study that money whether in the form of wages, piecework, incentive pay, bonuses, company paid insurance or any of the other things given to people for performance, money is important. This agrees with (Jishi, 2009) who said that Economists, accountants and many managers tend to regard money as a prime motivator.

Besides, remuneration in form of money is a motivating force and which can affect workers in different ways: Money is more important to people who are seeking to establish an initial standard of living rather than those who have arrived. Schumacher (2008) defined his principle of motivation in which he states that if all efforts by the company are devoted to doing away with work by automation and computerization, then work is a devalued activity which people put up with because no other way has been found of doing it. People would therefore be working just for money. Most organizations use money not as a motivator, but simply as a means of ensuring adequate staffing. The need for apparent fairness encourages the use of salary grades and hence comparability of earnings. Financial incentives operate with varying strengths for different people in different

situations. However, during this study it has been brought up clearly that money is not a single motivator or even a prime motivator.

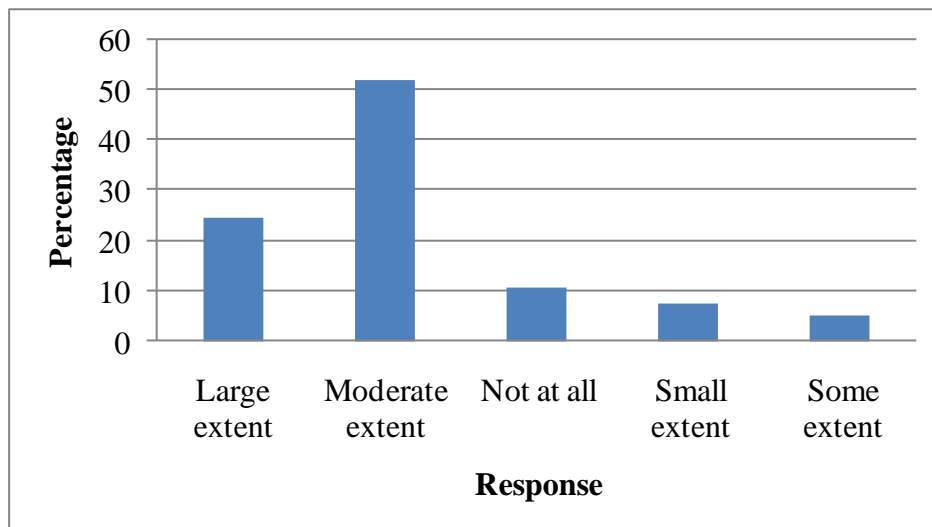
#### 4.6 Extent of Promotion on Employee Turnover

The study aimed at determining the extent of promotion on employee turnover, the findings are presented here under in details;

**Table 11: Impact of Promotion on employee turnover**

	Frequency	Percent	Valid Percent
Large extent	23	24.5	24.5
Moderate extent	49	52.1	52.1
Not at all	10	10.6	10.6
Some extent	7	7.4	7.4
Small extent	5	5.3	5.3
Total	94	100.0	100.0

**Figure 9: Impact of promotion on employee turnover**



Source: Field data 2014

As shown from the Table 11 and Figure 8, 49 respondents making (52.1%) reported moderate and were the majority, 23 respondents making (24.5%) reported large extent, 10 respondents making (10.6%) reported not at all, (7.4%) reported some extent and (5.3%) reported small extent. This implies that to the majority of the selected respondents, promotion affect employee turnover to a moderate extent, giving a room for other factors.

**Table 12: Correlation Results of promotion and employee turnover**

			Promotion	Employee turnover
Spearman's rho	Promotion	Correlation Coefficient	1.000	.601**
		Sig. (2-tailed)	.	.000
		N	96	96
	Employee turnover	Correlation Coefficient	.601**	1.000
		Sig. (2-tailed)	.000	.
		N	96	96

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

Table 12, shows a moderate positive correlation between promotion and employee turnover in centenary Bank ( $r=0.601$ ;  $p<0.01$ ). This analysis shows a unit improvement in promotion, other factors held constant, is likely to increase employee retention and improve performance in result. This analysis was also confirmed by 23 respondents making (24.5%) who revealed that they prefer promotion because it is attached to salary increment which uplifts employees' welfare and standard of living. Interestingly, no one reported to resign if not promoted but they had the view that once given an opportunity out side Centenary Bank with promotion, they can leave for such an organization. This is in agreement with Trevor, (2001) that promotion can contribute to retaining employees and motivating them to perform, thus reducing costs of training, recruiting and employee turnover.

