

# **THE ROLE OF EMPLOYEE RETENTION ON JOB PERFORMANCE**

**A Case Study of Accra Brewery Company Limited, Accra**

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.

I, thus, declare that I am the only author of this thesis which was supervised by Mr. Samuel Kwesi Enninful.

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## DEDICATION

This work is dedicated to my mother, Elizabeth Ayensu, who has laid the solid foundation of my education and her tireless effort and unquenchable love and support throughout my career.

To my cherished wife Emelia, you took over to guarantee that my dream for high academic achievements become real. You are a gem.

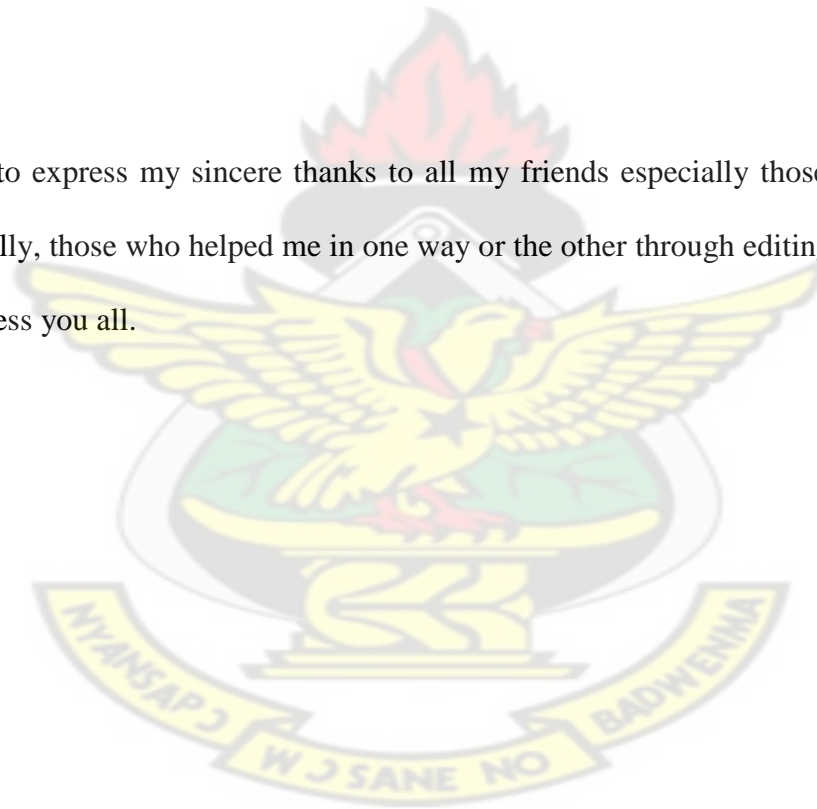


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## **ABSTRACT**

Employees today are different. They are not the ones who do not have good opportunities, especially, experienced and talented ones. As soon as they feel dissatisfied with the current employer or the job due to lack of advancement opportunities, salary and remuneration and others, they switch over to the next. The result is that employers lose their invested resources to their competitors, corporate memory is lost, employee-customer relationships are strained and more over the moral of existing staff goes down. It is therefore very important that employers retain their employees, especially the good and experienced ones. Employee retention is a process in which employees are encouraged to remain with the organization for the maximum period of time or until the completion of a particular project( Hom ,1995).

This study looks at the retention practices in Accra Brewery Limited (ABL), from the point of view of its employees and what role retention plays in their job performance. A sample population of thirty employees comprising of senior and junior level staff in the various departments was used. Eight (8) out of the thirty (30) employees, representing 26.67%, were satisfied with the retention practices of ABL. The study confirms that lack of advancement opportunities, work-life balance, lack of reward and recognition and salary and remuneration were more common reasons for departure among all employees.

Retaining top talent is a primary concern for many organizations today and this study recommends that retention strategies should be aimed at retaining highly skilled personnel and at the same time building up under-performers. Feedback on employee performance is vital to building confidence in the retention practices of the Brewery. In addition, employee value proposition as enshrined in the vision statement of the Brewery must be upheld while management should be flexible in terms of work-life balance. These motivation of employees produces a culture of commitment to the objectives of the organization.

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## CHAPTER ONE

### INTRODUCTION

#### 1.0 Background to the Study

In the post colonial period, having a formal employment was considered desirable and sufficient candidates could be found to fill them in the past. Moreover, once employed, workers would often spend their entire careers in those jobs. In areas where there was high turnover, new employees could be recruited easily. Similarly, workers were loyal to their organizations and stayed often on the job until their retirement. As a result of this, employers were loyal to their employees by taking care of them in a more paternalistic way.

Interestingly, while today's organizations are indeed different, the challenge of retention is growing. It is quite sad that businesses today are not adopting some of the strategies used in the past to ensure that more employees are retained. Moreover, most organizations in Ghana, are not being creative in devising strategies to keep their employees. Companies today are not creating an environment which encourages their employees to remain loyal to the organization.

Smith (2001) suggests that there may be several factors involved in why employees leave their job. It could be voluntary, where the employee chooses to leave. It could also be for reasons that may include better career opportunities, increased compensation and broadening of current tasks and responsibilities and boredom with current task. Involuntary turnover occurs when employees are asked to leave for reasons including poor performance or inappropriate behavior. Company

benefits, employee attitude and job performance are all factors which play an important role in employee retention. When a company replaces a worker the company incurs direct and indirect expenses. These expenses include the cost of advertising, headhunting fees, human resources fee and new hiring cost.

Most companies will react to employee turnover if it is found that its effect is felt companywide. By offering employees benefit such as reasonable flexibility with work and family balance, performance reviews and performance based salary upgrade along with traditional benefits such as paid holidays and sick days companies are better able to manage their employee retention rates.

When a business loses employees, it loses skills, experience and “corporate memory”. The magnitude and nature of these losses is a critical management issue, affecting productivity, profitability, and product and service quality. For employees, high turnover can negatively affect employment relationships, morale and workplace safety. The cost of replacing workers can be high, the problems associated with finding and training new employees can be considerable, and the specific workplace-acquired skills and knowledge people walk away with can take years to replace.

### **1.1 Statement of the Problem**

Today, there is a high demand in the public and private sectors for workers in critical areas such as health care, information technology, engineering, accounting, and auditing. The supply of qualified workers is limited and good workforce planning requires a twofold approach of aggressive recruitment and innovative retention strategies.

The problem is that, retention policies or strategies are not focused on elimination of unwanted turnover. It is also believed that the costs to the employer as a result of management's inability to retain its employees include separation benefits to the employee, lost productivity, recruitment costs, training costs, and diminished services as new employees get up to speed. The study seeks to verify the truth or otherwise in this statement.

### **1.2 Objectives of the Study**

The objectives of the study are as follows:

- 1 To determine whether retention practices in Accra Brewery Limited benefit the employees.
- 2 To establish the motivational programmes employed by Accra Brewery Limited to retain its employees.
- 3 To ascertain if employee retention has a relationship with job performance in Accra Brewery.

### **1.3 Research Questions**

While monetary considerations continue to be key elements in retaining talent, other, often intangible, factors can play a significant role in an employee's decision to stay with or leave an organization. The study seeks to raise the following questions:

- 1 Will the process of employee retention benefit Accra Brewery Limited?
- 2 Are motivational programmes strong enough to retain Accra Brewery employees?
- 3 Does employee retention have a relationship with job performance in the brewery industry?

### **1.4 Significance of the Study**

The relevance of this study was to establish that employee retention has a significant role on job performance. Thus, there is the need to provide career counseling, training, career advancement and development for employees in the Brewery Industry.

Furthermore, the study generates interest from the wider perspective of employee retention and is of particular interest to those concerned with job performance in Accra Brewery Limited. The findings of this study will help to provide a foundational basis for the work in the area of developing competitive pay and benefits package for the employees of Accra Brewery Ghana Limited.( developing retention strategies that will have positive effect on job performance )

The study will help employers to implement programmes such as flexible working arrangements and manager training initiatives to reduce turnover.



### **1.5 Limitation and scope of the Study**

The researcher was limited in scope of research work by several factors such as:

Some respondents were demanding gifts before responding to the questionnaire. In such cases the researcher had to make it clear that the study was for academic purposes.

Some of the top management level employees could not be reached for any comment because of their busy schedules and also obtaining information from the Human Resources personnel was quite challenging because personnel information is not easily given out to employees.

Time factor can be considered as a main limitation. Some interviews had to be done over the phone because of non-availability of certain key personnel at certain periods.

The findings of the study were solely based on the information provided by the respondents. The study was limited to only the permanent staff of the organization. The questionnaires were distributed to and answered by the permanent staff only.

The accuracy of findings was limited by the accuracy of statistical tools used for analysis.

### **1.6 Organization of the Study**



The work was carefully divided into five main chapters. Chapter one is about the background, statement of the research problem, objectives of the study, research questions, justification for the study, methodology and outline of the study. Chapter two involves a review of literature on employee retention. Chapter three deals with the methodology adopted. Chapter four entails results and analysis while chapter five contains the summary, conclusions and recommendations.

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## CHAPTER TWO

### LITERATURE REVIEW

#### 2.0 Introduction

Employee retention is most critical issue facing employers in the brewery industry as a result of the shortage of skilled labor, economic growth and employee turnover. In their book, *Retaining Valued Employees*, (Griffeth and Hom,2001) report that turnover costs can run as high as 200 percent of the exiting employee's salary, depending on his or her skill level. According to the newsletter of the International Association of Professionals in Employment Security, "When a valuable employee leaves, it costs the employer money possibly up to a third of the employee's annual salary.

While remuneration and other types of benefits continue to be an important factor in the retention equation, it is important to note that the current Human Resource literature treats them as only one potential area for retention, and not always in and of themselves, sufficient to ensure strong employee commitment. Over the past 10 or 15 years, the business literature dealing with employee participation, workplace wellness, work-life balance and other topics has mushroomed, indicating a strong interest in and recognition of how other aspects of working life influence people's decisions to stay with or leave a company (Hom & Griffeth, 1995).

## 2.1 Definition of Employee Retention

Employee Retention involves taking measures to encourage employees to remain in the organization for the maximum period of time (Griffeth & Hom 2001). Organizations are facing a lot of problems in employee retention these days. Hiring knowledgeable people for the job is essential for an employer. But retention is even more important than hiring.

There is no dearth of opportunities for a talented person. There are many organizations which are looking for such employees. If a person is not satisfied by the job he's doing, he may switch over to some other more suitable job. In today's environment it becomes very important for organizations to retain their employees. The reason may be personal or professional (Fombrun, ,& Shanley, 1990).

These reasons should be understood by the employer and should be taken care of. Most organizations are becoming aware of these reasons and are adopting many strategies for employee retention. The top organizations are on the top because they value their employees and they know how to keep them glued to the organization. Employees stay and leave organizations for various reasons.

## 2.2 Reasons for Retention

There is broad agreement in the Human Resource literature about the general features of any potential Human Resource programme that contributes to good retention. Most of these are directly related to creating a satisfactory work environment for employees and thus, in turn, to good retention (Aquino, Griffeth, Allen, Hom,1997). These features or 'motivators' include:

A stimulating work environment that makes effective use of people's skills and knowledge, allows them a degree of autonomy on the job, provides an avenue for them to contribute ideas, and allows them to see how their own contribution influence the company's well-being.

Opportunities for learning and skills development and consequent advancements in job responsibilities.

Effective communications, including channels for open, two-way communication, employee participation in decisions that affect them, an understanding of what is happening in the organization and an understanding of the employer's main business concerns.

Good compensation and adequate, flexible benefit plans.

Recognition on the part of the employer that employees need to strike a good balance between their lives at work and outside of work.

Respect and support from peers and supervisors.

Companies that are inflexible, or whose organizational culture is characterized by domination and autocracy are likely to have dissatisfied employees no matter how good the incentives to stay may be (Dalton, & Todor, 1979). Or, at the very least, the tenure of their employees is likely to be highly sensitive to changes in specific incentives: small changes in compensation may lead to numerous departures. There are however other aspects of the work environment or particular jobs that can act as strong 'de-motivators' that can cause people to leave their employment. These include:

Lack of control over one's work

Feeling bored or unchallenged by repetitive tasks

Lack of job security

Lack of learning opportunities

More generous compensation or benefits package offered elsewhere

Concerns about the future of the firm.

It is important to note that some of these de-motivators can occur at the best of organizations, or can be the result of forces that originate beyond the company itself. That a particular job description involves many repetitive and boring tasks is not necessarily the result of indifference on the part of the employer, but is rather inherent in the nature of that type of job. That employees are often pulled to other companies or industries by more generous offers is, in part, a result of the broad characteristics of an industry or the segment of the market in which the company operates.

