EXPLORING THE EFFECTS OF MOTIVATION ON EMPLOYEE RETENTION: A CASE STUDY OF INTERNAL REVENUE SERVICE

by

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DECLARATION

I hereby declare that this submission is my own work towards the Executive Masters of Business Administration and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

I dedicate this work to the G. K. Asiamah family for their moral, spiritual and financial support.

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I thank the Almighty God for the strength and grace He granted me during the study.

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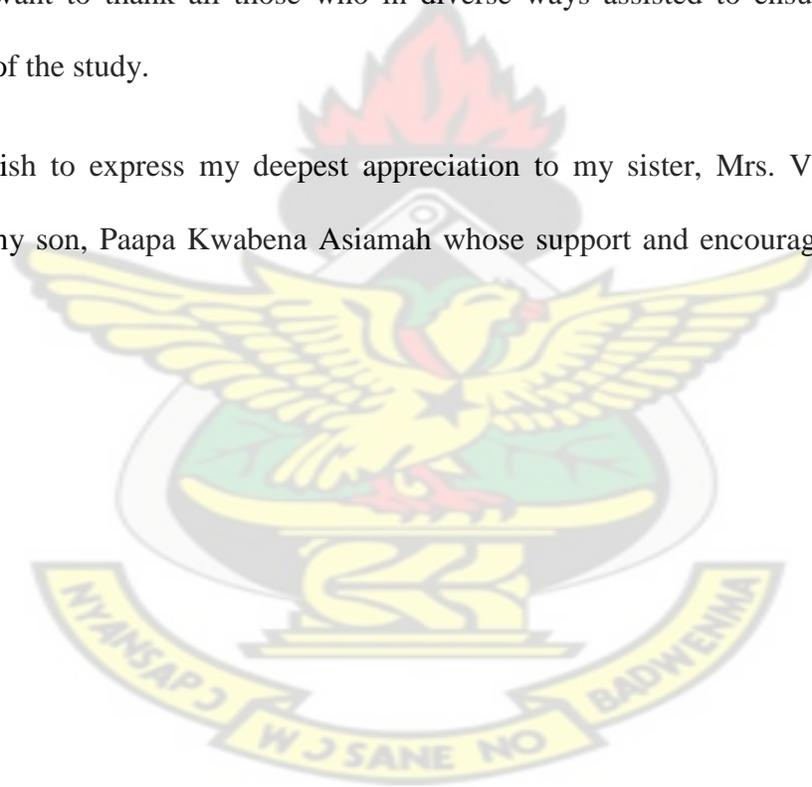
ABSTRACT

The importance of motivation in retaining core employees cannot be over-emphasized. Therefore keeping the best employees continue to remain a challenge for most managers. The study aimed at exploring the effects of motivation on employee retention. The Internal Revenue Service, Upper East Region, was selected as a case study organization with the entire members of the organization (48) constituting the sample size for the study. Both primary and secondary data were used in the study. Self-administered questionnaire were primarily used in collecting data from respondents although interviews and situational observations were made to have a first-hand insight about the natural day to day operation and working environment of the Service. A selected number of managers, senior as well as junior staff were also interviewed as part of the data gathering process. Data collected were subjected to statistical analysis using Statistical Package for Social Scientist (SPSS) software. According to the study 70.8% of the respondents said that they were not satisfied with their current motivation packages. Respondents strongly agreed that good manager-employee relationship can cause core employees to be retained. About 81.2% of the respondents were not satisfied with the mode of selection for training and development and has led to feeling of inequity, de-motivation and labour turnover. It is therefore recommended that Internal Revenue Service should establish appropriate selection criteria that would ensure a fair balance in the selection of staff for training and development; ensure that all staff are promoted on time; and that Internal Revenue Service sets aside funds to provide incentive bonuses to hardworking districts. The study also recommended that a competitive and attractive salary should be provided by management in order to retain the core employees of IRS.

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INTRODUCTION

1.1 BACKGROUND TO THE STUDY

Motivation refers to force that cause people to behave in certain ways. Low salaries and generally poor working conditions lead to de-motivated employees. This does not only lead to strikes and agitations from employees but can also lead to high employee turnover.

Occasionally, there had been sit down strikes and agitations which had characterized the Internal Revenue Service as one of the revenue collecting agencies in Ghana.

A lot of revenue had been lost and this has resulted in a great loss to the nation. The wish for qualified tax officials to leave the service did not stem from only salary alone. Unfavourable working conditions and delay in promotions also accounted for that. There was also the need for career development and enhancement. The service has been grappling with employee turnover with respect to qualified tax official. Quite a lot of qualified tax officials had left for private firms and other financial institutions in the country because of low rate of motivation in the service. What aggravated the situation was the establishment of tax and financial consultancy firms in the country.

Most of the qualified tax officials were usually induced to leave by getting irresistible offers such as promises to pay about ten 10 times what they earned a month in Internal Revenue Service for their qualifications. This definitely was an offer that average worker would jump at. This was due to the fact that the basic salaries of the Internal Revenue officers below management level were among the lowest in the world. The government in collaboration

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with the Revenue Agency Governing Board (R.A.G.B) The Public Service Workers Union (PSWU), and the Senior Staff Association (SSA) of Internal Revenue Service were attempting to solve the problem of low salaries and improvement by offering rent and utility allowance of 7.5% of basic salaries in 2003. This had led to overspending of 2.5% retention of income tax collection given to the service in 2002 for its operational activities. The basic salary of Assistant Inspector of Taxes (A.I.T) the first promotion to a senior tax official was GH¢716.77 per month as at April 2008. This was approximately four hundred and fifty eight dollars $458. A junior tax official with a grade of JTA 4 earned about GH¢300.48 which was approximately one hundred and ninety two dollars $192 in a month (Revenews, 2005).

In 2005, the PSWU and the SSA prompted management of IRS about the need to negotiate for the increment of the retention given to the service so as to be able to pay risk and clothing allowances stipulated in the Collective Bargaining Agreement (CBA) of the service. The service vulnerability to attacks and social rejection subject to availability of funds (CBA Article, 32). As a result, in January 2005, the service retention was increased to 2.8 % (Revenews, 2005) and management of IRS started paying risk and clothing allowances to staff. Staff then received ten percent 10% of their basic salaries as clothing allowance during the first half of the year and another ten percent 10% of basic salary as risk allowance during the second half of the year. This helped to retain a percentage of qualified tax officials who would have otherwise left the service.

In spite of the above packages, staffs of the IRS were of the view that since their basic salaries were still abysmally low, they retired and had very little pension entitlement from the national social security contribution.

The PSWU and the SSA therefore agreed with management of the service that something must be done to secure their retirement. It was not surprising therefore that in January 2009, after series of meetings and negotiations management agreed to pay two percent 2% of basic salary as gratuity fund for staff in order to secure their retirement. The management of IRS knowing the importance of qualified tax officials, their contribution to domestic revenue generation and to the national budget and its subsequent economic development had put in place certain measures to serve as incentives to keep staff at post.

The package that had been put in place to entice qualified tax officials included car loans in collaboration with certain commercial banks such as Standard Chartered bank and the Barclays bank, the acquisition of parcels of land for workers. The rest were free transportation for staff on some key routes in Accra, Kumasi and other regional capitals and towns, arrangement for mortgage facilities with some banks, introduction of incentive bonus and prompt payment of annual bonus. Others included opportunity for career enhancement both in Ghana and overseas as well as regular and timely promotions. These were measures to augment government strategies to discourage the high employee turnover of qualified tax official from the public service especially IRS (Revenews, 2005).

1.2 STATEMENT OF THE PROBLEM

In the corporate world, motivation helps employees to work harder and better to gain competitive advantage. It helps to ignite the inner flame of the workers that push them for better outcomes and achievements. It also builds in them the desire to make significant contributions to the company. It evokes interest in work and directs them to their goals.

Even a single demotivated core employee in an organization can lead to low productivity in the organization (Ghandhi, 2010).

To be effective, managers need to understand what motivates employees within the context of the roles they perform (Lindner, 1998).

However, the way that employees at IRS are motivated leaves much to be desired. There are problems with low salaries, unfavourable working conditions, delays in promotion as well as career development.

The above situation has resulted in quite a number of qualified tax professionals leaving the service and this has increased the employee turnover rate of the service. The IRS accepting this fact have set up a human resource unit under the Administration department headed by the Chief Inspector of Taxes to mitigate the high number of qualified tax officials leaving the service.

The package that had been put in place to entice qualified tax officials included car loans in collaboration with certain commercial banks such as Barclays bank, the acquisition of parcels of land for workers. The rest are free transportation for staff on some key routes in Accra, Kumasi and other regional capitals and towns, arrangement for mortgage facilities with some banks, introduction of incentive bonus and prompt payment of annual bonus. Others include opportunity for career enhancement as well as regular and timely promotions.

In spite of all these initiatives, employees are still leaving the service for private firms and other financial institution.

Therefore, the purpose of the study is to explore the effects of the motivation package that had been put in place at IRS to retain qualified tax officials in the service.

1.3 OBJECTIVES OF THE STUDY

The objectives of the study are categorized into two. These are the main objective and the specific objectives.

1.3.1 MAIN OBJECTIVE

The main objective of the study was to explore the effects of motivational packages on the retention of employees at IRS.

1.3.2 SPECIFIC OBJECTIVES

The main objective was broken down into specific objectives. These were:

1. To identify and evaluate the current motivational packages at IRS.

2. To explore the effects of the various motivational packages on employee retention at IRS.

3. To determine how employee empowerment and supervision style can lead to employee motivation and retention at IRS.

4. To make appropriate recommendation on how IRS could improve its' motivational package to retain its core employees.

1.4 RESEARCH QUESTIONS

1. What are the current motivational strategies for employee of IRS?

2. Are the motivational strategies able to retain staff of IRS?

3. What employees empowerment and supervision style exist for employees at IRS?

4. Are the employee empowerment and supervision style able to retain staff of IRS?

1.5 JUSTIFICATION OF THE STUDY

As has been stated earlier, effective staff motivation and retention were a key aim of management and development strategies and policies. Reduced turnover gives an organization more stability, which pleases employer, employees and clients alike. A satisfied workforce reflects positive attitude towards others. They in turn will reflect a positive attitude towards clients thus generating higher satisfaction scores which grows the revenue of the organization (Smith, 2004). From the above, it could be observed that not much research had been down on how to retain qualified tax officials. It could also be found out that salary and fringe benefit were necessary but not usually sufficient condition to attract, motivate and retain professional tax officials.

The recommendation of this study would help the management of IRS and other sister revenue collecting agencies to retain their staff fairly well. It was also intended to offer solution to the turnover that was affecting productivity in the Public Service of Ghana especially IRS. The study would help IRS to increase its annual revenue collection which could be used to undertake more developmental projects in Ghana since more of the qualified tax professional would be retained in the service.

1.6 SCOPE OF THE STUDY

The study was limited to the Internal Revenue Service. It concentrated on employees retention in the service. The scope of the study was Upper East Region office of IRS. The situation will restrict the findings and outcome only to the Internal Revenue Service in Upper East Region. All the 48 staff in the region was respondents.

1.7 OVERVIEW OF RESEARCH METHODOLOGY

The methodology outlines the various tools, methods and procedures which were used to gather data for the study. It specifically, looked at the population, sample size and sampling technique, research instruments, data collection and tools used in data analysis.

Both primary and secondary data were used in the collection of data with research population being the entire 48 staff members of IRS in the Upper East region. A sampling size of 48 respondents constituting the entire members from IRS within the Upper East region was selected using a non probability sampling method specifically, the purposive or the judgmental sampling method was used. The tools used for the research were questionnaires, interviews and observation.

1.8 LIMITATIONS OF THE STUDY

Limitations that were encountered in the conduct of the study included (but are not restricted to) the following: Financial and time constraints were the major problems that confronted the study. Financial resources for the study were inadequate. The respondents hid under the pretext of lack of time to avoid answering the questions. There were limited reading materials on the subject of motivation and employee retention at the IRS. Management had

not documented the package that had been put in place to motivate staff. The high number of respondents required a longer time to administer and retrieve the questionnaire.

In some instances respondents misplaced the questions that were given to them and they had to be replaced. Some respondents took the questions and did not return them; new respondents had to found to make the number of people to be interviewed.

It was also difficult to get information from key personalities especially, at the management level of the service.

1.9 ORGANIZATION OF THE STUDY

The study is organized into five chapters. The first chapter focuses on the introduction of the study. The second chapter deals with literature and the theoretical framework of the study. Chapter three covers the methodology of the study. The fourth chapter also covers data presentation, analysis and discussions. Chapter five concludes the study and makes a summary of findings and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

The serious consequences that result from loss of qualified tax officials for this country are becoming increasingly recognized and are now being widely discussed in some publications (Aryee, 2007).

The already inadequate logistics to make significant inroads into the informal sector taxation which has been estimated to be potentially about 80% have been badly damaged by the high turnover of qualified senior tax officials (Aryee, 2007).

This is because qualified tax officials are the linchpins of any improved tax administration. Therefore, high turnover of qualified tax officials in IRS has serious implication for economic development as well as the achievement of Ghana's plan to become middle income by the year 2015.

The situation was even worse in the northern part of the country as most of the qualified tax officials especially at the operations department are in the south. There were for example about ten 10 qualified tax officials at the operations department in the whole northern region in 2007, and not more than ten qualified tax officials at the operations department in the upper east region within the same period (Revenews, 2007).

2.1.1 MOTIVATION

Motivation refers to the force either within or external to a person that energize, direct, and maintain behaviour (Daft and Noe, 2001). To Daft and Noe ,an individual's motivation influences enthusiasm, directs energy towards an outcome, and maintains behaviour even when the behaviour does not immediately result in a reward or the work environment makes it difficult to perform the behaviour.

According to Koontz and Weihrich (1988), motivation is defined as a general term applying to the entire class of drives, desires, needs wishes and similar forces. Koontz and Weihrich added that to say that managers motivate their subordinates is to say that they do those things which they hope will satisfy these drives and induce the subordinates to act in a desired manner.

An employee's motivation to work consists of all the drives, forces, and influences conscious or unconscious that causes the employee to want to achieve certain aims (Bennet, 1995). Managers need to know about the factors that create motivation in order to be able to induce employees to work harder, faster, more efficiently and with greater enthusiasm.

To Bennet, employees are motivated in part by the need to earn a living and partly by human needs for job satisfaction, security of tenure, the respect of colleagues, and so on.

According to Anne and Barry (2005), motivation refers to the amount of effort that an individual puts into doing something. To Kanungo and Mendonca (1995), motivation is a basic psychological process which explains why employees behave the way they do in the workplace.

Another view of motivation is the willingness to exert high levels of effort towards organizational goals, conditioned by the effort's ability to satisfy some individual need (Robbins 1996). To Daft and Noe (2001), intrinsic motivation are the satisfaction a person receives while performing a particular action. The completion of a complex task may give a pleasant feeling of accomplishment, or solving a problem that benefits others may fulfil a personal mission. Extrinsic motivation on the other hand, is giving by another person as a result of completion of a task, good performance, or positive behaviour. It may be in a form of recommendation for promotion from a manager or pay increase for employee's who perform well.

Motivation has been defined as: the psychological process that gives behaviour purpose and direction (Kreitner, 1995). Kreitner et al (1999) stated that although motivation is necessary contributor for job performance, it is not the only one. Along with ability, motivation is also a combination of level of skill, knowledge about how to embark on the task, feelings and emotions and facilitating and inhibiting conditions not under the individual's control. Furtherance to this however, Kreitner et al (1999) added that what is clearly evident is that if the manager is to improve the work of the institution, attention must be given to the level of motivation of its members.