Similarly, Doeringer & Piore, (1971) support the findings that past promotions can reinforce the expectation of the individual that the firm will repeat its behavior in the future because it makes employees believe that their future is also of value to the firm even when promotion opportunities are scarce or unknown, in which case it may be less desirable to stay, the individual may find it difficult to quit the organization.

The respondents further indicated that some of the employees, who were promoted, received promotion not based on merit but based on sort of biases. They indicated that promotion was not just as it was before, that is not done on merit. From the study, it is very clear that promotion policy ought to be reviewed if staff retention is to be a meaningful experience since only a small percentage of the employees received promotion.

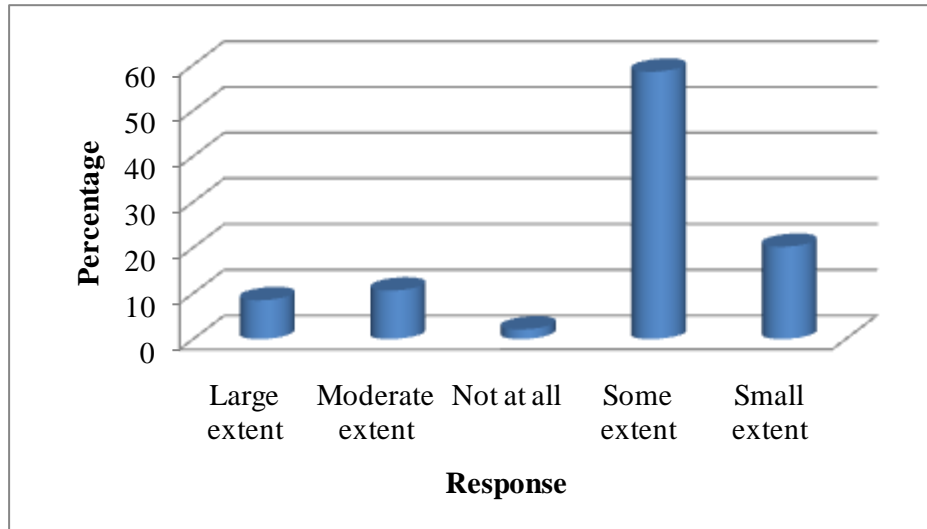
#### **4.7 The impact of Employee Benefits on Employee Turnover**

It was found out by the study that people have various views regarding the extent on how employee benefits impact on employee turnover in Centenary Bank, the details are shown here under;

**Table 13: Impact of employee benefits on employee turnover**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>
Large extent	8	8.5	8.5
Moderate extent	10	10.6	10.6
Not at all	2	2.1	2.1
Some extent	55	58.5	58.5
Small extent	19	20.2	20.2
Total	94	100.0	100.0

**Figure 10: Impact of Employee Benefits on Employee Turnover**



**Source: Field data 2014**

As illustrated from Figure 10 and Table 13 above, 55 respondents making (58.5%) reported that employee benefits has impacted on employee turnover to some extent rendering it not too influential, 8 respondents contributing to (8.5%) reported large extent, 10 respondents contributing to (10.6%) reported moderate extent, 2 respondents making (2.1%) reported not at all while 19 respondents contributing to (20.2%) reported small extent. This shows that partly, employee benefits can contribute to employee turnover in Centenary Bank.