( Muchinsky, 1977) argues that attentiveness, responsiveness, and openness of communications on the part of management are elements of the business vision that sustain high retention, even under difficult circumstances.

### **2.3 Workplace Culture and Commitment**

There exists a keen interest in the concept of company or workplace 'culture' and its connection with an employee's sense of 'commitment' to his or her employer. Authors in the Human Resource field speak increasingly of the need to ensure retention by nurturing 'affective commitment,' or, simply put, an employee's desire to remain a member of a particular organization for motives beyond compensation or obligation (March, & Simon, (1958).

A 'culture of commitment' is more than just the sum of particular Human Resource policies or retention initiatives. It is related rather to overall organizational culture, in other words, not just particular programs but rather how such programs fall into a company's overall values, how it communicates with its employees about those values, and how employees perceive their own role within the company and the value that the company attaches to their individual contribution (Hunter & Hunter ,1984). Because workplace culture depends a lot on how individual perceptions and feelings hold together, it can of course be difficult to say exactly what decisively makes up a particular company's culture.

Branham (2005) suggests that commitment-oriented corporate cultures depend on a number of objective and subjective elements. Cultures of commitment, he writes:

View employees as partners.

Recognize the human needs of all employees.

Invest in people as the primary source of competitive advantage.

Communicate clear corporate mission, vision, strategy, goals, and objectives.

Commit to long-term strategy and the people needed to carry it out.

Reward system and management styles to support the mission and strategy.

Focus on "managing the performance contract," not controlling the people.

Put a premium on employee involvement in new ideas and innovation.

Focus on results, not on who gets credit.

Trust employees enough to delegate.

Tolerate “intelligent error” and experimentation.

Similarly, Collins,(2007) confirms a strong link between “affective commitment” and turnover intention; particularly as such commitment is built through (i) skills development opportunities, (ii) systems that allow people to recognize their individual contributions, and (iii) systems that encourage greater participation in decision-making.

Nevertheless, the literature strongly supports the notion that people stay with their employers if the culture of commitment is strong. Beyond this, however, it is also clear that people are more likely to stay if the perceived workplace culture is a good “fit” with the individual’s own interests, orientation and attitudes (DiPietro, & Milman, (2004). Indeed, (Zhao, Wayne, Glibkowski,& Bravo,(2007) suggest that while compensation, personal and professional development opportunities, and other incentives are important in attracting people and keeping them happy, their decision to stay with the company depends vitally on how well they fit in to the company’s way of doing business, how it treats employees, what it expects of them, and how people relate to one another in the workplace.

## **2.4 Employee Retention Strategy**

In contrast to “culture,” the term “strategy” refers to a more formalized and planned system of practices that are linked with an overall vision, a set of values and a mission (Jackofsky, 1984). Many companies,



particularly larger ones with fully developed Human Resource departments, engage in elaborate planning exercises in order to develop a cohesive and unitary strategy to deal with employee retention or, more generally, human resources management which often includes retention as one of its objectives, will roll out particular programmes or interventions with explicit reference to an overall organizing principle.

Indeed, many experts within the Human Resource literature emphasize the importance of such exercises, and emphasize that good retention is best assured when companies take a strategic approach to the question. Yet it is clear that taking a strategic approach to Human Resource management can require considerable resources, and may prove to be too resource-intensive for smaller companies, particularly companies that are too small to have a department dedicated to Human Resource matters, or even too small to have an executive exclusively devoted to Human Resource questions (Muchinsky, 1977).

Lockwood, (2006) has provided evidence that indicates a correlation in firms between “good” workforce outcomes which includes reduced layoffs, quit rates, accidents and grievances and Human Resource strategies that emphasize employee participation and intrinsic rewards. The presence of practices related to internal career development is often the best predictor of an employee's affective commitment. Such plans include advancement plans, internal promotion and accurate career previews at the time of hiring.



Furthermore, as Lockwood, (2006) point out, it is still unclear whether successful practices engender high performance, or whether strong performance creates the resources for the implementation of such practices.

## **2.5 Factors Affecting Retention**

### **i. Compensation Levels**

The Human Resource literature that covers compensation is quite likely the largest part of the literature that applies to employee retention. Most of the sources consulted in this study stress the importance of compensation in attracting and keeping good employees, particularly for workers whose skills and responsibilities are unique or indispensable to the organization, or for those workers in whom the company has invested considerable resources in recruiting or training.

Lockwood, (2006) argues that low wage strategies may be appropriate if work is simple and repetitive and requires little training. These distinctions are very general in nature and do not necessarily provide a clear rule of application to actual companies. Companies in highly competitive local labour markets may well find that they need to pay highly competitive rates against some industry or geographic benchmark in each of their job classifications, even for semi-skilled or unskilled positions.

In addition, some commentators hold that competitive compensation packages can signal strong commitment on the part of the company, and can therefore build a strong reciprocal commitment on the part of workers. However, to the extent that it contributes to retention, competitive compensation

is also likely to affect both desirable and undesirable turnover: it will help to retain workers, irrespective of the quality of their contribution to the company.

While there is general agreement about the importance of competitive compensation for employee retention, there is also a growing consensus that competitive, or even generous compensation will not single-handedly guarantee that a company will be able to keep its most valuable employees. Lockwood, (2006) maintained that, the key issue in retention is the amount of total compensation relative to levels offered by other organizations. “Organizations that have high levels of compensation,” he wrote, “have lower turnover rates and larger numbers of individuals applying to work for them.” Furthermore, he argued, high wage workplaces may create a “culture of excellence.”

It is worth remembering that building “affective commitment” (Muchinsky, (1977) involves much more than paying well, and that retention based on the principle of “compensation-based commitment” is of course sensitive to changes in compensation within the company. Employers that base their retention on compensation-based commitment will always be vulnerable to the possibility that their competitors will be able to offer better wages and thus lure away their employees.

Similarly, Staw,. (1980) argues that “money gets employees in the door, but it doesn’t keep them there.” Aquino, Griffeth, Allen, Hom, (1997). classify money as a “satisfier,” meaning that it is a necessary but insufficient factor in employee retention, while Collins, (2007).agree that money is not the primary motivator for employees. In fact, many companies have done a very good job of retaining their employees without any pay-based retention incentives (Collins, (2007).

Successful retention under such circumstances seems to depend on a wide number of factors. Clearly, the existence of other Human Resource practices is also a key to retention, and there is a great deal of interdependence between compensation and these other practices. One should not discount the possibility that certain companies get along very well without offering high levels of compensation for reasons that are not of their own doing.

Workers in the cities where industrial establishments are concentrated may be more likely to move to the competitor even for very modest wage differentials. Companies situated in more isolated areas know that their workers are less likely to move for small increments in compensation. The message is that companies that wish to develop a successful retention plan that includes compensation and benefits must always understand their own unique characteristics and circumstances.

Whatever their circumstances, companies that successfully incorporate compensation and benefits into their retention efforts have a clear understanding of their business objectives and use compensation as a tool for influencing organizational and employee behaviour. For example, pay systems and practices can have a major impact on employee retention by motivating membership-oriented behaviour (commitment). Pay systems may also affect knowledge sharing and transfer if sharing, teamwork, suggestions, etc. are rewarded or recognized (Collins, (2007).

According to Branham (2005) compensation can also drive commitment-oriented behaviour by:

Sending employees a strong message about what results are valued.

Recognize and reinforce important contributions so that employees feel valued.

Provide a sense of “emotional ownership” and increased commitment that comes from giving employees “a piece of the action.”

Maintain or cut fixed payroll costs and allocate variable pay to the employees they most want to attract and keep.

Finally, it is important to distinguish between what might be called normal or standard compensation like wages, salaries, benefits, etc. and what is commonly referred to as performance-based compensation, that is, specific forms of compensation that are paid for workers or groups of workers who attain certain objectives vital to a company’s business strategy. Performance-based compensation or ‘pay for performance’ is becoming an increasingly popular form of compensation, particularly since its various forms are closely tailored to very specific company objectives, including employee retention (Collins,(2007)., 1999).

## **ii. Benefits**

Benefits can demonstrate to employees that a company is supportive and fair, and there is evidence to suggest that stable benefits are at the top of the list of reasons why employees choose to stay with their employer or to join the company in the first place (Aquino, Griffeth, Allen, Hom, (1997). However, it is often the case that many employees do not realize the "true value" of the benefits they receive. Nor are they always sure what motivates the employer to provide these benefits. Thus, the link between benefits and employee commitment is not always strong. Adequate communication with employees is, as with most other retention practices, essential (Trevor, (2001).

The range of benefits offered by companies includes the following categories: health, dental, visions, vacation, parental/family leave, disability, retirement/pension, employee assistance programs, life insurance, extended leave, etc.

Employee benefits are constantly evolving as the workforce itself evolves, and as people identify new priorities as being important. We may note, for example, the growing interest in fitness subsidies or eldercare provisions which are a direct response to changes in personal priorities and demographic changes.

In addition, there is also growing concern within industry about the mounting costs of health-related benefits and the magnitude of pension obligations for an aging workforce. Thus, while benefits do not necessarily figure prominently within the literature as a major area of Human Resource innovation, they are the subject of considerable concern among employers and workers, and a few key observations are worth making with respect to employee retention.

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

Companies with a significantly younger population may find education subsidies or tuition rebates to be more effective retention drivers.

Most innovations in the area of benefits appear to be focused on the concept of flexibility. Many companies are responding to the increasingly diverse needs of their employees by introducing a greater element of choice in the range of benefits from which their workers can choose. Thus, the introduction of flexibility in benefits packages can be a key ingredient in ensuring good retention, particularly since it affords greater responsiveness to the specific needs and circumstances of individuals (Milman, (2003).

Some companies have become more creative in the types of benefits they offer their employees, and many such initiatives are focused on allowing employees to strike a better balance between their working and non-working lives. Examples are numerous and include: earned time off, on-site child care, paid paternity leave, sabbaticals, tuition reimbursement, etc (Milman, (2003).

In the interest of facilitating a better work-life balance, DiPietro, & Milman, (2004) advise employers to make it easier for employees to transfer from full-time to part-time work and vice versa, introduce pro-rated benefits for part-time workers, guarantee a return to full-time status for those who elect to work part-time, and protect employee seniority when shifting from full to part-time work, and vice-versa.

### **iii. Performance-based Compensation**



In general, the key purpose behind performance-based compensation is twofold. It is a means of modifying individuals' behaviour within an establishment in order to better align their activity with particular business objectives, and a way of influencing the development of particular types of organizational culture (for example, team-based pay can lead to a stronger team-based culture, skill-based pay or profit-sharing can contribute to a culture of stability and mutual commitment, etc.; Meyer, 2003)

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Griffeth, Steel, Allen, & Bryan, (2005) identified the following compensation systems as it retains the essential categories in which people think about performance-based pay.

**a. Incentive Pay:**

Incentive pay systems pay pre-determined amounts for each unit produced (piece-rate).

**b. Merit pay**

Merit pay allocates pay increases based on individual performance. It can play a major role in attracting and retaining particular employees, and can lead both to good retention and beneficial turnover, that is, good performers stay and poor performers leave. Where teamwork is an important part of productive activity, individual merit pay may not work well. As with other forms of performance-based compensation, individual merit pay can cause excessive competition for incentives, and can promote counter-productive behaviour, for example, hoarding important information rather than sharing it widely within the company and other forms of 'zero-sum' behaviour.

**c. Gain sharing.**

Financial gains in organizational performance are shared with all employees in a single plant using a predetermined formula measured against a historical benchmark. Gain sharing is usually based on a participative management approach, for example, suggestion systems, shop floor committees, self-directed work teams, in order to enhance the coordination of teamwork and sharing of knowledge. Gain sharing also may be effective in smaller firms with less than 500 employees.

**d. Profit Sharing:**

Pay is related to the company's overall financial performance. Profit sharing is different from gain sharing in that it does not necessarily involve participative management, and does not measure employee-controlled or productivity-related financial performance.

**e. Employee Stock Ownership Plans (ESOPs):**

For publicly traded companies, employees are partly compensated through shares in the company's stock. Employee ownership arrangements can include stock options plans, stock purchase plans, and employee stock ownership plans. Meyer (2003) cites a number of different studies that positively link ESOPs and organizational commitment. Research also indicates, however, that ESOPs in and of themselves, are not sufficient to increase "affective commitment." For example, measures to increase employees' say in how the company is run might be one type of support needed to increase commitment (Griffeth, Steel, Allen, & Bryan, (2005).



