

**EMPLOYEE RETENTION AND ORGANIZATIONAL PERFORMANCE IN UGANDA:  
A CASE OF KABALE DISTRICT LOCAL GOVERNMENT**

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## **DECLARATION**

I, Julius Ngabirano, hereby declare that this research report on employee retention and organizational performance of Kabale District local government is my original work and has never been presented for any academic award to any institution of higher learning.

.....

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## **APPROVAL**

This is to certify that this research report by Ngabirano Julius on employee retention and organizational performance of Kabale district local government has been written under our supervision and now is ready for presentation with our approval.

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Date

**SUPERVISOR**

.....

Dr. Marus Eton (PhD)

Date

**SUPERVISOR**

## **DEDICATION**

Dedicated to Our Lord Jesus Christ, my family and friends

## **ACKNOWLEDGEMENTS**

No book like this is a product of one person working in seclusion. Hence I would like to express my appreciation to my associates for their valued assistance in the struggle and commitment leading to the preparation of this report.

I am grateful to my supervisors, Assoc. Prof. Caleb Tamwesigire and Dr. Eton Marus (PhD), both of Kabale University for their unlimited assistance, detailed review and constructive criticism during the entire research process.

Extraordinary thanks are also hereby extended to my course-mates. It is obvious that my long professional and personal relationship with them had a profound effect in developing a point of view that has determined the shape the work presented in the chapters that follow.

On the whole, I aimed to give full credit by references listing all the sources of data, charts and information cited or reproduced. It is my hope that all those to whom credit is due have been included; if there are omissions, they are inadvertent. Whilst every effort has been made to trace the owners of copyright material, in a few cases this has proved impossible.

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## **ABSTRACT**

The study investigated employee retention and organizational performance of Kabale district local government, and recommended employee retention strategies for the effective and efficient performance of the local government. Specifically, the study investigated employee retention strategies, determinants of organizational performance, and explored the relationship between employee retention and organizational performance in Kabale district local government. A cross-sectional research design, intended to report the findings in a snapshot was adopted. The study was conducted among 142 division staff and staff (both elected leaders and civil servants) at sub counties, out of whom a sample size of 96 respondents was selected. A survey based on questionnaires and interviews was employed in collecting data. Percentages and counts were used to measure employee retention strategies and organizational performance determinants while correlation analysis was applied to establish the level of influence of employee retention and work environment on organizational performance. Qualitative data, which were generated from interviews were categorized and reported verbatim. The findings show compensation as the most used employee retention strategy, and use of institutional resources as the key determinant of organizational performance. The study concluded that a very weak relationship ( $r = .138$ ;  $p\text{-value} < .05$ ) exists between employee retention and organizational performance, though it is sustained by work environment factors. As a recommendation, Kabale District Local Government (KDLG) should operate in accordance with standard operations and procedures as laid out in different policy organs, like Local Government Act, Public Service Standing Orders, Public Finance Management Act, etc. There should also be an independent study on the role of policy implementation in the attainment of organizational goals in local governments in Uganda.

# **CHAPTER ONE**

## **INTRODUCTION AND BACKGROUND**

### **1.0. Introduction**

The current study brings out the role of employee retention on organizational performance of Kabale District Local Government (KDLG). Practically, governments, citizens and others will always want to know if the money being gathered in taxes to spend on benefits and services actually achieves anything, and how things can be done better. Examining the performance of public agencies, Profiroiu (2001). Chai (2009), Onuarah and Appah (2012), and Sarmad, Muneeb, Shamim, and Saleh (2016) point to this institutional context within public agencies, but give little attention to practical human resource practices. In the current study, it is argued that whatever the institutional status of the public agency, focusing on retaining the personnel who shape its structure and functions is very crucial. Importantly, these studies were conducted in developed economies and could not depict the right picture of performance of public agencies in a developing country like Uganda, particularly, Kabale District Local Government (KDLG hereafter). Drawing from an empirical study, three dimensions of organizational performance were described along with their potential impact on citizens. The strategies to support employees stay longer while delivering to their full potential were examined. The following sections dealt with the background to the study, the purpose of the study, the research objectives, the study scope, significance and justification of the study and the conceptual framework.

### **1.1. Background to the Study**

#### **1.1.1. Historical background**

Globally, European Union member countries have the highest Human Development Index of over .90 which derives from their local self-government system that exercises high public trust and delivers high quality local public services (Nemec & Vries de, 2015). In Sub Sahara Africa, only three countries are ranked among the top half of the global distribution of trading across borders. Uganda's Country Policy and Institutional Assessment score, which measures economic management, structural policies, social equity and inclusion, and public sector management and institutions indicates a decline from 3.6 in 2008 to 3.1 in 2017 (World Bank, 2017). A key factor

that accounts for the increasing challenges in the service delivery of local government departments in the high employee turnover (Pieterse & Oni, 2014).

Studies by Schiuma and Lero (2008), Garnett, Marlowe, and Pandey (2008), and Green and Inman (2007) analysed organizational effectiveness models and integrated employee retention measurements into three dimensions: financial performance, business performance and organizational effectiveness. In particular, they matched employee attraction and retention with organizational effectiveness. From a companywide perspective, Zakari, Kofi, and Owusu-Ansah (2013) noted two very distinct types of performance yardstick, that is, those relating to financial and strategic performance. Achieving an acceptable level of financial results is crucial. They argued that without adequate profitability, a company's pursuit of its vision as well as its long-term health and ultimate survival is jeopardized.

Employee retention comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). It comprises the actual productions as well as actual outcomes of an organization, which are measured against its expected outcomes (Mashal & Saima, 2014). This indicates that no single measure can provide a clear performance target and so managers have to choose between financial and operational measures. Despite the absence of clear indicators of performance, employee retention can be assessed by an organization's efficiency and effectiveness of goal achievement (Ho, 2008).

Effective employee retention is a systematic effort by employers to create and foster an environment that encourages current employees to remain employed by having policies and practices in place that address their diverse needs (Mathimaran & Kumar, 2017). Employees get benefited by work environment that provides a sense of belonging. Organizations which have generous human resource policies, have a very good chance to satisfy and retain employees by providing them an appropriate level of privacy and sound control on work environment, which enhances the motivation levels to commit with the organization for the long term.

In Uganda, Kakumba and Fennell (2014) show that developing countries have challenges with retaining talented employees. The authors show that the current expansion of local government administration units is not proportional with effective retention of talent. Aupal (2017) shows that following the turn to parliament as the main approver of local government budgets,

management of local governments is becoming a problem. Lack of commitment at local government level has been shown to affect service delivery, with evidences of irregular recruitment and promotions, unfair dismissals, victimization and delayed salaries (Obedgiu, Bagire, & Mafabi, 2017). Local governments in developing countries lack public confidence and trust due to poor implementation off performance management (Zakaria, 2014). Consequently, local governments fail to address the interests of multiple stakeholders.

### **1.1.2. Theoretical background**

The current study built on the job embeddedness theory, which was posited by Mitchel, Holtom, Lee, Sablynski, and Erez (2001). The theory rests on the assumption that a number of factors influence an employee's decision to leave or stick to their jobs. The theory asserts that there is a direct link between the factors that influence embeddedness (links, fit, and sacrifice) and the contexts within the organization. Employees will stay in their jobs if they enjoy relationships with their colleagues (link), their skills fit with the job demands (fit), and have engagements with the community (sacrifice) (Mitchel, Holtom, Lee, Sablynski, & Erez, 2001; Ozcelik & Cenkci, 2014). In local governments, employees work to contribute to the organization's long-term goals of providing goods, works, and services to the community. With this kind of engagement, which employees have built, it becomes difficult to merely exit their jobs. Employees who have good relationships with their colleagues are likely to keep with their current jobs, which is likely to help the organization in reaching her target groups, and rightly use institutional resources for the benefit of the community.

Employee retention in organizations can be explained by Vroom's expectancy theory. According to Victor Vroom, if employees' goals are aligned to those of the organization, the rate of employee retention will be high (Vroom, 1964). The expectancy theory assumes that employees have different goals and must therefore be motivated differently. In essence, organizations which motivate their employees to meet their goals are likely to attract employees' commitment to the organization than those which do not.

### **1.1.3. Conceptual background**

Employee retention is beneficial for the organization and the employees at the same time, particularly today when employees seem to have a lot of job opportunities (Non-Government

organizations) at their disposal. Any potential feelings of dissatisfaction with the current job are likely to influence one to seek for another job. In this regard, it remains the efforts of the employer to support staff so that they can keep working with the organization. Good employers should realize what needs to be done to attract and retain their employees since they are the most vital resources of any organization. If employees are not able to use their full potential and are not heard and valued, they would leave because of stress and frustration (Kakar, Raziq, & Khan, 2015) and even when they remain, continued feelings of frustration and dissatisfaction may breed negative concerns that are detrimental to performance and productivity. Persistent feelings of dissatisfaction and stress force employees to quit organizations. Yet a fulfilling, comforting and rewarding atmosphere would create a health healthy working environment where employees would contribute positively to the success of the organization.

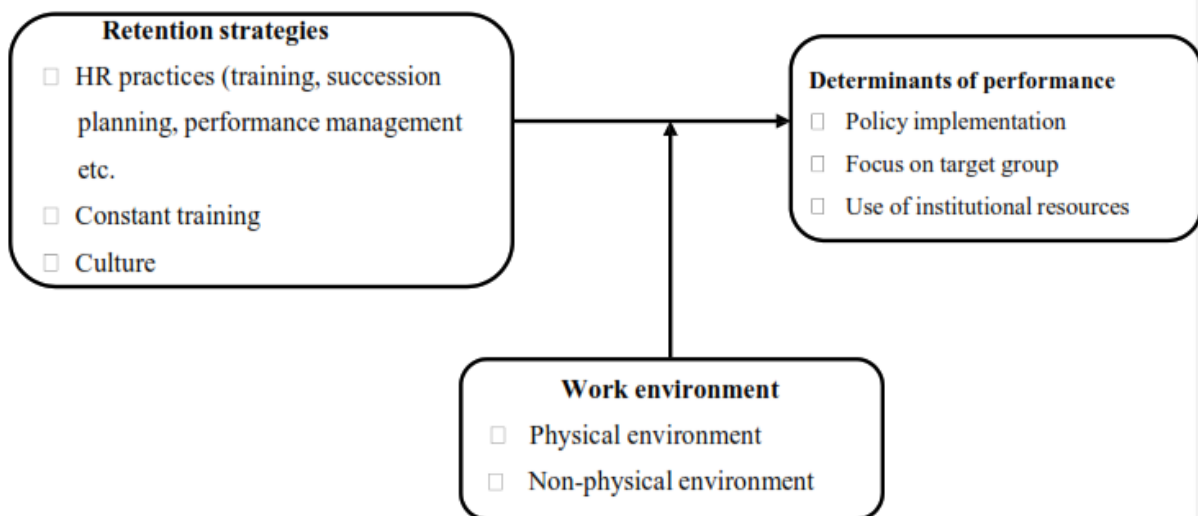
Employee retention refers to policies and practices companies use to prevent valuable employees from leaving their jobs. How to retain valuable employees is one of the biggest problems that plague companies in the competitive market place (Ongori, 2007). Employee retention plays a vital role in bridging the gap between the macro strategies and micro behaviour in organizations. This is because it ensures stability and connects the experiences of individuals in organizations on a continuous basis to the critical measures of success factors in the organization (Shaw, Gupta, & Delery, 2005). Therefore the acquisition, development and retention of talent form the basis for developing competitive advantage in many industries and countries. Increasing retention means that employees stay in service longer and the longer they stay in the organization, the more experienced staff they become (Whitt, 2005).