The manager must also encourage the staff to direct (their driving force) towards the successful attainment of the goals and objectives of the institution. In the simplest sense, motivation involves three elements. What is important to a person, offering it in exchange for something and desired behaviour. On the first issue, there is data that suggest that employee prefer pay systems that recognizes individual performance, changes in cost of living, seniority, and the market rates, just to name the most important factors.

2.1.2 THEORIES OF MOTIVATION

According to Bennet (1995), motivation theory has developed into two direction: there are 'content theories' which focus on why certain goals are more important to some people than to others, and 'process theories' that seek to explain why individuals behave in a particular way. Thus, content theories ask the question 'what are the needs a person will seek to satisfy and how do these affect motivation?', whereas process theories examine the thought process that people experience prior to taking action.

The major content theorists are Maslow, Alderfer, .Herzberg and McGregor. Content theories of motivation seek to determine the individual's choice of goals and hence why certain things are more important to some people than others. Perhaps the most influential of all the proponents of this approach has been Maslow, who suggested that individuals are motivated by five levels of need. When the first level has been satisfied the individual will attempt to satisfy second level needs, then move to third, fourth, and finally fifth levels. The five categories of needs in the order in which (according to Maslow) a person will seek to satisfy them are as follows: Physiological, Security, Social, Esteem and Self-actualization needs. There is no doubt that Maslow's theory of human motivation, called Hierarchy of Needs, is the most popular of all the theories of motivation. He hypothesized that within every human being, there exist a hierarchy of time needs.

To Bennet (1995), the major process theorists are Vroom, Porter and Lawler whose work is collectively referred to as 'expectancy theory'. This theory asserts that an individual's behaviour will reflect: (a) self- selected goals; and (b) what the person has learned or believes will help achieve them. Thus people are motivated by their expectations that certain modes of behaviour will lead to desired events. Consider, for example, a worker who feels a strong

need to achieve promotion and a higher standard of living. This person will be motivated in a currently-held job according to whether he or she believes that excellent performance will be noticed by superiors and that it will lead to promotion and hence significantly higher salaries. Accordingly, motivation depends not only on personal needs and objectives, but also on how needs can be fulfilled and objectives achieved.

Equity theory also belongs in the process category. This theory asserts that employees' own assessment of whether they are being fairly treated is a major factor influencing motivation.

According to the theory, individuals regularly compare (perhaps unconsciously) the return they are experiencing with the rewards given to the other employees, in relation to the effort they contribute to their jobs. If a worker believes his or her returns correspond to those of other employees (proportionate to the effort involved) then a state of 'distributive justice' is said to occur, and the worker will be content. Otherwise, 'cognitive dissonance' exists, meaning that the individual adopts a state of mind whereby he or she perceives the reward/effort ratio to be out of balance compared to the ratios of other workers.

Process theories seek to predict individual motivation by identifying the processes that determine the patterns of behaviour a person will follow when pursuing desired objectives. Reactance and attribution theory also belongs in the process category. According to the theory, employees are motivated by a desire to control or reduce uncertainty or imbalance in the factors which influence their rewards. Where they cannot see what these factors are- such in a promotion system where the criteria for promotion are unclear, they may eventually give up and stop trying. Also important is the extent to which individuals see themselves as

having control in the first place. Some people will be inclined to put a sudden pay rise down to luck-that is, beyond their control; others will attribute it to hard work.

The employee who attributes his pay rise to luck will not be motivated to work harder, because he does not believe that will influence his pay. The employee who attributes it to hard work will believe that by working harder still he can even earn more- that is, he believes he has control and will be motivated to keep trying (Hackett, 1998).

2.1.3 MODERN THEORY OF MOTIVATION

According to Hackett (1998), to bring Maslow's need hierarchy theory of motivation in synchronization with empirical research, Clayton Alderfer redefined it in his own terms .His rework is called as ERG theory of motivation .He recategorised Maslow's hierarchy of needs into three simpler and broader classes of need. The first is existence needs, these includes need for basic material necessities. In short, it includes an individual's physiological and physical safety needs.

Relatedness need is the second need that he touched on and these include the aspiration individual's have for maintaining significant interpersonal relationship (be it with family, peers or superiors) getting public fame and recognition .Maslow's social need and external components of esteem needs fall under this class of need.

Growth needs is the last need that he stated and these include need for self-development and personal growth and advancement. Maslow's self-actualization needs and intrinsic components of esteem needs fall under this category of needs.#

To Hackett, the implication of the ERG theory of motivation is that, managers must understand that an employee has various needs that must be satisfied at the same time. According to the ERG theory, if a manager concentrates solely on one need at a time, this will not effectively motivate the employee. Also, the frustration –regression in aspect of ERG theory has an added effect on work place motivation. For instance, if an employee is not provided with growth and advancement opportunity in an organization, he might revert to the relatedness need such as socializing needs and to meet those socializing needs. If the environment or the circumstances do not permit, he might revert to the need for money to fulfil those socializing need. The sooner the manager realise and discovers this, the more immediate steps they take to fulfil those needs which are frustrated until such time that the employee can again pursue growth.

2.1.4   ESSENTIALS/FEATURES   OF   GOOD   MOTIVATION   SYSTEM
High motivation lead to high morale and greater production. A motivated employee gives his best to the organization. He stays loyal and committed to the organization. A sound motivation system in organization should have the following features.(Ghandhi,2011). According to Ghandhi, superior performance should be reasonably rewarded and should be duely acknowledged.

Also, the employees must be dealt in a fair and just manner. The grievances and obstacles faced by them must be dealt instantly and fairly.

Carrot and stick approach should be implemented to motivate both efficient and efficient employees. The employees should treat negative consequences such as fear of punishment as

stick, an outside push and move away from it. They should take positive consequences such as reward as carrot, an inner pull and move towards it.

According to Ghandhi, a sound motivation system must be correlated to organization goals. Thus, the individual employee goals must be harmonised with the organization goals. The motivational system must be modified to the situation and to the organization. A sound motivation system requires modifying the nature of individual's job. The jobs should be redesigned or restructured according to the requirement of situation. Any of the alternatives to job specialization could be used.

To Ghandhi, the motivation system should involve monetary as well as non monetary .The monetary rewards should be correlated to performance. Performance should be based on the employees action towards the goal, and not on the fame of employees.

The manager must understand and identify the motivators for each employee. A sound motivation should encourage supportive supervision whereby the supervisors share their views and experiences with their subordinate, listen to the subordinates views, and assist the subordinates in performing the designed jobs.

2.1.5 MOTIVATIONAL CHALLENGES

Motivation seems to be a simple function of management but in practice it is more challenging (Bennet,1995).The reasons for motivation being a challenging job are as follows: One of the main reasons of motivation being a challenging job is due to the changing workforce. The employee become part of the organization with various needs and expectation. Different employees have different beliefs, attitudes, values, backgrounds and

thinking. But all the organizations are not aware of the diversity in their workforce and thus are not aware and clear about different ways of motivating their diverse workforce. To Bennet,employees motives cannot be seen, they can only be presumed. Suppose there are two employees in a team showing varying performance despite being of same group, having same educational qualifications and same work experience. The reason being what motivates one employee may not seem motivating the other.

Motivation of employees become challenging especially when the organizations have considerably change the job role of the employees, or have lessened the hierarchy, or have chucked out a significant number of employees in the name of down-sizing or right-sizing. Certain firms have chosen to hire and fire and paying for performance strategies nearly giving up motivational efforts an employee. These strategies are unsuccessful in making an individual overreach himself.

The vigorous nature of needs also pose challenge to a manager in motivating his subordinates. This is because an employee at a certain point of time has diverse needs and expectations. Also, these needs and expectations keep on changing and might also clash with each other. For instance, the employees who spend extra time at work for meeting their needs for accomplishment might discover that the extra time spent by them clash with their social needs and with the need for affiliation.

2.1.6 IMPORTANCE OF MOTIVATION

According to Hackett (1998), motivation is very important for an organization because of the following reasons: Every concern requires physical, financial and human resources to accomplish the goals. It is through motivation that human resources can be utilised by

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making full use of it. This can be done by building willingness in employees to work. This will help enterprise in securing best possible utilization of resources. To Hackett, the level of a subordinate or an employee does not only depend upon his qualifications and abilities. For getting best of his work performance, the gap between ability and willingness has to be filled which helps in improving the level of performance of subordinates. This will result into increase in production, reducing cost of operation; and improving overall efficiency.

Motivation also leads to the achievement of organization goals. The goals of an organization can be achieved only when factors like best possible utilization of resources; co-operative work environment; employees are goal-directed ;and act in purposive manner and co-ordination and co-operation takes place simultaneously which can be effectively done through motivation.

According to Hackett, motivation is an important factor which brings employees satisfaction. This can be done by keeping into mind and framing an incentive plan for the benefit of the employees. This could initiate things like monetary and non monetary incentives, promotion opportunities for employees, disincentive for inefficient employees.

Stability of workforce is very important from the point of view of reputation and goodwill of an organization. The employee can remain loyal to the organization only when they have a feeling of participation in management. The skills and efficiency of employees will always be of advantage to employees. This will lead to a good public image in the market which will attract competent and qualified people into the organization. As it is said, old is gold' which

suffices with the role of motivation here, the older the people the more experience and their adjustment into the organization which can be of benefit to it.

2.2 EMPLOYEE TURNOVER

Labour turnover is a major issue for most employers. It imposes cost on them that they are keen to avoid. High levels of labour turnover can pose serious problems for both large and small organizations. All organizations one way or the other can expect some degree of labour turnover. Indeed a certain degree of labour turnover may be desirable since it creates opportunities to introduce wider experience and new ideas to the organization as well as providing career development opportunities for existing workers. Persistently high level labour turnover, however, is costly both to individual organizations and the economy as a whole and it adversely affects efficiency, productivity, profitability and morale.

Over the years, different authors have put forward various definitions of labour turnover from diverse schools of thought. Cascio (1989) defines turnover as any permanent departure beyond organizational boundaries. He argues that turnover could be classified as controllable and uncontrollable. Controllable turnover according to his definition is 'voluntary' by the employee while uncontrollable turnover is 'involuntary' which may be due to any of the following factors; retirements, deaths or transfers. He further classified turnover as functional, where in this case employees departure produces a benefit for the organization or dysfunctional, where the departing employee is someone the organization would like to retain.

On his view, Ahuja (1988), defines labour turnover as the relation between the number of persons joining an organization and those due to resignations, retirements, or retrenchment to the average number of the payroll.

Turkson (1997), on the other hand refers labour turnover as the measurement of the number of employees leaving a particular workplace and their replacement. He stressed that it is the responsibility of every human resource manager to ensure that labour turnover is at manageable level. In the view of Turkson, a high rate of turnover necessitates the following problems; Extra expenditure on recruitment and training of new employees; Indication that an organization's personnel policies are not effective and therefore need to be reviewed through the findings of an exit interview; it adversely affects the tempo of production.

According to Cole (1997), labour turnover is a common index of labour performance and it provides information about the ratio of leavers to the average numbers employed during the course of the year.

Milkivich and Boudreau (1994), making contribution on labour turnover on organization, argued that, employee turnover have important impact on any organization since they affect the efficiency of the retained workforce and they continued by suggesting that human resource managers need to manage this aspect of labour more carefully.

2.3 MAJOR CAUSES OF LABOUR TURNOVER

2.3.1 PUSH AND PULL FACTORS

Push factors are those issues that may repel people from their current employer, including unfair treatment, poor job fit and so forth. Pull factors are those that may entice employees to other organizations including better employment conditions or better market image.

According to The Chartered Institute of Personnel and Development (CIPD, 2004), employees resign for many reasons. Sometimes it may be the attraction of a new job or the prospect of a period outside the workforce, which 'pulls' them, on the other occasions they are 'pushed' due to dissatisfaction in their present jobs to seek alternative employment. They continue that sometimes it may be a mixture of both pull and push factors.

The recent research report by CIPD strongly suggests that push factors are usually more significant in most resignations than most managers appreciate. It is relatively rare for people to leave jobs in which they are happy, even when offered higher pay elsewhere. It is however, important to appreciate that reasons people give for their resignations are frequently untrue or only partially true. According to CIPD the use of exit interviews are widespread yet they are notoriously unreliable, particularly when conducted by someone who may later be asked to write a reference for the departing employee.

The principle of lifelong learning, thus having access to learning opportunities throughout life in order to extend and renew knowledge and skills applies to everyone, and not least to IRS staff. There should be professional development of IRS staff. All IRS staff should have

the opportunity for continuous professional development in their career and there should be resources to support that.

2.3.2 MOTIVATIONAL FACTORS

Motivation may be defined as psychological forces that determine the direction of a person's behaviour in an organization; a person's level of effort and a person's level of persistence in the face of obstacles (Jones, et al, 2001). Managers try to motivate employees to contribute their inputs to an organization, to focus these inputs in the direction of high performance, and to ensure that employees satisfy their individual needs when they perform at a high level.

When employees are highly motivated, they tend to direct their energies towards meeting organizational goals and to display such optimum levels of performance. Conversely, when motivation declines, employees tend to look for another workplace for a possible recruitment. These traits also tend to undermine efficiency, productivity and sustainability.

Motivation is indeed, the satisfaction of human needs and desires. According to Badawy (1988), needs are the keys to motivation and needs initiates and guide the individual's action until the goals that generated them are reached. There is a strong relationship between motivation, job satisfaction and commitment, and intention to leave, staff turnover and retention. If needs are met, it can prevent staff turnover and increase retention.

There is no doubt that Maslow's theory of human motivation, called Hierarchy of Needs, is the most popular of all the theories of motivation. He hypothesized that within every human being, there exists a hierarchy of time needs. These are; Physiological Needs, Safety Needs, Social Needs, Self-esteem Needs and Self-actualization Needs.

According to Maslow, as each of these needs become substantially satisfied, the next need becomes dominant. Indeed Maslow's hierarchy of needs theory and other need theories provide managers with a conceptual means of understanding motivation by giving guide to the needs and desires of individuals within an organization.

Bass and Barret (1987), argue that 'in developing countries where the struggle for food, clothing and shelter is still of paramount importance, the motivation to work at a particular place still centers on the lowest level of needs for survival and security.

Senya (2000) attributed the very high rate of labour turnover in most organizations in developing countries to the following factors; lack of job security, limited education and skills and poor condition of service.

In the view of Turkson (1997), the rate at which employees leaves an organization can also be attributed to the following motivational factors;

There may be discontentment among employees resulting from poor conditions of service and poor personal administrative practices:

(a) Inadequate and low salaries and wage structure.

(b) Lack of avenues for promotion.

(c) Lack of accommodation for employees.

(d) Unsuitable hours of work.

(e) Lack of welfare and fringe benefits.

It is against this background that management of the IRS and other public institutions must endeavour to motivate staff, not only as a way of meeting the goals of these organizations but also a means of satisfying personal needs. It is undeniable fact that, staff can only perform satisfactorily when management has met their basic needs.

2.3.3 POOR RECRUITMENT EXERCISE

Morrice (p.739), on his part attributed high labour turnover in an organization to adverse consequences of poor recruitment and selection exercise. He noted that not only does this lead to increased direct cost, but it has a disruptive effect on the use of managerial time. A strategy should be adopted to acquire, utilize and retain the organization's human resource base. This should be done to get the right people; with the right skills, in the right numbers, in the right places, at the right time and at the right cost.