**f. Skill-based Pay:**

Under this arrangement, the employee is paid according to his or her skills and experience. In this case, the company pays for the person rather than the job position. Skill-based pay can help organizations meet their skill requirements by directly motivating workers to learn specific skills. The major advantage of this pay system is that it can promote a culture of flexibility. Individuals can perform multiple tasks, including filling jobs in the wake of turnover. Skill-based pay can also contribute to lower turnover since individuals will be paid more for their knowledge and will be unlikely to find similarly attractive pay in firms using more traditional job-based pay systems.

**g. Bonus Plans.**

These have the advantage of being flexible, and capable of targeting particular behaviours that a company might want to change or promote without increasing fixed costs (Rappaport, Bancroft, & Okum, (2003).

**h. Retention-based Compensation.**

These include bonuses and other forms of compensation based on job tenure. Rappaport, Bancroft, & Okum, (2003) note that a potential disadvantage to this form of compensation is that it can contribute to reduced employee motivation, inhibit behavioural change, encourage risk aversion, and can often be expensive for organizations with long employee tenure.

#### **i. Team-based Pay.**

Given the increased interest in employee participation and a growing interest in team-based work, the list of compensation options would not be complete without some mention of team-based pay, in which work teams are uniformly compensated for the performance of the team as a whole. Again, team-based pay must be aligned with intentions to promote certain types of behaviour. Properly managed, team-based pay can reinforce cohesion at the group level and generate strong performance by particular work teams. As with individual performance compensation, team-based pay can also generate conflict and competition among work teams. In addition, some authors note that team-based pay raises concerns about free-rider problems.

It is important to recognize that the introduction of pay-for-performance is not an isolated intervention, in the sense that it depends upon and is to some extent a result of other Human Resource and business strategies. There is, for example, little sense in introducing skill-based compensation if the employer is not actively engaged in providing learning and development opportunities for its members as a part of its normal business practice. Similarly, individual performance bonuses or pay need to be aligned with a structured process for evaluating and managing employee performance.

Secondly, it should be noted that labour unions are often reticent about embracing pay-for-performance. Pay-for-performance naturally introduces pay differentials among employees with similar job classifications, and this is contrary to the spirit in which unions normally negotiate with management on issues related to compensation.

However, Brosseau (2000) has cited instances in which pay-for-performance systems have successfully met with union approval. He notes that the involvement of the union in the design, implementation and operation of skill-based pay systems is essential to successfully implementing such systems in unionized environments. Indeed, union involvement at this level appears to be consistent with what much of the literature has to say about the need for open communications, as well as employee participation and involvement.

## **2.6 Reward and Recognition**

Staw, (1980) argues that reward systems ought to be a significant sphere of innovation for employers. The increasing diversity of the workforce, she says, suggests the need for more creative approaches to tailoring the right rewards to the right people. It would, however, be impossible to list all of the various types of recognition and rewards that companies actually give their workers.

Nevertheless, it is clear that reward and recognition as part of a more comprehensive effort at keeping workers or adopting good workplace practices can contribute to increased retention. The category “Reward and Recognition” is in some ways a catch-all phrase as it includes a diverse range of formal and informal, financial and non-financial, incentives given to individual employees, groups of employees or to an entire staff. They come in all shapes and sizes: small employee of the month awards (for example, gift certificates, recognition plaques), company-sponsored sports teams, company parties, prizes, clothing, etc. They are often incorporated into a company’s overall Human Resource policy, but are just

as often awarded “as the need arises” and at the discretion of middle-level managers or team supervisors.

In general, and for the purposes of this study, “Reward and Recognition” covers all of those incentives that are not captured under the other categories of retention measures described in this report, and we may tentatively make the observation that while they are not generally seen to be the decisive elements in ensuring good retention, they often do much to sustain a workplace culture that is aware of the contributions of its members, while at the same time helping to reinforce positive behaviour.

To function properly, rewards must be well justified, everyone must have a fair chance at getting one, and that reward must be something that the recipient employee values. Everyone who keeps the company productive deserves a fair share of awards, interesting new assignments, honours or other motivational treats that the company hand out. Morale will plummet if employees see the employer as arbitrary, unfair or playing favourites (Staw, 1980).

Hunter, & Hunter, (1984) offer the general principle that “What get rewarded gets done,” and they emphasize that the principle must be connected to the organization’s core culture. (Staw, 1980) suggest that recognition and rewards are strongly tied to the ‘culture’ of a particular workplace, they support that culture, and they are consistent with that culture whether or not that culture is something consciously managed or iterated by the company. Rewards must, in other words, ‘fit in’ with people’s perception of their employer and their workplace. In workplaces where labour-management relations are strained or where workers are distrustful of management’s intentions, people will often react with skepticism when rewards are suddenly introduced.

Writing from the employer's perspective, Dibble (1999) does include money in her discussion of financial incentives but she also points out that money is not always an appropriate reward. In a survey that she conducted, almost a quarter of respondents said that they left their previous job because they did not feel valued or appreciated. In her view, showing appreciation "is not related to money, flexible work hours or career opportunities. It is more personal."

(Collins, 2007) also notes the drawbacks with some types of incentives. They write: For some employees incentives designed to motivate may actually demotivate if they seem to be unfair or too difficult to obtain. Also, incentives can sometimes cause unhealthy competition among employees and either force employees to cut corners or sabotage their colleagues. Incentive programmes should be well thought-out before implementation and used with care.

Finally, (Collins, 2007), who also includes rewards and recognition in his list of high-retention practices, also argues that incentives and rewards can turn out to be counter-productive:

I know several companies that have relied so heavily on incentives that before any action are taken, employees ask, "What's in this for me?" They have robbed their employees of the intrinsic motivation of pride and self-respect a dangerous malady that is very difficult to change. Too many gimmicks and too much extrinsic motivation will eventually harm their creativity and initiative. Hom (1995) also cites the work of Alfie Kohn who, in *Punished by Rewards*, comes down hard on incentive and bonus plans.

Hom, & Griffeth, (1995) cautions that used incorrectly, rewards, recognition, praise, and bonuses can be manipulative and controlling and amount to little more than a bribe for behavior. In many instances, these behaviorist techniques create an effect opposite from that intended. It is true that rewards can undermine intrinsic motivation. It is unfortunate to see companies wipe out initiative and turn their employees into Pavlov's dog sitting ready for the next bone thrown their way.

Hom (1995) concludes by stressing that "goal-setting and training" ought to have a greater impact on productivity than rewards and recognition

## **2.7 Training, Development and Career Planning**

Jackofsky, (1984) unambiguously states all organizations will do a better retention job by spending more resources on training and development. A business that provides education and training will be more competitive and productive and will win the loyalty of its workforce. That training and development are so enthusiastically embraced as key factors to good retention is no doubt due to the fact that well-developed training programs are becoming ever more essential to the ongoing survival of most modern companies, whether or not retention is an important issue to that company. To the extent that operational paradigms such as "The Learning Organization" or the "Knowledge-Based Organization"



continue to take hold in the contemporary business world, training is only likely to become more important.

In any event, retention reflects a desire to keep one's valued people; but it is just as much about keeping and managing the skills that a company needs to meet its goals. The provision of training is a way of developing those skills in the first place. The fact that providing it also turns out to be a benefit that is highly valued by those who receive it makes for a very powerful approach to doing business.

Because training and development are so fundamental to the operation of a business, it goes against intuition to suggest that training and development are to be thought of primarily as "retention" tools. We have encountered few examples in which the development of skills at work was ever consciously introduced as a way of retaining people. Nevertheless, countless studies tend to confirm the fact that a good part of the satisfaction or dissatisfaction of workers is associated with issues related to their professional development.

A recent study by Duxbury and Higgins, quoted in Beauregard and Fitzgerald (2000), found that over 40 per cent of small business employees are dissatisfied with the amount of training they receive. The study also found a strong correlation between the dissatisfaction and frustrations surrounding the lack of opportunities to develop skills, and both an employee's intention to leave as well as the incidence of absenteeism. Similarly, a 1999 Gallup poll named the lack of opportunities to learn and grow as one of the top three reasons for employee dissatisfaction (B.C. Business, 2001), and other studies have offered similar conclusions (BHRC, 2002). Furthermore, the evidence seems to confirm that the link between training and retention is even stronger for more highly skilled workers (Kaiser and Hawk, 2001; Paré et al, 2000).

Meyer et al (2003) suggest that employee learning which encompasses training and development but is also related to socialization within the workplace contributes to retention by (i) building employee commitment through a show of support, (ii) providing employees with the means to deal with stress related to job demands and change, (iii) serving as an incentive to stay, and (iv) creating a culture of caring. Thus, training and development are seen as ways of building employee commitment in that they allow employees to “see a future” where they work, and provide them with the support necessary to face the on-going challenges related to their work. Many employers will of course voice the familiar concern that there is a risk that once trained; workers may be tempted to leave the company for other opportunities. This is no doubt a valid concern amongst many employers, particularly those in the brewery industry where even semi-skilled workers often operate in a high-demand labour market. As such, companies are only willing to provide training at the minimum level or to provide more extensive training on proprietary equipment and processes. The picture may be somewhat different for more highly-skilled segments of the workforce, where employers appear to be more willing to make greater investments.

However, review of the literature suggests that the increased employability that is developed through employer-sponsored training does not inevitably lead to voluntary departures. In particular, it is doubtful that employees in whom the company invests training resources will simply gravitate to another employer because of modest differences in pay or benefit offered by the other employer. Investing in training can be interpreted as a strong signal that the employer values the employee and wishes to keep that individual with the firm. To the extent that employees perceive this to be the case, and provided that the company actually behaves in such a manner by ‘putting its money where its mouth is’ employees may in fact be more likely to stay. The training incentive is further reinforced if it falls within well-defined and adequately communicated plans for development within the company.



There is a good fit between training and a number of other retention-related practices, such as career development and planning, skill-based pay, and others. Taken together such practices can usefully complement one another. Training can be a particularly strong retention tool when it is combined with measures designed to allow people to develop and progress within a company (Butteriss, 1999; Meyer et al, 2003). It is important for employers to put in place effective internal promotion programmes that will allow even their unskilled and semi-skilled workforce to move towards positions of greater responsibility and remuneration within the company.

Such programmes are inextricably linked with the provision of employer-sponsored training opportunities that directly support personal and professional development. And again, they send a very strong signal to employees that they are important to the company, and that the company is willing to make real investments in keeping them there. In addition, the advantage to training-related incentives is that they can allow companies to focus particularly on employees who demonstrate a strong potential for growth and contribution to the company.

Such arrangements end up being to the advantage of both parties. The company is able to secure the skills it needs while at the same time gaining some reassurance that its skills development investments are also creating the conditions that will keep those skills in the company. The employee, meanwhile, gains the opportunity to securely move towards better pay and more challenging responsibilities (Meyer 2003).

Training is always unique to the circumstances of each company, and there is no method or formula that dictates how much and what kind of training is given. No evidence has been found to suggest that specific forms of training or training content were necessarily more conducive to good retention, nor is any type of training necessarily conducive to retention. However, it does seem plausible that training, when combined with well-communicated plans for advancement and ongoing professional development within the company, can help companies to keep their valued employees.

## **2.8 Recruitment and Orientation**

A review of the Human Resource literature seems to confirm that good retention is about more than what a company does once an employee has been hired and established within an organization. How companies recruit and how they provide orientation in the first days on the job can be of crucial importance to keeping workers over the longer term. Failure to effectively recruit and orient employees may impose significant separation and replacement costs down the road. Jackofsky, (1984) attributes 60% of undesirable turnover to bad hiring decisions on the part of the employer. “Bad hiring decisions” may cover a number of considerations, including overly hasty selection processes that fail to ensure that the job candidate really has the adequate skills and qualifications to do the job for which she or he is hired.

Good employee retention is in part a result of a good “fit” between a company’s workplace culture, its way of doing business and the qualities that it espouses as valuable and the interests, character, and motivations of the individuals that exist within it. In terms of recruitment, companies should therefore put an emphasis on not only evaluating formal qualifications, job-relevant technical ability, etc., but also more general types of qualifications and dispositions on the part of the recruit.

If work in the company involves being part of a highly cohesive team, the company may want to recruit individuals who are interested in and capable of working in such an environment. Employees in some workplaces, particularly the smaller ones, do more than merely work together: they often share similar interests and have a very strong inter-personal rapport, and these in turn help to bind them together as a cohesive whole (Jackofsky,(1984). Indeed, the quality of interpersonal relations may contribute significantly to retention in its own right.

It is equally important for the individual job candidate to have a fair chance at deciding whether the company is a good fit for him or her. Meyer et al (2003) have emphasized the importance of providing “realistic job previews” to potential employees. These previews provide potential new hires with more than just a cursory glance at a company’s operations, providing the candidate with enough information to make a decision about whether it is the right workplace for him or her.

