

**Effect of Compensation Package on Staff Intention to Quit in Technical University: A Structural Equation Approach**

**ABSTRACT**

The paper analyses the compensation-intention to quit relationship in one of the technical universities in Ghana. Employing a descriptive survey design, data on the variables are collected using one hundred self-administered valid questionnaires. Data collected were analysed by means of structural equation modelling. The results show there is a direct positive significant correlation between intentions to quit and salary, incentives, allowance and fringe benefits. The result of the study is expected to inform the compensation policies and strategies of the university and other similar institutions. This study provides avenues for reviewing compensation packages of technical universities in order to motivate its employees to help prevent high labour turnover. The paper is among the few that employs the structural equation modelling in its analysis. Previous studies focused on the effect of compensation on other variables rather than on intention to quit.

Keywords: Compensation, Intention to Quit, Structural Equation Modelling

**1. INTRODUCTION**

The increasing rate of academic staff turnover is a global one which affects both emerging and advanced worlds and has attracted a lot of attention in academia. In the United States, 7.7% of all full-time academic staff left their schools and colleges for other organisations within an academic year [1], Whereas 29% were going on retirement, 71% left for a number of reasons. In Canada, a major challenge that higher educational institutions are expect to contend with in the next ten years is academic staff hiring and retention [1].

African countries face skilled human resource capacity challenge that impacts negatively on its socio-economic development. A survey conducted in 2009 by the Planning Unit of the Cape

Coast Technical University on labour turnover revealed a number of Senior Members are leaving the institution to the traditional universities in search of greener pastures. It has been found that twenty-three (23) out of 144 staff left the institution between 2008 and 2011 [2]. Similar observations have been made on these issue in other similar institutions. As Iddrisu [2a] observed, Accra Technical University lost 25 personnel within that time. Also, between 1993 and 2011 academic year, 111 faculty left the Kumasi Technical University and 21 left the Wa Polytechnic. Tamale Technical University have had 90 resignations with 43 workers leaving between 2008 and 2011. The situation is not improved. Recent studies Danquah [29] and Kwegyir-Aggrey [12] found staff of these institution leave in such of greener pastures from traditional public universities [ 29]. This has negative implications for operational cost, loss of experienced staff and the capacity to deliver minimum required services. Furthermore, it leads to knowledge discontinuity [3]. In tertiary institutions, employee turnover impacts negatively on morale by increasing work demands such as number of students to be taught or supervised [4,5]. Osibanjo et al. [6] posits that some of these employees hardly stay long in one institution.

Although numerous efforts have been made to deal with this issue, little progress has been made. From the social exchange theory, social behaviour is the outcome of an exchange process that focuses on the need to maximize gains and reduce costs. It is how one values the reward of loss that lead to the continuation or discontinuation of the relationship. Academic staff have often expected among other things commiserating intrinsic and extrinsic rewards for their efforts in the university. As opined by Falola, Ibidunni & Olokundun [7], such staff have often discontinued their social relationship due to inadequate investment in education, compensation and training programmes. Previous studies argue employees' compensation packages influence their

willingness to stay on the job [8]. However, Allen and Khalid & Nawab [9,10] posits that employee participation schemes promote equal opportunities that enhance employees' commitment and retention.

Studies such as Agyen-Gyasi [11] concentrated on non-academic staff. Kwegyir-Aggrey [12] focused on both academic and non-academic staff, but did not employ any rigorous analytical technique as employed in the current study. Moreover, studies such as Manogharan, Thivaharan & Rahman [13], have focused on private institutions. According to Osibanjo et al. [6], majority of papers on compensation and labour turnover concentrated on the banking industry while few have been done in the educational sector.

This paper analysed the effect of monetary rewards on employees' intention to quit in Cape Coast Technical University. The aim is to contribute to literature on the development of effective compensation systems in institutions such as technical universities. With the increasing number of tertiary institutions in Ghana, a study into academic staff fluidity is much more critical. Specifically, it sought to examine how salaries, allowances, incentive packages, fringe benefits and bonuses influence employees' intention to quit. The study also looked at situation at the Cape Coast Technical University because previous studies have looked at the situation in other technical and private universities in Ghana [12, 29].

The remaining parts of the study is organised as follows: section two considers the review of related literature, section three presents the methodology, section four looked at the results, and the last part presents the conclusion and recommendations of the study as well as the references.

## **2. REVIEW OF RELATED LITERATURE**

The paper is informed by the social exchange theory and the motivation-hygiene theory (dual factor theory). The social exchange theory explains the rewards and costs in relationship like employment contracts. It explains the cost-benefit analysis that actors in social relationships perform to determine if they continue or abandon such unions. In making reference to the rewards, it touches on some of the important elements such as allowances, pay, fringe benefits (as hygiene factors in dual factor theory) that reduce an employee's intention to quit.

Herzberg's theory suggests hygiene factors cause dissatisfaction among employees in the workplace that creates the intention to quit. This is much so when the compensation system does not provide opportunities for further allowances, pay, fringe benefits. etc. Herzberg maintains dealing with dissatisfaction (through hygiene factors) would not result in a state of satisfaction; instead, it would lead to a neutral state. Satisfaction occurs with the use of intrinsic motivational variables. Rewards could spur employee job satisfaction, promote organisational growth and make the organisation competitive.

### **2.1 Compensation Practices**

According to Odunlade [14], rewards entail a blend of four pay, benefits, financial incentives, and non-financial rewards. In addition, Adeniji & Osibanjo [15] described compensation as direct and indirect. They stressed that as employees receive compensation in an organization, it serves to enhance satisfaction, reduce intention to quit and increase outcome. As Adeniji and Osibanjo [15] submits, direct rewards include wages, salaries, bonuses and commission. Furthermore, indirect rewards consist of incentives, medical benefits, housing allowance, annual

leave allowances and training opportunities [62]. Studies including [15,62] show reward impact on all people in organization and constitute a competitive tool [15]. Therefore, developing a reward scheme is a critical exercise in compensation administration as it impacts on satisfaction, performance and the intention to quit an organisation. Ehsan [16] submits critical aspects of compensation. In his exposition, he made reference to direct (wages and salary) and indirect compensation (fringe benefits) as was espoused in earlier studies [17]. Such rewards have been found to influence employees to stay or quit [16].