2.4 EFFECTS OF LABOUR TURNOVER

Employee turnover is a critical human resource issue in all sectors of the economy. Employee turnover affects productivity, product and service quality and profitability. The cost of replacing workers is high, finding skilled employees can be difficult and investments in training are less secured.

Commenting on the effects of labour turnover in an article in the Daily Graphic, Addaih (2003) advises that as experienced employees depart, the quantity and quality of the remaining personnel diminishes. He suggested that, to reduce the resulting overtime requirements and anticipate future turnover, company's needs to respond by staffing to higher level than necessary, which in effect result in greater labour cost. He further pointed

out that 'while as it is inevitable that employees will come and go, on the other hand if it gets out of hand or if an organization is losing key employees, it can hurt the company's growth'. He further stressed that employee turnover is a serious issue for employers of all size.

In the words of Akpedonu, Acting Director of Human Resource, University of Ghana, Legon 'We might have to close down some faculties if we cannot replace the lectures who are leaving'. According to Akpedonu, while no one can stop the senior lecturers from leaving because of low wages, the biggest problem confronting the University was how to convince young graduates to take up to lecturing as a profession (Public Agenda, 2005).

Labour turnover does not just create costs. Even though labour turnover is undesirable, some level of it is important to bring new ideas, skills and enthusiasm since a very low rate, would lead to organizational inbreeding and stagnation. A 'natural' level of turnover can be a way in which an organization can slowly reduce its workforce without having to resort to redundancies (Institute of Chartered Secretarial and Administrators, 1991).

2.5 EMPLOYEE RETENTION

According to Sue (2001), in simple terms, employee retention means keeping those members of staff that one wants to keep and not loosing them from the organization, for whatever reason but especially to competitors. To Sue, organization needs to have right people with the right skills and abilities in the right place and at the right time. This relies on planning, effective recruitment; selection, training, development and retaining those you want to keep.

Some of the most pressing human resources management issues in organization today centre on the need to effectively obtain high performing employees which will accordingly increase productivity and profitability.

To Sue, employee retention is synonymous to employee motivation. A motivated employee will be satisfied and therefore more productive and more likely to stay within the organization all other things being equal. Therefore, a key issue to address when looking to retain employee is to motivate them. Employee retention can determine the success of the organization or otherwise. If the best staff is not retained then the organization cannot retain its key clients and customers.

Keeping valuable employees can be a source of competitive advantage. An organization needs to attract good people, use them effectively and reward them so it can keep the staff it wants. It costs money to keep them but failing to deal with employee retention can potentially affect the financial performance, and reduce the organization's profit. In a service delivery organization, people tend to loose their trust in the organization and its integrity suffers.

Smith (2004) also indicates that successful organizations realize employee retention and talent management are integral to sustaining their leadership and growth in the market place. Smith asserts that becoming an employer of choice by attracting, hiring and retaining high caliber employees in today's labour market are the things that challenge organization to manage talents and skill at all levels in the organization. It is always wiser and less expensive to retain employee than to be recruiting.

According to Smith, employee retention has become one of the most critical issues facing corporate leaders. This has come about as a result of the shortage of skilled labour, economic growth and employee turnover. Workforce stability is an issue because of unprecedented churning in the employment market with a focus on retaining one's employees. Today's labour force is different, therefore managers must take responsibility for their own employment retention; and if they neglect this critical management role, they could be left without enough good employees.

To Smith, a wise employer will learn how to attract and keep good employees. Smith has observed that money and benefits may bring employees through the front door, but poor working conditions and poor management skills drive them out the back. When it comes to recruiting and retaining many organizations fail to see their own bad habits, faulty processes and other inefficiencies leading to low productivity and high turnover. Reduced turnover gives an organization more stability, which pleases employer, employees and clients alike. A satisfied workforce reflects positive attitude towards others. They in turn will reflect a positive attitude towards clients and thus generating higher satisfaction which grows the revenue of the organization.

2.6 IMPORTANCE OF EMPLOYEE RETENTION

Employee retention is one of the primary measures of the health of an organization. If you are losing critical staff members, you can safely bet that other people in their departments are leaving as well. Exit interviews with departing employees provide valuable information you can use to retain remaining staff.

Retention of excellent employees is one of the most important challenges in organization today. Retention requires a competitive salary and great benefits. However, retention of an organization's best employees requires a whole lot more. Employee's involvement, recognition, development, advancement and pay based on performance just get the organization started in their quest to retain their best.

What do people want? The same things they have always wanted-challenging and stimulating work, fair pay, the tools and resources needed to do their jobs, recognition for work well done and involvement in the decision that impact their day to day lives at work (Grensing, 2000).

To Santosus (2003), you do not have to do anything to retain employees when they have nowhere to go. But doing nothing now will lead to problems tomorrow. According to Santosus, if employers fail to work towards the retention of their staff, there is likely hood that they may lose them in the future when other organizations attract them.

2.7 EMPLOYEE RETENTION STRATEGIES

Apart from money which is the cornerstone of employee retention, there are other important strategies that can be used to retain workers. Many on the front line say that retention of professionals is not as simple as offering those new employees fatter salaries, although each of these elements is part of an overall strategy. Rather, keeping those employees depends on the organization's willingness to reach beyond traditional approaches (Earls, 1998).

According to Armour (2000) the following are key retention strategies that can be used by managers to curb the problem of employee retention:

2.7.1 HOLD 50/50 MEETING, BREAKFAST OR LUNCH MEETINGS, OR REGULARLY STAFF MEETINGS

Research suggests that key caveats for leadership with heart are that employees want to be heard and understood, and that they want to be told the truth with compassion. These two concepts can be balanced in 50/50 meetings, where management speaks 50 percent of the time and their goals, vision, and mission and where employees have a chance to raise their own questions and issues for the remainder of the meeting. Since being in on things is extremely important for employees, the best way to curb negativity and low morale is in-depth straightforward communication through a variety of meetings-over breakfast or lunch, at staff meetings, or other employee forums.

2.7.2 PRACTICE MANAGEMENT BY WANDERING AROUND (MBWA)

Managers need to follow Tom Peter's 'excellence' principle of getting out amongst employees to discuss important day-day issues. Consider asking such questions as 'what can we do to make your job easier, better to create a better experience for you?

2.7.3 WORK SIDE BY SIDE WITH EMPLOYEES

Walk a mile in my shoes teaches true compassion for the issues faced daily by employees. By working side by side with employees, managers can experience first-hand, many of the concerns confronted by workers and reduce class distinctions between management and staff employees.

2.7.4 CONDUCT EXIT INTERVIEWS

Toys R Us Inc. reduced its turnover by 35% by in part listening to what the dissatisfies were. By going beyond vague reasons such as 'more money' or 'better opportunity' they were able to discover the real dissatisfies (you are not paying me enough to put up with).

2.7.5 USE OF OTHER METHODS TO LISTEN

Use other methods to listen to your employees that are consistent with the organization's culture. Suggestion systems employee task force meetings and employee committees may serve as excellent strategies for more effective listening. Be prepared to act on employee issues, however. The worst thing that management can do is to ask the questions without any intention of responding to critical issues.

Kathy (2006) contributed that various retention strategies can be adopted by HR managers.

The strategies included the following:

Make supervisors more accountable for retention by tying their compensation to retention performance. Only 11% of organizations do this, according to those surveyed, and it can affect the supervisor's merit increase and bonus and can even result in dismissal.

Provide a workplace that respect, encourage and enable work life balance, and provide a workplace, ''brand'' experience that satisfies workers on many levels. Yahoo! offers onsite dental services at some of its location, for example, and Pepsi Co offer employees a shorter work week during the summer to give them greater personal time, the report noted.

Create succession planning that helps top performers along their career paths, and offer learning and development programmes to groom employees for future management roles instead of one specific job.

Focus effort and resources on the most talented workers and those with the highest potential promoting from within, when possible.

Develop a mentoring programme that matches news employees with veterans.

Stay connected to employees by monitoring and measuring morale during the employee's entire tenure, and distributes exit interview information to senior management (Harriot, 2005).

2.8 EMPLOYEE RELATION

Employee relation involves the body of work concerned with maintaining employer-employee relationships that contribute to satisfactory productivity, motivation and morale. Essentially, employee relations are concerned with preventing and resolving problems involving individuals which arise out of or affect work situation (Heery and Noon, 2001).

Heery and Noon, opined that employee relation is a common title for the industrial relation function within personnel management and is also sometimes used as an alternative label for the academic field of industrial relations. The term underlines the fact that industrial relation is not confined to the study of trade unions but embraces the broad pattern of employee management, including systems of direct communication and employee involvement that target the individual worker (Heery and Noon, 2001).

2.8.1 LEADERSHIP/MANAGEMENT

According to Bennet (1995), leadership is the ability to influence the thought and behavior of others. To Bennet, a leader's position may be formal and result from designated organizational authority or informal and depend on the individual's personal ability to exercise power.

A lot of management theorists have come out with management/leadership approaches that motivate employees to put up their best. Out of these, the Human Relations System and Contingency seems to be the best. This so because, the human relation approach is based on the consideration of and attention to the psychological and social factors at work and the behaviour of employees within the organization.

Touching on the systems approach, management place emphases on the social and technological needs of the employees, the interrelationships of the sub-systems and multiple channels of interaction and recognizes the importance of the external.

Lastly, the contingency approach is of the view that management should not adopt one way of solving problems. This approach advocates that there are a large number of variables or situational factors, which influences organizational performance. The need for flexibility is therefore, hammered most (Bennet, 1995).

2.8.2 SUPERVISION

There are several interpretations of the term 'supervision', but typically supervision is the activity carried out by supervisors to oversee the productivity and progress of employees who report directly to the supervisor. It means to oversee.

Supervision often includes conducting basic management skills (decision making, problem solving, planning, delegation and meeting management) noticing the need for and designing new job roles in the group, hiring new employee and ensuring conformance to personnel policies and other internal regulations (Kadushin ,1992).

According to Kadushin, the functions of supervision can be stated in the following terms: Administrative, the promotion and maintenance of good standards of work, co-ordination of practices with policies of administration, the assurance of an efficient and smooth-running office; Educational, the educational development of each individual worker on the staff in a manner calculated to evoke her fully to realize her possibilities of usefulness and; Supportive, the maintenance of harmonious working relationships, the cultivation of esprit de corps.

In general supervision may be seen as either training supervision or consultative supervision. Supervision is part of the overall training and educational needs of the tax professional and there are many supervision model and styles to look at.

Mullins (2002) opines that there is no motivation but the environment is created for an individual to be motivated. It must be emphasized that the creation of an environment for motivation needs the contribution of the individual's supervisor. The management style employed by ones supervisor can therefore go a long way to motivate or de-motivate the individuals working under him/her.

2.8.3 EMPLOYEE DEVELOPMENT

Development is the process whereby overtime, learning brings about significant changes in the individuals. What organizations need of their members is development, for this is the process whereby a person, through learning and maturation, becomes increasingly complex, more elaborate and differentiated (Lecture notes, human resource management, CEMBA, 2009).

Individuals in work settings do not develop independently of the organization. Their development interacts with the organization and its development through the individual's career. When an individual sees development in their chosen career, there is opportunity for capacity building and development. This gives the assurance of being prepared for bigger tasks. Promotion and career progress follows; this motivates an individual to continue to stay in the organization (International Research Survey, 2005).

Beardwell and Holden (1997), are of the view that many professionals are now requiring their members to undertake continuing professional development (CPD) because the changing environment is rendering obsolete some of their original skills and knowledge and demanding the development of others.

Whittaker (1992) indicates that CPD is needed to ensure that professionals remain up to date in a changing world and that the reputation of the profession is enhanced, and to encourage professionals to aspire to improve performance and ensure that they are committed to leaving as an integral part of the work.

2.8.4 EMPOWERMENT

According to Daft and Noe (2001), the newest trend in motivation is 'Empowerment', the delegation of power or authority to subordinates in an organization. To Daft and Noe, increasing employees power heightens motivation for task accomplishment because people improve their effectiveness, choosing how to do a task and using their creativity.

Empowering employees' means giving them four elements that enable them to act more freely to accomplish their jobs: information, knowledge, power and rewards.

Mullins (2002), states that empowering is allowing employees to greater freedom, autonomy and self control over their work and responsibility for decision-making. When an employee has the right to take initiative and be responsible for actions taken, he feels part of the decision makers in the organization. This motivates them to stay in the organization. Where the individual feels being in the organization provides the needed economic empowerment that he so much desires, he or she will stay and perform.

2.8.5 RECOGNITION AND REWARDS

According to Koehler (2009), every person has different reason for working. The reasons for working are as individual as the person. But we all work because we obtain something that we need from work. The something that we obtain from work impacts our morale and motivation and the quality of our lives.

To Koehler, whatever your personal reason for working, the bottom line however, is that almost everyone work for money. Fair benefits and pay are the cornerstone of a successful

company that recruits and retains committed workers. Without the fair living wage, however, you risk losing your best people to a better paying employer.

Community or group must appreciate a transformation in the individual's life for him to be motivated and stays perform. This is reflected in the invitation that flock his /her home and office as people see the transformation. The individual must be able to afford expensive thing and live an affluent life to feel he is developed. He must identify himself with financially sound people in his community and at the workplace (Koehler, 2010).

Corporations are becoming increasingly creative, and less conservative, in coming up with benefits and service to attract and retain employees. But, in spite of the number of creative options available to aid employee retention, companies cannot afford to forget the basics. Employees want to be recognized for the contribution they make (Glube, 1998).

According to Amour (2000), one of the keys to avoiding turnover is to make rewards count. Rewards are to be immediate, appropriate, and personal. Organization may want to evaluate whether getting a bonus at the end of the year is more or less rewarding than getting smaller, more frequent payouts. Additionally, a personal note may mean more than a generic company award. Employees should be asked for input on their most desirable form of recognition. Use what employees say when it comes time to reward for performance.

2.8.6 EMPLOYEE INVOLMENT/PARTICIPATION

Employee participation is defined as: the degree to which employees perceive they have involvement and or influence in the decision-making process in their organizations that might have impacts on their jobs, whether such impacts may be direct or indirect (Michael et

al, 1999). Employee involvement could be enhanced if certain critical factors are present in an organization. These include supportive superiors who are less authoritarian in their management approach, while employees should have high need for independence and perceive that they face a moderate amount of work pressure. Individuals with high need for independence, achievement and job abilities are likely to perform better in their jobs.

To Michael et al, employee involvement is positively related to employee performance and job satisfaction. Involvement in decision often increases an employee's motivation to make sure the decision is executed properly. Being part of a team that successfully makes and executes a decision can fulfil an employee's need for belongingness, achievement, recognition and respect. The opportunity to see how decision leads to actions and rewards may also improve an employee's understanding of the linkage between performance and rewards, improve, enabling the employee to improve the chances of getting desired rewards. Employee involvement also gives employee the feeling that contributions are values, which are likely to improve many employees self-esteem.

2.9 JOB SATISFACTION

According to Bennet (1995), job satisfaction is the extent to which employees favourably perceive their work. To Bennet, high job satisfaction indicates a strong correlation between an employee's expectation of the rewards accruing from a job and what the job actually provides. Workers who are satisfied in their job will be co-operative and well motivated; those who are dissatisfied will be more inclined than others to: produce low quality output, go on strike, be absent from work, invoke grievance procedures and leave the organization.

Job satisfaction is the degree to which individuals feel positively or negatively about their job. It is an attitude or emotional response to work task as well as to the physical and social condition of the work.