(Jackofsky, 1984) cite the example of a number of companies that simply relate the positives and negatives of the job and the organization in an objective, non-evaluative manner and let the candidate decide whether this is an opportunity that he or she wants to pursue. In the long run, getting real maximizes the fit between candidate and organization. This is not to downplay the importance of other traditional and non-traditional recruitment methods such as structured interviews, multiple and panel interviews, pre-employment testing, biographical data analysis, simulations and work samples. The company must have at its disposal the right tools to enable it to make reasonably accurate evaluations about the type of people it might hire; and there exist a great number of evaluation tools at the employer’s disposal.

Staw (1980) suggests that allowing both parties to the employment contract to make informed decisions can help to ensure that the right hiring decision is made. Of course, the underlying assumption in the literature is that the cost of recruitment will more than compensate for the costs associated with unwanted turnover; naturally each company must also engage in making such calculations.

Many companies place great trust in candidates referred to them by members of their own firm, and some even support this process by awarding bonuses to employees who refer a candidate who eventually gets hired by the company Milman, (2003). While less formal in nature, employee referrals seem to accomplish both of the objectives just described. The employee who provides the referral is able to provide the candidate with a realistic preview of what it's like to work in the company based on personal experience and observation.

Meanwhile, because they usually know the person they refer reasonably well, and would be hesitant to refer someone whose performance would reflect badly on them, employees can often provide critical information that resumés, job applications and interviews might not reveal. Including one's employees in helping to evaluate candidates may also be particularly effective with respect to retention in workplaces where team-based work is the norm (Milman, (2003). Allowing employees to have a say in whoever they will be working with, and asking for their assistance in evaluating whether that person will be a good fit, may prove helpful in ensuring that the candidate not only has the requisite experience but will also be an effective member of the work team.

Finally, providing a good initial orientation to the newly-hired employee can not only help to effectively integrate that person into the workplace but can also help to make the new person feel welcome and provide him or her information about how to cope with the demands of the workplace, and any possible problems that may arise. These can be important elements of the socialization process, and some companies spend two weeks or more on orientation, during which they provide information about the company, its values, structure, goals, objectives, clients, customs, and history (Foundation for Enterprise Development, 1994).

## **2.9 Healthy Workplace and Well-Being Programmes**

There is a growing body of evidence that workplace safety, health and wellness initiatives can make a fundamental contribution to business performance as well as the improved health and well-being of individual employees. An examination of the Human Resource literature tended to support this argument although most authors did not delve into this area in any considerable amount of detail. Healthy workplace practices take on a variety of forms, including those directed at the physical work environment (safety, ergonomics, etc.); health practices (supporting healthy lifestyles, fitness, diet, etc.); and social environment and personal resources (organizational culture, a sense of control over one's work, work-family balance, etc.).

Many "healthy workplace" researchers have become increasingly convinced that organizations must also become more attuned to the negative consequences of workplace stress and other psycho-social factors. Lowe's (2003) analysis of data from a survey of some 2,500 workers indicated that many workers link psycho-social factors, including interpersonal relationships, relations with supervisors and the availability of other forms of support to perception of how healthy a workplace may be. A survey of

16 CEOs also suggests that business leaders are also becoming increasingly aware of the importance of reducing stress in the workplace (Report on Business, 2004).

Thus, to the extent that emotional and mental wellness is important to good retention and other indicators of business performance, companies might be well-advised to turn their attention to factors in the workplace that cause stress in the workplace. Potential remedies to poor workplace health may, in fact, come from a number of the other retention areas described in this report, for example, vacation benefits, flexible time, a good work-life balance, effective and open communications, job enrichment, etc.

Workplace health and wellness initiatives were seen to reduce health and safety costs, facilitate good labour management relations, and improve profitability and customer satisfaction. They were also viewed as key factors affecting employee recruitment and retention.

### **2.10 Work-Life Balance**

Work-life balance programmes cover a variety of interventions, and include such practices as dependent care leave, childcare subsidies, eldercare programmes, counseling and referral, and flexible working hours (Muchinsky,1977). As the list suggests, the concept of “work-life balance” recognizes that employees have important family and extraprofessional obligations that compete with their professional commitments; benefits that may be grouped under this concept therefore allow people to strike a more meaningful and potentially less stressful balance between obligations at the workplace and obligations at home.



(Lockwood,2006) note that the 1990s saw an intensification of work-life conflicts for many workers. “Jobs,” they note, “have become more stressful and less satisfying, and employees generally exhibit less commitment to their employers and higher absence rates from work.” They add that high levels of “role overload” and “work to family interference” play a significant role in frustrating recruitment and retention in Canadian companies.

“The fast track has lost much of its luster in recent years,” say Harris and Brannick (1999), reflecting a perhaps common perception that we are witnessing a change in culture in the way people are choosing to live their lives, and organize their careers accordingly. In a survey of 448 employees reported on by Dibble (1999), “flexibility in hours” was the third most frequently mentioned reason why employees remain with their current employer. A survey of 1,862 employees in the U.S., cited in Ashby and Pell (2001), reported that most workers wanted a job with flexible hours and that allowed them to take care of personal concerns, while a substantial number cited similar reasons for their preference for working at home. Similarly, Business (2001) reports that the amount of salary and number of work hours workers say they are willing to give up to achieve a work/life balance has doubled.

Whether or not we are in the midst of a cultural shift, many employers have begun to respond to such demands by implementing “work-life balance” initiatives in their workplace, and have done so out of a conviction that providing such benefits can substantially enhance productivity, revenues, and employee retention and commitment (Withers, 2001). In a survey of 300 small businesses in Canada, the Centre for Families, Work and Well-Being (2000) asked "what are the work-life strategies that make small



companies successful in concurrently meeting their business objectives and being a good place for employees to work?"

Such arrangements hardly require a detailed explanation. It is worth noting, however, that some of these practices particularly those related to 'time off' and flexibility for addressing particular needs need not be a part of some formal benefits programmes. The key to success in this area appears to be, first and foremost, a good channel of communications and a workplace culture in which employees feel comfortable in asking for time off to deal with pressing family matters, and employers are willing to recognize that granting time off in such a manner ultimately may contribute to greater employee commitment and productivity in the long run. Duxbury and Higgins (2001) argue, in this vein, that employers can help to create more supportive work environments by (i) working with employees to identify and implement the types of support they say they need, and better inform them about policies that may currently be available to them, and (ii) encouraging employees to use the supports that are readily available and ensure that employees who could make use of such assistance do not feel that their career prospects would be jeopardized by doing so (Duxbury and Higgins, 2001).

Finally, it should be noted that organizations that function on the basis of shiftwork may have employees who found it particularly difficult to balance family and work obligations. Again, a certain degree of flexibility and responsiveness on the part of employers can go a long way in helping employees to resolve such conflicts and be more productive at work. Duxbury and Higgins (2001) note a number of policies that prove to be effective in helping employees to manage work-life balance in a shift work setting. These include (i) limiting split shifts, (ii) providing advanced notice of shift changes, (iii)

permitting employees to trade shifts amongst themselves and, most importantly, consulting with employees about their work-life balance needs while planning shifts.

### **2.11 Job Design and Work Teams**

Employee retention thus far suggests that workers stay with a company for reasons other than just good pay, benefits and other sundry perks. With respect to retention, the literature suggests that “intrinsic” rewards are just as important as material rewards. This means that workers value their jobs not only when they are well compensated, but often because doing the job is in itself a rewarding experience. In other words, it is fulfilling, challenging, interesting, and stimulating.

Along this line of thinking, much of the contemporary Human Resource literature reflects a growing interest in practices that enhance such intrinsic rewards, and a good part of this interest has focused on business practices that hand over a certain degree of autonomy control and managerial responsibility to the workers themselves. Practices such as autonomous or semi-autonomous work teams, ‘self-scheduling,’ and job rotation can not only improve retention but have also been shown to improve a number of other important indicators such as productivity, accidents and injuries and product quality.

Lockwood, 2006) speaks generally about the retention benefits of “high-involvement” work environments. Mobley, Griffeth, Hand, & Meglino, (1979) list “allowing employees freedom to control their work” as a major ‘best practice’ in retention, while Aquino, Griffeth, Allen, Hom, (1997) report that “the highest turnover rates are those in which the corporate culture is one of domination, autocracy and inflexibility.” They also report on a survey of 3,000 American employees, quoted in the May 2000 issue of Bottom Line Business’s May 2000, which listed the reasons why employees stay in their current job,

and the evidence seems to suggest that the intrinsic rewards of a challenging job, including good relations with co-workers, meaningful work, team-based activity, and a degree of autonomy often guide workers' decisions to stay with their employer.

Lockwood, (2006) points out, in addition, that the benefits of greater autonomy through teamwork go beyond simply retention. One's goals in promoting teamwork, according to Lockwood,(2006) are to:

Use the joint knowledge and skills of teams to solve problems

Encourage cooperation among employees

Increase productivity by sharing the work load

Motivate teams to achieve the goals of the business, and

Increase job satisfaction for employees.

Most commentators are quick to point out that if the intention behind implementing work teams is to allow a greater degree of flexibility and autonomy in making decisions, then work teams must also take on a corresponding measure of responsibility and accountability for the work they do. For example, teams must be willing to have their efforts measured and evaluated as part of their taking responsibility for success. Each member of the team must also recognize that she or he has specific responsibilities to the other members of the team, and so there also exists a measure of individual internal accountability for results. At the same time, if autonomous teamwork is valuable to a company, then that company may also be well advised to reward and recognize behaviour that generates positive results through autonomous teamwork.

From the point of view of retention, the concept of the autonomous work team is one among a number of practices that contribute to what is called “job enrichment” Lockwood, (2006), which can be defined as: ways of organizing work so as to maximize the benefits that employees derive from a job’s intrinsic rewards. In this sense, autonomous work teams are only one form of job enrichment, and there are many other ways to enrich a job, such as:

- Seeking to combine related tasks under one job description so as to create more unified sense of purpose for the person who carries out that job.
- Rotating people through assignments so as to introduce an element of task-diversity for workers whose normal assignments involve a high degree of repetitiveness (Aquino, Griffeth, Allen, Hom, (1997)

In any event, if promoting good retention is one of the objectives in allowing for greater autonomy on the job, presenting more interesting challenges, or increasing the diversity of tasks, then the entire exercise must clearly begin with two questions: “How can one design this particular job assignment or position in such a way that is more interesting or intrinsically rewarding to the individual who occupies it?” and “What forms of job design or work organization are appropriate to the workplace?” The first question is obvious, but the second question is crucial in translating intentions into sustainable practice. A company scarcely distinguishes itself from its competitors by saying that it values ‘teamwork’ or that its employees are ‘empowered’ to make a contribution to the company’s success. These are boiler plate statements that one can easily find in any company prospectus or job advertisement. It needs to be absolutely made clear that teamwork and other forms of job enrichment are appropriate to certain types of workplaces and not to others.

And certainly, such practices are seldom embraced solely for the sake of retention but rather because companies perceive that they will also translate into better performance in other areas such as productivity. This is not to downplay the value of re-designing the nature and scope of work with a view to making it more challenging, interesting and intrinsically rewarding. Rather, the researcher wishes to suggest that such practices will be effective and sustainable only if they are integrated into work processes through a careful consideration of how they will impact business activity.

## **2.12 Communications and Employee Participation**

Retention would be far from complete if the importance of communications is not addressed. Open, responsive, two-way communications would appear to be vital to good employee retention. “The fastest way to transform a top-performing staff into a group of disgruntled, discouraged job-seeking workers,” according to Harris and Aquino, Griffeth, Allen, Hom, 1997), “is to shut them out of the loop of corporate information.” Conversely, they say, the feeling that one is in the loop reinforces the employee’s connection to the organization. Most, if not all, of the other types of practices described in our review of the Human Resource literature fundamentally depend on a sound approach to communicating with employees.

Communication is the bedrock upon which all the other job retention practices can be successful.

Without communications, many of these practices would be difficult to implement, or it would at least be difficult to implement them with the goal of retaining employees. We may consider a few illustrative examples:

Employees are often unaware of exactly how competitive their wages and benefits really are. If the employer is not effective at communicating the content of total compensation and benefits, employees may lack the information to form judgments about the company, and may end up not forming a strong commitment to the company.

The need for good communications is especially great under pay-for-performance plans if employees are to align their behaviour at work with the intended rewards and outcomes.

Professional development and career tracking must rest on a solid foundation of communication if employees are to understand their place and their future within the company, and what they need to do to follow a developmental path.

Almost all of the efforts we have described in our section on “Recruitment and Orientation” are fundamentally about communicating with prospective and new employees.

A good system of employee referrals relies upon a workplace environment where management is receptive of suggestions from employees and actively uses open communication channels to secure vital feedback from its workers.