In this study, compensation practices were measured using packages such as salaries, bonus, incentives, fringe benefits and allowances [63]. Previous studies found these packages influence the intentions to quit of staff [63].

## **2.2 Employees' Intention to Quit**

Studies on employees' intention to quit and compensation have been mixed. For instance, Lewis and Selden & Moynihan [18,19] found inverse relationship between bonuses and allowances and employees' voluntary turnover. Seldon and Moynihan [19] submitted that well-designed employee bonuses and allowances are appropriate strategies for recruiting, motivating, and maintaining public sector workers.

Chelladurai [20] is of the view that employees' satisfaction is a blend of what they perceive their efforts and job desires are and what they expect in exchange for their contribution. If workers feel that their output and offerings exceed the rewards from the institution and job, especially in pay, dissatisfaction occurs leading to intention to quit. Carmeli & Weisberg [21] classified such intentions as withdrawal cognition process, namely having thoughts of quitting the job; having

the intention to search for a different job; and then having the intention to quit. In his work, Mobley [22] viewed intention to quit as the culmination of a decision process, whereby the worker initiates the process by assessing his or her present situation, followed by several stages.

Prihati, Oetomo & Utomo [23] found that compensation, organizational climate, and career development has significant inverse relationship with intentions to quit. Furthermore, the outcome revealed organization's commitment influences intention to quit. Rampur [24] further stressed that lack of opportunity for advancement or growth can be a reason for intention to leave any organization. Ryan & Sagas [25] found that a high level of pay relative to that of competitors can warrant that an organisation attracts and retain superior human resource. Pay may be one-way employees assess whether their time and effort are worthwhile.

Chiboiwa, Samuel & Chipunza [26] examined employee retention strategy and found labour turnover intention are prevalent within non-managerial staff. The study revealed the high rate of labour turnover is largely attributed inappropriate compensation administration. Their study added a little dimension to this discussion that were not in most of the studies when they analysed the managerial and non-managerial groups and their intentions to quit. Phonsanam [27] concluded that it is strategically appropriate to provide commiserating reward to retain current staff, than to incur turnover costs due to frequent exit. This study also brought into the issue of compensation and intentions to quit in the hospitality industry. Similarly, Bagri, Babu & Kukreti [28] found that, lack of training and career growth opportunities in hotels are the basis for staff's intention to exit their organisations.

Danquah [29] explored the determinants of career choice, job satisfaction and intention to quit of academic staff in three private universities and found retention to be poor because most of the faculty indicated they would prefer working in public universities they had the opportunity. In a similar study, Essiam, Mensah, Kudu & Gyamfi [30] discovered that although there was some indirect compensation in the university, productivity was still negatively affected because some other benefits were not satisfactorily administered. Yet, there are still no current studies in public tertiary institutions in Ghana to analyse compensation and intention to quit.

Furthermore, Jonathan, Thibeli & Casius [31] found that, intrinsic and extrinsic satisfaction had significant negative relationship with intention to leave and intrinsic satisfaction indicated stronger prediction of teachers' intention to leave. On their part, Yousaf, Latif, Aslam & Saddiqui [8] analysed financial and non-financial rewards on employee motivation. They concluded that although financial rewards are important for employee motivation, non-financial rewards cannot be under-estimated. Osibanjo et al. [6] stressed on compensation packages as a tool for employees' performance and intention to quit. They suggested management should endeavour to review compensation packages at various levels in order to earn employees' satisfaction and prevent high labour turnover.

Joarder, Subhan, Ghani & Islam [32] found pay and supports were significant and negatively related to faculty intention to quit behaviour in any condition. Using correlation, Mehrez & Bakri [33] found positive relationship between proper human resource practices, job satisfaction and intention to stay. Other recent studies have focused on either perception of pay equity [34], studied in jurisdictions and sectors other than education [35], and have employed different

methods [36]. The current study analysed the compensation-intentions to quit nexus, looking at public university using structural equation modelling. This method is found to be one of the most appropriate techniques in analysing relationships among behavioural variables.

From the reviewed of the related literature, it was thus hypothesized that there is no positive significant relationship between:

*H<sub>1</sub>: allowances and employees' intention to quit*

*H<sub>2</sub>: wages and salaries and intentions to quit*

*H<sub>3</sub>: incentive packages and employees' intentions to quit*

*H<sub>4</sub>: fringe benefits and intentions to quit*

*H<sub>5</sub>: bonuses and employees' intention to quit*

### **2.3 Conceptual framework**

The main variables in this study are compensation practices (pay/salary, incentive packages, fringe benefits, bonuses and allowance) and intention to quit. The rate of turnover intention of employees might depend largely on their ability to experience these compensation practices. Compensation practices are, therefore, important if intention to quit should be reduced. Reducing intention to quit seems to be an ultimate aim of every competing organisation and once employees are assured of better compensation, it might imply that reducing the motives of quitting the organisation can be achieved as depicted in Figure 1.