Employees are considered to be the top assets of the organization and as such, retaining them is a critical issue, which ought to be properly handled, efficiently and effectively so as to add value and competitiveness to the organization. Not only is retaining employees a predictor of competitiveness but prevents new recruitment (Olaimat & Awwad, 2017). While competitiveness is a sounding argument for employee retention, retaining outstanding skills and talents, particularly in this challenging and unpredictable environment where change is inevitable is hectic (Samuel & Chipunza, 2009). Employee retention is critically important for all organizations for two main reasons: 1) expensive turnover, and 2) business performance driven by top performers (Suresh & Krishnaraj, 2015). They further observed how impossible it is to

prevent every employee from leaving a company. However, turnover becomes dysfunctional when the wrong people are leaving, or when the turnover rate becomes so high that the other costs and instability outweigh the benefits.

The concept of performance is three-fold. For example, performance can be approached as the ultimate goal of management; an end in itself; and can be highlighted at the level of individual managers, teams, businesses and corporations. However, Anwar, Shah, and Hasnu, 2016) approached performance from a measurement perspective, and focused on the selection of the appropriate indicators and levels for quantifying an organization's outcomes. Performance measurement is virtually always important in management, especially in highly competitive, dynamic, complex, and global environments where managers are expected to have a strong grasp on dozens of issues. This is particularly true in ensuring that organizations determine, implement and adapt organizational strategies successfully. The performance measurement system is the glue that holds the strategy together by consistently evaluating the strategy's effectiveness amidst unpredictable external forces.

Below is the conceptual framework to illustrate the conceptualization of employee retention and organizational performance.



**Figure 1: Conceptual Framework**

**Source:** Literature review by: (Shackleton, 2007; Suresh & Krishnaraj, 2015; Gavrea, Ilies, & Stegorean, 2011)

Human resource is the most important asset in the present era, so every company tries to retain its employees. Numerous policies and strategies are developed in the organization to build and foster an environment that encourages the current employees to stick to their current positions so that the factors of production can be arranged easily. But the most important task is to equip and retain talented human resources (Saravanan & Sruthi, 2017). Securing and retaining skilled employees plays an important role in any organization, because employees' knowledge and skills are central to organization's ability to be economically competitive. Besides, continuously satisfying the employees is another challenge that the employers are facing today.

While there are many strategies human resource managers use to support employees to stick to an organization, Suresh and Krishnaraj (2015) identified strategies for retaining employees in a busy organization, which include human resource practices, compensation, constant training and organizational culture. An integration of an organizational culture that pays attention human resource practices, compensation and constant training of her staff is likely to retain her staff, who are the cornerstone of a performing organization. Focusing on employee retention is more than ensuring providing a satisfying workplace but ensuring the organization effectively implements policy and uses her resources to meet the needs of citizenry.

Research on organizational performance demonstrates ambiguity in defining, conceptualizing and measuring. While popular studies point to profitability, growth and number of employees as key measures of performance, these seem to be measurable indicators in profit organizations. However, in non-profit organizations, particularly the public sector, Shackleton (2007) identified three measures of performance in public institutions, that is, policy implementation, focus on target group, and use of institutional resources. The public institution is measured on the extent to which public policies are implemented and the extent to which public resources are used to deliver services to the intended beneficiaries. Due to the relevance of public institutions to the people they account to, it is essential for these institutions to employ and retain skillful people for efficient and effective service deliveries.

It should, however, be noted that while government institutions can employ skilled personnel, their ability to implement decisions that are geared to the needs of the populace is sometimes influenced by the state and nature of the work environment.

#### **1.1.4. Contextual background**

According to Wanda (2015), employee retention is accountable to rewards (28.7%), training (32.3%), and performance appraisals (43.2%). The author based the findings on Mbale District local government and recommended developing a policy framework geared towards improving employees' rewards. UBOS approximated the turnover rate among Uganda's manpower at 5% per annum for the period of 2010 to 2015. The report reveals low compensation as the leading cause of employee turnover. The existing unfilled positions in the public sector accounted to 71% and were largely due to growth of the public sector (Uganda Bureau of Statistics, 2018).

The performance variables considered in the private sector (profitability, business growth, number of employees, market size, productivity, customer care etc) may not adequately measure performance in the public sector domain, where performance scores point more to how public policies are implemented and how public resources are utilized to meet the needs and interests of the community, who are the right beneficiaries of any public policy implementation. Kabale district local government's approved staff structure by 2009/10 was 471 out of 703, which indicated a staffing gap of 33% (Uganda Bureau of Statistics, 2012).

Understaffing in Kabale district local government was also reported by in the Auditor General's report of 2017 (Auditor General, 2017), which affected the local government's performance, particularly on the side of budget implementation. However, this may not be a sufficient claim for low service delivery as revealed in the two reports. The possibility of laxity on the side of management to give support to employees to stay longer in the local government cannot be excluded from the possible causes of low service delivery in the district. The current study is intended to address the theoretical and practical gap on employee retention and organizational performance of Kabale district local government.



## **1.2. Statement of the Problem**

Employer organizations develop policies and strategies to cultivate a working environment that supports employees to stick to their current positions so that factors of production can be easily arranged. In Kabale local government, institutional indicators of building a formidable workforce such as employee performance appraisal, staff training, facilitation to workshops and job advertisements exist. However, the staffing gap seems to be increasing, which has affected budget implementation in the district and consequently low service delivery (Auditor General, 2017).

A report from Uganda Bureau of Statistics (2012) indicated a staffing gap of 33% of the approved staff structure in Kabale district local government. The report highlights the existing staff burdened with extra workload moreover at unchanging compensations and remunerations, which stifles service delivery. UBOS approximated the turnover rate among Uganda's manpower at 5% per annum for the period of 2010 to 2015. The report reveals low compensation as the leading cause of employee turnover. The existing unfilled positions in the public sector accounted to 71% and were largely due to growth of the public sector (Uganda Bureau of Statistics, 2018). While these reports are not indicative enough of human resource challenges in the district local government, they point to management's laxity in giving support to employees to stay longer in the local government. In the absence of concerted efforts to have employees regain confidence and trust in their employers, local governments will find it very hard to retain talented and skilled professionals. Therefore, the current study delved deep into the intensity of employee retention and its effect on organizational performance, and recommended strategies to retain employees.

## **1.3. Purpose of the Study**

The purpose of the study was to investigate employee retention and organizational performance of Kabale district local government, and to recommend employee retention strategies for the effective and efficient performance of the local government.

## **1.4. Objectives of the Study**

- i. To examine the employee retention strategies used in Kabale district local government;

- ii. To analyze the determinants of organizational performance in Kabale district local government;
- iii. To establish the relationship between employee retention and organizational performance in Kabale district local government.

### **1.5. Research Questions**

- i. What are the employee retentions strategies used in Kabale district local government?
- ii. What are the determinants of organizational performance in Kabale district local government?
- iii. What is the relationship between employee retention and organizational performance in Kabale district local government?

### **1.6. Scope of the Study**

The current study was conducted within three scopes: content, geographical and time.

#### **1.6.1 Geographical scope**

Geographically, the study was conducted in Kabale district local government in south western Uganda. The district was formerly Kigezi district that covered the present-day Kabale, Kisoro, Rukungiri, Rukiga, Rubanda, and Kanungu. The district covers 1,746km<sup>2</sup> of land. Agriculture is the main source of occupation with 82% producing at subsistence level. The district has six commercial banks, and several tourism attractions like wildlife, natural forests, and Lake Bunyonyi. The district is in close proximity to Lake Mutanda, Mugahinga National Park, Bwindi Impenetrable Forest (home of the gorillas) and Queen Elizabeth National Park.

#### **1.6.2 Content scope**

The content scope was limited to employee retention as the independent variable and organizational performance as the dependent variable. In particular, employee retention was restricted to strategies (human resource practices, compensation, constant training and culture), while organizational performance was restricted to the determinants of organizational performance (policy implementation, focus on target group and use of institutional resources).

#### **1.6.3 Time scope**

The time scope was limited to operations of Kabale district local government during the years 2017 to 2019. It was around this period that the effect of staffing gaps reported by Auditor General (2017) heightened, particularly in the local government.

### **1.7. Significance of the Study**

The study is significant in the following areas:

- i. The findings can be used by ministry of local government in monitoring and supervising local governments on the extent to which government policies are implemented at local level, the extent to which public resources are geared to the improving of services are delivered to the target beneficiaries, and the efficiency and effectiveness of use of public resources.
- ii. The human resource and personnel office of Kabale district local government can use the findings to design employee retention strategies to support staff to at least stay longer while working with local government. This can improve service delivery in Kabale district local government.
- iii. The findings provide a compiled source of literature to future researchers, particularly those investigating on human resource practices and organizational performance in local governments. They will find adequate and ready literature to delve deeper on the subject.
- iv. The study can help the researcher to improve on her research skills, particularly designing standard data collection instruments, data collection and data analysis. These skills can be of use to her in future.

### **1.8. Justification of the Study**

The study examined four employee retention strategies and determined how they can assist Kabale district local government to fulfil her constitutional roles of implementing public policies, meeting the needs and interests of the targeted beneficiaries and utilizing public resources efficiently and effectively for public benefit. Kabale district local government has experienced manpower shortage for a long period (Uganda Bureau of Statistics, 2012). The shortage of manpower was associated partly to government's failure to fill the staffing gaps in the established structure, and partly the district's failure to attract and retain professional

people. This staffing gap has not only affected the local government in terms of budget implementation but also service delivery (Auditor General, 2017). The study therefore recommended possible strategies to retain employees so as to help the local government fulfill her constitutional mandate.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0. Introduction**

This chapter presents the review of literature on employee retention and organizational performance. Literature was reviewed according to research objectives: examining employee retention strategies; analysing determinants of organizational performance and exploring the relationship between employee retention and organizational performance. Literature was scanned from secondary sources, particularly journals, magazines, newspapers, and textbooks.

#### **2.1. Job embeddedness theory**

Job embeddedness theory assumes that there are very strong factors that influence an employee to stick to his/her current job. Mitchel et al. (2001) defines job embeddedness as a new construct examining an employee's link with his workmates, his fit with the demands of the job, and his beliefs on the sacrifices he is likely to make when he leaves the current job. The important characteristics of job embeddedness include the extent to which the job relates to the society, the extent to which the employee relates with other colleagues in the organization, and the sacrifice the employee is willing to make if he/she changed her job (Khattak et al., 2012). The employer must provide a work environment which allows the employee to leverage community engagements and interpersonal relations.

Young (2012) defines links as the connection between the employee and the people he works with. These might be the managers, the supervisors, and the wider community. The interconnectedness is further influenced by demographic characteristics like age, marital status, community activities, etc. Fit refers to the extent an employee values, goals and personal views are reflected in the culture of the organization where he/she works. The closer the views of the employee are to those of the organization, the higher the likelihood of the employee to stick to the same organization. On the other hand, sacrifices can be defined as the material and immaterial benefits the employee might miss out in case he lost the current job.