**Table 14: Correlation Results of Employee Benefits and Employee Turnover**

		Employee turnover	Employee benefits
Employee turnover	Pearson Correlation	1	.615**
	Sig. (2-tailed)		.000
	N	96	96
Employee benefits	Pearson Correlation	.615**	1
	Sig. (2-tailed)	.000	
	N	96	96

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

Table 14 shows a moderate positive correlation between employee benefits and employee turnover in Centenary Bank ( $r=0.615$ ;  $p<0.01$ ). This analysis shows that improvement in employee benefits is likely to reduce employee turnover as well as improving their retention. This analysis was also confirmed by respondents who revealed that employees in Centenary Bank receive benefits in form of paid holidays, medical insurance, low interest loan scheme. However, it was noted that these benefits differ from managerial and non-managerial staff.

It was observed from the respondents that once an organization gives employee benefits constantly, it helps an employee to identify new priorities as being important in the organization limiting the chances of leaving the organization. Thus, while benefits are not necessarily emphasized by the respondents as it constituted 55(58.5%) some extent responses, they are the subject of considerable concern among employers and employees, and a few key observations are worth making with respect to employee retention. These findings are in agreement with Smith (2001) who said that most companies are responding to the increasingly diverse needs of their employees by introducing a greater element of choice in the range of benefits from which their workers can choose. Thus, the introduction of flexibility in benefits packages can be a key ingredient in ensuring good retention.

Similarly, Meyer (2003) agrees that some companies have become more creative in the types of benefits they offer their employees, and many such initiatives are focused on allowing employees to strike a better balance between their working and non-working lives.

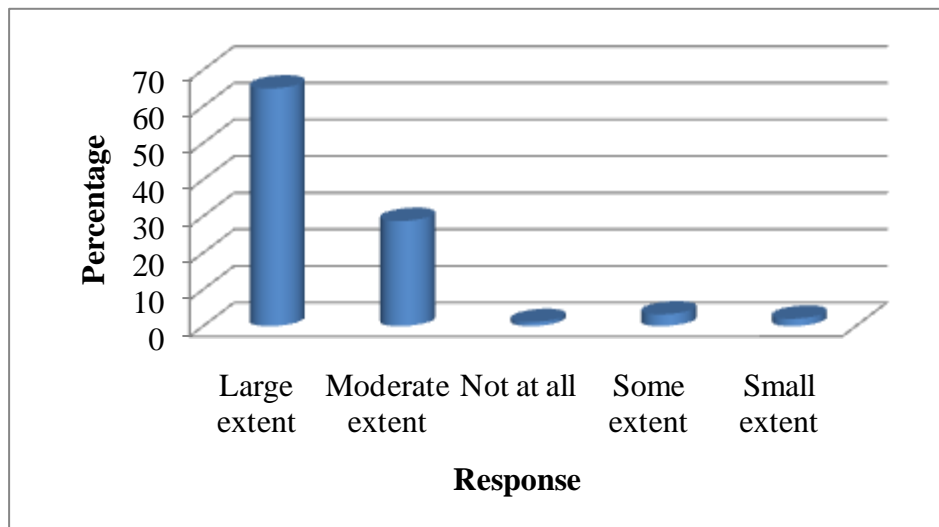
#### **4.8 Extent of Human Resource Management on Extrinsic Motivation and Employee Turnover**

Human resource management is an important aspect in retaining employees since human beings play a big role in service delivery organizations, the findings are presented as here under;

**Table 15: Impact of human resource management on extrinsic motivation and employee turnover**

	Frequency	Percent	Valid Percent
Large extent	61	64.9	64.9
Moderate extent	27	28.7	28.7
Not at all	1	1.1	1.1
Some extent	3	3.2	3.2
Small extent	2	2.1	2.1
Total	94	100.0	100.0

**Figure 11: The impact of Human Resource Management on Extrinsic Motivation and employee turnover**



**Source: Field data 2014**

As indicated from the Table 15 and Figure 10 above, it was found out that majority 61 (64.9%) of the employees perceive to large extent that human resource management impacts on extrinsic motivation and employee turnover in Centenary Bank, 27 (28.7) to a moderate extent, 1 (1.1%) for not at all, 3(3.2%) for some extent while 2(2.1%) reported small extent.