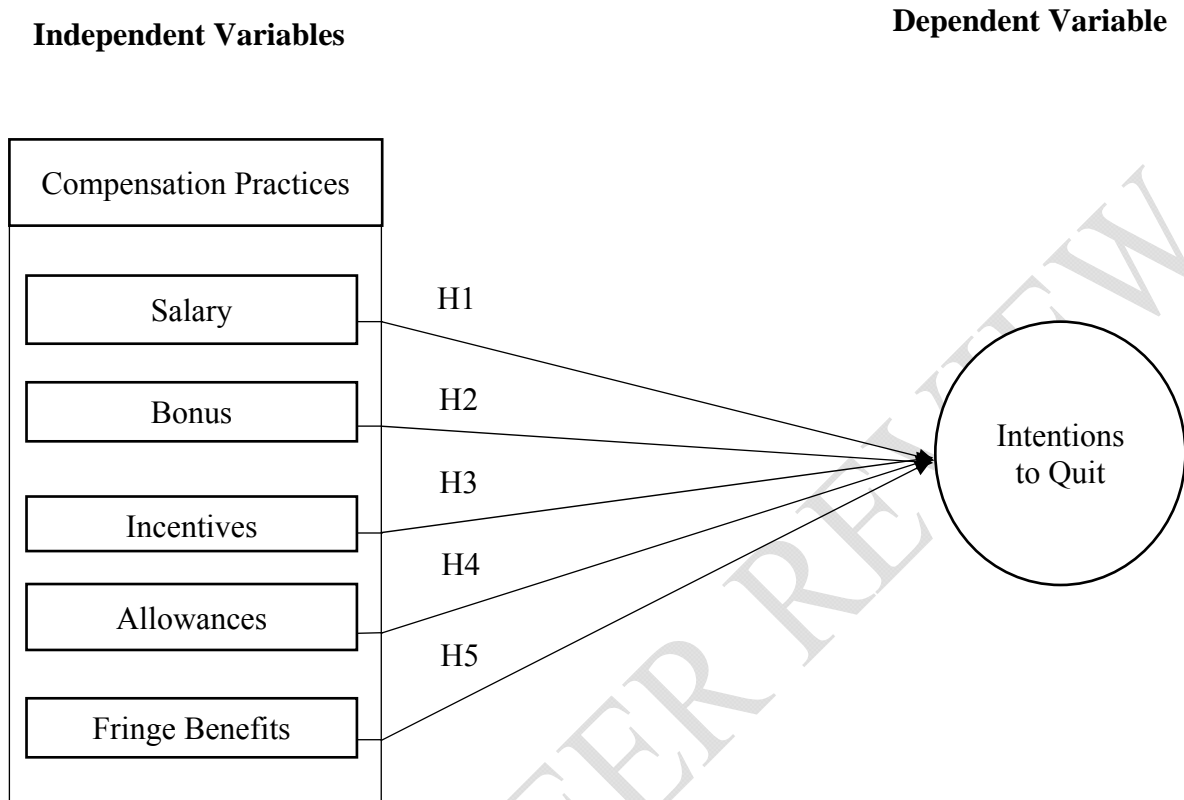


Figure 1: *The effect of compensation practices on employee intention to quit.*

**Source:** Adapted from Osibanjo et al. [6]

From Figure 1, it can be revealed that components of compensation include allowances, fringe benefits, salary, bonus and incentives. When employers ensure these components or practices are favourable to the employees by increasing allowances, fringe benefits, salaries or pay and incentives, workers might show appreciation by working harder. This in turn increases the performance and output of the workers and that also reduces their intention to leave from one organisation to another. Hence, employees have the intention to stay to reciprocate the financial and non-financial rewards received from the organisation. In a form of social exchange,

employees work harder by going an extra mile to increase performance and productivity. Linking this to the theoretical framework, when organisations reward its employees for the services rendered by compensating them, they repeat the same behaviour that earned them the compensation and that will increase performance and hence enhance intention to stay in the organisation. On the other hand, when there are no favourable compensation practices such as no or small allowances, fringe benefits, low salaries or pay, and incentive packages, employees might be tempted to move to other organisation where these practices are effective. As employees realize their efforts are higher than the compensation they receive, they might not be satisfied with their rewards and that can adversely influence performance; hence a development of intention to leave for better options.

### **3. METHODOLOGY**

The study was conducted in the Cape Coast Technical University in the Central Region of Ghana with a total of 121 academic staff [37]. This study institution was chosen because of the fluidity of academic staffs from this institution. A survey conducted in the institution revealed that 23 staff members have left the university between 2008 and 2011[2]. This presents a research case in analysing the intention of academic staff to quit in this institution. The case is very much serious as it occurs at a time when there is a ban on recruitment in the public sector in Ghana.

The study adopted the descriptive survey design because it allows for a wide range of data collection strategies including the use of questionnaire and interview as well as a combination of methods which provide a quicker rate of responses. This design provides the opportunity to

examine the compensation practices employed by the university. Furthermore, to understand the nature and interactions between the variables, the quantitative approach was employed.

### **3.1 Measurement of Variables**

The dependent variable was intentions to quit with the independent being the measures of compensation practices including pay, allowances, incentives, bonuses and fringe benefits.

#### **3.1.1 Intentions to quit**

It is a state of mind of labour where evaluates his/her job, its responsibility and the corresponding rewards and therefore, decides to leave the organisation. A multi-dimensional construct, measuring intention to quit [38] was adopted for this study.

#### **3.1.2 Compensation practices**

The proxy for compensation practices were pay, allowance, incentives, bonuses and fringe benefits [24].

### **3.2 Data and Data Collection Instrument**

The data for the study was obtained from primary source using a self-administered questionnaire. The instrument was made up of questions on the variables salary, fringe benefits and allowances, and incentives. The items were measured on a 5-point rating scale with (1) indicating least agreement and (5) representing highest agreement. The total number of questions in the instrument totaled 35, comprising mainly close ended questions. Intention to quit was measured using employees' personal assessment. Respondents were asked to rate their intentions to quit their jobs on a five-point Rating scale reading '1' = least agreement and '5' = highest agreement. The section on indicators of monetary compensation was sub-divided into four made up constructs on salary and wages, allowance, fringe- benefits and incentives.

Data was collected over a period of nine weeks. Due to an industrial action embarked on by the employees, at the time of data collection some employees were not on campus and could not be traced to respond to the questionnaire. Out of the 121 questionnaires that were sent out, 100 were retrieved representing 83% retrieval.