Ringl (2013) applied the job embeddedness theory to explain the choices employees make to stay in their current organizations. He shows that organizational embeddedness has a significant relationship with work engagement. In practice, employees who recognize a fit and a link with the current organization are likely to demonstrate high work engagements compared to those who lack both the fit and the links. Moses (2012) applied the job embeddedness theory to understanding the importance of organizational identification. The author shows that job embeddedness helps employees to develop a number of different social and human capital. He however, shows that different organizations offer different opportunities to employees to develop their identity with the organization.

The current study applied the job embeddedness theory to show how employee retention relates to organizational performance. Job embeddedness characteristics such as links and fit explain employee retention in local governments. Employees who feel satisfied with the work teams and groups in local governments, and are engaged to the wider community find it would be a loss if they left the local government. Additionally, employees who find that their goals (serving the public) match with the local government's constitutional goals, they find it would be a loss if they left the local government. This is because, if they as employees are engrained to serving the community, and find the local government with the same goals, they (employees) find themselves as fitting in the organizational wider context of service delivery.

## **2.2. Employee Retention Strategies**

Human resource is the most important asset in the present era, so every company tries to retain its employees. Numerous policies and strategies are developed in the company to build and

foster an environment that encourages the current employees to stick on to their current positions so that factors of production can be arranged easily. But the most important task is to equip and retain talented human resources (Saravanan & Sruthi, 2017). Retention is a process in which the employees are encouraged to remain with the organization for the maximum period of time or until the completion of the project. Employee retention is beneficial for the organization as well as employees. Employee retention simply means retaining an employee in the same organization. With this development and competition, there are lots and lots of avenues and opportunities available in the hands of the human resources. The biggest challenge that organizations are facing today is not only managing these resources but also retaining them. Securing and retaining skilled employees plays an important role in any organization, because employees' knowledge and skills are central to companies' ability to be economically competitive (Mathimaran & Kumar, 2017). Besides, continuously satisfying the employees is another challenge that the employers are facing today.

Conceptually, employee retention is the effort by management of an organization (public or private) to develop strategies and initiatives to enable the current employees to remain with the organization. It is a human resource management approach to support employees stay longer in an organization (Mwakidimi & Obwogi, 2015). Due to the changing employment world where employees are searching for jobs not for monetary rewards but to attain a certain standard of life, organizations are stuck on how to maintain their employees without giving way to their competitors. Employee retention is the ability of an organization to reduce its turnover. Effective employee retention consists of a systematic effort to create and foster an environment that encourages employees to remain employed by having policies and practices in place that address their diverse needs (Sunia, 2014). This means that organizations should be deliberate in their efforts to induce employees to be committed, attached, and embedded in the organization.

Organizations that retain their high performers are likely to remain competitive economically as they spend time to avoid costs of advertising vacant positions, recruitment and selection, induction and training new employees, which are inevitable whenever turnover occurs (Okioga, 2012). Employee retention is driven by several factors, such as organizational culture, strategy, pay and benefits philosophy, and career development systems (Rono & Kiptum, 2017). The study further noted that the high cost of recruitment and selection, the lag and productivity loss

during the assimilation period, the likely loss of business opportunity due to poor customer relationship and the hidden cost of loss of productivity are among the reasons for organizations to retain their employees. In a related investigation, Mueller (2010) found that hiring an employee is only a first step in building awareness of the importance of employee retention. The costs associated with employee turnover can include lost customers and business as well as damaged morale. In addition, the indirect costs incurred in screening, verifying credentials and references, interviewing, hiring and training a new employee drain the organization.

The concerns commonly raised by employees for staying in an organization include a sense of development opportunities, compensation and appreciation of work done, provision of challenging work, promotion and development chances, attractive atmosphere within the organization, relationships with colleagues, work-life balance, communication and supervision (Bodjrenou, Ming, & Bomboma, 2016). Similarly, Andrews and Wan (2009) found that management and leadership styles increase employee retention while Allen and Shanock (2013) emphasized relationship with colleagues as key retention factors. This study focused on human resource practices, compensation, constant training and culture.

### **2.2.1 Human resource practices**

It is identified from literature review that Human Resource Management plays an important role in retaining employees in the organization. Research scholars recognized that different human resource practices like reward and recognition, supervisor support, work environment, training and development and job security can facilitate in reducing absenteeism and turnover rate and can result in better performance at work and employee retention (Shauna & Mahmood, 2016). Investigating HR practices and employee intents to leaves their jobs in leasing firms in Sri Lanka, (Abeysekera, 2007) revealed that job analysis, career development, support from supervisor, compensation and factual job information prove to have a negative relationship with marketing executives' intentions to quit their jobs while work life balance was found to have a positive relationship with employee's intention to leave. The researcher concluded that almost 37% variation in intention to leave was explained by the factors incorporated in this study. And for the remaining unexplained variation there must be some other independent variables like succession planning, training, performance management etc. The researcher suggested that all leasing firms must improve HR practices.

A study on the impact of HR policies on employee retention in Pakistan's telecom sector confirmed that variables taken into account i.e. support from supervisor, rewards, work-life balance policies, working environment and career opportunities have a positive impact on employee retention in the telecom sector (Shoaib, Noor, Tirmizi, & Bashir, 2009). The researcher concluded that proper implementation of the above-discussed factors would help to retain people in the organization under study. A study conducted by on the impact of HRM practices on employee retention found that HRM practices (career development opportunities, supervisor support, working environment, rewards and work-life policies) are the variables of the study (Shaheeb, 2017). This study concludes with a positive relationship between the above mentioned HRM practices and employee retention. They recommended that if the organizations wish to improve employee retention, management should focus on improving the HRM practices. Human resources practices target the creation of skills within the organization through practices such as appraisals, job performance feedbacks, and review of training needs, training or mentoring (Loquercio, 2006).

Wanda (2015) examined the relationship between human resource practices and employees in Mbale district local government. The results indicate that retention is accountable to rewards (28.7%), training (32.3%), and performance appraisals (43.2%). The author based the findings on Mbale District local government and recommended developing a policy framework geared towards improving employees' rewards. In a study conducted in Alebtong district local government to examine the relationship between motivation and Staff performance, Ojom

(2018) identified plaques, certificates of recognition or special training for top performers, among others, as motivational tools to employees. The study recommended empowering the Human Resources department to look into performance problems of employees to control staff turnover.

### **2.2.2 Compensation**

Creating a compensation structure that supports an employee development programme is a distinct challenge for companies. Many organizations claim to base pay raises on performance, but that is not actually the case. Some companies try to emphasize a team environment, but continue to reward people for individual achievement. These inconsistencies can cause



frustration and cynicism by employees. According to Tuwei (2017), employee compensation can include many different types of rewards and benefits such as salaries, incentive payments and other benefits and services that trigger the level of motivation. If an employee believes he/she is underpaid, that employee will likely reduce expected effort through go slows and being absent. Motivation is described as an inner force that drives an individual to act toward something (Javed, Kamran, & Sohail, 2010). Similarly, satisfaction with compensation has strong and significant effect on work motivation (Ghazanfar, Shua, Muhammad, & Mohsin, 2011). The same study noted that flexible pay incentives, overtime, bonuses and benefits have positive effects but insignificant on workers' motivation.

The pay refers to an agreed-upon and regular compensation for employment that may be paid in any mode but, in common practice, is paid on monthly basis, whereas from organizational perspective it can be stated that salary, allowances, bonus and commission etc. accumulate and form direct benefits, whereas insurance, pension plans and vacations etc. accumulate and form indirect benefits (Armstrong & Taylor, 2014). Coming down to significance, the monetary perks and privileges have somehow become an idiosyncrasy of knowledge and skills based corporate culture in the modern world.

The organization can seemingly foster the retention of high quality employees by valuing their knowledge and skills. A study by Sarmad, Muneeb, Shamim, & Saleh (2016) has stressed upon the compensation linked with knowledge and skill-based system. Objectively analysing, the good pay is a monetary reward that an employee would look forward to. Similarly, Aslam, Ghaffar, Talha, & Mushtaq (2015) discovered that employee retention is influenced by the type and level of such a reward. From the employer's perspective, the employee retention is viewed as the length of his/her stay in the company that may indirectly be termed as employee attitude towards the company, and (Poonam & Jasleen, 2015) determines that through compensation an employer can influence the attitude of an employee with reference to attraction and retention.

As regards to the prospects of retention, some researchers are of the opinion that high pay has an attraction for incumbents for any job, which attraction is likely to enhance retention. Needless to argue that, nowadays, the evolving human needs are directly related to money; the companies must therefore offer compensation plans that are flexible enough to allow adjustments according to human needs (Nelson & Folbre, 2006). These human needs must be kept in mind while the

organizations wish to retain their employee. This suggests that the reward system should be commensurate with organizational urge to attract and retain the employees. It is evident from the literature that retention is linked with individual's performance and commitment (Sandhya & Kumar, 2011). The same report further noted the significant relationship between compensation and performance.

### **2.2.3 Constant training**

A combination of training and testing can play an important role in building organizational leadership to lead to greater productivity and quality. Zhoulan (2013) identified six main ways to retain employees, and these are communication, recruiting, pay benefits, training and job satisfaction. Loquercio (2006) notes that one of the major reasons why people resign is when they feel that they have stopped learning and developing personally and professionally. To maximize opportunities for individuals to develop their skills and move on in their careers,

redesign job descriptions, promote laterally or encourage a year off in order to go back to the university.

A study by Bodjrenou, Ming, & Bomboma (2016) reported training and development as key factor in employee retention increases employee loyalty while on-the-job training increases retention and commitment. Training is a key retention factor for employees at any age. Findings by Raminder (2017) found that job training is a critical factor for personal (behavioural) and professional (technical) development. The availability of training and development programmes for all employees is critical in facilitating organizational growth, particularly with performance and technological improvements. Training programmes or orientation days offer an opportunity for employee integration, contributing to the development of a sense of belonging. Employees' confidence in their own performance at work would also increase as insecurities regarding one's own capabilities have been found to dramatically decrease engagement (Saks & Gruman, 2014).

Investment in employee training and career development is one of the important factors in employee retention. Organizations will always invest in training and development of those workers whom they expect to return and give output on its investment (Mathimaran & Kumar, 2017). This suggests that organizations with well trained employees are likely to keep a leading competitive edge in this competitive world. With the increasing competition, the more

knowledge the employee learns, the more he or she will perform and meet the global challenges of the market place. Examining the impact of human resource practices on employee retention, Zahoor, Ijaz, & Muzammil (2015) found that training and development and career development opportunities significantly correlate with employee retention.

Training and development programmes can increase retention when they meet the needs of the employees. Meeting employee needs through training programmes occurs when the information provided is perceived as useful, applicable and desirable by them (Maqsood et al., 2015). Organizations need to pay serious attention for their investment in training and development if they want to retain their key employees. A successful retention strategy must include training (Khan, Yusoff, & Khan, 2014). Training helps to create an urge among the employee to stay in the organization for a longer period. Professional training and career development programmes should be an essential part of the organization policies. The organizations should encourage employees to participate in training programmes.