According to Daft and Noe (2001), job satisfaction is defined as a person's positive attitude towards his or her job. To Daft and Noe, people generally experience this attitude when their work matches their needs and interest, when working condition and rewards such as pay are satisfactory, and when they like their co-workers.

To Daft and Noe, job satisfaction level is related to many important outcomes, including psychological and physical withdrawal example, day dreaming or leaving the organization and organizational citizenship behaviours example, helping co-workers. Many people believe job satisfaction is important because they think satisfied employees will do better work.

There are variety of factors that can influence a person's level of job satisfaction. Some of these factors include high performance that results in higher financial and other rewards, age of the employee, interpersonal relations within a working group; quality of supervision ,job content, pay and working conditions, status of the job, ease of communication and the like (Bennet 1995).

2.10 CONCEPTUAL FRAMEWORK

Several motivation theories work on the assumption that given the chance and the right stimuli, people work well and positively. It has been observed that people do not need just money and reward to motivate them. They also need recognition, involvement,

empowerment, supervision, good leadership and possibility of individual growth and career development.

People's behaviour is determined by what motivate them. It is for this reason that when two people on the same job are given equal conditions of service, one might be dissatisfied and leave the organization while the other will be satisfied and stay.

FIGURE 1.0 A Conceptual Framework of the Effects of Motivation on Employee Retention
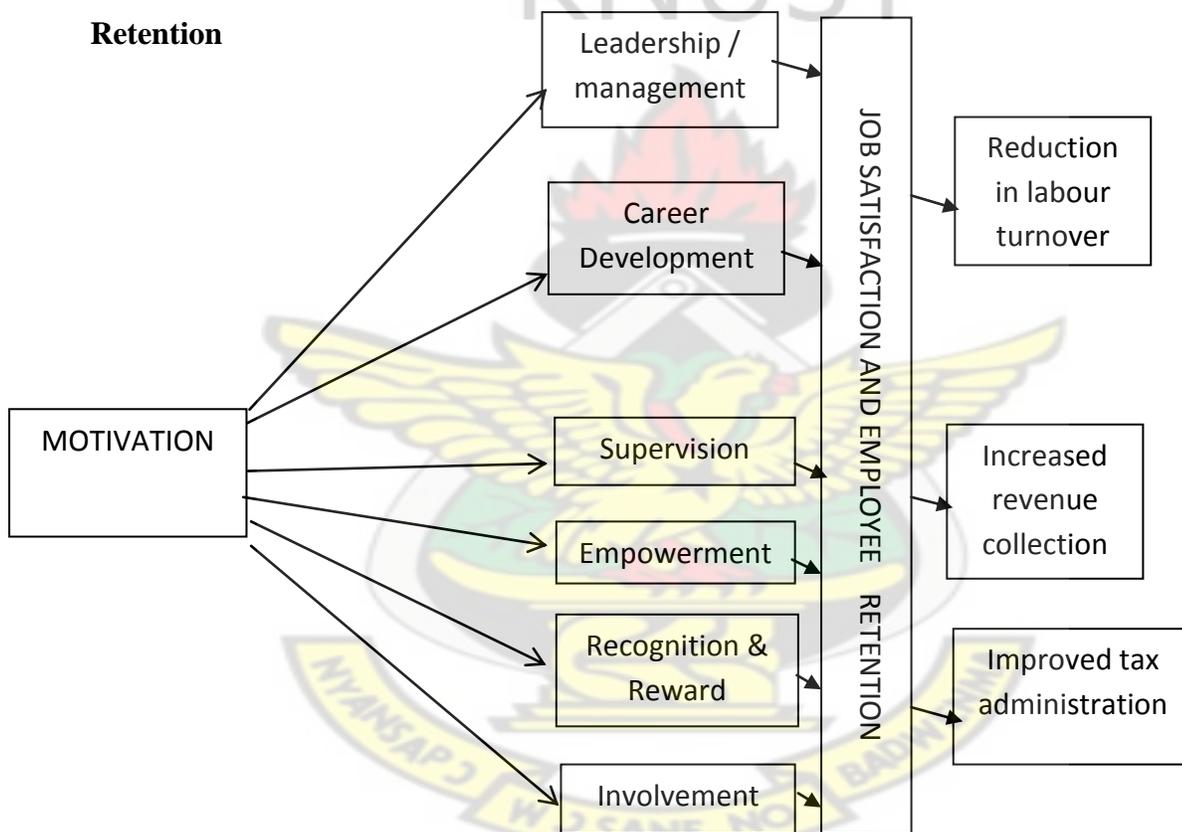
Source: Author's own construct (2010)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 INTRODUCTION

Any good research involves a proper data collection and data analysis methods that best represent the scope and element under study. This study explores the effects of motivation on employee retention at IRS.

This chapter therefore, outlines the various tools, methods and procedures which were used to gather data for the study. It specifically, looked at the population, sample size and sampling technique, research instruments, data collection and the tools used in data analysis.

3.2 STUDY DESIGN

The qualitative approach was adopted in this research. This is so because qualitative research aims to gather an in-depth understanding of human behaviour and the reason that governs such behaviour. The qualitative method investigates the why and how of decision making, not just what, where, when. Qualitative methods produce information only on the particular cases studied. Since the study explores the effects of motivation on employee retention which can be found within the context of a qualitative research, hence the research being qualitative.

3.3. SOURCES OF DATA

Both primary and secondary data were collected during the study. The techniques that were used included administering of written questionnaires, observations and interviewing as well as reviewing existing data.

The study relied on both qualitative tools such as open-ended questionnaires, interviews and observations and quantitative tools such as a review of existing data and records for data collections.

3.3.1 PRIMARY DATA COLLECTION

Primary data collected included data gathered from the management level, senior staff and junior staff officers from IRS by the researcher himself through questionnaires, interviews and observation.

3.3.2 SECONDARY DATA COLLECTION

Secondary data was collected from books, publications from IRS, text books, journals, newspapers, internets and other writings.

3.4 RESEARCH POPULATION

The entire members 48 of the IRS in Upper East region constituted the research population. The population was selected because that would give the in-depth coverage and analysis of the results or the findings.

3.5 SAMPLING SIZE

A sampling size of 48   respondents constituting the entire members selected from IRS within the Upper East region. The rationale for choosing the sample size of 48 is to help give in-depth coverage and analysis of the results or the findings.

3.6 SAMPLING TECHNIQUE

A non probability sampling method, specifically the purposive sampling method was used to select respondents for the interview. The purposive or judgmental sampling method involved grouping the elements of the study area, which is groups of identifiable characteristics and then used the purposive criteria to select the respondents or elements. Due to the nature of the spread of the study, this method is considered as suitable in reaching the respondents. The process thus involved the deliberated selection of managers and employees to constitute the sample size. The sample was selected in accordance with the established objectives of the study.

3.7 DATA COLLECTION

The tools used for the research were questionnaires, interviews and observation. The observation and interviews were used to collect qualitative data, whereas questionnaire was used to collect quantitative data.

3.7.1 QUESTIONNAIRE

Questionnaires were administered using simple random sampling method within the strata of categories indicated in 3.2.1. The questionnaires were divided into three sections namely management, senior and junior staff. This was done so as to gather in-depth information on

the research topic. Questionnaires were used in cases where personal interview was impossible to carry out. For instance employees may be given questionnaires to answer which will be collected at a latter date. This will reduce inconveniences caused by unfavourable interview times and busy schedules.

3.7.2 INTERVIEWS

A selected number of management, senior and junior staff of Upper East Region was interviewed as part of the data gathering process. There was a structured interview guide that was used. This was done for relational analysis of views and for confirmatory responses given by respondents. Information from this category of people will shed light and help explore the effects of the motivational packages that IRS has put in place and how they are retaining staff of the service.

3.7.3 OBSERVATION

Situational observation was used as another tool in data gathering process. In this regard, the day to day operations of the staff of IRS were observed in their natural, everyday working environment. Respondents were asked for clarification on things which are not clear after observing them in their area of operations.

3.8 DATA PROCESSING AND ANALYZING TOOLS

The data collected from the field was coded and analyzed using statistical package for social scientist (SPSS). The data was analyzed based on the stated objective using computer especially the SPSS package for tables and percentages. The column histograph, tables and pie chart were used in the presentation of the results. The information was used to plot graphs

using Microsoft excel from which conclusions were drawn. Findings were mainly proportions and percentages.

3.9 BRIEF ORGANIZATIONAL PROFILE IRS

Income Tax Administration in Ghana started in September, 1943 with the passing into law of the Income Tax Bill on 22nd September, 1943 as the Income Tax Income Ordinance number 27 of 1943. Initially, the Department collected tax from only few limited liability companies and very small number of individuals. Over the years, other taxes and duties were added to the income tax. These included Minerals duty which was introduced in 1952, betting tax was also inculpated the same year. In 1995, the Casino Revenue tax was included as the other taxes to increase revenue base for the country.

Between 1961 and1963, additional taxes and duties were introduced. Among these are Property tax (1961), Entertainment Duty tax (1962), Airport tax, Hotel, Standardized Assessment and Excess Profit tax, all in (1963). Pay As You Earn (PAYE) was introduced with effect from 1st July, 1961 and the tax year was changed from April- March to July-June. The tax year was again changed to January-December with effect from 1st January 1983. In July 1963, the Income Tax Department was renamed Central Revenue Department to reflect the broad scope of taxes to be collected. All these years-1943-1985 the Department was a Civil Service Department.

However, in July 1986, the Provisional National Defence Council (PNDC) government took a decision on structural changes in the organization and legislation –The Internal Revenue Service law-(1986) PNDCL 143 was passed. This law transformed the hitherto Central Revenue Department into a Public Service Organization. Prior to the promulgation of

(PNDCL 143) in 1986, the government in 1985, established the National Revenue Secretariat (NRS) with a ministerial status to supervise the Revenue Agencies. This role was performed with virtual autonomy from the Ministry of Finance.

In 1991, the National Revenue Secretariat was relocated under the Ministry of Finance and Economic Planning (MOFEP). With the coming into force of the Constitution of the Fourth Republic of Ghana, the (NRS) ministerial status and was placed strategically between the sector ministry and the Revenue Institutions.

Further restructuring led to the promulgation of the Revenue Agencies Governing Board Act,1988 (Act 558) to establish a central governing body in place of the existing governing boards of Internal Revenue Service, Custom Excise and Preventive Service and Value Added Tax Service. However, the Revenue Agency Governing Board was constituted in the year 2001 to ensure supervision and co-ordination of the activities of the three Revenue Agencies. The organogram of IRS is indicated as appendix five (5).
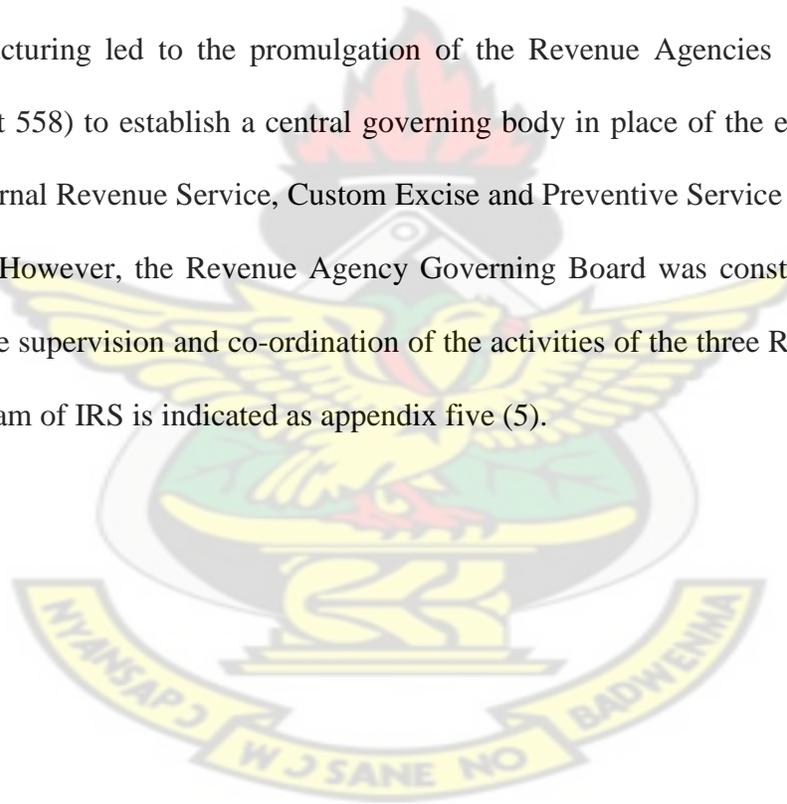
CHAPTER FOUR

DATA ANALYSIS AND DISCUSSIONS OF RESULTS

4.1 INTRODUCTION

This chapter analyses the data collected through questionnaires and structured interviews on the effects of motivation on employee retention at IRS. Responses were solicited from three categories of staff namely, the management, senior and junior staff. The management consisted of District Managers, Regional Directors up to the Commissioner. The senior staff comprised of Principal Inspector, Senior Inspector and Assistant Inspector of Taxes. The junior staff comprised of junior Tax Assistant and Tax Assistants. Forty-eight (48) questionnaires were administered and all of them were answered. This gave hundred percent (100%) response rate for the survey.