### 3.3 Data Processing and Analysis

Data was edited, coded and processed using SPSS and the Smart PLS. Data was analysed using Partial Least Squares Structural Equation Modelling (SEM). PLS-SEM is a blend of factor analysis and path analysis into one broad statistical method [39,40]. Partial Least Square (PLS) analysis was used to estimate parameters for the measurement and structural models. The SEM-PLS package provides the capability to estimate PLS path models [41,40]. This technique is appropriate in operationalizing behavioral intentions [42] and is more robust relatively in handling small sample size [43].

## 4. RESULTS AND DISCUSSION

Descriptive statistics was employed to ascertain the behaviour of the data. The results of the analyses were presented in Table 1. From the Table, it was observed that variables were within the normal range of skewness and kurtosis (i.e.  $< \pm 2.58$ , c.f. [44]. Table 1 have both positive and negative skewness and kurtosis values. According to Pallant [45], negative or positive skewness and kurtosis is not an indication.

**Table 1: Descriptive Statistics**

Variable	Obs	Mean	Std. Dev	Max.	Min.	Skewness	Kurtosis
INTENT	100	2.970	1.527	5	1	.069	-1.522
SAW	100	2.890	1.072	5	1	-.028	-.776
ALLOW	100	2.26	1.284	5	1	.608	-.924
FIBEN	100	3.040	1.024	5	1	.149	-.708
INCENT	100	2.400	.964	5	1	.566	.466

Source: Field Data, 2017

**Note: INTENT= Intentions to Quit; SAW= salaries and Wages; ALLOW= Allowance; FIBEN= Fringe Benefits; and INCENT= Incentives**

The elements in Table 2 include intentions to quit (INTENT), salaries and wages (SAW), allowances (ALLOW), fringe benefit (FIBEN) and incentives (INCENT). The mean score of 2.8-3.0 indicates that on the average, the respondents expressed high agreement on items such as salaries and wages, fringe benefits and intentions to quit. The level of agreement was relatively low with respect to allowances and incentives.

#### **4.1 Theoretical Model**

In structural equation modelling, the research hypotheses are analysed by examining the strength, direction and the significant level of the path coefficient (gammas) estimated by partial least squares (see Figure 2). From the diagram, INTENT, SAW, ALLOW, FIBEN and INCENT represents the constructs for intentions to quit, salaries and wages, allowances, fringe benefit and incentives respectively.

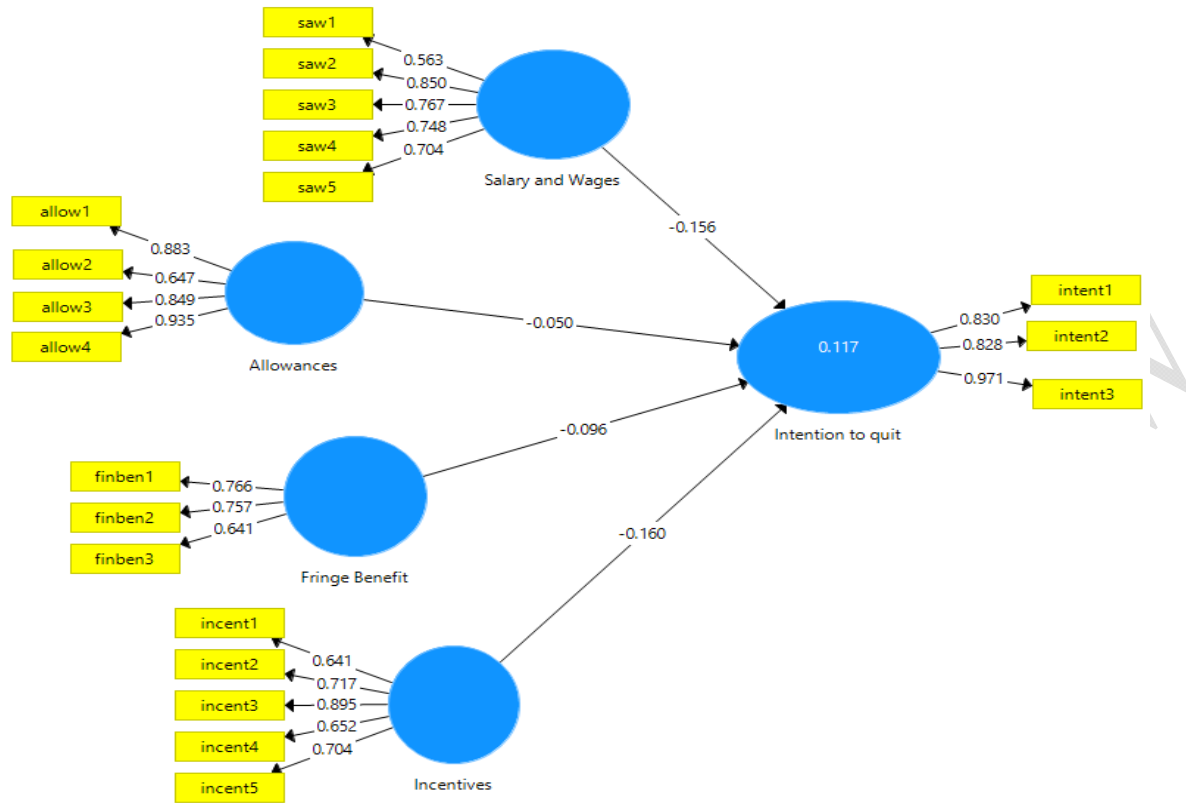


Figure 2: *Test of the research model (PLS, n=100)*

## 4.2 Measurement Model

The model provided the bases for the test of reliability and validity. To test for construct validity, there was the need to use the convergent and discriminant validity tests.

## 4.3 Reliability

In Partial Least Square (PLS), there was the need to assess individual factor reliability. This was analysed by assessing the loadings of the corresponding factors on their respective latent constructs [46]. The rule of thumb was higher loadings imply there is more shared variance between the construct and its measures, than the error variance. In this study, the criteria of .50 as recommended by Hulland [47] were adapted for the retention of factors. According to Bhakar et [64], in PLS, loadings of respective factors on their respective latent constructs are examined, to assess the reliability of the factors. When the factor loadings were closely examined, one

factor of allowance (.435), and one factor of intention to quit (-.887) were reported with substandard factor loadings ( $< .50$ ). The two factors were dropped from the further investigations. The final model for further investigations is presented in Figure 2.