#### **2.2.4 Culture**

Culture is the pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with its problems of eternal adaptation and internal integration that has worked well enough to be considered valid, and therefore to be taught to new members as the correct way to perceive, think and feel in relation to those problems (Zhoulan, 2013). Culture is seen as having two levels which differ in terms of their visibility and their resistance to change. At the deeper level, culture refers to values that are shared by the people in a group and that persist over time even when the group membership changes. At the more visible level, culture embodies the behaviour patterns or style of an organization that new employees are automatically encouraged to follow (Zakari, Kofi, & Owusu-Ansah, 2013). Culture can also be defined as a set of beliefs, values and behaviours that leaders invent or discover to solve problems in the external and internal environment, which is taught to new entrants as the correct way of solving problems (Maqsood et al., 2015).

Organizational Culture can be defined as the collective programming of the mind that distinguishes the members of one organization from others (Mashal & Saima, 2014). The culture of an organization can be defined as the embodiment of its collective systems, beliefs, norms, ideologies, myths and rituals. They can motivate people and can become valuable source of

efficiency and effectiveness (Sudarsanam, 2010). Organizational culture is important in retaining employees as it engages employees and builds a sense of loyalty in them. However, Thanh (2016) notes that organizational culture, reward, and compensation approaches are no longer functional in retaining talented people. Being placed at a dwelling environment, employees are growing to be more and more aware of their rights, not seeking for solely monetary rewards anymore. They seem to be paying attention to living standards that have ushered in other welfare aspects. The organizational culture is an important element which directs the employees to leave the organization. Managers must evaluate the organizational culture, its different elements and try to find out the ways in which culture can be improved to retain more employees (Maqsood, et al., 2015). Organizational culture is an important tool for managers to manage the change in the organization. They comprehend that strategic or structural realignment is hard to perform without the support of organizational values and behavioural norms.

### **2.3. Determinants of Organizational Performance**

The issue of definition, knowledge, assessment and perhaps interpretation of the concept of organizational performance is a difficult, complex, hard-to-achieve process, both theoretically as a result of different views in the scholarly literature, and in practice due to the specific, particular facets of the organization, operation and financing of the business. In the 1950s, organizational performance was defined as the extent to which organizations, viewed as a social system fulfilled their objectives, and the focus was on work, people and organizational structure. In the 60s and 70s, organizational performance was defined with a focus on the organization's ability to exploit its environment for accessing and using the limited resources. However, in the 80s and 90s, managers began to understand organizational performance in terms of how successfully the organization accomplishes its goals (effectiveness) using a minimum of resources (efficiency) (Gavrea, Ilies, & Stegorean, 2011). The organizational theories that followed supported the idea of an organization that achieves its performance objectives based on the constraints imposed by the limited resources.

In the perspective of public administration, however, performance involves the existence of a relationship between objectives, means and results so that performance is the result of

simultaneous exercise of efficiency, effectiveness and adequate budgetary process (Profiroi, 2001). The content of this definition is also found in the work of Matei (2006) who established that the notion of performance is located at the intersection of three concepts in terms of: 1) implementation of the orientations followed by the institution with the tools of its own policy; 2) focus on target groups - customers, users and other actors in the public services provided by the institution; and 3) effective use of institutional resources to achieve the desired results. In support of Matei and Profiroi, Chai (2009) embedded in the definition of performance of the public sector not just the financial aspects but also those related to reaching the environmental and social equity objectives. His definition necessitated transition from the system of the 3E (efficiency, effectiveness, economy) to a 5E-type system (economy, efficiency, effectiveness, environment and equity).

### **2.3.1 Policy Implementation**

Implementing government policies by local governments determines the extent to which they perform. The success of measuring performance in local governments lies on the proper implementation of national and sector policies. This requires that government puts in place guidelines for preparing and approving work plans, method of monitoring plans, reporting performance, accumulation of portfolio of evidence on performance reporting, system of validation and oversight of performance reports, establishing and resourcing public accountability institutions, training public managers and guidelines for dealing with political institutions by public managers (Onuarah & Appah, 2012). Government has the obligation to demonstrate that work has been conducted in accordance with agreed rules and standards and the officer reports fairly and accurately on the performance results vis-à-vis mandated roles (Adigite, 2010). Legislators have the constitutional responsibility to ensure that the executive are accountable to the people for the management of public resources. For effective performance, legislators at all levels of government must ensure that appropriate laws and over-sight functions are properly achieved (United Nations, 1999).

Studying the relationship between public accountability and government financial reporting, (Ehsan, Mehdi, Kamran, & Mostafa) emphasized that legislators need to take a lead in performance of local governments and enact necessary laws making it obligatory for all public entities to report on their performance. It is important to note that evaluating performance of

government entities is at times difficult due to the high cost of doing government business. A large number of costs in the form of use of existing assets and facilities are not recorded in the year the assets are used (Hladchenko, 2016). Government does not have a system of charging depreciation to government assets and allocating them to various programmes and projects. In addition, Doussy and Doussy (2014) noted that a number of public entities fail to know what is actually owned, its wellbeing and its performance due to failure to keep records.

Performing local governments have adequate systems to secure and improve results and to maintain the financial condition of the state (fiscal sustainability, flexibility in the use of resources, and reduced financial vulnerability) (Djatmiati, Emans, Heru, & Urip, 2014). Furthermore, governments are expected to demonstrate that the selected programmes are part of the legitimate functions of a government and that the community can afford them.

### **2.3.2 Focus on target groups**

Stakeholders can include the general public, poor and vulnerable groups including women, organized civil society, the private sector, representative assemblies or parliaments, and donors (Brueckner, Durey, Pforr, & Mayes, 2014). Local governance operates along multiple levels involving numerous actors (donor partners, government, the market and civil society), using various mechanisms and standards of performance (external and internal, explicit and implicit, legal and voluntary) and requiring various levels of organizational response (functional and strategic) (Doussy & Doussy, 2014). Performance at local government level is sound when citizens are allowed to participate in allocating budgets according to priorities they have identified in participatory poverty diagnostics; formulate alternate budgets; or assess proposed allocations in relation to a government's policy commitments and stated concerns and objectives (Ahenkan, Bawole, & Domfeh, 2013). Local governments provide platforms for citizens to monitor the quality of goods and services provided by government in relation to expenditures made for these goods and services, a process similar to citizen report cards or scorecards (Venter & Landsberg, 2007). While this contextual classification emphasizes the idea of democracy, decentralization, budget openness and transparency and public participation, effective public engagement remains negligible because of inhibiting factors such as access to meeting venues, interest group identification, communication and even the recognition of developmental suggestions (Reutener, 2015).

### **2.3.3 Use of Institutional Resources**

Poverty is the biggest challenge facing the globe in the new millennium. There is mounting evidence that poverty is associated with poor governance, where government is less accountable and responsive to citizens. Since the poor lack the resources to give bribes, they do not get equal access to government services. Conversely, improvements in governance are associated with higher per capita income, higher adult literacy, and lower infant mortality and reduced poverty.

Studies have indicated that in local governments where citizen participation in decision making is considered, there are lower levels of corruption and better public management and public service delivery (Zamboni, 2007). In a democratic arsenal, citizens have an actual say in the distribution of resources to their own and future generations' benefit. The efficient and effective economic utilization of resources allows for achievement of organizational priorities and objectives through fiscal planning (Reutener, 2015). It should be noted, however, that efficient, transparent, accountable and predictable public financial management is a necessary prerequisite for long-term and sustainable reduction of poverty and effective use of scarce financial resources. Due to the scarcity of resources many of government's allocations do not express actual preferences and priorities of the citizens (Brueckner, Durey, Pforr, & Mayes, 2014). Literature on resource allocation stresses that simply informing the public cannot imply that the public has a say in how resources are allocated (Emyr, Denny, & Bristow, 2017). Of course, this does not mean that providing information on spending priorities has no intrinsic value; but rather that it is not generally considered to be citizenry participation. Amplifying the role of citizen participation in resource allocation, Emyr, Denny, & Bristow (2017) observe that citizen participation offers citizens at large an opportunity to learn about government operations and to deliberate, debate, and influence the allocation of public resources. It is a tool for educating, engaging and empowering citizens and strengthening demand for good governance. Disclosure within the budget of targets for service delivery and monitoring of resources received by the service delivery units benchmarks local governance (Matei, 2006).

### **2.4. Relationship between Employee Retention and Organizational Performance**

Employee retention as a systematic effort to create and foster an environment that encourages employees to remain employed by having policies and practices in place that address their

diverse needs (Hadi & Ahmed, 2018). The physical environment is an intangible asset or a contributor to social capital (employee relations). Physical environment with the corporate culture, image, desirable behaviours, and expected outcomes (Shackleton, 2007). Abu-Jarad, Yusof, & Nikbin (2010) recommended to managers to value harmony within the environment rather than control.

The artefacts, that is, the total social and physically developed environment of an organization (office space, equipment, rules, systems and procedures) creates an environment that supports empowerment and risk taking (Mashal & Saima, 2014). Retaining employees is a critical and ongoing effort. One of the biggest challenges is having managers in the place that understand it is their responsibility to create and sustain an environment that fosters retention. Staff requires reinforcement, direction and recognition to grow and remain satisfied in their positions (Ongori, 2007). In order to enhance a firm's organizational performance, Ho (2008) recommended that executives should focus on promoting a healthy environment learning and skills development. The working environment should have conditions that promote the employees' right to learn.

Olaimat and Awwad (2017) noted that if employees got a sense of achievement and belongingness from a healthy working environment, the company would have satisfied and dependable employees contributing to the growth of the company. Organizations should create an environment in which one would be willing to stay (Suresh & Krishnaraj, 2015). In order to encourage organizational loyalty among employees, the very first step towards effective retention is the acceptance of the reality that movement of employees is governed not only by the organization, but also by the market. A study on retaining employees in the banking sector suggests that though the bank desired to retain information technology professionals, it is not creating an environment conducive to do this, as little attention is paid to the unique demands of this group of employees (Mohlala, Goldman, & Goosen, 2011). This study noted that a lack of an interesting and challenging work environment is one of the likely causes of employee turnover.

It is imperative for an organization to develop an environment within the organization to motivate employees to stay in the organization. Employees come to the organization with certain needs, desires and skills and expect that they would be given an environment where they can utilize and enhance their abilities and satisfy many of their needs (Maqsood, et al., 2015). In



addition, these organizations should improve work environment and ensure employee work-life balance (Tuwei, 2017).

Munish and Agarwal (2017) concluded that for retaining a good and talented workforce, the organization has to create a positive environment for conducive working. This suggests that good and successful organizations do respect their employees and try to make policies more flexible for betterment of employees so that level of employee engagement can be achieved. Rossi (2018) noted that embeddedness, employee engagement and supportive working environment play a key role in repealing turnover intentions and increasing employee retention. He further observed that a workplace itself may have little influence in motivating employees but working environment is important in order to support and empower employees, where managers play critical role.

Studying the relationship between work culture and employee retention, Abu-Jarad, Yusof, and Nikbin (2010) observed that an organization's cultural norms strongly affect all who are involved in the organization. Those norms are almost invisible, but if we would like to improve performance and profitability, norms are one of the first places to look. He further established that knowing these attitudes and norms will make it possible to understand the corporate culture and its relationship to employee retention. He further explains that the successful manager cannot leave the development of a high-performance work culture to chance if the business is not to risk its very future.

Studying the impact of fairness in working conditions on organizational performance, Arshad, Rabiya, and Mushtaq (2012) observed that improving working environment and providing proper office infrastructure to employees increases employee productivity, which ultimately leads to organizational performance. The research suggested that companies undergoing similar problems can go for the same strategy.