**Table 16: Correlation Results of Human Resources and Employee Turnover**

		Extrinsic Motivation and Employee turnover	Human Resources
Extrinsic Motivation and Employee turnover	Pearson Correlation	1	.781**
	Sig. (2-tailed)		.000
	N	96	96
Human Resources	Pearson Correlation	.781**	1
	Sig. (2-tailed)	.000	
	N	96	96

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

Table 16 shows a positive correlation between human resources and extrinsic motivation and employee turnover in Centenary Bank ( $r=0.78$ ;  $p<0.01$ ). This analysis shows a unit improvement in human resources, other factors held constant, extrinsic motivation is likely to increase and employee turnover is likely to reduce. This analysis was also confirmed by the respondents who revealed that human resources management is important in deterring employee turnover, for instance, it was reported by the respondents that good retention is about more than what a company does once an employee has been hired and established within an organization. They noted that how organizations recruit and how they provide orientation in the first days on the job can be of crucial importance to keeping workers over the longer term. This is in agreement with Smith (2001) that undesirable employee turnover is due to bad hiring decisions on the part of the employer. Similarly Dibble, (1999) support that providing a good initial orientation to the newly-hired employee can not only help to effectively integrate that person into the workplace but can also help to make the new person feel welcome and provide him or her information about how to cope with the demands of the workplace.

Another HR practice mentioned during the study was that of job stress that Centenary Bank should work to ensure that job stress is reduced. According to the respondents this can be transformed to make sure there is job design, freedom, autonomy and team work so as to reduce job stress. Employee retention suggests that workers stay with a company for reasons other than just good pay, benefits and other sundry perks. With respect to job stress, the literature suggests that “intrinsic” rewards are just as important as material rewards Smith (2001). By this it means that workers value their jobs not only when they are well compensated, but often because doing the job is in itself a rewarding experience in other words, it is fulfilling, challenging, interesting and stimulating.

It was further found out that the human resources practices when used properly, can direct employees to do their job in an efficacious manner. The utilization of competence development practices make the employees feel that they are the important part of the organization and they have been taken care of. With this, come the prospects of promotion within the organization and it also improves the employee professional record as well as retention.

In addition, employees feel that a competitive pay structure brings the employee in a desirable mental state of contentment and kills any negative thoughts which bring any sort of inferiority regarding the job. Besides, recognition of employees by supervisors and managers give them a sense of realization that their hard work did not go in vain and their efforts have been acknowledged. Therefore, granting employees the authority to make decisions makes them accountable for what they do which consequently results in higher level of responsibility shown by the employees as well as retention. It was realized that it is the engagement of employees that keeps them passionate and upbeat about their work which eventually exterminate the threats of turnover intentions permanently.

This analysis shows a unit improvement in remuneration, other factors held constant, is likely to reduce employee turnover. This analysis was also confirmed by the respondents who revealed that remuneration is vital to an organization because it motivates employees as they see their efforts are recognized with rewards.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Summary of Findings**

##### **5.1.1 The effect of Remuneration on employee turnover at Centenary Bank**

Remuneration is very significant in reducing employee turnover in Centenary Bank. This is evidenced by a positive correlation generated from SPSS as shown on Table 10 showing correlations with a present value close to positive one ( $r=0.501$ ;  $p<0.01$ ). Also majority 72(76.6%) respondents reported that remuneration impacts employee turnover to a large extent refer to (Table 9). This is further evidenced from the findings that Centenary Bank employees would prefer receiving remuneration in form of monetary rewards instead of receiving collectively the specified non monetary rewards and would be more motivated as a result. Besides, money whether in the form of wages, piecework, incentive pay, bonuses, company paid insurance or any of the other things given to people for performance, money is important. People would therefore be working just for money. Therefore, remuneration is a major determinant of employee turnover and plays a significant role in retaining employees in the organization.