In analysing the reliability of the variables the Fornell and Larcker's (FL) measurement of composite reliability [44] as well as the Cronbach alpha were used. Normally, FL measurement is preferred to the use of the Cronbach alpha due to the fact that it produces much more appropriate estimate of variance shared by the respective indicators. The other advantage is that its estimates are obtained through item loadings obtained within nomological network [44]. The composite factor reliability coefficients of the constructs ranged from .766 to .910, which meets the benchmark [44]. Similarly, Wong [46] also intimated that a composite reliability of approximately .6 is acceptable for exploratory study. Table 2 presents the outcome of the Average Variance Extracted (AVE) values obtained from the partial least square algorithms, the factor loadings, the Cronbach alpha and the composite reliability.

**Table 2: Factor loadings, Cronbach's alpha, composite reliability and AVE**

	<b>Factor loadings</b>	<b>Cronbach alpha</b>	<b>Composite reliability</b>	<b>AVE</b>
<i>Allowance</i>		0.880	0.888	0.621
Allow1	0.896			
Allow2	0.521			
Allow3	0.679			
Allow4	0.850			
Allow5	0.921			
<i>Fringe-Benefit</i>		0.595	0.745	0.428
Finben1	0.800			
Finben2	0.652			
Finben3	0.565			
Finben4	0.571			
<i>Incentives</i>		0.850	0.867	0.568
Incent1	0.696			
Incent2	0.752			
Incent3	0.752			

Incent4	0.707			
Incent5	0.851			
<i>Salary and wages</i>		0.792	0.848	0.530
Saw1	0.656			
Saw2	0.828			
Saw3	0.793			
Saw4	0.691			
Saw5	0.656			
<i>Intention to Quit</i>		0.344	0.558	0.628
Intentoquit1	0.653			
Intentoquit2	0.723			
Intentoquit3	0.882			
Intentoquit4	0.887			

Source: Field data, 2016.

#### 4.4 Convergent Validity

According to Rouibah, Ramayah & May [48], convergent validity measures the extent to which items measuring the same concept agree. To determine whether convergent validity is attained, there is the need to check the variance extracted for each factor [43]. The decision rule for attaining convergent validity is that the value for variance extracted should exceed .50 [43]. This condition was satisfied in this study except for one variable (fringe benefit). The values for the variance extracted ranged between .428 and .773 from Table 2 which meets the convergent validity criteria as intimated [46], except for fringe benefit that was below the threshold. The results show that the scale used largely possessed convergent validity.

#### 4.5 Discriminant Validity

Discriminant validity measures the extent to which the individual constructs differ from others in the model [49]. In a similar vein, Wong [46] suggested that the 'square root' of the AVE of each latent variable should be higher than the correlations among the latent variables.



The condition for discriminant validity was provided by Fornell and Larcker [50]. Here, the pairwise correlations between factors obtained were related to the variance extracted for the constructs constituting each possible pair. The rule of thumb is that discriminant validity is attained when the constructs have an AVE loading greater than .5. This implies that at least 50% of the measurement variance was captured by the construct [49]. Furthermore, discriminant validity is achieved when the diagonal elements are significantly higher than the off-diagonal values in the parallel rows and columns. The diagonal elements are the square root of the AVE score for each construct (salary, incentives, allowances and intention to quit). The results as presented in Table 3 shows indicates that the discriminant validity is satisfied items load higher on their own than others. For all the construct, the square root of the AVEs is more than the square correlations indicating discriminant validity [49].

**Table 3: Results Summary for Fornell and Larcker**

	<b>Allow.</b>	<b>Fringe- benefit</b>	<b>Incentiv e</b>	<b>Intention Quit</b>	<b>to Salaries and wages</b>
Allowance	<b>.788</b>				
Fringe-benefit	.410	<b>.654</b>			
Incentives	.495	.334	<b>.753</b>		
Intention to Quit	.354	.229	.210	<b>.792</b>	
Salaries and wages	.641	.496	.409	.408	<b>.728</b>

Source: Field data, 2016.

#### **4.6 Structural Model Analysis**

Partial Least Squares (PLS) is made of two path models. The initial one is the measurement model that connects the observed variables to their own latent variables. Next, is the structural model that connects some endogenous latent variables to other latent variables that were

presented. The measurement model is also called the outer model and the structural model is known as the inner model [51]. In order to test the structural model and the hypotheses, there was the need to determine the path coefficients. This is due to the fact that in Partial Least Squares, normality in data distribution may not be a necessary condition for analysis. It is evaluated with  $R^2$  computation for dependent latent variables [46] and the average variance extracted [46]. The initial item for the partial least squares helps determine how well the model fits the hypothesized relationship, is the squared multiple correlations ( $R^2$ ) for each dependent construct in the model. The  $R^2$  measures a construct's percent variation that is explained by the model [52].

The quality of the structural model for each endogenous block can be evaluated by the redundancy index which is the ability of the model to forecast its manifest variables from the indirectly connected latent variables [53]. Since the aim of partial least squares is to maximize variance explained rather than fit, the prediction-oriented measures such as  $R^2$  are used to assess PLS models [49]. Bootstrapping procedure using 1000 sub samples is performed to examine the statistical significance of each path coefficient [46]. Table 4 shows hypothesized path coefficients along with their bootstrap values, 'T' values.

**Table 4: Path coefficients along with their bootstrap values, 'T' values**

	Original Sample (O)	Sample Mean (M)	Standard Deviation	Standard Error	T Statistics ( O/STERR )
Allowance -> Intention to Quit	.141	.036	.209	.209	.673
Fringe-Benefit -> Intention to Quit	-.112	-.029	.181	.181	.621
Incentives -> Intention to Quit	.005	.011	.240	.240	.021
Salary and wages -> Intention to Quit	-.264	-.064	.290	.290	.911

Source: Field data, 2016.