4.1 TREND ANALYSIS OF TURNOVER RATES IN IRS

Torrington et al, (2002) emphasized that, staff turnover rates vary from organization to organization. IRS, as a public sector organization has a challenge with respect to its own rate of labour turnover. The table below shows the rate of labour turnover in IRS, the whole of Ghana from the period 2002 to 2009. To arrive at the rate of labour turnover, a simple way of measuring labour turnover as a measure of the number of leavers in a period as a percentage of the number employed during the same period, usually on annual basis was used. This is expressed as follows:

Table4.1:The Rate of Labour Turnover in IRS from 2002-2009

Year	2002	2003	2004	2005	2006	2007	2008	2009
Leavers	60	50	41	35	19	20	29	23
Av. No Working	1,960	1,960	1,960	1,960	1,960	1,960	1,960	1,960
Rate of Turnover	3.1	3	2.1	2	1.1	1.0	1.5	1.2

Source: **Human Resource Department** (**IRS**), **2010**

The above table was used to draw the below bar graph showing the rate of labour turnover in

IRS, from the year 2002to 2009

Figure 4.1 A Bar graph showing the rate of labour turnover in IRS, from the year 2002-

2009
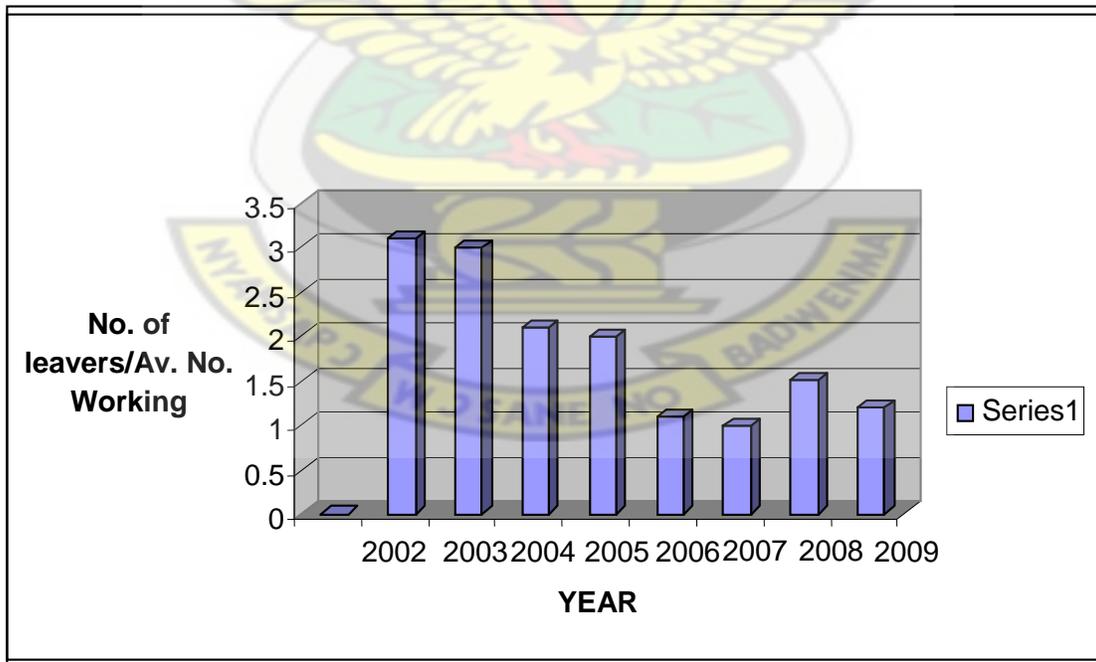
Source: Human Resource Department (IRS), 2010

Fair remuneration and benefits are just as important for the existence of a company as its profits. Earlier studies by Wyatt (2003), worldwide have shown that more salaries would have to be paid than average competitors on the job market if employees are to be retained. From the above bar graph, the rate of labour turnover was high from the year 2002 to 2004. This was as a result of poor remuneration and benefits as well as motivational packages which were not given to the staff of IRS. This confirms a report by the Lancet (2005) that poor remuneration has been cited as one of the major 'push factors' that drive workers out of public sector organization. This has a corresponding 'pull factor' in the private sector where they offer greater financial rewards to workers. However, from the year 2005 to 2009, the service retention was increased and this was as a result of increases in salaries and introduction of allowances and motivational packages such as risk and clothing allowances, rent allowance, utility allowance, fuel and maintenance allowance, car loans, the acquisition of parcels of land for workers, and payment of incentive bonus. The rate of labour turnover in IRS reduced. This corroborates Jones et al, (2001) observation that when employees are highly motivated the level of employee retention increases. Conversely, when motivation declines, employees tend to look for another work place for a possible recruitment.

4.2 MOTIVATIONAL PACKAGES

All organizations are concerned with what should be done to achieve sustained high levels of performance through people, this means giving close attention to how individuals can best be motivated through such means as allowances, benefits, rewards, training and recognition. The study revealed that the Internal Revenue Service offer their staff various allowances on monthly basis. Also, the staff, be it management level, senior level or the junior level, are all motivated by four different allowances as shown below.

Rent Allowance

Utility Allowance

Fuel & Maintenance Allowance

Risk & Clothing Allowance

Conventional wisdom suggests that in order to retain productive employees, it is necessary to pay them well. Money is the cornerstone of employee retention (Earl 1998). Overwhelming majority 48 (100%) responded that they received all the above mentioned allowances monthly, a healthy factor that could lead to staff retention. This corroborates the assertion that what is clearly evident is that, attention must be given to the level of employee motivation if the manager is to improve the work of the institution (Kreitner et al, 1999).

Figure 4.2: Percentage proportion for allowances that motivates staff the most
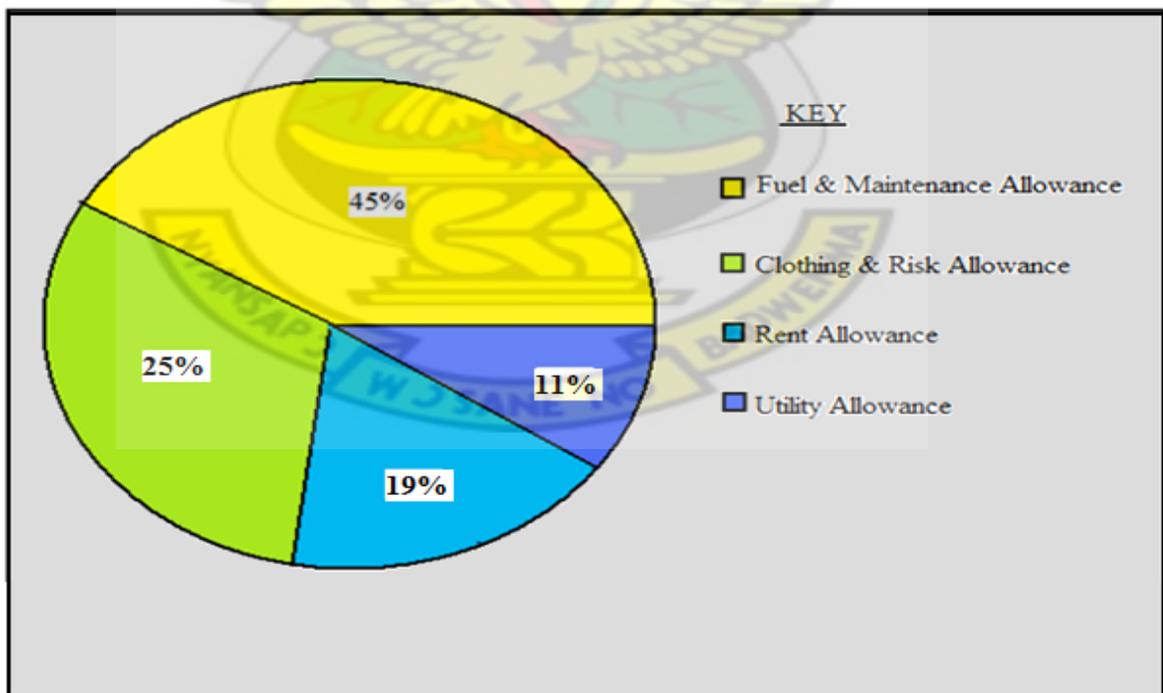
Figure 4.2: Percentage proportion for allowances that motivates staff the most

Field Survey, 2010.

Referring to figure 4.2 above, the respondents were asked on which of the allowances motivate them most, 22 (45%) of the respondents said fuel and maintenance motivate them most. 12 (25%) responded that clothing and risk allowance motivate them most. 9 (19%) of the respondents said they were motivated by rent allowance. The remaining 5 (11%) of the respondent said they were motivated by utility allowance.

Majority of the respondents 22 (45%) who said fuel and maintenance motivate them most stated among others reasons as that, since the amount of money paid as fuel and maintenance is high, it enable them to use some of that money for other things after their monthly fuel and maintenance cost had been taken care of. This therefore, motivates them most compared to other monthly allowances that they receive.

Figure 4.3: Level of Satisfaction with current motivational packages
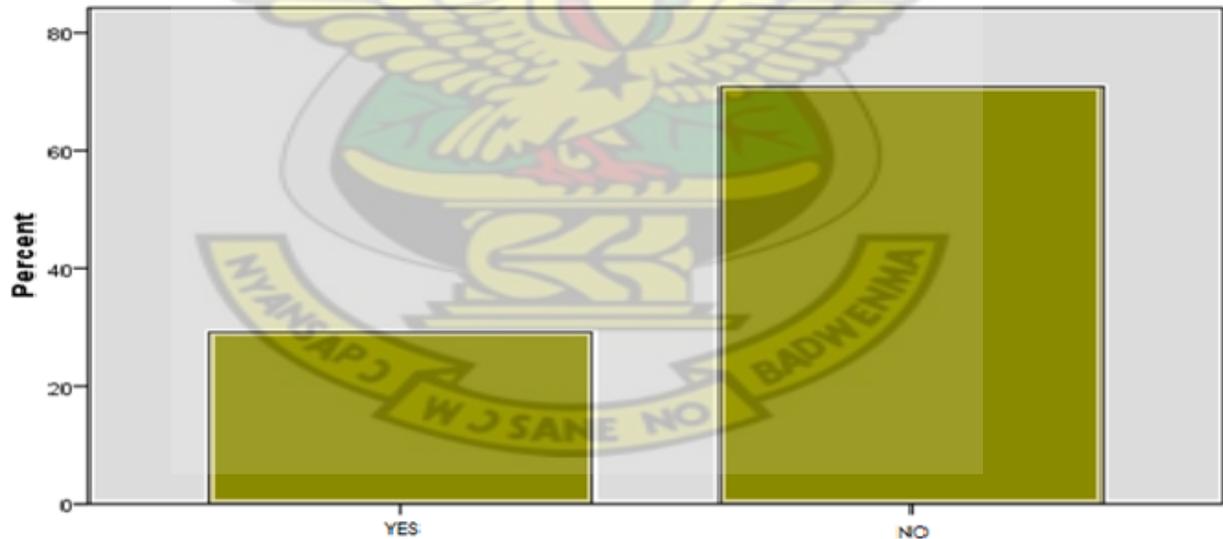
Figure 4.3: Level of Satisfaction with current motivational packages

Field Survey, 2010

Referring to figure 4.3, respondents were asked whether they were satisfied with their current level of motivational packages, majority of the respondent 34 (70.8%) said no, and that expressed dissatisfaction with the current motivational package. However, 14 (29.2%) said yes, and that expressed satisfaction with their current motivational packages. In an interview with one of the senior staff, he said that there are other motivational packages such as incentive bonus that could be given to the staff for them to become highly motivated and stay with the service. This corroborates Jones, et al, (2001) observation that when employees are highly motivated they tend to direct their energies towards meeting organizational goals and to display such optimum level of performance. Conversely, when motivation declines, employees tend to look for another work place for a possible recruitment.

Figure 4.4: Salary Description by IRS workers
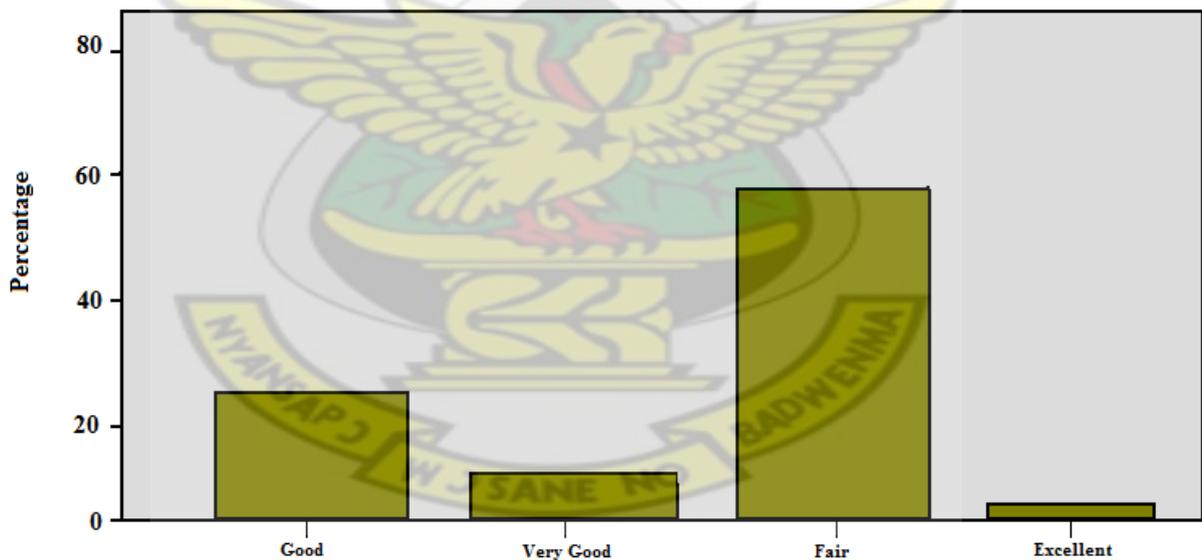
Figure 4.4: Salary Description by IRS workers

Field Survey, 2010.

Fair remuneration and benefits are just as important for the existence of a company as its profits. Earlier studies Wyatt (2003), worldwide have shown that more salary would have to

be paid than average competitors on the job market if best employees are to be retained. Referring to figure 4.4, respondence were asked whether their salaries were good or not. To this, 12 (25%) of the respondents described their salaries as good. Majority of the respondents 29 (60%) were of the view that their salaries at IRS were fair. 5 (10%) of the respondents said that their salaries were very good. Only 2 (5%) of the respondents said their salaries were excellent. The high percentage of the respondents confirms a report by The Lancet (2005) that poor remuneration has been cited as one of the major 'push factors' that drive workers out of public sector organization. This has a corresponding 'pull factor' in the private sector where they offer greater financial rewards to workers.

Table 4.2 Response on Employee Motivational Package

Response	Are there additional benefits or allowances you expect IRS to give you?		Have you had the opportunity to attend a refresher course?		Are there opportunities for IRS workers to undergo training?	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Yes	10	20.8	9	18.8	48	100
No	38	79.2	39	81.2	-	-

Field Survey, 2010.

Referring to table 4.2 above, respondents were asked whether there were additional benefits and allowances they expected IRS to give, majority of the respondents 38 (79.2%) were of the view that there were no benefits and allowances they expect IRS to give them. However,

10 (20.8%) of the respondents were of the view of that there are additional benefits and allowances that they expect the service to give them.

When respondents were further asked if they had had an opportunity to attend a refresher course, to which 9 (18.8%) said they have had the opportunity. 39 (81.2%) said they had not received the opportunity. Probed further, these 39 turned out to be junior staff and some senior staff who had just been promoted from junior level and had not yet had the opportunity to attend a refresher course. In an interview with one of the management staff, he said that it took him more than seven (7) years before he had a chance to attend a refresher course after he had been employed in the service as a junior officer. He lamented that such a situation always make it difficult for mostly junior officers to adapt to the work environment.

Meanwhile, all 48 (100%) said that opportunities were there for staff to undergo training once he or she is promoted to the senior level. However, some of the junior officers expressed dissatisfaction about the mode of selection for the training. They said that as a junior officer, one has to write a basic Tax examination and pass before you would be selected for training which is not so for persons who are employed direct as senior officer and are selected for training.

In an interview with some mainstream workers (senior and junior staff) on how long they intended to work with IRS before moving to a new organization, 9 (18.8%) said they did not know. Their reasons were that conditions of service at IRS would improve so it worth sacrificing just a little while, to enjoy later. Some were of the view that since IRS was a public sector organization and almost like a financial institution, working there would help build much capacity and learn more, compared to other institutions such as the civil service.

Table 4.3:Responsa on Sponsorship and Scholarship Package, Management relationship & rewards for IRS staff

RESPONSE	Management relationship with staff		How IRS reward outstanding performance		Are there sponsorship & Scholarship packages for IRS workers?	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Cordial	48	100	-	-	-	-
Best worker awards & By out of turn promotion	-	-	48	100	-	-
YES	-	-	-	-	48	100

Field Survey, 2010

Referring to table 4.3 above, respondents were asked if sponsorship and scholarship packages were available for IRS staff. To this, all 48 (100%) said such opportunities existed. Asked further, some of them, however, said that the mode of selection was not fair. They were of the view that greater percentage of the staff to be selected for sponsorship and scholarship should be given to officers at the Northern part of Ghana where opportunities for one to upgrade himself at his own cost do not exist.

Referring to the above table, respondents were asked how IRS rewards outstanding performance. To this, all 48 (100%) said that there were two ways management went about it. One option was to receive the national best worker award. The other option was to receive out of turn promotion to your next rank. This confirms what Earls (1998) said, that apart from money which is the cornerstone of employee retention, there are that other important strategies that can be used to retain workers. Many on the front line say that retention of professionals is not as simple as offering those new employees fatter salaries, although each of these is part of an overall strategy. Rather, keeping those employees depends on the organization's willingness to reach beyond traditional approaches.