Taking a sorting perspective to explore the relationship among pay dispersion, good- and poor-performer rates and organizational performance, Shaw , 2015) found that under high pay-for-performance, pay dispersion has a significant positive relationship with poor-performer quit rates. The study found that indirect effects of pay dispersion on organizational performance via poor-performer quit rates are stronger when pay-for-performance is high. The relationship between pay dispersion and good-performer quit rates was found to be negative when pay-for-

performance was low. Examining the factors determining employee retention at Eldoret University, Jepkemboi and Kimutai (2017) found that compensation has a significant relationship with employee retention. The study recommended that compensation should be improved to enhance employee retention and ensure a comprehensive range of training, skill and career development which are a key factor of employee attraction and retaining. In a related study on the link between job satisfaction and organizational performance, Danica (2016) showed a connection between job satisfaction and organizational performance. It was determined that job satisfaction determines organizational performance rather than organizational performance determining job satisfaction.

Exploring the impact of talent management on organizational performance, Saloni (2017) revealed a positive relationship between talent management and organizational performance. The study provided both theoretical and practical implications of enhancing talent management in the banking sector. Investigating the effect of human capital investment on organizational performance of pharmaceutical companies in Kenya, Odhong and Omolo (2015) found that human capital investment exerted a positive significant relationship on organizational performance. This study recommended that provision of quality education, relevant training on employability and transferability skills can take the organization beyond traditional apprenticeship. Nyanjom (2013) found that employee training and career development highly influenced employee retention. Giving educational subsidies was seen to influence employee retention and the level of adoption at the state corporations was great.

## **2.5. Conclusion**

Different authors revealed varying views in as far as retention and organizational performance are concerned. Literature indicated the relevance of employee retention in performing organizations. In fact, it was true that organizations that pay less attention to supporting employees stay long in the organization are likely to encounter diminishing output and increasing costs of operation. Human resource experts have indicated that retention relieves the organization from the costs of hiring, advertising, recruitment, training and orienting new employees. While the exit of non-performing employees may not be disadvantageous to the organization, the loss of talented and multi-skilled employees is detrimental to the organization. The effect of such losses is viewed in the organization's failure to deliver quality services,

implement policies and render attention to target groups. The lack of clear accounts for the increasing staffing gaps, low budget implementation and low service delivery were the impetus for the current investigation.

## **CHAPTER THREE:**

### **METHODOLOGY**

#### **3.0. Introduction**

This chapter presents the programme upon which the study objectives and research questions were evaluated. The chapter explains the research design, categories of respondents that were involved in the study, sample size and sampling techniques, data collection and data analysis.

#### **3.1. Research Design**

The study adopted a cross-sectional research design. Cross-sectional research is the one confined to a single-time period of investigation (Kothari, 2004). The study was cross-sectional because the researcher had to interact with respondents in a snapshot, collecting data from respondents once. Qualitative and quantitative approaches guided in reflecting on participants' views on employee retention and organizational performance. In addition, the study adopted a case study research strategy to collect and analyse both qualitative and quantitative data.

#### **3.2. Study Population**

The study population included employees identified from Kabale district local government. The study was conducted among the Division staff and staff at sub counties. Both elected leaders and civil servants were contacted. The study considered elected leaders because they contribute to organizational performance of local governments in one way or another. Elected leaders monitor the performance of government projects that are implemented by civil servants. They have enough experience on how employee retention affect organizational performance.

#### **3.3. Sample Size and Sampling Techniques**

From a population of 142 study units, a sample size of 96 respondents was determined using sample size determination tables (Krejcie and Morgan, 1970) – Appendix C. The principle of proportional allocation applied to all population categories to determine the sample sizes for the different categories of respondents. In proportional allocation, the sizes of samples from different strata were kept proportional to the size of the strata. Details are shown in the Table 3.1.

Table 1: Sample Size

SN	Category	Population	Sample size	Sampling techniques
1	Central division staff	3	2	Simple random sampling
2	Town council staff	3	2	Simple random sampling
3	Sub county staff	3	2	Simple random sampling
4	District Council	1	1	Purposive sampling
5	Town council	5	4	Purposive sampling
6	Sub county council	1	1	Purposive sampling
	<b>Total of respondents</b>	<b>1</b>	<b>9</b>	

*Source: Field research data, 2018*

To ease investigations, the four divisions within the Municipal Council were purposively included in the sampling unit while cluster sampling was applied in the selection of sub counties. The randomly selected sub counties and the four divisions constituted the sampling unit. All the staff categories in the sampling unit constituted the unit of analysis. Purposive sampling was adopted for selection of district leaders who constituted the district council chairperson, the divisions and town council mayors. On the other hand, simple random sampling was adopted for selection of respondents from divisions and sub counties, who included both the elected leaders and government staff.

### **3.4. Data Collection and Instruments of Data Collection**

Two sources of data, that is primary and secondary, were used in this study. Primary data sources included data collected for the first time, and thus being original in character. Personal feelings about employee retention and organizational performance at local government level were sought. Primary data was collected because of its objectivity and reliability.

Secondary data sources included data that was collected by others and which had already passed through the statistical process. It was compiled from organizations' annual reports, performance appraisal reports, staff development programmes and payroll data. Secondary data was used to supplement primary data.

#### **3.4.1 Data collection methods**

A sample survey was employed in this study. Survey refers to the method of securing information concerning a phenomena under study from all or a selected number of respondents of the concerned universe (Kothari, 2004). Primary data was collected through questionnaires and interviews, while secondary data was compiled through document analysis.

#### **3.4.1.1 Questionnaire**

The questionnaire method involved preparing a list of questions to be sent to respondents who have the required information to support the study. Respondents read the questions, analysed them, and provided answers by filling in the spaces provided on the questionnaire form. Completed questionnaires were returned to the researcher. Large amounts of data on respondents' perception about employee retention and organizational performance were collected. The method was very appropriate to very busy respondents, who needed adequate time to consult widely. The method, however, suffered from non-responses, particularly those who lacked time to respond to the questionnaires.

#### **3.4.1.2 Personal Interviews**

Interviews involved a face-to-face interaction between the researcher and purposely sampled key informants. Questions were asked and immediate verbal replies were received. Interviews were adopted to key informants to generate additional information on employee retention and organizational performance. The key informants to the study were district leaders, chiefly the Distract Council Chairperson, Town Council Mayors, and Division Mayors. The researcher had adequate time to probe, which generated in-depth data from respondents. The down side of interviews was the difficulty of accessing the key informants, some of whom were busy.

Secondary data was collected through document analysis. A few documents were analyzed, including organizations' annual reports, performance appraisal reports, staff development programmes and payroll data. These were accessible at the central division, town councils and at sub counties.

### **3.5.2 Instruments of Data Collection**

Data collection instruments used in this study included questionnaire and interview guide.

#### **3.5.2.1 Structured Questionnaire**

The questionnaire comprised short close-ended questions that required respondents to provide their opinions on employee retention and internal controls. Likert rating scale was used to measure respondents' opinions on the subject. The questionnaire was divided into four sections.

A) Demographic characteristics items, which sought to understand respondents' characteristics such as gender, age, marital status, employment status, and the years of service with local government; B) Employee retention items sought to understand the employee retention strategies adopted in Kabale local government. Participants responded to four influential retention strategies: human resource practices, compensation, constant training and culture; C) Organizational performance items sought to understand the determinants of performance in local governments. Participants responded to three determinant of performance: policy implementation, focus on target group and use of institutional resources; D) Work environment items sought to understand how the physical and non-physical work environments influence retention and organizational performance at local governments.

#### **3.4.2.2 Interview guide**

An interview guide was used in the collection of primary data. The researcher developed a list of questions to be posed to respondents during a face-to-face interaction. These were open-ended questions, which demand broader explanatory replies. To aid the process of analysis, the researcher took field notes to keep track of the interview process.

### **3.5. Quality Control Methods**

To ensure quality control of the instruments both validity and reliability were used as explained below:

#### **3.5.1 Validity**

Validity refers to the extent to which the instrument measures what we actually wish to measure (Kothari, 2004). It was determined by the help of my supervisor who judged how well the instrument met the standards. The supervisor intuitively judged the relevance of the instrument, the freedom from bias of the items and the availability of the information the instrument intended to collect. A content validity index was constructed to express the degree of validity.

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Since the content validity index was above 0.7, the items used to measure employee retention and organizational performance of KDLG were valid.

### 3.6.2 Reliability

Reliability refers to the extent to which a research instrument yields consistent results across the various items when it's administered at different points in time (Kothari, 2004). To establish reliability, the instruments was pretested twice on the same subjects at a time interval of 3weeks. The results from the pretest guided in the modification of the items in the instrument. To ensure reliability of the quantitative data, Cronbach's Alpha coefficient for Likert-type scale test was established. A reliability coefficient of 0.7 and above indicated that the items were reliable.

**Table 2: Reliability Statistics**

Variable list	Cronbach's Alpha	N of Items
Employee retention	.735	20
Organizational performance	.831	15
Work environment	.843	5
<b>Overall</b>	<b>0.803</b>	<b>40</b>
Source: Field data, 2021		

The overall reliability coefficient ( $\alpha = .803$ ), which was above 0.7 shows that the items used in investigating employee retention and organizational performance of Kabale district local government were internally stable, and could generate consistent results over time.

### 3.6. Data Analysis Techniques

From the field, data was sorted, edited, tabulated, entered into the computer and triangulated.

#### 3.7.1 Editing

The editing process involved detecting errors and omissions and correcting these where possible. It was careful scrutiny of the completed questionnaires and interview responses. It was done to



ensure that data are accurate, consistent with other facts gathered and uniformly entered as complete as possible to facilitate coding and tabulation.

### **3.7.2 Coding**

The coding process involved assigning numerals or other symbols to answers so that responses could be put into a limited number of categories or classes. The categories used were exhaustive enough to represent every data item. Each category was defined in terms of only one concept. Coding was necessary for efficient analysis. However, coding decisions were taken at the designing stage of the questionnaire.

### **3.7.3 Tabulation**

Tabulation involved summarizing data in rows and columns. Frequency tables and percentages were used to reduce space and facilitate comparison of data respectively. Tabulation was helpful in identifying possible errors, which were eliminated immediately. It was enhanced by software for data analysis (SPSS 20.0).

### **3.7.4 Presentation**

Data was presented on graphs and charts to bring out its unique attributes. Pie charts were used to present categorical data, while simple bar charts were used to present non-categorical data.

### **3.7.5 Data analysis**

Data analysis was both descriptive and inferential analysis. Under descriptive analysis, the study adopted percentages and counts to describe employee retention strategies and the determinants of organizational performance. Under inferential analysis, correlation analysis was applied to establish the level of influence of employee retention and work environment on organizational performance. Descriptive and correlation analysis were enhanced by Software Package for Social Scientists (SPSS 20.0). Qualitative data was generated from the researcher's interviews with selected participants. Specific views were organized into related categories, out of which general themes were extracted. Verbal quotations were embedded in the discussion to support quantitative analysis.

### **3.7. Ethical Considerations**

The researcher obtained a letter from the Directorate of Postgraduate Training of Kabale University to introduce him to field respondents. The researcher proceeded to the various local governments where permission was sought from local government staff to allow him interact with respondents. He sought respondents' consent to take part in the study, which was granted.