#### 4.7 Allowance and intention to quit

The study sought to establish relationship between the variables by the use of path analysis. The causal relationship between allowance and intention to quit was insignificant with ( $t = .311, p = .756$ ). This indicates that employees' allowances have direct negative insignificant influences on intention to quit. Employees allowance changes in inverse proportion to intention to quit with a coefficient of  $-.050$ . The findings are inconsistent with the views espoused by Jonas, Roginsky & Zunic [54], according to them, whenever employees felt there were insufficient allowances and bonuses from employers, they sometimes begin to formulate reasons for leaving their jobs. Rosser [55] further posits that perceptions of work-life, including allowances and bonuses, have a direct impact on job satisfaction and intentions to leave.

Similarly, Giles [56] suggests that when employees realize that their efforts are not rewarded with bonuses and allowances, they do not feel cherished in their organisations, it might lead to intentions to leave. To implement an appropriate allowance and bonuses policy, a bottom-up approach should be adopted. This is where the views of employees are incorporated into the policy decision making process to make it fair and acceptable. In contrast, Selden and Moynihan [19] discovered a significant and inverse relationship between high bonuses and allowances and voluntary turnover, although a study by Lewis [18] fails to confirm the importance of allowances and bonuses in reducing voluntary turnover rates among federal employees.

#### **4.8 Fringe benefits and intention to quit**

The casual relationship between fringe benefits and intention to quit was insignificant with ( $t = .664, p = .507$ ). This indicates that employees' fringe benefits have direct negative insignificant influences on intention to quit. Employees' fringe benefits changes in inverse proportion to

intention to quit with a coefficient of  $-.096$ . This clearly indicates that 100 points change in employees' fringe benefits will bring about 96 points change in fringe benefit.

The finding is not consistent with the views put forward by Rampur [24]. He concludes that employees usually plan to leave because of the lack of benefits available to them in the company in which they work. He noted that employees prefer other companies which may provide them with higher posts and increased compensation packages. In a similar vein, Berger and Berger [57] maintains that employment benefits such as retirement, health insurance, life insurance, disability insurance, paid leave, paid holidays, flexible scheduling, and educational assistance have been shown to bond an employee to the employing organization and as such result in a strong correlation between benefits and intention to quit.

#### **4.9 Employees' incentives and intention to quit**

The causal relationship between employees' incentives and intention to quit was insignificant with ( $t = .545$ ,  $p = .586$ ), this indicates that employees' incentives have direct negative insignificant influences on intention to quit. Employees' incentives change in inverse proportion to intention to quit with a coefficient of  $-.160$ . This clearly indicates that 100 points change in employees' incentives will bring about 16 points change in employees' intention to quit the job.

The finding does not support the position of Aube, Rousseau & Morin [58], who intimated that perceived organisation support and incentive packages can have a direct influence on an employee's intention to quit. This implies that, if the employee feels there will be no incentive packages and support from the organisation, his or her intention to quit might increase. Similarly,

Firth [59] affirms Aube, Rousseau & Morin earlier position and reiterated that social support and provision of incentive packages from supervisors indirectly reduces burnout, which in turn reduces the intention to quit among employees. For this reason, most employees remain with an organisation because of the positive features associated with their jobs.

In contrast, Allen, Shore and Griffeth [60] concluded that incentive packages and support are negatively related to intention to quit. They maintained that the relationships between incentive packages and intention to quit are however mediated by commitment and job satisfaction. This means that, if employees experience high levels of perceived organizational incentive and support, they are less prone to experiencing turnover intent.

#### **4.10 Salaries and wages and intention to quit**

Lastly, the causal relationship between employees' salaries and intention to quit was insignificant with ( $t = 1.093$ ,  $p = .275$ ). This indicates that employees' salaries have direct negative insignificant influences on intention to quit. Employees' salaries change in an inverse proportion to intention to quit with a coefficient of  $-.156$ . This clearly indicates that 100 points change in employees' salaries will bring about 26.4 points change in employees' intention to quit the job.

The finding is inconsistent with the assertion of Rampur [24], who alludes that one of the commonest reasons why the rate for employee intention to quit rate is high is the salary scale, that is employees plan to leave a company because of low pay and this might adversely affect his or her performance. Similarly, Ryan and Sagas [61] submitted that workers are fulfilled with

their reward if it commensurate with their efforts. If they find that their contribution is more than the rewards from the institution, dissatisfaction results and, hence, intentions to quit.

## **5. CONCLUSIONS AND POLICY RECOMMENDATIONS**

The study examines the effect of monetary compensation practices on employees' intention to quit. Specifically, it analyses how salary influences employees' intention to quit and assessed the effect of allowance, on employees' intention to quit. The study further sought to determine the effect of incentive packages on the employees' intention to quit and the impact of fringe benefit on employees' intention to quit. Lastly, it analysed the effect of employees' bonus on employees' intention to quit.

Employees' willingness to stay on the job largely depends on compensation packages they receive from employers. Compensation plays a key factor in attracting and retaining the best employees and ensuring the organization has the competitive edge in an increasingly competitive world. Thus, employees' allowances had direct positive influence on intention to quit. This implies that if the employees are given enough allowance as part of their compensation packages, the greater will be the possibility of them staying with the institution.

Also, the study revealed employees' expression on fringe benefits offered by the university implies the fringe benefits offered do not influence their intention to quit the job. However, the more fringe benefits the less their intention to quit. It can be concluded that the employees' incentive has direct positive influences on intention to quit. This means that the more incentives

offered by the institution, the lesser their desire to quit. This intention can be attributed to some other factors.

Finally, it was found that employees' salaries have direct negative influences on intention to quit. This implies the more or adequate salaries are given to the employees the lesser the desire to quit the job.