A good relationship by management with employees allows managers to have a first-hand experience of their concerns, reduces class distinction and erases the daunting time-honoured aura which comes with the title "Manager". Such a relationship makes the employee feel valued and therefore translates into high revenues as they give off their best in whatever role they are assigned in the organization. The respondents all 48 (100%) said that their relationship with management was cordial. In an interview with one of the top management staff, he indicated that the cordial relationship that exist between staff and management, accounted for the increased revenue collection in the Upper East region office of IRS. This confirms what according to Interpersonal Technology Group (2003) said, that the second most retention factor, excluding salary, is 'Quality of the Boss'- how staff are managed.

Figure 4.5: What will motivate staff to stay in IRS for the next five years
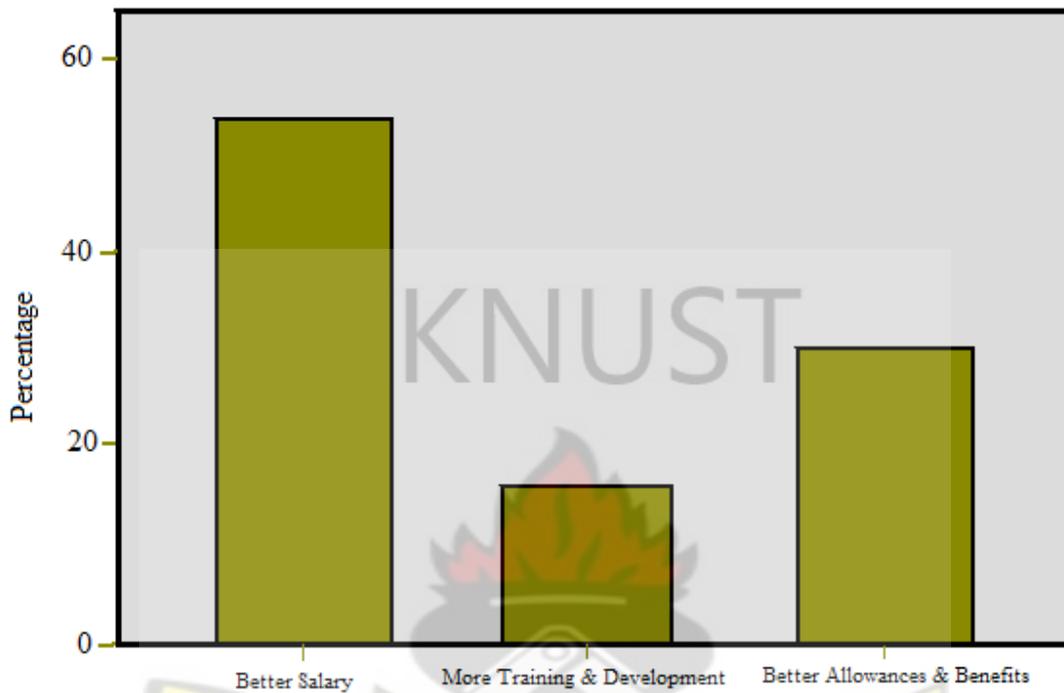
Figure 4.5: What will motivate staff to stay in IRS for the next five years
Field Survey, 2010.

Referring to figure 4.5 above, respondents were asked on what will motivate them to stay in IRS for the next five years without thinking of leaving, To this, 27(56%) of the respondents said better salary will let them stay in IRS for the next five years without thinking of leaving the service. 13 (28%) of the respondent said better allowances and benefits will let them stay the service for the next five years without thinking of leaving. The remaining 8 (16%) of the respondents said more training and development will let them stay in the service without thinking of leaving the service. The high percentage of the respondent 27 (56%) to better salary confirms a report by the Lancet (2005), that poor remuneration has been cited as one of the major 'push factors' that drives workers out of public sector organization. This has a

corresponding 'pull factor' in the private sector where they offer greater financial rewards to workers.

4.3 EMPLOYEE EMPOWERMENT & SUPERVISION STYLE

An organization's capacity to engage its staff is closely related to its ability to achieve high performance level and superior business results. Engaged employees will stay with company, be an advocate of the company and its products and services, and contribute to bottom line business success. Engaged employees also perform better and are motivated

Table4.4: Level of Employee Involvement, Communication of Management Expectation and Responsibilities

Response	Communication of Managements expectation		Communication of responsibilities		Satisfaction with level of involvement		Are you trusted to make meaningful decisions in your day to day activities?	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Yes	38	79.2	34	70.8	39	81.2	9	18.8
No	10	20.8	14	29.2	9	18.8	39	81.2

Field Survey, 2010.

Referring to table 4.4 above, respondents were asked if management's expectation have been clearly communicated to them. To this 38 (79.2%) said they were aware of management's expectations. These happened to be predominantly the mainstream workers. The remaining 10 (20.8%) said the goals and management's expectations had not been clearly communicated to them.

The respondents were asked if their responsibilities have clearly been communicated to them. Out of the number, especially the mainstream workers, 34 (70.8%) said they were aware of their responsibilities. The remaining 14 (29.2%) said their responsibilities had not been clearly communicated to them. Probed further, it was observed that those respondents, who said that their responsibilities had not been made clear to them, were from the General Services department (cleaners, security men) of which their duties do not need clear communication compared to those at the mainstream.

On their satisfaction as to the level of involvement, 39 (81.2%) especially those at the mainstream said they were happy with their level of involvement. This is corroborated by Arvey (1989) those other factors that influence a satisfied staff are employee involvement, empowerment and autonomous work group. The remaining 9 (18.8%) mainly from the general services (cleaners and security men) said they were not satisfied with their level of involvement.

Referring to the above table, respondents were asked if they were trusted to make meaningful decision in their day to day activity, To this 39 (81.2%) said that they were not trusted to make meaningful decision in their day to day activities. The remaining 9 (18.8%) of the respondents said they were trusted to make meaningful decision on their day to day activity. It was observed that greater percentage of the respondent who said they were not trusted to

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make meaningful decision were junior staff. This situation is as a result of the policy of the service that decisions for day to day activities are made by managers and senior officers.

Figure 4.6: What can be done to create a good working environment
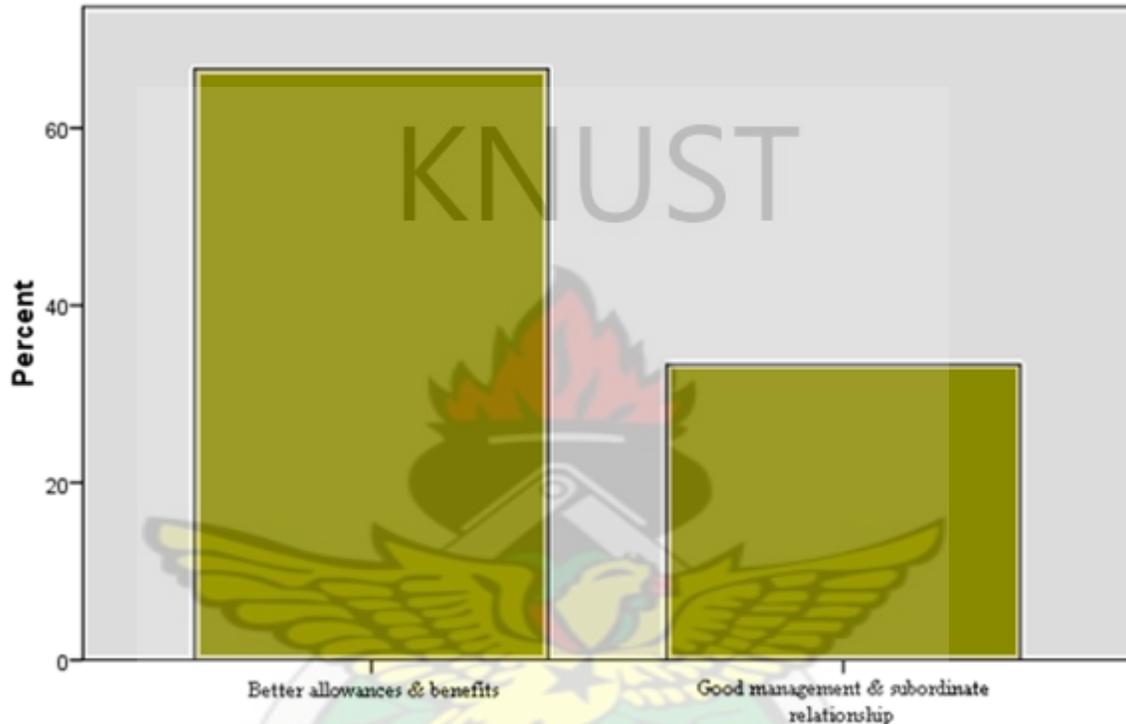
Figure 4.6: What can be done to create a good working environment
Field Survey, 2010.

Referring to figure 4.6 above, the respondents were given the opportunity to suggest what can be done to create a good working environment. 32 (66.7%) suggested the payment of better allowances and benefits. There were only 16 (33.3%) who suggested that good management and subordinate relationship would help create a good working environment. The greater percentage of the respondents did not collaborate Arvey et al (1989), assertion that quality of one's relationship with their supervisor together with other factors influence job satisfaction.

Figure 4.7: A good manager-employee relationship

Field Survey, 2010.

The fact that a good manager-employee relationship creates a healthy environment is further strengthened by the response of the IRS staff. The respondents 25 (50%) 'Strongly agreed' that a good manager-employee relationship can cause employees to be retained. 9 (19%) of the respondents 'agreed' that a good manager-employee relationship can cause employee to be retained in the organization. 8 (17%) of the respondents however disagreed that good manager-employee relationship can cause employees to be retained. The remaining 7 (14%) of the respondents strongly disagreed to the fact that good manager-employee relationship can cause employees to be retained. In an interview with some of the staff, they said that if the good cordial relationship that had been established between management and staff is maintained, it would go a long way to retain staff and increased revenue collection of the

region. This high percentage of respondents confirms Mullins (2002), assertion that the creation of an environment for motivation needs the contribution of the individual supervisor. The management style employed by one's supervisor can therefore go a long way to motivate or demotivate the individual working under him or her.

4.4 EFFECTS OF MOTIVATION ON EMPLOYEE RETENTION

All organization are concerned with what should be done to achieve sustained high levels of performance through people, this means giving close attention to how individuals can best be motivated through such means as rewards, training, involvement and leadership.

Table 4.5 Effects of Motivation on Employee Retention

RESPONSE	I have received adequate training		There is an enabling environment to achieve all target		Satisfaction with the mode of employee selection for training & development programme	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Agree	13	27.1	37	77.1	9	18.8
Disagree	35	72.9	11	22.9	39	81.2

Field Survey, 2010

Referring to table 4.5 above, respondents were asked if they had received professional or adequate training to handle assessments and other cases, to which 13 (27.1%) agreed that they had received professional training. 35 (72.9%) said that they disagree. Probed further, these 35 turned out to be junior staff and some senior officers who had just been promoted from the junior level. It was observed however that some of the respondents have been

undertaking courses on their own to upgrade themselves. In the operation department for example, some of them started as Tax Assistant grade 3 but have risen through the ranks to become Tax Assistant 1. This conforms to a research by International Survey Research on Retention Matters (2005). According to the research, employee career development is a joint, on-going effort on the part of an employee and the organization for which he or she works to upgrade the employee's knowledge, skills and abilities.

As to whether employees had been provided with an enabling environment to achieve all target, 37 (77.1%) said they 'agreed' to that fact. The remaining 11 (22.9%) said that they 'disagreed' to the fact that an enabling environment had been provided to achieve all target. Probed further, it was observed that those who disagree were those from the General Service department (cleaners and security men) and who had no assigned offices as well as tables and chairs and other things.

When respondents were asked whether they were satisfied with employees mode of selection for training and development, 9 (18.8%) agreed that they were satisfied with employees mode of selection for training and development. The remaining 39 (81.2%) mostly the junior officers disagreed to that fact. Asked further, one of the junior staff said that the mode of selection for training and development favours only the senior staff. He said that until a junior officer at the grade Tax Assistant 1 is able to pass his or her basic Tax Examination, he or she would not be selected for training and development.

Table 4.6 Response on the Effects of Motivation on Employee Retention

RESPONSE	Satisfaction with supervision style		Basic needs has been met by IRS		I am proud of my organization (IRS)	
	Frequency	Percentage	Frequency	Percentage	Frequency	Percentage
Agree	33	68.3	38	79.2	39	81.2
Disagree	15	31.2	10	20.8	9	18.8

Field Survey, 2010.

The role of management in employee retention cannot be overemphasized. As expressed by the Interpersonal Technology Group (2003), the second most important retention factor, excluding salary, is how staff is managed. In the survey, 33 (68.3%) agreed that they were satisfied with their supervision style. 15 (31.2%) disagreed and said that they were not satisfied with their supervision style.

The respondents were further asked if their basic needs such as stationery, vehicle for field operation had been met. To this 38 (79.2%) agreed that their basic needs had been met by IRS. The remaining 10 (20.8%) disagreed that their basic needs had been met by IRS.

Referring to table 46 above, the respondents were given the opportunity to express their views on whether they were proud of their organization (IRS), 39 (81.2%) agreed that they were proud of their organization. The remaining 9 (18.8%) disagreed and said that they were not proud of their organization. It was observed that in spite of some few problems that are encountered by the service, quite a lot of the respondents had the hope that things would

change for the better in a near future, hence greater percentage of the respondents stating that they were proud of their organization.

In an interview with one of the top management member at the regional office Bolgatanga, on what accounted for the exit of mainstream workers especially the senior staff, he indicated that delay in promotions as well as career development, especially the unduly long periods it took to get their concerns addressed by management, accounted for the exit. According to him, especially, the unduly long delay by management to upgrade staff who undertake professional courses on their own cost to the required grade, accounted for the exit of most the qualified tax officials in the service.

One of the qualified senior tax officers, who was interviewed, was asked whether he would recommend IRS to friends as a good place to work. In response, he said he would. However, he said that he would advise them to further their education first before they join the service since it is difficult to upgrade yourself once you join the service. According to him, the number of staff who are given sponsorship and scholarship to further their education at a time are few; and also the fact that it takes unduly long time from management to upgrade staff who undertake courses on their own cost to the appropriate grade.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

In Ghana, most of the public sector institutions have problems of losing their qualified and experienced employees to the private sector and IRS is no exception. These institutions are trying to motivate their staff to remain on the job. As a result, the study sought to explore the effects of such measures on employee retention at the Upper East Regional office of the IRS.

5.1.1 TURNOVER RATE AT IRS

The study revealed that the rate of labour turnover was high from the year 2002 to 2004. This was as a result of poor remuneration and benefits as well as motivational packages which were not given to the staff of IRS. However, from the year 2005 to 2009 the study revealed that the service retention was increased and this was as a result of increases in salaries and introduction of allowances and motivational packages such as risk and clothing allowance, rent allowance, utility allowance, fuel and maintenance allowance, car loans, the acquisition of parcels of land for workers and payment of incentive bonus. The rate of turnover reduced.