The researcher ensured respondents of utmost confidentiality of their views on the various aspects of the study. To ensure confidentiality, names were included on the questionnaire. In some places where interest in the findings was raised, the researcher promised to distribute copies of the findings to key informants.

## **CHAPTER FOUR:**

### **DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

#### **4.0. Introduction**

This chapter covers data presentation, analysis and interpretation of results. Data presentation is in form of frequency tables while analysis is in form of percentages and correlations. The chapter generally covers the response rate, presentation of demographic characteristics, and empirical results. Empirical results are presented according to research objectives.

#### **4.1. Response rate**

The researcher targeted 96 sampling units. However, due to non-responses, only 81 of the targeted participants took part in the study. This represented a response rate of 84.3%, which is adequate for representativeness and generalizability.

#### **4.2. Background data**

The researcher established a number of demographic characteristics and how they would explain variations in the findings on employee retention and organizational performance in KDLG. This is shown in the table below.

<b>Table 3: Background data</b>			
<b>Variable list</b>	<b>Categories</b>	<b>Frequency</b>	<b>Percent</b>
Gender	Male	45	55.6
	Female	36	44.4
	Total	81	100
Age	18 – 34	19	23.5
	35 – 49	43	53.1
	50 and above	19	23.5
	Total	81	100
Marital status	Single	19	23.5
	Married	61	75.3
	Others	1	1.2
	Total	81	100
Highest level of education	Secondary	9	11.1
	Tertiary	14	17.3
	University	58	71.6

	Total	81	100
Institution	Municipality	14	17.3
	Town council	39	48.1
	Sub county	28	34.6
	Total	81	100
Years at the current work place	Below 5 years	32	39.5
	5 - 9 years	23	28.4
	10 years and	26	32.0
	Total	81	100
Source: Field data, 2021			

The study shows that 55.6% of the participants were male while 44.4% were female, which suggests that the local government has more of male staff than females. In relation to the age distribution, 53.5% of the participants fell in the 35 – 49 years age bracket, 23.5% fell in the 50 and above years' age bracket while 23.5% fell in the 18 – 34 years' age bracket. This implies that most of the participants were adults compared to the old and the youths. The fact that the majority of the employees at the local government are adults suggests that the local government has well mature men and women who can easily influence organizational outcomes.

The age distribution further indicates that the local government has experienced staff that can guide in the attainment of the organizational goals. The findings on marital status shows that 75.3% of the participants were married, 23.5% while only 1.2% indicated the others' option. The results suggest that most of the participants were married. Married men and women are likely to keep at the same job longer than the singles because of the desire to maintain the stability of their families as compared to the singles. This is good for the organizational performance of the local government. In terms of their level of education, 71.6% of the participants had university education, 17.3% had tertiary education while only 11.1% had secondary education. This implies that most of the participants were degree holders. This could be associated with most of the tasks at the local government that require university degrees. However, those with secondary education are mainly Council members especially at local government level, where the requirement for the legislative position is senior six.

In terms of organizational attachment, 48.1% of the participants were attached to town councils, 34.6% were attached to sub counties, while 17.3% were attached to the municipality. This implies that most of the participants were attached to town councils perhaps because of their

availability and willingness to participate in the study. In terms of the years at the current workplace, 39.5% of the participants indicated less than 5 years, 32.0% indicated 10 years and above while 28.4% indicated above 5 years but not exceeding 9 years. The fact that most of the participants had been at the current workplace for less than 5 years is characteristic of the Council members whose term of office is normally 5 years than failure of the organization to retain her staff members for long.

### **4.3. Empirical results**

The researcher presented empirical results according to research objectives. The mode of data analysis depended on the requirements of the objectives. Consequently, the researcher used percentages to explain employee retention strategies and the determinants of organizational performance in KDLG.

#### **4.3.1. Employee retention strategies used in Kabale district local government**

To determine the employee retention strategies used in Kabale district local government, the researcher used percentages. Participants' responses on the indicators of the different employee retention strategies were presented percentage form as shown in the table below. To ease interpretation, the researcher used the following codes:

SD = strongly disagree;

D = disagree;

NS = Not sure;

A = Agree; and SA = Strongly agree; SD+D = aggregate disagreement; and A+SA = aggregated agreement. Additionally, the researcher used: SD+D = sum (sum of SD and D); and A+SA = sum (A and SA). This is shown in the table below.

**Table 4: Employee retention strategies**

<b>Variable List; N = 81</b>	<b>SD</b>	<b>D</b>	<b>SD+D</b>	<b>NS</b>	<b>A</b>	<b>SA</b>	<b>A+SA</b>
<b>Human resource practices</b>							
1. This organization helps working mothers to balance work and family	0	2.5	2.5	7.4	6.2	84	90.2
2. This organization has an operational training program that enhances workers' skills	1.2	4.9	6.1	3.7	7.4	82.7	90.1
3. This organization has facilities where working mothers can look after their babies	0	12.3	12.3	2.5	7.4	77.8	85.2
4. I am always recognized for my effort	1.2	9.9	11.1	9.9	17.3	61.7	79
5. I am always supported by my supervisor for improved results	1.2	11.1	12.3	8.6	14.8	64.2	79
<b>Average</b>	<b>0.7</b>	<b>8.1</b>	<b>8.9</b>	<b>6.4</b>	<b>10.6</b>	<b>74.1</b>	<b>84.7</b>
<b>Compensation</b>							
1. Employees in this organization believe they are highly paid	0	2.5	2.5	1.2	9.9	86.4	96.3
2. Employees in this organization are paid an attractive incentive package	1.2	3.7	4.9	2.5	6.2	86.4	92.6
3. Employees who carry on work tasks beyond the normal working hours are paid overtime	1.2	3.7	4.9	3.7	16	75.3	91.3
4. Employees in this organization are happy with their monthly salaries	1.2	8.6	9.8	1.2	8.6	80.2	88.8
5. Employees in this organization always receive payments in form of bonuses	2.5	11.1	13.6	1.2	12.3	72.8	85.1
<b>Average</b>	<b>1.2</b>	<b>5.9</b>	<b>7.1</b>	<b>2.0</b>	<b>10.6</b>	<b>80.2</b>	<b>90.8</b>
<b>Constant training</b>							
1. Management always sends staff to attend workshops outside this organization	1.2	9.9	11.1	2.5	14.8	71.6	86.4
2. All employees in this organization have access to staff development program	3.7	7.4	11.1	3.7	16	69.1	85.1
3. Management attaches staff to different departments to allow them learn multiple skills	1.2	12.3	13.5	4.9	13.6	67.9	81.5
4. New employees are given orientation days for them to develop a sense of belonging	1.2	9.9	11.1	7.4	19.8	61.7	81.5
5. A number of staff in this organization have enrolled for further studies	2.5	14.8	17.3	1.2	12.3	69.1	81.4
<b>Average</b>	<b>2.0</b>	<b>10.9</b>	<b>12.8</b>	<b>3.9</b>	<b>15.3</b>	<b>67.9</b>	<b>83.2</b>
<b>Culture</b>							
1. The behavior pattern in this organization encourages new employees to follow	2.5	7.4	9.9	4.9	23.5	61.7	85.2
2. The staff in this organization are aware of their rights and keep fighting for them	1.2	11.1	12.3	4.9	22.2	60.5	82.7
3. There is a way the manager encourages new entrants to discover the correct way of solving problems	1.2	11.1	12.3	6.2	19.8	61.7	81.5
4. The staff in this organization behave in a way that differs from other similar organizations	6.2	13.6	19.8	4.9	14.8	60.5	75.3
5. There is a unique way management helps staff to cope up with change	6.2	14.8	21	4.9	29.6	44.4	74
<b>Average</b>	<b>3.5</b>	<b>11.6</b>	<b>15.1</b>	<b>5.2</b>	<b>22.0</b>	<b>57.8</b>	<b>79.7</b>

Source: Field data, 2021

Drawing from the average percentages of the sum of strongly agree and agree, the researcher observed that human resource practices is confirmed by 84.7%, compensation is confirmed by 90.8%, constant training is confirmed by 83.2% while organizational culture is confirmed by 79.7%. Given the above statistics, the researcher concludes that compensation is the most used employee retention strategy in Kabale district local government. This suggests that the

compensations, which the local governments pay to their staff encourage staff to keep working with the local government.

In view of human resource practices as an employee retention strategy, 90.2% look to the help the organization gives to working mother, and 90.1% look to the operational training programme for skills development. These are the indicators that best explain human resource practices in employee retention. In real practice, working mothers are likely to stay in organizations that provide flexible work-to-family balance, a practice that is not common to all work organizations. Similarly, employees are likely to stay in organizations that offer skills development. This is because skills development programmes increase employees' chances of fitting in different departments with minimal work distractions.

While all the indicators of compensation as a human resource strategy were very high, 96.3% believe they are highly paid, 92.6% believe the incentive package is attractive, and 91.3% are happy with the overtime paid when they work beyond normal working hours. In real practice, employees are likely to maintain their attachment to organizations that have attractive incentive packages and bonuses like overtime. Incentives tend to enable employees meet their personal needs without stress.

With respect to constant training as an employee retention strategy, 86.4% are happy when the organization sends them to attend workshops, and 85.1% have access to staff development programmes. Employees are likely to stick to organizations, which allow off-the-job training opportunities as these increase their chances of learning multiple skills and sharing professional experiences. Additionally, employees are likely to stick to organizations that offer staff development programmes. Staff development programmes increase employees' chances of moving up the career ladder.

With reference to the organizational culture, 85.2% find encouragement from the behavioural pattern in the organization, 82.7% are aware of their rights and keep fighting for them while 81.5% feel encouraged by the way managers encourage new entrants to solve problems. In real practice, employees love working with organizations where expected behaviour is spelt out than those with randomized behavioural expectations. In the world of increasing professional hazards,

employees prefer sticking to organizations that promote and respect employee rights. Knowledge of employee rights increases employees' sense of belonging.

#### **4.3.2. Determinants of organizational performance in Kabale district local government**

To determine the determinants of organizational performance of KDLG, the researcher used percentages. Participants' responses on the indicators of the different determinants of organizational performance were presented percentage form as shown in the table below. To ease interpretation, the researcher used the following codes:

SD = strongly disagree; D = disagree; NS = Not sure; A = Agree; and SA = strongly agree; SD+D = aggregate disagreement; and A+SA = aggregated agreement. Additionally, the researcher used: SD+D = sum (sum of SD and D); and A+SA = sum (A and SA). This is shown in the table below.