On the basis of the findings and the conclusions drawn, the study recommends management and decision makers should endeavour to review compensation packages at various levels in order to earn employees' satisfaction to prevent labour turnover. Further, the university authorities should foster trust and confidence among key senior officers in order to inspire other staff to give off their best.

This study sets the ground for further studies on compensation practices and employees' intention to quit in technical universities in particular and public tertiary institutions in general.

## 6. REFERENCES

1. Armstrong M, Taylor S. *Armstrong's handbook of human resource management practice*, London. Kogan Page Publishers, 2014.
2. Personnel Unit of Cape Coast Technical University; 2011.
- 2a. Iddrisu S. The contribution of Ghana's development of Polytechnics to national prosperity and challenges to their sustainability - Focusing on staff turnover. University of Edinburgh. 2013; PhD Thesis.
3. Urbancová H, Linhartová L. Staff turnover as a possible threat to knowledge loss. *Journal of competitiveness*. 2011; 1(3): 3.
4. Du Plooy J, Roodt G. Work engagement, burnout and related constructs as predictors of turnover intentions. *SA Journal of Industrial Psychology*. 2010; 36(1):1-3.

5. Figueroa T. Underrepresented racial/ethnic minority graduate students in science, technology, engineering, and math (STEM) disciplines: A cross institutional analysis of their experiences. UCLA; 2015.
6. Osibanjo AO, Salau OP, Falola HO. Modeling the Relationship between Motivating Factors; Employee'Retention; and Job Satisfaction in the Nigerian Banking Industry. *Journal of Management Policies and Practices*. 2014; 2(2):63-83.
7. Falola HO, Ibidunni OS, Olokundun AM. Incentives packages and employees' attitudes to work: a study of selected government parastatals in Ogun State, South-West, Nigeria. *International Journal of Research in Business and Social Science*. 2014;3(1):63-74.
8. Yousaf S, Latif M, Aslam S, Saddiqui A. Impact of financial and non-financial rewards on employee motivation. *Middle-East journal of scientific research*. 2014;21(10):1776-86.
9. Allen ER. Analysis of trends and challenges in the Indonesian labor market; 2015.
10. Khalid K, Nawab S. Employee Participation and Employee Retention in View of Compensation. *SAGE Open*. 2018; 8(4): 21-38.
11. Agyen-Gyasi K. Policy implications of staff turnover at the Kwame Nkrumah University of Science and Technology Library. *Journal of Science and Technology (Ghana)*. 2013; 33(2): 88-103.
12. Kwegyir-Aggrey P. Assessment of Staff Retention in Private Universities in Ghana: A Study of the Perez University College, Winneba. *Journal of Education and e-Learning Research*. 2016; 3(4): 130-7.
13. Manogharan MW, Thivaharan T, Rahman RA. Academic Staff Retention in Private Higher Education Institute--Case Study of Private Colleges in Kuala Lumpur. *International Journal of Higher Education*. 2018;7(3):52-78.
14. Odunlade RO. Managing employee compensation and benefits for job satisfaction in libraries and information centres in Nigeria; 2012.
15. Adeniji AA, Osibanjo AO. Human resource management: Theory and practice. Pumark Nigeria Limited; 2012.
16. Ehsan H. Impact of Performance Appraisal, Work Design and Compensation on Employee Performance: A Study of Telecom Sector. *J Global Economics*. 2018; 6(1): 301-320.



17. Cascio WF. Changes in workers, work, and organizations. *Handbook of psychology*. 2003; 15(1):399-422.
18. Lewis RW, Beryl J. *The Jameses: A family narrative*. Deutsch; 1991.
19. Selden SC, Moynihan DP. A model of voluntary turnover in state government. *Review of public personnel administration*. 2000 Apr;20(2):63-74.
20. Chelladurai P, Madella A. *Human resource management in Olympic sport organisations*. Human Kinetics Publishers; 2006.
21. Carmeli A, Meitar R, Weisberg J. Self-leadership skills and innovative behaviour at work. *International Journal of Manpower*. 2006;27(1): 75-90.
22. Mobley WH, Griffeth RW, Hand HH, Meglino BM. Review and conceptual analysis of the employee turnover process. *Psychological bulletin*. 1979 May;86(3):493.
23. Prihati MA, Oetomo HW, Utomo SB. Compensation analysis to intention to quit by using organization commitment as the intervening variable. *Ekuitas Journal Ekonomi dan Keuangan*. 2018;16(1): 1-5.
24. Rampur S. *Causes of employee turnover*; 2009.
25. Ryan TD, Sagas M. Relationships between pay satisfaction, work-family conflict, and coaching turnover intentions. *Team Performance Management: An International Journal*. 2009; 15(3/4):128-40.
26. Chiboiwa MW, Samuel MO, Chipunza C. An examination of employee retention strategy in a private organisation in Zimbabwe. *African journal of business management*. 2010;4(10): 21-39.
27. Phonsanam ST. *Total compensation practices and their relationship to hospitality employee retention*; 2010.
28. Bagri SC, Babu S, Kukreti M. Human resource practices in hotels: a study from the tourist state of Uttarakhand, India. *Journal of Human Resources in Hospitality & Tourism*. 2010; 9(3): 286-99.
29. Danquah C. *Determinants of Career Choice, Job Satisfaction and Retention of Academic Staff in Three Private Universities in Ghana*; 2012.
30. Essiam JO, Mensah ME, Kudu LK, Gyamfi GD. Influence of job stress on job satisfaction among university staff: Analytical evidence from a public university in