##### **5.1.2 The effect of promotions on employee turnover in Centenary Bank**

The extent on how promotions impact on employee turnover recorded a moderate extent as evidenced by 49 (52.1%) responses and SPSS results on Table 12, showing correlations with a present value close to positive one ( $r=0.601$ ;  $p<0.01$ ). This implies that promotions affect employee turnover to a moderate extent, giving a room for other factors. It is therefore evident that promotion is among the factors influencing employee turnover going by the substantial amount of employees who indicated moderately that promotions impact employee turnover as well as a contingent on the individual's staying in the same organization.

### **5.1.3 Employee benefits and employee turnover**

Based on findings, employee benefits impact on employee turnover recorded some extent as evidenced by 55 respondents making (58.5%) and SPSS results as shown on Table 14 of correlations with a present value close to positive one ( $r=0.615$ ;  $p<0.01$ ), rendering it not too influential. Besides, the study indicated that employees in Centenary Bank receive benefits inform of paid holidays, medical insurance, low interest loan scheme. However, it was noted that these benefits differ from managerial and non-managerial staff. Therefore, the Bank should respond to the increasingly diverse needs of their employees by introducing a greater element of choice in the range of benefits from which their workers can choose. Thus, the introduction of flexibility in benefits packages can be a key ingredient in ensuring good retention.

### **5.1.4 The extent on human Resource Management Impacts on Extrinsic Motivation and employee turnover**

It was found out that Human resources management is important in deterring employee turnover. This is evidenced by findings on Table 15 where majority 61 (64.9%) of the employees perceive to large extent that human resource management impacts on extrinsic motivation and employee turnover in Centenary Bank. Also it is supported by the results of correlations with a present value close to positive one ( $r=0.78$ ;  $p<0.01$ ) refer to (Table 16). It was reported by the respondents that good retention is about more than what a company does once an employee has been hired and established within an organization. According to the respondents this can be transformed to make sure there is job design, freedom, autonomy and team work so as to reduce job stress. Employee retention suggests that workers stay with a company for reasons other than just good pay, benefits and other sundry perks. With respect to job stress, the literature suggests that “intrinsic” rewards are just as important as material rewards. All in all, it is evident that there exists a relationship between

human resource practices, extrinsic motivation and employee turnover among employees. Therefore, for Centenary Bank to excel in the competitive business environment, the best should be provided to the employees in order to get the best out of them.

## **5.2 Conclusion**

It can be concluded based on the findings that, the frequency of labour turnover in Centenary Bank is quite revealing. It is obvious from this study, that there exist a relationship between extrinsic motivations, such as remuneration like salaries and wages, promotion, employee benefits, human resource management and individual attributes and employee turnover in Centenary Bank. This implies that, this frequency of employee turnover can affect goal attainment in the long run when the extrinsic motivators are not looked into and taken care of, the bank performance could be impeded if nothing is done to salvage the uncertain situation in Centenary Bank. In the strength of the above, the study recommend that extrinsic motivation, if well taken care of, it will check the employee intentions to turnover, could also enhance workers commitment, retention and service delivery in the banking sector.

Consequently, the worth of present study lies in the reality that it offers a rationale for both theoretical and practical contributions. Theoretically, the findings of this study can add to the existing body of the literature and can serve as a starting point on which future studies can be built. On the practical side, this study can help the top-management decision makers of commercial banks to enhance the major factors and strategies that may better motivate and retain their workers, thus meeting organizational goals and objectives.

### **5.3 Recommendations**

The following recommendations for improving extrinsic motivation and reduce employee turnover in Centenary Bank are made on the basis of the findings from the study.

- The payment of transportation allowances, an opportunity to improve competencies through training as well as attending workshops and seminars should be ensured and improved. In addition, necessary tools for work should be provided in order to achieve a high level of motivation.
- It is recommended for Centenary Bank to have a culture of recognizing employees' performance and this is the most important factor which goes a long way in retaining employees. Nothing works better than appreciating the employees. Their hard work must be acknowledged. Monetary benefits such as incentives, cash prize also motivate the employees to a large extent and they prefer sticking to the organization.
- The management should explore new ways of showing recognition by introducing holiday bonuses. The management should ensure that the good work from the employees is documented and the employee's work is recognized, appreciated and given extra points in her/his appraisal.
- The Bank should develop employee promotion and career growth planning. Job promotion and career growth can meet the self-actualization needs of employees. Promotion opportunities and adequate training offered by companies can meet employees' demand. Employees recognize that only by constantly learning new knowledge, they could adapt to the increasingly rapid update. Therefore, it is very important that Centenary Bank provides the opportunity for learning.