The incidence of high stress and its attendant consequences for employee health and wellbeing is in part a function of inter-personal relations in the workplace (which mediate and are mediated by communications) and the availability of open and trusted lines of communication that can help to identify potential health problems before they become too severe.



The implementation of autonomous work teams, self-scheduling, job rotation, etc. depends on effective adherence to forms and standards of communication that are appropriate to and supportive of such ways of organizing work.

This is hardly an exhaustive list, but it does underscore the conclusion that communication is a basic building block of any effective retention practice. Most literature is emphatic about the need to keep employees “in the loop”, and a number of companies make considerable efforts to communicate with employees for purposes beyond what is immediately necessary for them to do their jobs. Thus, many brewery industries will keep their employees regularly up to date on the company’s sales performance. In addition, many companies have an open-book policy through which employees are kept up to date on the financial performance of the company be it good or bad and are equally keen to apprise employees of changes to business strategy. The rationale for good communications is best summed up by Kaye and Jordan-Evans (1999): Conspicuously withholding information can lead to deleterious consequences within the organization.

When top leaders share information and expect other managers to share it with employees, employees tend to feel more included and their trust is reinforced, resulting in smaller dips in productivity during crises. Additionally, informed employees are sometimes able to provide solutions to otherwise unresolved problems. Information sharing includes: strategic directions, the organization's and industry's future, emerging trends that could affect career possibilities, and other cultural political realities affecting the organization. These types of information help to support employee career development and advancement.



Indeed, the more companies want to devolve decision-making, promote innovation and creative problem-solving, and address problems in the workplace before they become bigger problems, the more innovative and responsive they have to be in the ways in which they communicate with employees. And as the Kaye and Jordan-Evans (1999) quotation suggests, innovative communications involve processes that allow employees to communicate with employers, rather than just the other way around.

Again, there is no magical formula for effective communication. It is clear, however, that the success of any communications practices will hinge upon management's commitment to and belief in the value of good and open communications in the first place; the lack of leadership will otherwise ensure that communications practices are dropped or not adopted as a part of the company's culture. Thus, implementing practices in the absence of a willingness to communicate about both positive and negative matters will not likely contribute to retention.

Communications is, in the end, a general feature of a company's culture, and not reducible to particular practices, systems or interventions. Kaye and Jordan-Evans (1999) suggest that many companies' particularly small companies are extremely effective in speaking with, and listening to, their employees. It is in these small companies that we have observed 'open door' policies wherein employees are encouraged and able to walk into the president's or owner's office to discuss any issue of concern.

However, 'open door' policies work because workers do not feel apprehensive, fearful or awkward about walking into the boss's office in the first place: and that in turn depends not on the existence of the open door policy but a basic disposition that allows, and indeed encourages, people at all levels to speak openly.

### **2.13 Performance Appraisal and Performance Management**

Performance appraisals are not uncommon to the brewery industry. However, what counts as an appraisal or performance management varies a great deal in sophistication and organization. Here, the researcher seek to characterize 'performance management' as a type of Human Resource practice that can effectively help an organization to meet its retention objectives, in addition to other important business goals. As such, the researcher is referring to a process of employee performance evaluation that is closely tied to strategic objectives, that provides good feedback to employees and gives them a view of their longer-term progress within the company, and is potentially married to training and other development opportunities.

Generally speaking, performance management seeks to:

- Develop an objective basis for talking about performance;
- Let employees know the difference between acceptable and unacceptable results;
- Increase job satisfaction by informing teams when a job is well done;
- Let new staff know about expectations regarding job performance, and;
- Encourage an open and trusting relationship with employees.

Performance appraisals inform a number of Human Resource decisions related to compensation, training, promotion, and even termination. However, as part of a human resources policy that values open communication and employee commitment, performance appraisals also allow objectives and values to be effectively communicated to employees and can ensure a steady stream of critical feedback about business processes (Dalton, & Mesch, (1990). When closely aligned with ongoing training and career development, performance management can be a successful retention tool.

According to Hom (1995) performance management aligns the goals of individual members to those of the organization with which they are associated. It requires clearly articulated and well-communicated strategic goals for the organization as a whole. The design of a performance management system, according to Meyer, involves five essential components:

- i. A Strategic Plan. Set by the top of the organization, it serves as the starting point for division, unit, team and individual goal setting.
- ii. Individual goals are set jointly by managers and employees. Managers play an important role in communicating how these goals relate to goals in successively larger units of the company. Managers may also help to relate performance goals to employee development concerns.
- iii. Monitoring, Feedback and Coaching. Managers are instrumental in helping employees to monitor their performance and development, and make changes where necessary. Performance management requires more of a coaching role for the manager, and greater participation by the employee. Training is required to support these expanded roles.
- iv. Formal performance reviews should take place at regularly scheduled intervals and should focus on progress with respect to goal attainment, and to setting goals for the next cycle
- v. Evaluation. The performance management system must itself be the subject of evaluation.

As with other retention practices, employee perceptions about the performance appraisal system can have an important impact on their decision to stay with a company. Most importantly, effective performance management requires a system that is fair, and that employees trust as being fair, both in terms of procedure (for example, consistent and well-communicated evaluation criteria) and in terms of the potential benefits arising from such evaluations (for example, training, professional development). Indeed, fairness and openness about the evaluation process are of paramount importance when performance management is tied to specific rewards or advancement.

#### **2.14 Knowledge Management and Knowledge Transfer**

Knowledge is tacit; it is held so deeply by the individual that it is hard to express or document. If ways can be found to transfer that knowledge to others in the firm, either through personal interaction or by recording it, then that knowledge becomes a key source of advantage (Hom 1995).

To understand what the literature means by knowledge management and transfer, one must first understand the distinction between tacit and explicit knowledge. These concepts were first introduced to the business literature by Muchinsky, & Morrow, (1980), who explains the two concepts in the following manner.

According to Muchinsky & Morrow (1980) tacit knowledge consists of technical skills that are of an informal nature or at least “difficult to formalize.” It also consists of individual “mental models, beliefs, and perspectives” that tend not to be explicitly articulated. In other words, tacit knowledge is made up

of skills and experiences that are not always easy to point out or identify, but may be important components of job performance. Even the individuals who possess such skills may not be able to identify them or communicate them easily to others. Because tacit knowledge is so hard to identify, companies often do not realize what knowledge is held by which people, and to what extent it contributes to business performance. Unfortunately, many companies only come to these realizations after particular people leave and production problems begin to emerge.

Explicit knowledge, on the other hand, is objective and quantifiable, and covers all forms of knowledge, relevant to business operations that a firm has already made efforts to collect and document (Muchinsky, & Morrow ,1980). On the one hand, then, explicit knowledge may be contained in performance evaluations, competency examination results, training reports, psychometric testing, or formally documented certifications.

Explicit knowledge can also be, following Muchinsky, & Morrow ,1980) tacit knowledge that has been successfully identified, recorded and made understandable to other people. At the heart of knowledge management is the question of how explicit and tacit knowledge can be brought together as a single resource that can contribute to organizational performance. Knowledge transfer is simply the process by which different types of knowledge are transformed into useable knowledge.

But most importantly, to return to the heart of the discussion, knowledge transfer is about how the sharing of knowledge among individuals can be augmented and improved.

Employee turnover is a normal and expected part of business, no matter how good the incentives to stay may be. It can result from retirements or for other reasons that have little to do with the employer.

For a company, the loss of employees whatever the causes is a loss of their valuable skills, knowledge, and potentially vast years of experience working with plant equipment, manufacturing processes, and business strategies not to mention potentially large, accumulated financial investments in training.

The workers who replace them may eventually reach the level of experience of those who preceded them, but in the interim a company can experience skills and knowledge deficits that may have a significantly negative impact on business performance. If the market for skilled workers is tight or employee turnover is high, the problem can be seriously prolonged and compounded. At the same time, the increasing technological sophistication of production processes often requires greater amounts of skill on the part of workers, ever greater investments in training on the part of employers, and in some cases, ever greater efforts to keep track of 'who knows what' within a given organization. And more and more, many manufacturers are finding that remaining competitive in the market depends on their ability to employ the knowledge, experience and unique abilities of their workers in order to remain innovative, solve problems creatively, respond to customers' needs, save on costs, and add high value to end products (Muchinsky & Morrow ,1980).

As these priorities become more important, many firms find that they have no choice but to pay very close attention to what their people know, to take stock of this knowledge, and to effectively manage it. The concept of knowledge management the process of gathering value from the intellectual and knowledge-based assets available to a firm attempts to address the two main concerns described above. Knowledge transfer, as a part of knowledge management, refers more specifically to processes that achieve the effective sharing of knowledge among individuals, business units, departments, or even



different branch plants of the same company. Thus, while employee retention practices strive to retain individuals, knowledge transfer policies serve as a retention policy for knowledge and experience.

#### **2.14.1 Mentoring And Coaching**

Mentoring and coaching are already familiar to most firms as a training tool, but they also are valuable in transferring intangible and tacit knowledge (Frank, 2002). They achieve this by pairing experienced workers with less experienced workers over a period of time, allowing the less experienced partner to observe and absorb the actions of the mentor or coach. Mentoring and coaching are also effective inter-generational knowledge transfer tools, and may be particularly important to companies facing the retirement of key staff (Hom, 1995). Hom also mentions that mentoring and coaching are useful ways for workers to share “lessons learned,” as the mentoree will often have the chance to benefit from the mentor’s trial and error experience.

#### **2.14.2 Job Rotations**

Already a familiar training and development practice, rotating employees through different positions, and often different departments, permits experience and knowledge to be shared among areas of a firm that might not normally collaborate closely with one another. For example, a job rotation in which technicians or engineers in the manufacturing area of a company are temporarily posted to positions in sales would allow for a greater dissemination of knowledge between these two departments and allow them to benefit from each other’s knowledge.



The sales department would acquire a better understanding about the product manufactured and the process involved thereby improving its ability to communicate with customers, and the manufacturing side would have an opportunity to learn more about customer's expectations and requirements. In addition, the individual employee acquires a broader perspective of the company's operations which can then be shared with colleagues.

Similarly, cross training where, for example, manufacturing operators are rotated through positions that allow them to acquire competency using different machines and equipment allows for a more limited form of knowledge sharing, usually within a particular area of a company particularly manufacturing, for the purposes of this study. It should be noted that cross-training also has the added benefit of developing an increasingly flexible skilled workforce.

#### **2.14.3 Retirements**

Phased-in retirement is any arrangement that enables employees approaching normal retirement age to reduce their work hours and job responsibilities for the purpose of gradually easing into full retirement (Staw 1980). In addition to being a useful retention tool, phased-in retirements can be effective knowledge transfer tools, particularly for companies concerned about waves of workers retiring in a short period of time. Phased-in retirements can allow for increased lead time in bringing in new recruits, while temporarily retaining the knowledge of a company's most experienced workers.

The worker going through phased-in retirement will see a reduction in work hours and responsibilities, and some companies choose to use a part of that person's remaining time on the job on activities

related to coaching, mentoring and providing other forms of training. This in turn allows for a longer period of time to achieve inter-generational transfers of knowledge and experience.

#### **2.14.4 Communities of Practice**

Communities of practice are a form of online teamwork that, particularly in larger organizations, can be effective at sharing experience and allowing individuals to build up one another's knowledge base. Usually developed through a computer-based system that allows discussion and the sharing of documents, communities of practice bring together people with different skills and from different areas of a company or different project teams or even different plants in different regions, to converge on particular issues or problems to be solved (Muchinsky, & Morrow, 1980).

Discussion and the exchange of ideas are usually tightly focused on an issue or problem, and individual roles and accountabilities within the community may be defined strictly (Muchinsky, & Morrow, 1980), but even in doing so, communities of practice also allow each member to contribute his or her individual experience in the process of collective problem-solving. Numerous companies currently offer software applications for hosting and administering communities of practice.

#### **2.14.5 Knowledge Transfer: A Retention Strategy**

Although knowledge management and knowledge transfer are rarely undertaken with the singular goal of coping with the negative effects of turnover, this does not mean that they do not have potentially positive effects on retention. As Hom (1985) points out, knowledge management practices can have a strong, positive effect on retention. They are usually premised on good communications, the development of skills in the workplace, and the valuing of employees' inputs and contributions. It is

evident that such practices are not only important but often crucial to building strong employee commitment.

### **2.15 The Importance of Employee Retention**

When a business loses employees, it loses skills, experience and “corporate memory”. The magnitude and nature of these losses is a critical management issue, affecting productivity, profitability, and product and service quality. For employees, high turnover can negatively affect employment relationships, morale and workplace safety (Muchinsky,& Morrow,1980).