- Ghana. *International Journal of Economics, Commerce and Management*. 2015; 3(2): 1-5.
31. Jonathan H, Thibeli M, Darroux C. Impact investigation of organizational commitment on intention to leave of public secondary school teachers in Tanzania. *Developing Country Studies*. 2013; 3(11): 78-91.
  32. Joarder MH, Subhan M, Ghani AB, Islam R. Pay, security, support and intention to quit relationship among academics in developing economy. *Investment Management and Financial Innovations*. 2015; 12(3): 190-199.
  33. Mehrez A, Bakri A. The impact of human resource practices on job satisfaction and intention to stay in emerging economies: Model development and empirical investigation among high caliber governmental employees in Qatar. *Management Science Letters*. 2019; 9(3): 425-442.
  34. Sanséau PY, Opoku FK. Perception of Pay Equity in Public Universities in Ghana: Effect on Individual Performance and Work Behavior. *International Journal of Public Administration*. 2019; 42(1): 76-85.
  35. Bas G, Beyhan Ö. Revisiting the Effect of Teaching of Learning Strategies on Academic Achievement: A Meta-Analysis of the Findings. *International Journal of Research in Education and Science*. 2019;5(1):70-87.
  36. Akgunduz Y, Adan Gök Ö, Alkan C. The effects of rewards and proactive personality on turnover intentions and meaning of work in hotel businesses. *Tourism and Hospitality Research*; 2019.
  37. Cape Coast Technical University. Personnel & Welfare Unit; 2016.
  38. Moynihan DP, Landuyt N. Explaining turnover intention in state government: Examining the roles of gender, life cycle, and loyalty. *Review of Public Personnel Administration*. 2008; 28(2): 120-43.
  39. Sarwoko E, Surachman A, Hadiwidjojo D. Entrepreneurial characteristics and competency as determinants of business performance in SMEs. *IOSR Journal of Business and Management*. 2013; 7(3): 31-38.
  40. Agyapong D, Obro-Adibo G. The impact of socio-cultural systems on the growth of small family businesses in Ghana. *Developing Country Studies*. 2013; 3(14): 1-5.

41. Ghozali I. Analisis Multivariate dengan program SPSS. Semarang: Badan Penerbit Universitas Diponegoro; 2005.
42. Edvardsson B, Johnson MD, Gustafsson A, Strandvik T. The effects of satisfaction and loyalty on profits and growth: products versus services. *Total quality management*. 2000 Sep 1;11(7):917-27.
43. Hair Jr JF, Hult GT, Ringle C, Sarstedt M. A primer on partial least squares structural equation modeling (PLS-SEM), London. Sage publications; 2016.
44. Hair JF, Ringle CM, Sarstedt M. Partial least squares: the better approach to structural equation modeling? *Long Range Planning*. 2012; 45(5-6): 312-329.
45. Pallant JF. SPSS survival manual: A step-by-step guide to data analysis with SPSS. New York, NY: McGrath Hill; 2007.
46. Wong KH, Razmovski-Naumovski V, Li KM, Li GQ, Chan K. Differentiation of *Pueraria lobata* and *Pueraria thomsonii* using partial least square discriminant analysis (PLS-DA). *Journal of pharmaceutical and biomedical analysis*. 2013; 84(1): 5-13.
47. Hulland J. Use of partial least squares (PLS) in strategic management research: a review of four recent studies. *Strategic management journal*. 1999; 20(2): 195-204.
48. Rouibah K, Ramayah T, May OS. Modeling user acceptance of internet banking in Malaysia: A partial least square (PLS) approach. In *E-adoption and socio-economic impacts: Emerging infrastructural effects 2011* (pp. 1-23). IGI Global.
49. Salavati M, Negahban H, Mazaheri M, Soleimanifar M, Hadadi M, Sefiddashti L, Hassan Zahraee M, Davatgaran K, Feizi A. The Persian version of the Berg Balance Scale: inter and intra-rater reliability and construct validity in elderly adults. *Disability and rehabilitation*. 2012;34(20):1695-1708.
50. Fornell C, Larcker DF. Structural equation models with unobservable variables and measurement error: *Algebra and statistics*; 1981.
51. Tenenhaus M, Vinzi VE, Chatelin YM, Lauro C. PLS path modeling. *Computational statistics & data analysis*. 2005; 48(1): 159-205.
52. Wixom BH, Watson HJ. An empirical investigation of the factors affecting data warehousing success. *MIS quarterly*. 2001: 17-41.
53. Tenenhaus M, Vinzi VE, Chatelin YM, Lauro C. PLS path modeling. *Computational statistics & data analysis*, (2005); 48(1), 159-205.

54. Jonas PE, Roginsky AL, Zunic N, inventors; International Business Machines Corp, assignee. Encrypting data for access by multiple users. United States patent US; 2009.
55. Rosser VJ. Faculty members' intentions to leave: A national study on their work-life and satisfaction. *Research in higher education*. 2004; 45(3): 285-309.
56. Giles P. Low income measurement in Canada. Ottawa: Statistics Canada; 2004.
57. Berger LA, Berger DR. The talent management handbook. McGraw Hill Professional; 2003.
58. Aube C, Rousseau V, Morin EM. Perceived organizational support and organizational commitment: The moderating effect of locus of control and work autonomy. *Journal of managerial Psychology*. 2007; 22(5): 479-95.
59. Firth L, Mellor DJ, Moore KA, Loquet C. How can managers reduce employee intention to quit? *Journal of managerial psychology*. 2004; 19(2): 170-87.
60. Allen DG, Shore LM, Griffeth RW. The role of perceived organizational support and supportive human resource practices in the turnover process. *Journal of management*. 2003; 29(1): 99-118.
61. Ryan TD, Sagas M. Relationships between pay satisfaction, work-family conflict, and coaching turnover intentions. *Team Performance Management: An International Journal*, 2009; 15(3/4), 128-140.
62. Hodor SE. Direct versus Indirect Rewards for the Attraction of the Employees. Editura Lumen, Asociatia Lumen Publishers; 2016.
63. Osibanjo AO, Adeniji AA, Falola OH, Heirsmac PT. Compensation packages: a strategic tool for employees' performance and retention. *Leonardo Journal of Sciences*; 2014; 25: 65-84.
64. Bhakar SS, Bhakar S, Bhakar S, Sharma G. The impact of co-branding on customer evaluation of brand extension. *Pres. Int. Journal of Management & IT- Sanchayan*: 2012; 1 (1), 21-53.