- The employees should be provided with opportunities to use their skills and abilities in their jobs as well as maintaining a good level of supervision and a sense of belongingness. The employees would highly be satisfied and motivated with their jobs when job enlargement and job enrichment are encouraged in order to make jobs interesting and challenging.
- The Bank management should create relaxed working environment. While attaching the career development of workers, banks should create a relaxed working environment for employees, such as job autonomy, flexible working system and encourage innovation.

#### **5.4 Areas for Further Research**

The overall findings of this research can be used to give hints and suggestions on the directions for future research. Future researchers should undertake a similar study on all the commercial banks in the country to allow the results to be generalized taking into account the scope of this research. A similar research should also be undertaken to investigate how intrinsic motivation contributes to employee turnover. Future researchers should also consider investigating impacts of employee turnover on performance of commercial banks. If the above studies can be undertaken, factors causing employee turnover and their impacts critically determined and proper analysis done, then employee turnover can be arrested and productivity of the commercial banks improved in Ugandan banking sector.



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## Appendix 1: Questionnaire

### QUESTIONNAIRE TO ASSESS THE IMPACT OF EXTRINSIC MOTIVATION ON EMPLOYEE TURNOVER IN CENTENARY BANK

I am Mubangzi Edson Katarikawe a student of Uganda Martyrs University Nkozi. In partial fulfillment of the requirements for the award of a Degree of Bachelors of Business Administration and Management I am required to carry out an individual research project and present report.

Your institution has been identified as a valuable source of information for this study; it is on this background that I am writing to request you to participate in the study that aims at Assessing the Impact of Extrinsic Motivation on employee turnover in Centenary Bank.

The information provided will be used for academic purposes only and treated with utmost confidentiality. Therefore, you are **not** required to indicate your name or department.

**(Please answer or tick appropriately as required.)**

#### 1. Gender

a) Male

b) Female

#### 2. Age in years

a) 20-29

b) 30-39

c) 40-49

d) 50-59

#### 3. Marital status

a) Single

b) Married

c) Divorced

d) Widowed

**4. Highest level of education**

- a) Certificate
- b) Diploma
- c) Bachelor Degree
- d) Master Degree

**5. Position held in the organization.....**

**6. What is your perception on extrinsic motivation?**

.....

.....

.....

**7. To what extent does extrinsic motivation impact on employee turnover?**

Large extent	Moderate extent	Not at all	Some extent	Small extent

**8. How does extrinsic motivation affect employee turnover?**

.....

.....

.....

**9. To what extent does remuneration impact on employee turnover?**

Large extent	Moderate extent	Not at all	Some extent	small extent

**10. How does remuneration affect employee turnover?**

.....

.....

.....

**11. To what extent does promotion impact on employee turnover?**

Large extent	Moderate extent	Not at all	Some extent	Small extent

**12. How does promotion affect employee turnover?**

.....  
.....  
.....

**13. To what extent do employee benefits impact on employee turnover?**

Large extent	Moderate extent	Not at all	Some extent	Small extent

**14. How do employee benefits affect employee turnover?**

.....  
.....  
.....

**15. To what extent does human resource management impact on extrinsic motivation and employee turnover?**

Large extent	Moderate extent	Not at all	Some extent	Small extent

**16. How does human resource management affect extrinsic motivation and employee turnover?**

.....  
.....  
.....  
.....

17. To what extent does individual attributes impact on extrinsic motivation and employee turnover?

Large extent	Moderate extent	Not at all	Some extent	Small extent

18. How does individual attributes affect extrinsic motivation and employee turnover?

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.....  
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**Thank you very much for your contribution**