The cost of replacing workers can be high, the problems associated with finding and training new employees can be considerable, and the specific workplace-acquired skills and knowledge people walk away with can take years to replace. The problem of turnover can be addressed through a variety of proactive retention strategies: workplace policies and practices which increase employee commitment and loyalty. Knowledge transfer initiatives on the other hand, ensure that the knowledge and expertise of a company's employees its 'corporate memory' are systematically and effectively shared among employees. They can offset the negative impact of turnover, but can also work pro-actively to reduce turnover by providing learning and skills development opportunities to employees - factors known to reduce turnover.

Employee retention and knowledge transfer are two elements of a more general concern that might be best termed 'skills management,' that is, everything that has to do with recruiting, maintaining and developing the necessary mix and levels of skill required to achieve organizational and business objectives

## **CHAPTER THREE**

### **METHODOLOGY**

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#### **3.0 Introduction**

This chapter presents the profile of Accra Brewery Limited and also discusses the methodology employed by the researcher for the study which include the administration of questionnaires to employees with specific duties at the Brewery. This chapter again observed the research design, sampling techniques, data collection tools as well as the method of data analysis.

#### **3.1 Profile of Accra Brewery Limited**

Accra Brewery Limited, originally known as Overseas Breweries Limited, was registered on 30th June, 1931, for the purpose of establishing a brewing industry in the then Gold Coast. It was the first brewing industry in the whole of West Africa and, indeed, the first non-traditional manufacturing industry in the Gold Coast. On 1st April 1975, the assets of the former Overseas Breweries Limited were taken over by the locally registered company, Accra Brewery Limited, to pave the way for Ghanaian participation in the business.

In 1997, SABMiller plc (then South African Breweries) acquired controlling shares in the company. Until recently Accra Brewery Limited was a public Company engaged in the manufacture and distribution of beer, sparkling soft drinks ( SSD ) and nonalcoholic malt beverages. Accra Brewery Limited's brands include Club Beer, Castle Milk Stout, Club Shandy, Club Dark, Stone, Castle Milk Malt, Chairman, Escape and Vital malt. The sparkling soft drinks include Club Cola, Citro, Ginger Ale, Muscatella, Club Orange, Club Soda and Quinine Tonic.

In 2009, the company increased its installed capacity of the beer production line from 350,000 hectoliters to about 600,000 hectoliters per annum. The SSD plant produces about 4,000 hectolitres annually. Accra Brewery employs 310 people, who are permanent. Additionally there are contract and casual staff who make up to about 500 temporary employees . Accra Brewery Limited's vision is to be the most admired company in Ghana's beverage industry by owning and nurturing local and international brands that are the first choice of the consumer. Accra Brewery Limited has and will continue to support the Ghanaian economy through employment and increased use of local raw materials thereby creating rural wealth.

### **3.2 Research Design**

The main aim of this research study is to examine the role of employee retention on job performance at Accra Brewery Company Limited. A broad research of this nature would require an approach bearing in mind the population hence a descriptive survey process of collecting data was used in testing the hypothesis or research questions concerning the status of the subject under study. For the purpose of

the study, this approach was considered suitable as a method of eliciting information needed in drawing useful conclusions from the research study. Other designs such as interviews were also employed considering the subject under study.

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### **3.3 Population And Sample**

The sample population of the research study was made of thirty (30) employees comprising of senior and junior level staff in the various department and with specific duties and responsibilities at Accra Brewery. The underlying reason was that respondents would be in good position to mention the role of employee retention on the job performance at Accra Brewery. In addition, views and opinions from the HR manager and customers were also considered to effectively contribute much in the research.

### 3.4 Sampling Techniques

A random sampling technique was employed to select 30 employees out of a total respondents population of 70 for the study. This technique was used because it ensured that everyone in the population had an equal chance of being selected. The goal of the sampling method used was to obtain a sample that is a representative of the population. The techniques used by the researcher to select the sample size required prior knowledge of the target population which allowed a determination of the size of the sample needed to achieve a reasonable estimate with accepted precision and accuracy of the population





### **3.5 Data Collection Procedure**

The researcher personally administered the questionnaire. Respondents were allowed sufficient time of five working days to complete the questionnaire. The questionnaires contained a series of structured questions which were related to the research work and directed to respondents with the aim of gaining first-hand information. The questionnaire consisted of both open ended and close-ended questions. Thus, in some cases, respondents were to choose the option that best reflected their opinions.

The questionnaire afforded respondents much flexibility and privacy in answering the questions without any undue influence. The questionnaire was in simple and unambiguous language and as such, did not pose any problem as regards interpretation. The researcher personally conducted the interview with the HR Director who is also in-charge of the Employee welfare and job performance. The personal interview was a face to face interaction. This method was purposefully selected so that the researcher could interact on a personal level with the HR Director

#### **3.5.1 Secondary Sources**

Secondary data was selected as a source of data collection for this research to enable information to be obtained for literature review for the study.

The sources of secondary data for this research consist mainly of published text books, employee retention journals, and other human resource publications.

Data was also collected from academic journals and papers that feature articles on strategies for effective job performance and a number of research works that have been published on the subject in the electronic media.

The advantages associated with this method among other sources of data collection are outlined as follows:

- Secondary data is readily available and is usually quite inexpensive
- Collecting secondary data and analyzing it saves time and effort
- Secondary data is unobtrusive. It is easily available and the researcher can get it without much struggle

### **3.5.2 Primary Sources of Data**

Bearing in mind the size of the population, and subject under review, the researcher found it necessary to use a structured questionnaire and interview skills. This is as a result of the fact that the respondents will feel free to share information about intimate and relevant matters concerning the subject under review.

For the purpose of this study, primary data comprised of responses obtained through questionnaires administered to target respondents under study. The personal interview method which was also employed was more flexible for both the researcher and respondent.

There are several advantages associated with the use of this method and they include:

Access to direct data or response from selected respondents

Unbiased information

Original data

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### **3.6 Research Constraints and Problems**

Several challenges were encountered by the researcher in the administration of the questionnaires which have been outlined following:

Situations where respondents were not met at all or even those present had misplaced their questionnaires and new ones had to be given to them.

Some respondents having been assured of their anonymity of their personalities declined to offer any assistance to the researcher.

## **CHAPTER FOUR**

### **RESULTS AND DATA ANALYSIS**

#### **4.0 Introduction**

This chapter thoroughly examines and analyses the data gathered on the sampled respondents in understudying the role of employee retention on job performance at Accra Brewery Limited.

These findings and the subsequent analysis carried out on the responses relate to the key areas of employee retention and its challenges on job performance. Responses from multiple questions in some cases were more than the sample size as respondents had the option to choose more than one answer.

#### **4.1 Analysis of Findings**

Tables, charts and descriptive explanations have been employed to illustrate data collected from the field to make the research findings more meaningful. The following analysis shows the responses received from 30 employees (comprising senior level staff and junior level staff) and the human resource director.

##### **4.1.1 Findings from Employees of Accra Brewery**

A total number of thirty (30) employees comprising fifteen (15) responses each from senior level staff as well as junior level staff respectively. The target respondents (senior level staff and junior level staff)

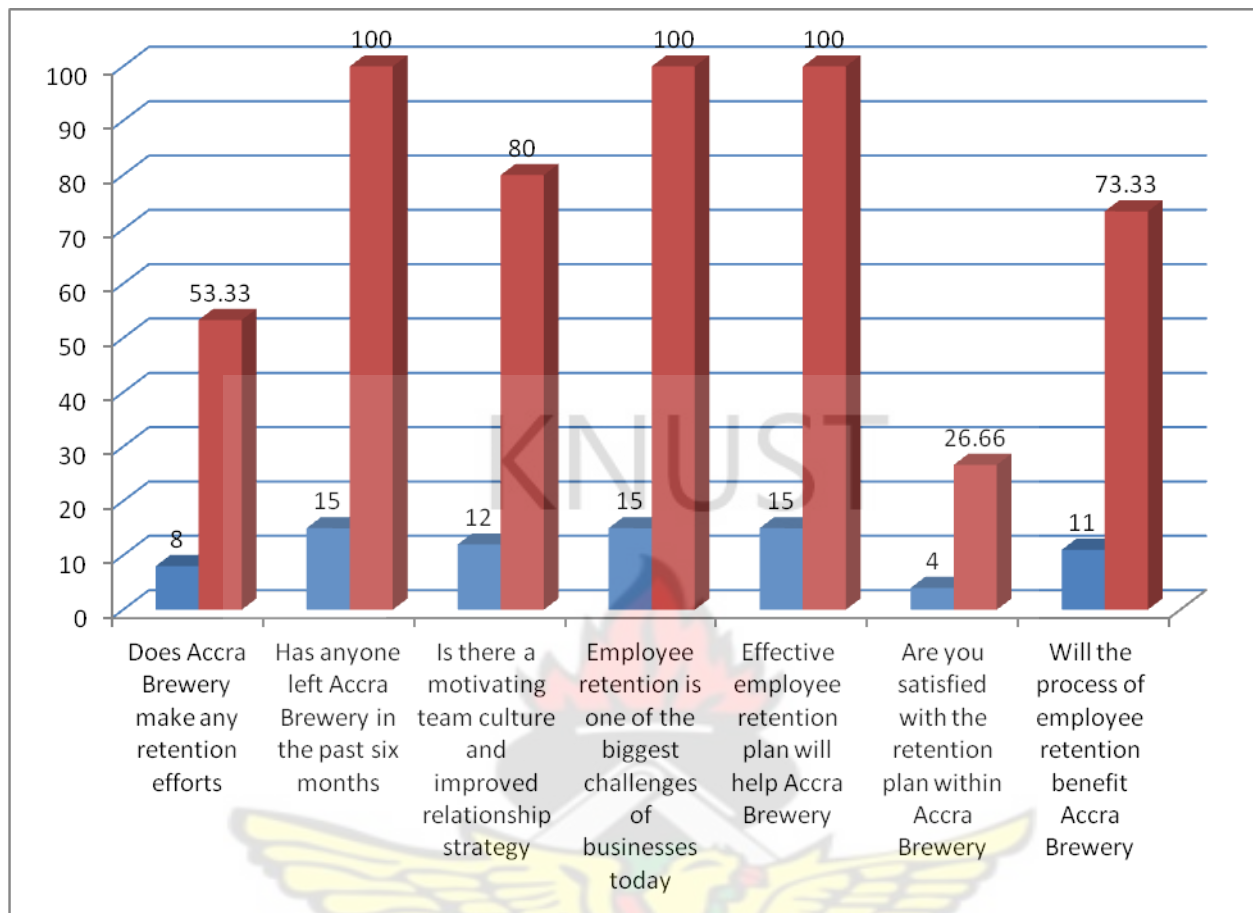
were selected to provide answers to the structured questionnaire. The employees were expected to provide reasons for their choice of an answer.

**Table 4.1.2 Findings from Senior Level Staff**

Category	Responses from 15 Senior Level Staff	
	Count	Percent
Does Accra Brewery make any retention efforts	8	53.33
Has anyone left Accra Brewery in the past six months	15	100
Is there a motivating team culture and improved relationship strategy	12	80
Employee retention is one of the biggest challenges of businesses today	15	100
Effective employee retention plan will help Accra Brewery	15	100
Are you satisfied with the retention plan within Accra Brewery	4	26.66
Will the process of employee retention benefit Accra Brewery	11	73.33

(Field data ,2010)

**Figure 4.1.2 Findings from Senior Level Staff**



(Field data ,2010)

#### 4.1.2 INTERPRETATION ( SENIOR STAFF )

From table 4.1.2 and figure 4.1.2 the senior employees were asked to indicate whether Accra Brewery makes any retention efforts, a minimum of 8 respondents representing 53.33% mentioned that Accra Brewery has indeed made some effort in retention.

The question of whether anyone has left Accra Brewery in the past six months was predominantly popular among the responses; all respondents representing 100% mentioned that some employees have left Accra Brewery in the past six months. Reasons such as no employee benefits, low salary and lack of opportunities for advancement were identified.

Also the question of whether there is a motivating team culture and improved relationship strategy at Accra Brewery was answered by 12 respondents representing 80% of total respondents. They agreed that a motivating team culture and improved relationship strategy existed at Accra brewery.

The question of Employee retention as one of the biggest challenges of businesses today disclosed that total respondents (15) representing 100% mentioned that they agreed Employee retention is one of the biggest challenges of businesses today.

Total respondents from the senior staff employees representing 100% all shared the view that effective employee retention plan will help Accra Brewery Limited. This according to them was as a result of the worth and value of the human contribution to the job. This is evident on table 4.1.2.

Table 4.1.2 indicates that, 4 respondents representing 26.66% who answered the questionnaire disclosed that they were satisfied with the retention plan within Accra Brewery. This figure is very minimal and indicates dissatisfaction among majority of staff.