5.1.2 MOTIVATIONAL PACKAGES AT IRS

The study revealed that Internal Revenue Service has a range of motivational packages for the staff that is from management to junior staff. These packages range   from rent allowance, risk & clothing allowance, utility allowance, as well as fuel & maintenance allowance. The study revealed that out of the four allowance received by the staff of IRS, fuel and maintenance motivate them most. This, they explained was the fact that the amount paid

as fuel and maintenance is able to take care of that purpose and still get part of it for other things.

In spite of these allowances, the majority 34 (70.8%) were not satisfied with their current motivational packages. The minority that were satisfied recorded 14 (29.2%). From the study majority of the respondents 29 (60%) were not satisfied with their salaries. Out of a number of the respondents, 2 (5%) said they were satisfied with their salaries. It was observed that better salaries, better allowances and more training and development would encourage staff to stay for the next five years without thinking of leaving.

The study revealed that only 9 (18.8%) of the respondents, specifically from the management and senior staff, had had the opportunity to attend a refresher course or further their education since they were employed at IRS.

Admittedly, all 48 (100%) of the IRS staff, that is from management to junior level claimed there were opportunities for all IRS workers to undergo training and as well as sponsorship and scholarship packages also in place for them to further their education but this did not reflect any good effects in their response on whether they had had the chance to attend a refresher course.

Nonetheless, the IRS acknowledges outstanding performance of its workers and thus rewards outstanding performance in two different ways, that is;

Best worker awards.

By out of turn promotion.

5.1.3 EMPLOYEE EMPOWERMENT AND SUPERVISION STYLE

In other sectors or departments, staff are made to know what management expectations are and to which responsibilities they are assigned. This assertion was not denied by the IRS staff as they testified to management expectations as well as their responsibilities haven been communicated to them.

From the study 38 (79.2%) of the respondents testified that management's expectation had been communicated to them. Also it was found out that majority of the respondents 34 (70.8%) had knowledge of their responsibilities. Only few of the staff, mostly from the general services (cleaners and security men) claimed of not being aware of management's expectations and responsibilities.

One area of the study that majority of the respondents 39 (81.2%) were satisfied was the level of involvement of employees in decision making. This is the area that will reveal the actual problem of the employee and through that management will know how to solve them by motivating the staff.

The results displayed in figure 4.8 lend credence to the fact that good manager-employee relationship is a good strategy for staff retention. Almost all the respondents expressed a cordial relationship between the management and the staff.

From the study it was found out that better salaries and allowances would create a healthy working environment. Majority 32 (66.7%) said that would ensure a healthy environment compared to good management and subordinate relationship.

The study also revealed that, a greater percentage of the staff 'strongly agreed' that a good manager-employee relationship can cause employee to be retained, 24 (50%) of the respondents strongly affirmed this fact.

From the study it was found out that greater percentage of the staff 39 (81.2%) were not trusted to take meaningful decision on their day to day activity of their work. Minority 9 (18.8%) who constituted management and senior staff were trusted to take meaningful decision on the day to day activity of the work.

5.1.4 EFFECTS OF MOTIVATION ON EMPLOYEE RETENTION

Touching on the effects of motivation on employee retention, the study also revealed that an enabling environment had been created for the staff of IRS to achieve their target, 37 (77.1%) of the respondents agreed to this fact.

One area of the study that almost all the respondents were not satisfied was the mode of selection for training and development. Majority of the respondents 39 (81.2%) encountered in the study disagreed to the mode of selection for training and development.

From the study it was found out that majority of the respondents were satisfied with the supervision style of management. This is evidenced by 33 (68.3%) respondents who indicated that they were satisfied with their manager's supervision style.

It was also found out that basic need such as stationeries and vehicles had been provided to enable staff achieve all their targets. Majority of the respondents 38 (78.2%) encountered in the study agreed that these had been provided.

Even though majority of the staff claimed that they were not satisfied with their salaries given by the service, it was found out that almost all of the respondents 39(81.2%) agreed that they were proud of their organization.

It was also found out through the interview that delays in promotion as well as career development accounted for the exit of the mainstream staff. It was revealed that especially unduly long delay by management to upgrade staff who undertake courses on their own cost to the require grade accounted for the exit of some qualified tax officers.

In view of the above effects of motivation on employee retention, especially the fact that greater percentage of the staff (69.79%) strongly agreed and also agreed to the fact that an enabling environment had been created for them; are satisfied with supervision style; salary and basic needs and as a result were proud of their organization, as against minority (30.21%) who strongly disagreed and also disagreed, it could be said that effects of motivation has led to improve employee retention.

5.2 CONCLUSION

The study aimed at exploring the effects of motivation on employee retention. The Internal Revenue Service, Upper East Region was used as a case study. This chapter forms the last part of the study and tries to recapitulate what has been done throughout the study. In addition, summary of findings as well as recommendations by the researcher of the study have been captured in this chapter. The study has shown that IRS has a range of motivational packages. These packages range from rent allowance, risk and clothing allowances, utility allowance, fuel and maintenance allowance. In spite of these, majority of the respondents were not satisfied with their current motivational packages as well as their salaries.

However, almost all the employees expressed a cordial relationship between management and staff and were satisfied with their level of involvement. They stated that good manager-employee relationship is a good strategy for employee retention. Management was found to play a very essential role in employee retention as they are the key decision makers in the provision and implementation of motivational packages. Once management is able to pay competitive salary; additional allowances and incentive bonus; and rectify problems in employee career development and delays in promotion, employees will remain loyal; will continue to be happy and productive and core employee turnover would be reduced.

5.3 RECOMMENDATIONS

Taking the findings of the study into consideration, the following recommendations are being made to help Internal Revenue Service improve on its motivational packages so as to retain its staff.

5.3.1 EMPLOYEE CAREER DEVELOPMENT

The study revealed that majority of the staff were not satisfied with the mode of employee selection for training and development as few of them are selected or are given sponsorship or scholarship for training and development. Therefore, it is being recommended that Internal Revenue Service source for collaboration with and sponsorship from institutions within the country for tax related programme that would allow a sizeable number of senior as well as junior staff to be trained by these institutions each year. There must also be appropriate selection criteria that would ensure a fair balance for the selection of staff for career development.

There must also be training and development policy in the service that will clearly spell out when and how officers should be trained and developed for the benefit of the service. In doing this, it is being recommended that views should be solicited from management, senior as well as junior staff so as come out with a clear and equitable training and development policy for IRS.

5.3.2 TIMELY PROMOTION

The study revealed that delays in promotion to the required grade after one has successfully completed his or her course of study accounted for the exit of some qualified tax officers. Therefore, it is being recommended that Internal Revenue Service establishes a well structured laid-down promotion system that would ensure that all staff are promoted on time. This would avoid a situation where some qualified tax officers feel they have been unduly delayed in promotion and as a result leave the service.

5.3.3 PERFORMANCE-BASED INCENTIVE PACKAGES

The study revealed that employees of IRS are not satisfied with their current motivational packages. Therefore, it is being recommended that Internal Revenue Service establishes a well structured   performance management system for the various district offices. This must bring to bear the indicators of performance against which points can be scored. This would be the bases for performance for all district offices to ensure fairness and equity in recognition. There must also be set aside funds to provide allowances and incentive bonuses to reward high performing districts.

5.3.4 COMPETITIVE SALARY

Conventional wisdom suggests that in order to retain productive employees, it is necessary to pay them well. Money is cornerstone of employee retention (Earl 1998). The study revealed that most of the respondents (29) were not satisfied with their salary. The study revealed that salary may attract employees to competitors and it is obvious from the study that IRS may lose some of the qualified staff if their salary is not attractive.

In view of the above, it is therefore being recommended that management of IRS should have a competitive and attractive salary if management wants to retain the staff.

5.4 SUGGESTION FOR FURTHER RESEARCH

This research was conducted using only one region (Upper East) as the study area, it is therefore, being suggested that further research be conducted in other regions of the service to give a broader view on the research topic.
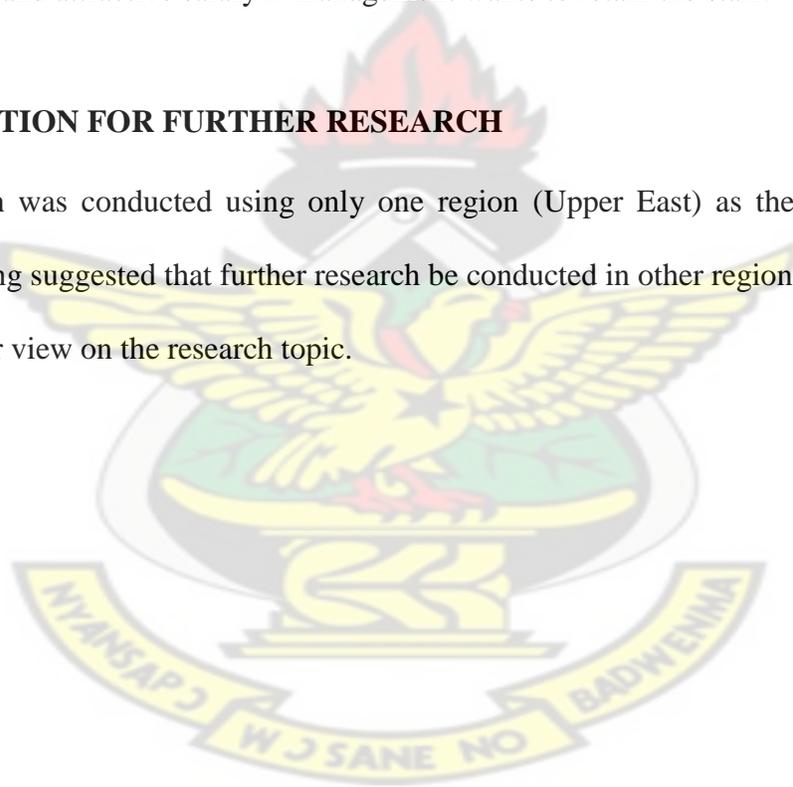
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APPENDIX 1

QUESTIONNAIRE-MANAGEMENT STAFF

(District Manager-Commissioner)

THESE QUESTIONS ARE FOR THE THESIS ON "EXPLORING THE EFFECTS OF MOTIVATION ON EMPLOYEE RETENTION. A CASE STUDY OF INTERNAL REVENUE SERVICE"

KINDLY TAKE SOME OFF YOUR BUSY SCHEDULE TO RESPOND TO THESE QUESTIONS WHICH ARE BEING USED FOR ACADEMIC PURPOSE.

THE THESIS IS TO BE SUBMITTED TO THE INSTITUTE OF DISTANCE LEARNING, KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY IN PARTIAL FULFILMENT OF REQUIREMENT FOR THE AWARD OF CEMBA DEGREE.

CONFIDENTIALITY WOULD BE STRICTLY ENSURED.

QUESTIONS

RESPONDENTS' PROFILE

1. Code_____Department_____

2. Rank_____

3. Years of services_____

   MOTIVATIONAL PACKAGES

4. What allowances do you receive on monthly basis?

   (a) Rent allowance

   (b) Utility allowance

(c) Fuel maintenance allowance

(d) Risk and clothing allowance

(e) All the above

5. Which of them motivate you most?

6. Give reasons for your answer to question five (5) above.

7. How long do you intend to work with IRS before moving to a new organization?

8. How will you described your salary at IRS?

(a) Poor

(b) Fair

(c) Good

(d) Very good

(e) Excellent

9. What will make you stay in IRS for the next five years without thinking of leaving? (Rank the options provided from most important to least important with five being the most important and one being the least important)

(a) Better salary

(b) Better allowances and benefits

(c) Inclusion in decision making

(d) Change in supervision style of managers

(e) More training and development

(f) Other, please specify⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯

⎯⎯⎯⎯

10. Are you satisfied with the current motivational packages you are enjoying at IRS?

☐ Yes ☐ No

11. Are there any additional benefit and allowances you would like for IRS to give you?

☐ Yes ☐ No

12. Have you had the opportunity to attend a refresher course?

☐ Yes ☐ No

13. Are there opportunities for IRS workers to undergo training?

☐ Yes ☐ No

14. How does IRS reward outstanding performance? ⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯⎯

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15. Are there scholarship and sponsorship package for IRS workers to further their

education? ☐ Yes ☐ No

EMPLOYEE EMPOWERMENT AND SUPERVISION STYLE

16. Does the management team have the capabilities and commitment to address the challenges that IRS faces? ☐ Yes ☐ No

17. Are you involve in planning and decision making, especially those that affect you directly

☐ Yes ☐ No

.If yes, are you satisfied with your level of involvement? ☐ Yes ☐ No

18. Are you trusted to make meaningful decision in your day to day activities?

☐ Yes ☐ No

19. How well have you been equipped with logistics to help you perform effectively and efficiently ....

....

20. Has management expectation been clearly communicated to you?

☐ Yes ☐ No

21. Have you responsibilities been communicated you?

☐ Yes ☐ No

22. A good manager-employee relationship can cause employees to be retained

Strongly disagree ☐   Disagree ☐   somehow agree ☐   strongly agree ☐

23. What can be done to create a good working environment?

....

....

....

24. Do have any recommendation to make?

....

....

....

EFFECTS OF MOTIVATION ON EMPLOYEE RETENTION

25. Do you feel you have the requisite knowledge, skills and abilities to do your job?

[ ] Yes [ ] No

26. I have received adequate training to do my job

   (a) Strongly agree   [   ]

   (b) Agree   [   ]

   (c) Neutral   [   ]

   (d) Disagree   [   ]

   (e) Strongly disagree   [   ]

27. An enabling environment has been created for me to achieve all my targets

   (a) Strongly agree   [   ]

   (b) Agree   [   ]

   (c) Neutral   [   ]

   (d) Disagree   [   ]

(e) Strongly disagree   [   ]

28. I am satisfied with the mode of employee selection for training and development programmes.

   (a) Strongly agree   [   ]

   (b) Agree   [   ]

   (c) Neutral   [   ]

   (d) Disagree   [   ]

   (e) Strongly disagree   [   ]

29. I am satisfied with my managers supervision style

   (a) Strongly agree   [   ]

   (b) Agree   [   ]

   (c) Neutral   [   ]

   (d) Disagree   [   ]

   (e) Strongly disagree   [   ]

30. I have intention to leave IRS

   (a) Strongly agree   [   ]

   (b) Agree   [   ]

   (c) Neutral   [   ]

   (d) Disagree   [   ]

   (e) Strongly disagree   [   ]

31. I am looking for better opportunities elsewhere.

    (a) Strongly agree   [   ]

    (b) Agree   [   ]

    (c) Neutral   [   ]

    (d) Disagree   [   ]

    (e) Strongly disagree   [   ]

32. My basic needs have not been satisfied by IRS.

    (a) Strongly agree   [   ]

    (b) Agree   [   ]

    (c) Neutral   [   ]

    (d) Disagree   [   ]

    (e) Strongly disagree   [   ]

33. I am proud of my organization.

    (a) Strongly agree   [   ]

    (b) Agree   [   ]

    (c) Neutral   [   ]

    (d) Disagree   [   ]

    (e) Strongly disagree   [   ]

34. How well are your concerns, both work-related and personal addressed?

....

....

....

35. Would you recommend IRS to your friends as a good place to work

☐ Yes   ☐ No

36. What in your opinion account for the exit of main stream workers (senior staff, junior

staff)

    a. Low salaries and or poor condition of service

    b. Career development

    c. Poor working condition

    d. Others

....

....

....

37. Any other comment on motivation and employee retention?

....

....