**Table 5: Determinants of organizational performance**



Variable list	SD	D	SD+D	NS	A	SA	A+SA
<b>Policy implementation</b>							
1. This organism has a well-defined mechanism for reporting performance	4.9	18.5	23.4	8.6	28.4	39.5	80.3
2. This organization has guidelines for preparing work plans	2.5	11.1	13.6	8.6	25.9	51.9	74.0
3. This organization has methods for monitoring activity plans	2.5	9.9	12.4	12.3	27.2	48.1	76.6
4. Management ensures that all activities are conducted in accordance with agreed rules and standards	6.2	12.3	18.5	6.2	25.9	49.4	72.8
5. This organization has guidelines for managers to deal with political institutions	3.7	8.6	12.3	8.6	32.1	46.9	79.3
<b>Average</b>	<b>4.0</b>	<b>12.1</b>	<b>16.0</b>	<b>8.9</b>	<b>27.9</b>	<b>47.2</b>	<b>76.6</b>
<b>Focus on target group</b>							
1. This organization has an office where stakeholders can report cases related to corrupt officials	2.5	7.4	9.9	3.7	22.2	64.2	86.4
2. This organization allows citizens in allocating budgets	2.5	9.9	12.4	2.5	24.7	60.5	85.2
3. This organizations provide platforms for citizens to monitor the quality of goods and services	4.9	6.2	11.1	6.2	23.5	59.3	82.8
4. This organization allows stakeholders to identify their own priorities in the budget	1.2	16	17.2	2.5	21	59.3	80.3
5. This organization allows citizens to assess proposed allocation in relation to government policy	1.2	11.1	12.3	8.6	28.4	50.6	79.0
<b>Average</b>	<b>2.5</b>	<b>10.1</b>	<b>12.6</b>	<b>4.7</b>	<b>24.0</b>	<b>58.8</b>	<b>82.7</b>
<b>Use of institutional resources</b>							
1. The level of poverty in this local government is reducing	1.2	6.2	7.4	1.2	24.7	66.7	91.4
2. There is a high level of citizens' participation in this local government	1.2	3.7	4.9	4.9	25.9	64.2	90.1
3. The level of public service delivery in this local government is high		2.5	2.5	8.6	19.8	69.1	88.9
4. The level of corruption in this local government is very low	1.2	11.1	12.3	2.5	22.2	63	85.2
5. There is an effective and efficient use of public resources for the benefit of the ordinary person	2.5	16	18.5	4.9	21	55.6	76.6
<b>Average</b>	<b>1.5</b>	<b>7.9</b>	<b>9.1</b>	<b>4.4</b>	<b>22.7</b>	<b>63.7</b>	<b>86.4</b>

Source: Field data, 2021

To understand organizational performance from the perspective of policy implementation, 76.6% of the participants on average agreed with the policy implementation indicators used in this study. Specifically, 80.3% of the participants agreed that the organization has a well-defined mechanism of reporting performance, 79.3% of the participants agreed that the organization has guidelines on how to deal with political institutions, while 76.6% of the participants agreed that and has methods for monitoring activity plans. The researcher observes that reporting performance helps the organization to remain accountable to the different stakeholders, to ensure effective monitoring of activities proper use of public resources but to meet her budgetary goals.

With respect to focusing on target group as a measure of organizational performance, 82.7% of the participants, on average, agreed with all the indicators that show that the organization focuses on target group. Specifically, 86.4% agreed that Kabale district local government has an office where stakeholders report corrupt officials, 85.2% agreed that KDLG allows citizens to

participate in allocating budgets, 82.8% agreed that KDLG has a platform that allows citizens to monitor the quality of goods and services delivered. These statistics generally demonstrate that KDLG is responsible to the citizens and their participation in local government activities.

With respect to the use of institutional resources as a measure of organizational performance, 86.4% of the participants, on average with all the indicators that show that KDLG rightly uses her institutional resources. Specifically, 91.4% revealed that the level of poverty in KDLG is reducing, 90.1% showed that citizens' participation in local government activities is high, 88.9% showed that the level of public service delivery is high, while 85.2% showed that the level of corruption in the district is relatively low. While all these metrics showed success in the use of institutional resources, it was not in the scope of this study to establish the use of institutional resources quantitatively.

Comparing the three determinants of organizational performance, the study concludes that the use of institutional resources (86.4%) is the key determinant, followed by focus on the target group (82.7%) and then policy implementation (76.6%). KDLG might have shown success in the use of institutional resources possibly because of their mechanism of reporting on performance and corruption. Otherwise the measures of organizational performance indicated above average performance, if this is measured from 50% and above of the participants agreeing with the performance measures.

#### **4.3.3. Relationship between employee retention and organizational performance in Kabale district local government**

Correlation is the statistical technique for testing for the relationship between two numerical variables. Correlation uses the correlation coefficient to measure the degree of the strength between the variables. Correlation coefficients closer to 1.0 indicates a strong relationship while those close to zero indicate a weak relationship between the variables. A positive correlation coefficient indicates a positive relationship while a negative correlation coefficient indicates a negative relationship between the variables. A positive relationship means that the two variables change in the same direction while a negative relationship means that the two variables change in opposite directions. The following table shows the relationships between the different constructs.

**Table 6: Correlations**

Control Variables			Employee retention	Organizational performance	Work environment
-none-(a)	Employee Retention	Correlation	1		
		Significance (2-tailed)	.		
		Df	0		
	Organizational performance	Correlation	.695	1	
		Significance (2-tailed)	.007	.	
		Df	79	0	
	Work environment	Correlation	.483	.576	
		Significance (2-tailed)	.000	.000	.
		Df	79	79	0
Work environment	Employee retention	Correlation	1		
		Significance (2-tailed)	.		
		Df	0		
	Organizational performance	Correlation	.138	1	
		Significance (2-tailed)	.000	.	
		Df	78	0	

a Cells contain zero-order (Pearson) correlations.

The relationship between employee retention and organizational performance ( $r = .695$ ;  $p\text{-value} < .05$ ) was strong and significant. This implies that local government practices that aim at retaining employees were associated with positive organizational performance. The  $p\text{-value}$ , which was above 0.05 (95% confidence) implies that the employee retention and organizational performance are linearly related and the relationship is statistically significant.

The relationship between work environment and employee retention ( $r = .483$ ;  $p\text{-value} < .05$ ) was moderate and significant. This implies that a variation in work environment is associated to a positive and moderate variation in employee retention. The statistics generally suggest that efforts by the local government to improve their work environment are likely to result in more of the employees loving their current workplace, and thereby staying longer. The  $p\text{-value}$ , which was below 0.05 (95% confidence) suggests that work environment and employee retention are linearly related, and the relationship is statistically significant.

The relationship between work environment and organizational performance ( $r = .576$ ;  $p\text{-value} < .05$ ) was moderate and significant. This implies that a variation in the work environment was associated with a positive and moderate variation in organizational performance in the local government. The statistics suggest that efforts by the local government to improve the work environment are likely to result in a positive change in the organizational performance. The  $p\text{-value}$

value, which was below 0.05 suggests that work environment and organizational performance were linearly related and the relationship was statistically significant.

When the effects of work environment were controlled, the relationship between employee retention and organizational performance ( $r = .138$ ;  $p\text{-value} < .05$ ) indicated to be very weak but significant. This implies that a variation in employee retention is associated to a very weak variation in employee retention. The statistic suggests that efforts by the local government to retain their employees are likely to result in a weak change in organizational performance.

The  $p\text{-value}$  which was below 0.05 (95% confidence) suggests that the employee retention and organizational performance are linearly related and the relationship is statistically significant.

The decrease of the strength of the relationship between employee retention and organizational performance from ( $r = .695$ ), which was strong to ( $r = .138$ ), which is very weak suggests that the strong relationship observed between employee retention and organizational performance is due to underlying relationships between work environment and employee retention, and work environment and organizational performance. Otherwise, the relationship between employee retention and organizational performance at Kabale district local government is, indeed, very weak, though significant. Therefore, work environment is very significant in explaining the relationship between employee retention and organizational performance in Kabale district local government.

#### **4.4. Discussion of results**

In this section, the researcher presents a detailed discussion of the findings, comparing them with previous scholars. The section is presented according to research objectives.

##### **4.4.1. Employee retention strategies used in Kabale district local government**

The study sought to determine the employee retention strategies used in KDLG. It was found that compensation is the greatest employee retention strategy. Compensation was chiefly demonstrated in form of high pay, attractive incentives, and bonus payments for over time. The findings agree with Jepkemboi and Kimutai (2017) who examined the factors determining retention. The author shows that compensation had a significant relationship with employee retention. Employees who are satisfied with the incentive packages are more likely to stick to their current employers than those with dissatisfying incentive packages. While the study had a

university context, its results agree with the KDLG in the sense that both organizations employ highly educated persons, whose education must be compensated. The findings agree with one respondent: *“...this is my 16th year when am working here. I have served with three chief administrative officers...and have no regrets...much as they take long to change our salaries...”* Given the above excerpt, this study observed that KDLG practices some employee retention strategies as some employees would report having worked under different administrators for a relatively long period.

The findings present contrary results with Nyanjom (2013) who showed that employee training and career development influence employee retention. The author relates employee retention to employee training and career development. The contradiction in the findings stems from the fact that the author correlated employee training and retention in the organization while the current study assessed the employee retention strategies used in KDLG. From that account, it becomes evident that employee training is not the dominant employee retention strategy in KDLG much as it was observed to be important in explaining organizational performance. While these human resource practices were shown to be important in KDLG, their importance did not surpass compensation in explaining employee retention.

#### **4.4.2. Determinants of organizational performance in Kabale district local government**

The study investigated the determinants of organizational performance in KDLG. It was found that use of institutional resources is the key determinant of organizational performance in KDLG. The proper use of financial resources enables the rural poor who do not have resource to commit to bribe to enjoy public goods and services. The findings support Zamboni (2007) who observed that organizations that promote citizen participation in decision making lower the levels of corruption thereby increasing public service delivery. This view agrees with one key informant who remarked: *“...most of the districts that were curved out of the greater Kabale district came as a response to the need to extent public services to the far communities...today, the people from Rubanda and Kanungu do not have to trek to Kabale for services. Similar services are easily accessible to them than before...”* The excerpt above shows a strong correlation between use of institutional resources and service delivery. Local governments that do not use their resources hardly cater for the needs of their citizenry.

The findings on the use of institutional resources to provide public services agree with Emyr, Denny, & Bristow (2017) who found that allowing citizens to participate in resource allocation enables communities to learn about government operations, deliberate and debate on public resource allocation. As already observed, the study on KDLG had traces of citizen participation much as the numerical measure of the level of participation was not ascertained. However, it remains clear that citizens take part in determining the usage and allocation of resources in KDLG as reported in an interview: *“...I worked with Uganda prisons since 1964 and retired in 2003...as a senior citizen, I have been consulted on some of the issues the relate to the district’s budget...this makes me relevant in determining what services we receive at the grassroots...”* The excerpt shows that citizens are involved in the operations of the local government, and those who participate feel motivated to participate.

The findings disagree with Brueckner, Durey, Pforr, and Mayes (2014) who reported that simply informing the public on resource allocation is not synonymous to citizen participation. The current study observed that KDLG was efficient in reporting on resource utilization.

However, the study does not provide the extent to which citizens took part in the activities of the local government. There is possibility that citizens took part in the local government’s activities through the elected leaders. This version is contrary to Brueckner and his colleagues who advocate for direct citizen participation.

#### **4.4.3. Relationship between employee retention and organizational performance in Kabale district local government**

The study sought to establish the relationship between employee retention and organizational performance. It was established that the relationship between employee retention and organizational performance of KDLG is very weak but significant. The significant weak relationship suggests that changes in employee retention produce weak changes organizational performance. Organizations have many retention strategies but not all the strategies have strong associations with organizational performance.

The findings agree with Saloni (2017) who found a positive relationship between talent management and organizational performance. Talent management is a form of employee retention where employers ensure that talented employees do not leave the organization. While the study in KDLG did not ascertain how talented employees were retained, participants' responses on human resources practices, continuous training, and compensation confirm the organization's effort to retain talented employees. Compared to other organizations where talent is very important, local governments need employees with talents in numerical competences, problem solving and ICT hands-on.