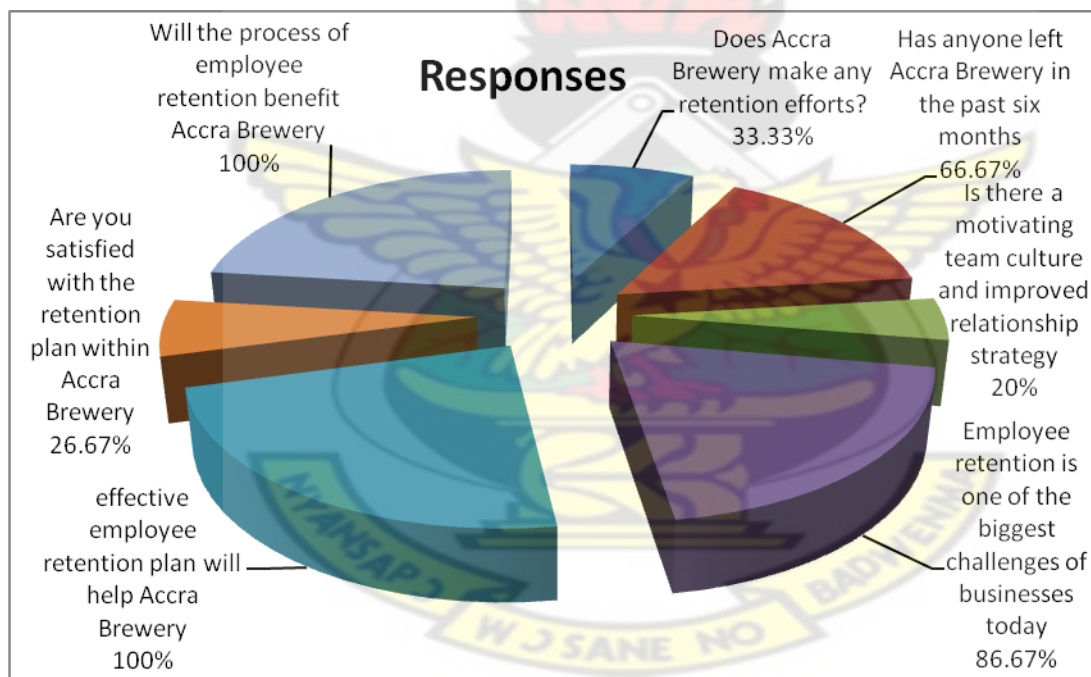


**Table 4.1.3 Findings from Junior Level Staff**

Category	Responses from 15 Junior Level Staff	
	Count	Percent
Does Accra Brewery make any retention efforts?	5	33.33
Has anyone left Accra Brewery in the past six months	10	66.67
Is there a motivating team culture and improved relationship strategy	3	20.00
Employee retention is one of the biggest challenges of businesses today	13	86.67
Effective employee retention plan will help Accra Brewery	15	100
Are you satisfied with the retention plan within Accra Brewery Limited	4	26.67
Will the process of employee retention benefit Accra Brewery Limited	15	100

(Field data, 2010)

**Figure 4.1.3 Findings from Junior Level Staff**



(Field data, 2010)

#### 4.1.3 INTERPRETATION

Table 4.1.3 shows the responses from junior level staff. A minimum of 5 respondents representing 33.33% of total respondents indicated that Accra Brewery make some retention efforts. Respondents added that a lot of conditions expected to retain employees are not implemented, such as ease of obtaining financial support in difficult times, non-reflection of appraisal scores in yearly increment etc.

It is obvious from table 4.1.3 that, 10 respondents representing 66.67% from a total of 15 respondents indicated that most employees have left Accra Brewery in the past six months. Meanwhile, respondents indicated that most employees feel that they are worth more than they are actually paid at Accra Brewery Limited.

It was observed in Table 4.1.3, a minimum of 3 respondents representing 20% indicated that there was some kind of motivating team culture and relationship improvement strategy at Accra Brewery. For instance, management acknowledges production staff when there are improvements in production figures, occasional get-together for cross-section of staff sponsored by the head of department. They expected a significant improvement with the retention strategy which they disclosed would enhance motivation and improve relationship.

With regards to the issue of whether employee retention is one of the biggest challenges of businesses today, 13 respondents representing 86.67% of total respondents mentioned that they agreed. This is disclosed in table 4.1.3.

Table 4.1.3 shows that all respondents representing 100% disclosed that effective employee retention plan will help Accra Brewery to sustain their leadership and growth in the marketplace. However, only a minimum of 4 respondents representing 26.67 indicated that they were satisfied with the retention plan within Accra Brewery.

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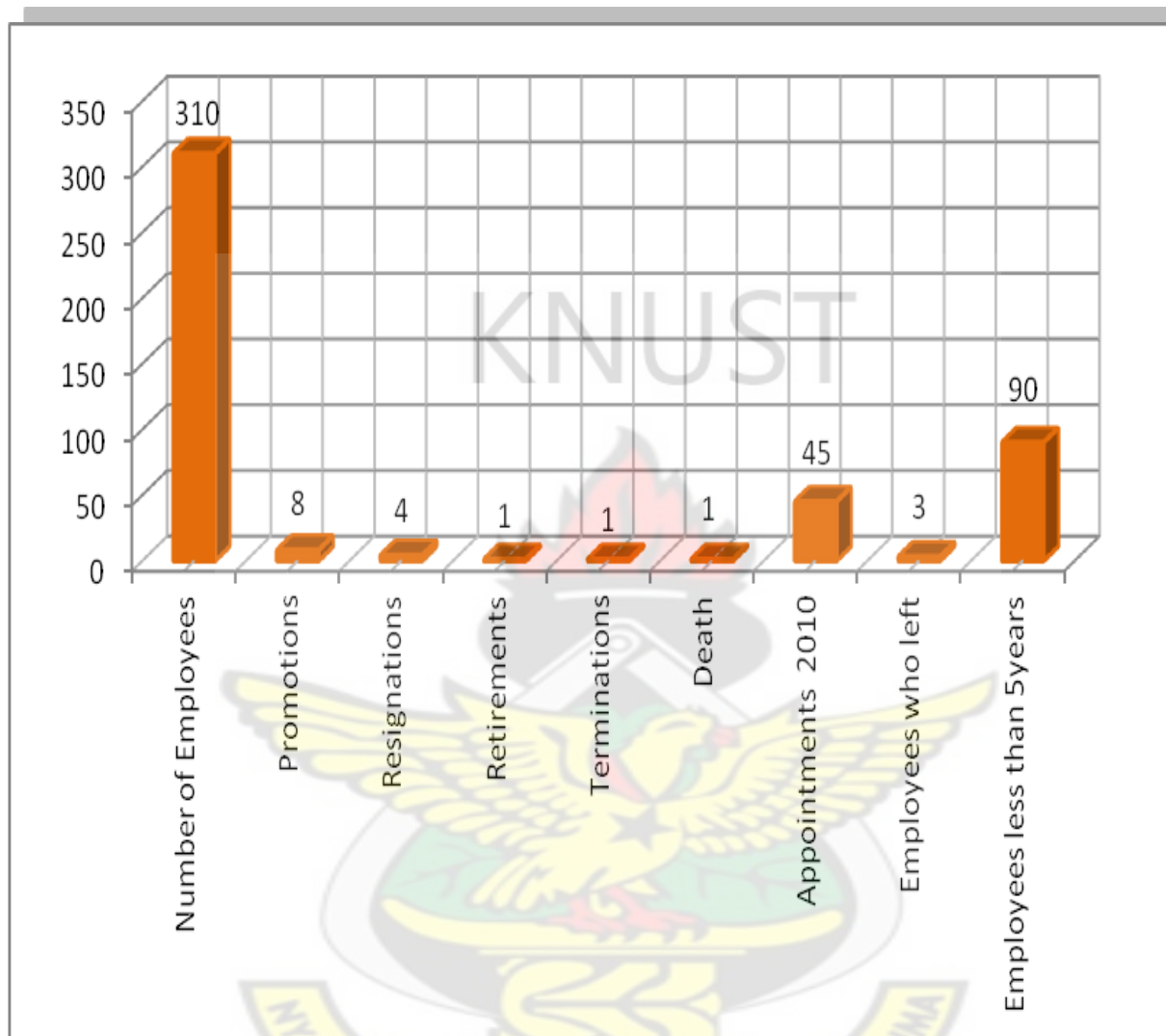


**Table 4.1.4 STAFF STRENGTH BY GRADE ( 2010 )**

Grade	Number of Employees	Promotions	Resignations	Retirements	Terminations	Death	Appointments 2010	Employees who left	Employees less than 5 years	Unionized Staff	
										P&MSU	L. Union
EX	5		1				1		3		
L	7						1		3		
K	16						2		9		
J	12		1						3		
I	25			1			4		13		
H	49	3	1			1	32	3	39		
G	15								1		
F	51		1		1				13		
E	31								1		
D	78	5					5		5		
C	4										
B	14										
A	3										
<b>TOTAL</b>	<b>310</b>	<b>8</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>45</b>	<b>3</b>	<b>90</b>	<b>104</b>	<b>108</b>

(Source: H R Department, Accra Brewery Limited, 2010)

**Fig 4.1.4 STAFF STRENGTH BY GRADE( 2010 )**





#### **4.1.4 INTERPRETATION ( STAFF STRENGTH BY GRADE , 2010 )**

The staff grading for the year 2010 indicate only four (4) of the three hundred and ten (310) employees resigned, three (3) left without any resignation or termination. Ninety (90) of the employees are less than five years in the organization. Although the staff turnover seems to be low, there are indications that many of the employees are getting towards their retirement age. New employees need to be taken on in order to maintain the staff strength and knowledge of the business. Most of the appointments in 2010 were in the (H) grade, which is the middle management level. These are the employees who will be developed into the senior and top management level. Retaining the employees at this level is key to the success of the organization over the long term and as such Accra Brewery Limited should concentrate a large part of its retention efforts in this category.

#### **4.2 Findings from Human Resource Director**

The Human Resource Director was interviewed by the researcher to have a balance perspective of the statement of the problem. When the researcher asked the human resource director who happens to be the officer in-charge of employee welfare about the responsibilities of the human resource director, he indicated that one of the most important responsibilities of the human resource department is to evaluate the performance of the staff and reward high performing staff. He further indicated that a good employer should know how to attract and retain its employees.

The H R Director was asked about the basic practices which should be kept in mind in the employee retention strategies.

He said:

Hire the right people in the first place,

Empower the employees: train and give the employees the authority to get things done.

Make employees realize that they are the most valuable asset of the organization as reflected in company vision statement. This can be done through effective communication and constant interaction between management and staff.

Have faith in them, trust and respect them. ABL has a culture of hand shake when people meet, this must be encouraged to be able to resolve quickly issues among staff.

Provide them information and knowledge in the form of feedback.

Keep providing them with feedback on their performance. Recognize high performers and encourage and develop strategies that will build up under performers.

Recognize and appreciate their achievements.

Keep their morale high. Management should be able to develop relationship with staff, encourage mentoring and coaching.

Create an environment where the employees want to work and have fun.

These practices according to him can be categorized in 3 levels:

Low,

Medium and

High level.

Low Level Employee Retention Strategies:

Appreciating and recognizing a job well done ·

Personalized well done and thank-you cards from supervisors.

Congratulations e-cards or cards sent to spouses/families·

Periodic days off for good performance·

Rewards ( gift, certificates, monetary and non monetary rewards)·

Recognizing professional as well as personal significant events

Wedding gifts

Anniversary gifts

New born baby gifts

Scholarships for employee's children

The researcher further asked the H R Director about the importance of employee retention and how the company measures its retention strategies. He mentioned that the process of employee retention will benefit an organization in the following ways:

**The Cost of Turnover:** The cost of employee turnover adds hundreds of thousands of money to a company's expenses. While it is difficult to fully calculate the cost of turnover (including hiring costs, training costs and productivity loss), industry experts often quote 25% of the average employee salary as a conservative estimate.

**Loss of Company Knowledge:** When an employee leaves, he takes with him valuable knowledge about the company, customers, current projects and past history (sometimes

to competitors). Often much time and money has been spent on the employee in expectation of a future return. When the employee leaves, the investment is not realized.

**Interruption of Customer Service:** Customers and clients do business with a company predominantly because of the people they meet and interact with. Relationships are developed that encourage continued transaction of business. When an employee leaves, the relationships that employee built for the company are severed, which could lead to potential customer loss and money.

**Turnover leads to more turnovers:** When an employee terminates employment with a company, the effect is felt throughout the organization. Co-workers are often required to pick up the slack. The unspoken negativity often intensifies for the remaining staff.