....
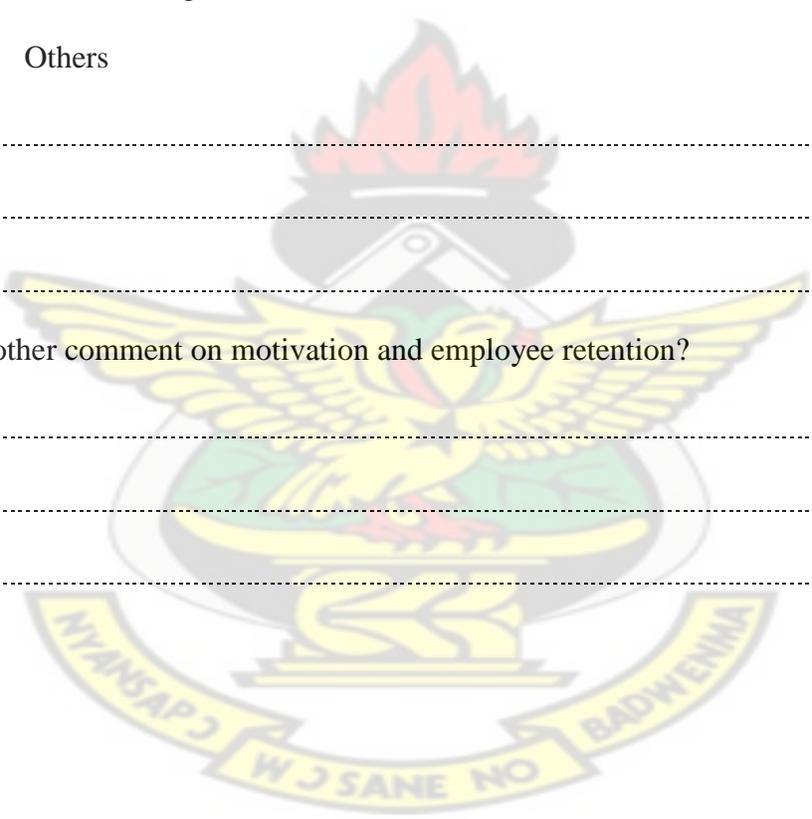
APPENDIX 2

QUESTIONNAIRE - SENIOR STAFF

(ASSISTANT INSPECTOR OF TAX (AIT)-PRINCIPAL INSPECTOR OF TAX (PIT)

THESE QUESTIONS ARE FOR THE THESIS ON "EXPLORING THE EFFECTS OF MOTIVATION ON EMPLOYEE RETENTION. A CASE STUDY OF INTERNAL REVENUE SERVICE"

KINDLY TAKE SOME OFF YOUR BUSY SCHEDULE TO RESPOND TO THESE QUESTIONS WHICH ARE BEING USED FOR ACADEMIC PURPOSE.

THE THESIS IS TO BE SUBMITTED TO THE INSTITUTE OF DISTANCE LEARNING, KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY IN PARTIAL FULFILMENT OF REQUIREMENT FOR THE AWARD OF CEMBA DEGREE.

CONFIDENTIALITY WOULD BE STRICTLY ENSURED.

QUESTIONS

RESPONDENTS' PROFILE

1. Code   Department

2. Rank

3. Years of services

MOTIVATIONAL PACKAGES

4. What allowances do you receive on monthly basis?

   (a) Rent allowance

(b) Utility allowance

(c) Fuel maintenance allowance

(d) Risk and clothing allowance

(e) All the above

(5) Which of them motivate you most? ....

(6) Give reasons for your answer to question five (5) above. ....

....

....

(7) How long do you intend to work with IRS before moving to a new organization?

....

(8) How will you described your salary at IRS?

(a) Poor

(b) Fair

(c) Good

(d) Very good

(e) Excellent

(9) What will make you stay in IRS for the next five years without thinking of leaving? (Rank the options provided from most important to least important with five being the most important and one being the least important)

(a) Better salary

(b) Better allowances and benefits

(c) Inclusion in decision making

(d) Change in supervision style of managers

(e) More training and development

(10) Are you satisfied with the current motivational packages you are enjoying at IRS?

☐ Yes ☐ No

(11) Are there any additional benefit and allowances you would like for IRS to give you?

☐ Yes ☐ No

(12) Have you had the opportunity to attend a refresher course?

☐ Yes ☐ No

(13) Are there opportunities for IRS workers to undergo training?

☐ Yes ☐ No

(14) How does IRS reward outstanding performance? ....

....

....

(15) Are there scholarship and sponsorship package for IRS workers to further their education?

Yes ☐   No ☐

EMPLOYEE EMPOWERMENT AND SUPERVISION STYLE

(16) How do your managers relate to you at work place ☐   Not cordial ☐   somehow Cordial ☐   very cordial ☐

(17) How well have you been equipped with logistics to help you perform effectively and efficiently? ....

....

....

....

(18) Has management expectations been clearly communicated to you?

☐ Yes   ☐ No

(19) Have your responsibilities been clearly communicated to you?

Yes ☐   No ☐

(20) Are you satisfied with your level of involvement?   Yes ☐   No ☐

(21) Does management supervise your work? ☐ Yes   No ☐

(22) How will you assess management supervision?   Not satisfied [ ]

somehow satisfied [ ]   very satisfied [ ]

(23) A good manager-employee relationship can cause employee to be retained?

Strongly disagree [ ]   Disagree [ ]   somehow agree [ ]   strongly agree

(24) What can be done to create a good working environment? ....
....
....
....

(25) Do you have any recommendation? ....
....
....
....

EFFECTS OF MOTIVATION ON EMPLOYEE RETENTION

(26) Do you feel you have the requisite knowledge, skills and abilities to do your job?

[ ] Yes   [ ] No

(27) I have received adequate training to do my job

      (a) Strongly agree   [ ]

      (b) Agree   [ ]

      (c) Neutral   [ ]

      (d) Disagree   [ ]

      (e) Strongly disagree   [ ]

(28) An enabling environment has been created for me to achieve all my targets

      (a) Strongly agree   [ ]

      (b) Agree   [ ]

      (c) Neutral   [ ]

      (d) Disagree   [ ]

      (e) Strongly disagree   [ ]

(29) I am satisfied with the mode of employee selection for training and development programmes.

      (a) Strongly agree   [ ]

      (b) Agree   [ ]

      (c) Neutral   [ ]

      (d) Disagree   [ ]

      (e) Strongly disagree   [ ]

(30) I am satisfied with my managers supervision style

    (a) Strongly agree   [   ]

    (b) Agree   [   ]

    (c) Neutral   [   ]

    (d) Disagree   [   ]

    (e) Strongly disagree   [   ]

(31) I have intention to leave IRS

    (a) Strongly agree   [   ]

    (b) Agree   [   ]

    (c) Neutral   [   ]

    (d) Disagree   [   ]

    (e) Strongly disagree   [   ]

(32) I am looking for better opportunities elsewhere.

    (a) Strongly agree   [   ]

    (b) Agree   [   ]

    (c) Neutral   [   ]

    (d) Disagree   [   ]

    (e) Strongly disagree   [   ]

(33) My basic needs have not been satisfied by IRS.

     (a) Strongly agree   [   ]

     (b) Agree   [   ]

     (c) Neutral   [   ]

     (d) Disagree   [   ]

     (e) Strongly disagree   [   ]

(34) I am proud of my organization.

     (a) Strongly agree   [   ]

     (b) Agree   [   ]

     (c) Neutral   [   ]

     (d) Disagree   [   ]

     (e) Strongly disagree   [   ]

(35) How well are your concerns, both work-related and personal addressed?

(36) Would you recommend IRS to your friends as a good place to work

☐ Yes   ☐ No

(37) What in your opinion account for the exit of main stream workers (senior staff, junior staff)

    (a) Low salaries and or poor condition of service

    (b) Career development

    (c) Poor working condition

    (d) Others

(38) Any other comment on motivation and employee retention?

APPENDIX 3

QUESTIONNAIRE-JUNIOR STAFF

(Junior Tax Assistant vi-Tax Assistant i)

(ASSISTANT INSPECTOR OF TAX (AIT)-PRINCIPAL INSPECTOR OF TAX (PIT)

THESE QUESTIONS ARE FOR THE THESIS ON "EXPLORING THE EFFECTS OF MOTIVATION ON EMPLOYEE RETENTION. A CASE STUDY OF INTERNAL REVENUE SERVICE"

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QUESTIONS

RESPONDENTS' PROFILE

1. Code_____Department_____

2. Rank_____

3. Years of services_____

MOTIVATIONAL PACKAGES

4. What allowances do you receive on monthly basis?

    (a) Rent allowance

    (b) Utility allowance

    (c) Fuel maintenance allowance

    (d) Risk and clothing allowance

    (e) All the above

5. Which of them motivate you most?..

6. Give reasons for your answer to question five (5) above.................................

    ....

    ....

7. How long do you intend to work with IRS before moving to a new organization?....

    ....How will you

    described your salary at IRS?

    (a) Poor

    (b) Fair

    (c) Good

    (d) Very good

    (e) Excellent

8. What will make stay in IRS for the next five years without thinking of leaving? (Rank the options provided from most important to least important with five being the most important and one being the least important)

(a) Better salary

(b) Better allowances and benefits

(c) Inclusion in decision making

(d) Change in supervision style of managers

(e) More training and development

(f) Other, please specify ⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼

9. Are you satisfied with the current motivational packages you are enjoying at IRS?

Yes ☐ No

☐

10. Are there any additional benefit and allowances you would like for IRS to give you?

☐ Yes ☐ No

11. Have you had the opportunity to attend a refresher course?

☐ Yes ☐ No

13. Are there opportunities for IRS workers to undergo training?

☐ Yes ☐ No

14. How does IRS reward outstanding performance? ⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼⸼

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15. Are there scholarship and sponsorship package for IRS workers to further their education?　　　Yes ☐　　　No ☐

EMPLOYEE EMPOWERMENT AND SUPERVISION STYLE

16. How do your managers relate to you at work place? Not cordial ☐　　somehow ☐ cordial ☐　　very cordial ☐

17. How well have you been equipped with logistics to help you perform effectively and efficiently? ....
....
....

18. Has management expectations been clearly communicated to you?
☐ Yes　　☐ No

19. Have your responsibilities been clearly communicated to you?　Yes ☐　No ☐

20. Are you satisfied with your level of involvement?　　　Yes ☐　No ☐

21. Does management supervise your work?　　　Yes ☐　No ☐

22. How will you assess management supervision? Not satisfied [ ]

somehow satisfied [ ]   very satisfied [ ]

23. A good manager - employee relationship can cause employee to be retained?

    Strongly disagree [ ]   Disagree [ ]   somehow agree [ ] trongly agree

24. What can be done to create a good working environment? ....
....
....
....

25. Do you have any recommendation? ....
....
....

EFFECTS OF MOTIVATION ON EMPLOYEE RETENTION

26. Do you feel you have the requisite knowledge, skills and abilities to do your job?

    [ ] Yes [ ] No

27. I have received adequate training to do my job

    (a) Strongly agree   [   ]

    (b) Agree   [   ]

    (c) Neutral   [   ]

    (d) Disagree   [   ]

    (e) Strongly disagree   [   ]

28. An enabling environment has been created for me to achieve all my targets

    (a) Strongly agree   [   ]

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    (d) Disagree   [   ]

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29. I am satisfied with the mode of employee selection for training and development programmes.

    (a) Strongly agree   [   ]

    (b) Agree   [   ]

    (c) Neutral   [   ]

    (d) Disagree   [   ]

    (e) Strongly disagree   [   ]

30. I am satisfied with my managers supervision style

    (a) Strongly agree   [   ]

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    (d) Disagree   [   ]

    (e) Strongly disagree   [   ]

31. I have intention to leave IRS

    (a) Strongly agree   [   ]

    (b) Agree   [   ]

    (c) Neutral   [   ]

    (d) Disagree   [   ]

    (e) Strongly disagree   [   ]

32. I am looking for better opportunities elsewhere.

    (a) Strongly agree   [   ]

    (b) Agree   [   ]

    (c) Neutral   [   ]

    (d) Disagree   [   ]

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33. My basic needs have not been satisfied by IRS.

    (a) Strongly agree   [   ]

    (b) Agree   [   ]

    (c) Neutral   [   ]

    (d) Disagree   [   ]

    (e) Strongly disagree   [   ]

34. I am proud of my organization.

    (a) Strongly agree   [   ]

    (b) Agree   [   ]

    (c) Neutral   [   ]

    (d) Disagree   [   ]

    (e) Strongly disagree   [   ]

35. How well are your concerns, both work-related and personal addressed?

....

....

....

36. Would you recommend IRS to your friends as a good place to work

☐ Yes   ☐ No

37. What in your opinion account for the exit of main stream workers (senior staff, junior staff)

    (a) Low salaries and or poor condition of service

    (b) Career development

    (c) Poor working condition

    (d) Others

....

....

....

38. Any other comment on motivation and employee retention?

....

....

....

APPENDIX 4

INTERVIEW GUIDE FOR SOME STAFF OF INTERNAL REVENUE SERVICE

UPPER EAST REGION

1. For how long have you been in IRS?

2. Have you had the opportunity to attend a refresher course or furthering your studies?

3. How long do you intend to work with IRS before moving to a new organization?

4. Would you recommend IRS to your friends as a good place to work?

5. Has management expectations and responsibilities been communicated to you?

6. How does IRS reward outstanding performance?

7. Are you satisfied with the mode of employee selection for training and development?

8. How do your superiors relate to you at the workplace?

9. Given the responsibilities and performance, would you say that you are equitably paid

10. What category of staff tops the exit list and why?

11. Are you satisfied with the current motivational packages you are enjoying at IRS?

12. Do you believe that a good manager - employee relationship can cause employees to be retained?

13. Are you proud of your organization?

Note:

The above questions were used as guide which brought out answers which, in turn, led to further and more probing questions.

LIST OF INTERVIEWEES

INTERNAL REVENUE SERVICE,UPPER EAST REGION

1. Regional Director, IRS Upper East Region

2. District Manager, IRS Bolgatanga

3. District Manager, IRS Bawku

4. Sub- District Manager, IRS Navrongo

5. Deputy District Manager, IRS Bolgatanga

6. Regional Accountant, IRS Bolgatanga

7. Administrator, IRS Bolgatanga

8. Schedule Assistants, IRS Bolgatanga

9. Schedule Assistant,IRS Navrongo

10. District Accountant, IRS Bolgatanga

11. Sub-District Accountant, Navrongo

ORGANOGRAM OF INTERNAL REVENUE SERVICE

COMMISSIONER

Deputy Commissioner - Operations	Deputy Commissioner Research, Planning & Monitoring	Deputy Commissioner - Administration	Deputy Commissioner - Finance	Deputy Commissioner - Legal	Deputy Commissioner - National Tax Audit Bureau	Deputy Commissioner -Internal Audit	Deputy Commissioner - LTU

AC Collection	AC Planning	AC Training	AC Revenue	AC Prosecution

KEY

AC - Assistant Commission

LTU – Large Tax Unit

AC Quality Assurance	AC Statistics	AC Administration	AC Accounts	AC Civil division

AC Assessment	AC Research	AC General Services	AC Finance

AC Tax Audit

AC GT. Accra	AC Ashanti Region	AC Eastern Region	AC Northern Region	AC Central Region	AC Brong Ahafo	AC Upper East Region	AC Upper West Region

District Manager	District Manager	District Manager	District Manager	District Manager	District Manager	District Manager	District Manager
Sub Manager	Sub Manager	Sub Manager	Sub Manager	Sub Manager	Sub Manager	Sub Manager	Sub Manager

OTHER UNITS AND STAFF

KNUST