The findings of the current study support Odhong and Omolo (2015) who found a positive and significant relationship between human capital investment and organizational performance. The aspects covered in human capital investment are similar to employee retention strategies and bear similar effects on organizational performance. Human capital investment takes the form of training, workshops, staff development programmes and conferences. Views from key interview informants confirm human capital development programmes in KDLG: *"...I was able to enroll for a masters' degree in public administration at Uganda Management Institute, Mbarara campus with support from the employer...I am now eligible for promotion, which might come any time..."* The above excerpt shows that employee retention strategies that involve staff development are satisfying to the employees and increase their retention in the organization.

The findings, however, disagree with Kakumba and Fennell (2014) who showed that the current expansion of local government administration units in Uganda is not proportional to effective retention of talent. The 9th and 10th parliaments of Uganda approved the establishment of many new local administration units. Most of these establishments are empowered enough to retain talented employees. A related study by Aupal (2017), Obedgiu, Bagire, and Mafabi (2017) shows that management of local governments laxity affect service delivery. Local governments in Uganda are characterized with irregular recruitment and promotions, unfair dismissals, victimization and delayed salaries. These studies confirm that compensation is just a microcosm of the strategies for employee retention. Managers of administrative units in Uganda need to show commitment to the organizations and the employees under their supervision.

## **CHAPTER FIVE**

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

#### **5.1. Introduction**

This chapter presents the summary and conclusion on employee retention and organizational performance in KDLG. The structure includes summary of findings, conclusion, recommendations, areas for future research, and limitations to the study.

#### **5.2. Summary of findings**

In view of employee retention strategies, compensation confirmed by 90.8%, is the most used employee retention strategy in KDLG. In view of the determinants of organizational performance, the use of institutional resources, confirmed by 86.4% is the key determinant of organizational performance. The relationship between employee retention and organizational performance in KDLG appears strong ( $r = .695$ ;  $p\text{-value} < .05$ ) in the presence of the working environment. Otherwise, the relationship between employee retention and organizational performance ( $r = .138$ ;  $p\text{-value} < .05$ ) but significant.

#### **5.3. Conclusion**

The study investigated employee retention and organizational performance of KDLG. One of the objectives of the study sought to understand the employee retention strategies used in the district. Employee compensation was found to be the most used employee retention strategy used in the district. Compensation was highly confirmed by the highly paid package, the attractive attention, and the bonus they earn for every overtime. While participants indicated to be highly paid, the study did not establish the different salary scales that are paid to employees. Similarly, the study could not establish the dimensions of attractive package that indeed motivate them to stay as employees in KDLG.

The second objective of the study determined the determinants of organizational performance. The study established the use of institutional resources as key among the determinants of organizational performance. The use of institutional resources was confirmed by participants' strong levels of agreements on reduction in poverty among communities, citizens' participation



in local government activities, high levels of public service delivery, and reduced corruption practices in the district. However, these measures needed metrics to determine their impact on service beneficiaries in the district, which was not provided for in the research instrument.

The third objective of the study sought to establish the relation between employee retention and organizational performance of KDLG. The study established a very weak relationship between employee retention and organizational performance. The relationship appeared strong only in the presence of the working environment, which appeared supportive to employee retention. Otherwise, when the effects of the working environment were controlled, the strength of the relationship between employee retention dropped from strong to very weak, indicating that working environment is very significant in the relationship between employee retention and organizational performance of KDLG.

While a number of studies have been conducted on KDLG with respect to many dimensional measures of organizational performance, especially service delivery, accountability, and financial performance, the current study presented a unique measure of organizational performance. There is no single study on KDLG that has ever measured the performance of the district in terms of focus on target group or use of institutional resources. This study presents an original evaluation of the above from the perspective of local government. This study enhances the present knowledge on organizational performance by providing empirical relationships between the various employee retention strategies and organizational performance.

#### **5.4. Recommendations**

The first objective of the study revealed organizational culture as the least used employee retention strategy in KDLG. Therefore, KDLG should redefine her organization culture, especially in terms of expected employee behaviour and the management styles as their clarity is a strong motivation to employees to stay longer with the organization.

The second objective of the study revealed implementation of policy as the least determinant of organizational performance of KDLG. The district indicated laxity in conducting operations according to agreed rules and standards. Therefore, KDLG should carry out her operations according to standard operations and procedures as laid out in different policy organs, like Local Government Act, Public Service Standing Orders, Public Financial Management Act, etc.

The third objective of the study revealed work environment as an influencing factor in the strength of the relationship between employee retention and organizational performance was found to be strong in the presence of work environment factors. Therefore, KDLG should improve her work environment to influence employees to stay in the organization. This should take the form of housing, and lunch; which participants indicated that are not provided to staff.

### **5.5. Areas for future research**

The current study found that all used to measure use institutional resources showed great success. However, the study could establish the use of institutional resources quantitatively. Therefore, a study measuring the use of institutional resources quantitatively is still needed.

Implementation of policy was found to be the least among the determinants of organizational performance of KDLG. There should be an independent study on the role of policy implementation in the attainment of organizational organizational goals in local governments in Uganda.

The study found that the strong relationship between employee retention and organizational performance of KDLG was due to work environment factors. There should be an independent study to ascertain the role of work environment on the organizational performance of local governments in Uganda.

### **5.6. Limitations to the study**

The researcher is found challenges with designing standard instruments of data collection. However, through the guidance of the research supervisors, and pretests, the researcher developed a valid and reliable instrument of data collection.

The researcher had little experience with dealing with numerical data, especially correlation to establish the relationship between employee retention and organizational performance. The researcher however, obtained help from professional data analyst.

The study included participants from sub counties, some of whom were hard to reach due to road terrains and the vagaries of weather. However, the researcher made a number of frequent visits to the field to ensure a high response rate.

The researcher encountered some resistance, as some of the respondents were opposed to participating in the study. However, the researcher explained the importance of their input, and how relevant it would help in arriving at meaningful conclusions on employee retention and its effect on organizational performance.

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## APPENDICES

### Appendix I: Questionnaire for Employee Retention and Organizational Performance of Kabale District Local Government

I, Julius Ngabirano, a Postgraduate student offering Master of Business Administration (MBA) at Kabale University, I am conducting an academic research on “Employee Retention and Organizational Performance of Kabale District Local Government”. I would love to hear from you about your input and concerns about the subject matter. Your input will go a long way in cementing the knowledge gap between employee retention and organizational performance. The questionnaire should only take 5 minutes, and your responses are completely anonymous.

I really appreciate your input!

#### Section A: Background Data

1. Gender ☒ Male ☐ Female
2. ☒ Age 18 – 34 ☐ 35 – 49 ☐ 50 and above
3. Marital Status ☒ Single ☐ Married ☐ Others  
(specify).....
4. Highest level of education ☒ Secondary ☐ Tertiary ☐ University
5. Institution of work ☐ Municipality ☒ Town council ☐ Sub county
6. Number of years at the current workplace ☒ Below 5 yrs. ☐ 5 – 9 yrs. ☐ 10 yrs. and above

**In the following section, tick in the appropriate space to give your opinion on the claims given below**

**5 = Strongly Agree    4 = Agree    3 = Not sure    2 = Disagree    1 = Strongly Disagree**

#### Section B: Employee Retention

SN	Claims	5	4	3	2	1
<b>a) Human Resource Practices</b>						
7.	I am always recognized for my effort					
8.	I am always supported by my supervisor for improved results					
9.	This organization has an operational training program that enhances workers’					
10.	This organization helps working mothers to balance work and family					
11.	This organization has facilities where working mothers can look after their					

<b>b) Compensation</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
12.	Employees in this organization are happy with their monthly salaries					
13.	Employees in this organization are paid an attractive incentive package					
14.	Employees in this organization believe they are highly paid					
15.	Employees who carry on work tasks beyond the normal working hours are					
16.	Employees in this organization always receive payments in form of bonuses					
<b>c) Constant Training</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
17.	A number of staff in this organization have for enrolled for further studies					
18.	Management attaches staff to different departments to allow them learn					
19.	Management always sends staff to attend workshops outside this organization					
20.	All employees in this organization have access to staff development program					
21.	New employees are given orientation days for them to develop a sense of					
<b>d) Culture</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
22.	The behavior pattern in this organization encourages new employees to follow					
23.	There is a way the manager encourages new entrants to discover the correct way of solving problems					
24.	The staff in this organization behave in a way that differs from other similar organizations					
25.	The staff in this organization are aware of their rights and keep fighting for					
26.	There is a unique way management helps staff to coup up with change					

**In the following section, tick in the appropriate space to give your opinion on the claims given below**  
**5 = Strongly Agree    4 = Agree    3 = Not sure    2 = Disagree    1 = Strongly Disagree**

### **Section C: Organizational Performance**

<b>a) Policy Implementation</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
27.	This organization has guidelines for preparing work plans					
28.	This organization has methods for monitoring activity plans					
29.	This organism has a well-defined mechanism for reporting performance					
30.	This organization has guidelines for managers to deal with political institutions					
31.	Management ensures that all activities are conducted in accordance with agreed rules and standards					
<b>b) Focus on Target Group</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
32.	This organization allows citizens in allocating budgets					
33.	This organizations provide platforms for citizens to monitor the quality of goods and services					
34.	This organization allows citizens to assess proposed allocation in relation to government policy					
35.	This organization allows stakeholders to identify their own priorities in the budget					
36.	This organization has an office where stakeholders can report cases related to corrupt officials					
<b>c) Use of Institutional Resources</b>		<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>
37.	The level of poverty in this local government is reducing					
38.	The level of corruption in this local government is very low					
39.	The level of public service delivery in this local government is high					
40.	There is a high level of citizens' participation in this local government					

41.	There is an effective and efficient use of public resources for the benefit of the ordinary person					
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**In the following section, tick in the appropriate space to give your opinion on the claims given below** 5 = Strongly Agree 4 = Agree 3 = Not sure 2 = Disagree 1 = Strongly Disagree

#### **Section D: Working Environment**

		5	4	3	2	1
42.	Our working environment promotes learning and skills development					
43.	Management focuses on promoting a healthy working environment					
44.	Our working environment promotes employees' rights to learn					
45.	My work tasks are challenging and interesting					
46.	My work allows me to utilize my abilities					

### **Appendix B: Interview Guide for Key Informants**

1. Losing talents and employees result in performance losses which can have long term negative effect on the organization especially if the departing talent leaves gaps in its execution capability and human resource functioning. What causes employee turnover in local governments? And how dangerous is it to the organization?
2. The biggest challenge that local governments are facing today is not only managing these resources but also retaining them. What strategies have you established to ensure that your staff remain in this organization?
3. The concept of “performance” is contextually defined. How do you understand performance in the context of local government administration?
4. Performance indicators are designed to provide information on the quality of processes performed within an organization offering support to achieve the objectives on time and within a predetermined budget. Explain some of the determinants of performance in a local government?
5. What structural and institutional factors would prohibit a local government from



performing to its maximum?

6. Explain how increased retention of employees can help local governments in fulfilling their constitutional mandate and obligations.

**Thank you for participating**

### **Appendix C: Sample Size Determination Table**

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	20000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	100000	384

SOURCE: From R. V. Krejcie and D. W. Morgan, "Determining Sample Size for Research Activities," *Education and Psychological Measurement*, 30, p. 608, copyright © 1970 Sage Publications, Inc., Reprinted by permission of Sage Publications, Inc.