**Goodwill of the company:** The goodwill of a company is maintained when the attrition rates are low. Higher retention rates motivate potential employees to join the organization.

**Regaining efficiency:** If an employee resigns, then good amount of time is lost in hiring a new employee and then training him/her and this goes to the loss of the company directly which many a times goes unnoticed. And even after this you cannot assure us of the same efficiency from the new employee. What Makes Employee Leave? Employees do not leave an organization without any significant reason. There are certain circumstances that lead to their leaving the organization. The most common reasons can be the job is not what the employee expected. Sometimes the job responsibilities don't

come out to be same as expected by the candidates. Unexpected job responsibilities lead to job dissatisfaction and attrition.

**Job and person mismatch:** A candidate may be fit to do a certain type of job which matches his personality. If he is given a job which mismatches his personality, then he won't be able to perform it well and will try to find out reasons to leave the job.

**No growth opportunities:** No or less learning and growth opportunities in the current job will make candidate's job and career stagnant.

**Lack of appreciation:** If the work is not appreciated by the supervisor, the employee feels de-motivated and loses interest in the job. Lack of trust and support from co-workers, seniors and management: Trust is the most important factor that is required for an individual to stay in the job. Non-supportive co-workers, seniors and management can make office environment unfriendly and difficult to work in.

**Stress from overwork and work life imbalance:** Job stress can lead to work life imbalance which ultimately many times, lead to employee leaving the organization.

**Compensation:** Better compensation packages being offered by other companies may attract employees towards themselves.

**New job offer:** An attractive job offer which an employee thinks is good for him with respect to job responsibility, compensation, growth and learning etc. can lead an employee to leave the organization.

He also said that regarding implementation of retention strategy in every organization, once the causes of attrition are found, a strategy is to be implemented so as to reduce employee turnover. These causes are found by asking employees to fill out resignation questionnaire. The most effective strategy is to adopt a holistic approach to dealing with attrition.

#### **An effective retention strategy will seek to ensure:**

According to the H R Director, attraction and recruitment strategies, enable selection of the 'right' candidate for each role/organization and new employees' initial experiences of the organization are positive. Appropriate development opportunities are also available to employees, and that they are kept aware of their likely career path with the organization. The organization's reward strategy reflects the employee drivers.

#### **How to Increase Employee Retention:**

The Human Resource Director mentioned that companies have now realized the importance of retaining their quality workforce. Retaining quality performers contributes to productivity of the organization and increases morale among employees.

Four (4) basic factors that play an important role in increasing employee retention include Salary and Remuneration, Performance recognition, Benefits and Opportunities for individual growth. But are they really positively contributing to the retention rates of a company? Basic salary, these days, hardly reduces turnover. Today, employees look beyond the money factor.



## **Retention Bonus**

According to the Human Resource Director, higher attrition rates within a particular industry have forced companies to use some innovative strategies to retain employees. Retention Bonus is one of the important tools that are being used to retain employees. Retention bonus is an incentive paid to an employee to retain them through a critical business cycle. Retention bonuses are becoming more common in the corporate world because companies are going through more transitions like mergers and acquisitions. They need to give key people an attractive incentive to stay on through these transitions to ensure productivity. Retention bonuses have proven to be a useful tool in persuading employees to stay.

According to the Human Resource Director, employees are chosen for retention bonuses based on their contribution to the growth of the organization and the generation of revenue. Retention bonuses are generally varying from position to position and are paid in one lump sum at the time of termination. However, some companies pay in installments as and when the business cycle completes. A retention period can run somewhere between six months to three years. It can also run for a particular project. A project has its own life span. As long as the project gets completed, the employees who have worked hard on it are entitled to receive the retention bonus. For example, the implementation of a system may take 18 months, so a retention bonus will be offered after 20 months. Although retention bonuses are becoming more common everywhere, some industries are more likely than others to offer them.

When asked about why employees leave, he said low salary comes out to be a common excuse. However, research has shown that people join companies, but leave because of what their managers' do or don't do. It is seen that managers who respect and value employees'

competency, pay attention to their aspirations, assure challenging work, value the quality of work life and provide chances for learning have loyal and engaged employees. Therefore, managers and team leaders play an active and vital role in employee retention.

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## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 SUMMARY**

The purpose of this research was to evaluate the role of employee retention on job performance at Accra Brewery Company Limited.

The research commenced with a brief background to the study, statement of the problem, objectives of the study, research questions and its significance and answering the specific questions identified for the evaluation. The findings of this research will have wide implications for employee performance and effective retention strategies Accra Brewery must adopt to retain its promising staff.

Retention is an important concept that has been receiving considerable attention from academicians, researchers and practicing HR managers. In its essence, retention comprises important elements such as the need for constant search and choice of strategies, goal-directed behaviors, rewards and recognition, performance-satisfaction and others. The increasing attention paid towards retention is justified because of several reasons. Motivated employees come out with new ways of doing things that improve the competitiveness of organizations. They are quality oriented and more productive.

Data analysis obtained from the research outlines the following findings:

Successful organizations realize by having an effective employee retention plan will help them sustain their leadership and growth in the marketplace, increased taxes for the government leading to increased revenue.

Good organizations make employee retention a core element of their talent management strategy and organizational development process very positive.

Those that fail to make employee retention a priority are at risk of losing their top talented people to the competition.

A more attractive market for job seekers means that the switching costs of seeking new employment are no longer a significant factor in deciding whether or not to leave an organization.

The following were key issues outlined by majority of the respondents:

It was found out that, only 33.33% junior and 53.33% of senior staff mentioned that Accra Brewery indeed makes any retention efforts.

Majority of respondents indicated that some of employees have left Accra Brewery Limited in the past six months due to various reasons such as no employee benefits, low salary and lack of opportunities for advancement.

All respondents interviewed disclosed that employee retention is one of the biggest challenges of businesses today.

A key disadvantage of employees leaving, according to total respondents interviewed is interruption of customer service because when an employee leaves, the relationships

that they built for the company are severed, which could lead to potential customer loss.

Trust is the most important factor that is required for an individual to stay in the job as revealed by all respondents. Additionally all respondents from both senior and junior staff level indicated that if the work is not appreciated by the supervisor, the employee feels de-motivated and loses interest in the job.

Majority of employees disclosed that salary has been their greatest challenge working with Accra Brewery.

Majority of respondents mentioned that they would classify the idea of making employees realize that they are the most valuable asset of the organization as the best practice in employee retention strategies.

Employees in the junior staff level disclosed that it is incredibly important to include team members in the decision making processes, especially when decisions will affect an individual's department or work team. This can help to create a culture of employee involvement and will generate new ideas and perspectives that top management might never have thought of.

Again, a large number of the respondents were of the view that compensation and lack of training and development were the main reasons why employees have been leaving Accra Brewery.

## **5.1 CONCLUSIONS**

Employees want to be recognized for a job well done. Rewards and recognition respond to this need by validating performance and motivating employees toward continuous improvement. Rewarding and recognizing people for performance not only affect the person being recognized, but others in the organization as well. Through a rewards program, the entire organization can experience the commitment to excellence, when the reward system is credible and rewards are meaningful. However, if the reward system is broken, the opposite effect will occur. Employees may feel that their performance is unrecognized and not valued, or that others in the organization are rewarded for the wrong behaviors. Unrecognized and no valued performance can contribute to turnover. Recognition for a job well done fills the employees' need to receive positive, honest feedback for their efforts.

## **5.2 RECOMMENDATIONS**

Retaining top talent remains a primary concern for many organizations today. Critical analysis of workforce trends points to an impending shortage of highly-skilled employees who possess the requisite knowledge and ability to perform at high levels, meaning that organizations failing to retain high performers will be left with an understaffed, less qualified workforce that ultimately hinders their ability to remain competitive (Rappaport, Bancroft, & Okum, 2003).

Despite the vast literature on employee turnover, which is aimed at identifying factors that cause employees to quit (e.g., Griffeth, Hom, & Gaertner, 2000), much less is known about the factors that compel employees to stay. For example, Maertz and Campion noted “relatively less turnover research has focused specifically on how an employee decides to remain with an organization and what



determines this attachment...retention processes should be studied along with quitting processes” (1998, p. 65). Steel, Griffeth, and Hom added “the fact is often overlooked, but the reasons people stay are not always the same as the reasons people leave” (2002, p. 152).

Retention is a critical element of an organization’s more general approach to talent management, which is defined as “the implementation of integrated strategies or systems designed to increase workplace productivity by developing improved processes for attracting, developing, retaining, and utilizing people with the required skills and aptitude to meet current and future business needs” (Lockwood, 2006, p. 2). The latter part of this definition is important because it suggests that talent management programs should be tailored to those who are most responsible for the organization’s success. In this study, we focus on job performance as one indicator of employee value under the assumption that high performers are most likely to possess the knowledge, skills, and experience necessary to contribute to the overall success of the organization. We also examine employees at different job levels based on the premise that an organization’s most critical talent, whether top management or line employees, may value different aspects of what the organization has to offer when deciding whether to stay.

Thus, we propose that understanding the reasons why people stay, on average, is an important goal, but also contend that it may be more valuable to examine how these retention factors differ for high performers and those at different levels of the organization (Griffeth & Hom, 2001). Blanket retention policies may be disadvantageous if they appeal to employees at all levels of performance, and organizations would want to adopt particular strategies that contribute to the retention of their most valued employees while avoiding control methods that would appeal primarily to average or low performers (Steel et al., 2002). In terms of job level differences, many talent management programs emphasize developing and retaining the group of employees who have potential to occupy the top

leadership positions within the organization in the near future. To this end, Accra Brewery can benefit from knowing whether retention reasons differ based on job level, which might then call for different retention strategies depending on where individuals reside within the organizational hierarchy.

The following are outlined for the way forward

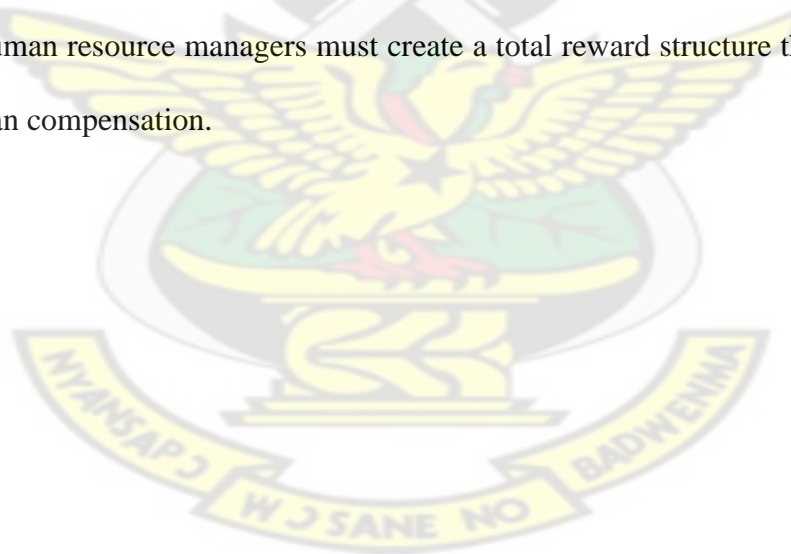
Management of Accra Brewery must develop an attractive employee value proposition.

Human resource managers must give feedback on employee performance on a regular basis.

Management must train employees to be effective.

Management must be flexible in terms of work-life balance.

Human resource managers must create a total reward structure that includes more than compensation.



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**QUESTIONNAIRE**

**ON THE**

**ROLE OF EMPLOYEE RETENTION ON JOB PERFORMANCE**

This questionnaire is designed to evaluate the role of employee retention on job performance as an academic exercise.

**Please, note that any information provided would be treated as confidential**

.....

No ( )

No ( )

.....

Of no effect ( )

Better rewards and recognition ( )

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No ( )

If Yes, explain.....

11. What do you enjoy most about working with Accra brewery?

.....

.....

.....

12. What has been your greatest challenge working with Accra brewery?

Career Advancement opportunities ( )

Salary ( )

Employee benefits ( )

Challenging work ( )

13. Are you satisfied with the retention plan within Accra Brewery?

Yes ( )

No ( )

14. Which of these would you classify as the best practice in employee retention strategies?

Empower the employees ( )

Make employees realize that they are the most valuable asset of the organization ( )

Recognize and appreciate their achievements ( )

Provide them information and knowledge ( )

15. Which of these leads to employees leaving Accra Brewery?

Job is not what the employee expected (     )

No growth opportunities ( )

Lack of appreciation ( )

Compensation ( )

16. Is there a motivating team culture and improved relationship strategy at Accra Brewery?

Yes (    )

No (    )

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