

Compensation Fairness, Employee Engagement, and Turnover Intentions.

A Case of Uganda Bureau of Statistics

By

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### Declaration

I, Namwanje Shakira, declare that this dissertation is my own work not copied from anywhere or from anyone and that all sources of information used in this dissertation have been fully acknowledged and it has never been submitted to any University.

Signature..........

Date.....04/01/23.....

Namwanje Shakira

19/U/9945/Ps

## Approval

This dissertation has been written under the guidance and supervision of my supervisor and it meets the minimum requirements for the award of a degree in Bachelors of Industrial and Organizational Psychology.

Signature.....



Date.....

04/01/2023

Dr. Baluku Martin

Supervisor

## **Dedication**

To the memories of my beloved father James Pool and Uncle Isdore Yiga with my son Liam Peter Alec Katumba.

## **Acknowledgments**

The problem with acknowledgments is that it was nearly impossible to list everybody who has influenced the writing of this Dissertation. Even if I were to try, I am sure I would miss out on some of my most important influences.

So, rather than attempt the impossible, I would like to dedicate this dissertation to all the my family especially to sister Teopista and Mummy Agnes Pool, plus other members and lectures who have ever taught me, and to all my colleagues who have influenced me by way of suggestions, discussion argument, or demonstration of good research practices.

Thank you all.

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### **Abstract**

The study set out to examine the relationship between perception of compensation fairness, employee engagement and turnover intentions of employees at Uganda Bureau of Statistics (UBOS). The research was quantitative and used a cross-sectional survey research design on a sample of 240 randomly picked from a population of 582 employees using a stratified random sampling technique. A self-administered questionnaire was used to collect data from the employees. Data collected was analyzed using IBM SPSS ver.24 using Pearson correlation coefficient and multiple linear regression analysis. Results revealed that there was an insignificant relationship between compensation fairness and employee engagement and an insignificant relationship between compensation fairness and retention. It was also found that employee engagement had an insignificant relationship with retention. Both compensation fairness and engagement had an insignificant combined predictive effect on turnover intentions, compensation fairness had no edge. It was thus commended that a cultural HR, and other attitude survey be periodically conducted to find which other factors that explain the variations in turnover intentions.

## Chapter One: Introduction

### *Background to the Study*

Milkovich et al. (2005) defined employee compensation as all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship. Thus if it meets the internal and external equity, then we are talking about its compensation fairness. Gill, Duger and Norton (2014) provide preliminary evidence that compensation fairness shares a causal relationship with alignment with the organization, opportunity for development and recognition which fall under employee engagement. Also compensation and its fairness has been used as a tool for the subsequent retention of employees of many private and government organizations in their different roles/positions in order to gain leverage over their competitors (CIPD, 2005a).

Greenberg (2004) defines employee engagement as the level of commitment and involvement an employee has towards their organisation and its values. He states that the primary behaviour of engaged employees are; Speaking positively about the organisation to co-workers, potential employees and customers, having a strong desire to be a member of the organisation, and exerting extra effort to contribute to the organization's success. According to Macey (2008), employee engagement is a desirable condition, has an organization purpose and connotes involvement, commitment passion, enthusiasm, focused effort and energy so it has both attitudinal and behavioral components.

Retention attitude or commonly called intention to stay is defined as employees' intention to stay in the existing employment relationship with their current employer on a long-term basis. The retention intention is a psychological antecedent for the actual behavior (Ajzen and Fishbein, 1980), thus the individuals' intention to stay or quit, perform or not to perform a behavioral act can be the critical determinant of action.

Since employees are the backbone of an organization, the retention of the employees is important in keeping the organization on track (Saks, 2006). Therefore, in order to retain the best talents, strategies aimed at satisfying employee's needs are implemented, such as compensating with competitive salaries and benefits regardless of whether they are global companies or small-sized firms, and keeping employees engaged.

Generally, organizations would pay well to retain their personnel for a specified period to utilize their skills and competencies to complete certain projects or execute tasks (Heathfield, 2008), but this has failed to come to fruition in most private and government organizations. A case in point is that on a global scene, in 2004, PricewaterhouseCoopers LLP (PwC) faced a retention challenge with a key talent pool. Turnover among the firm's Senior Associates, accounting/tax professionals on the partner track with 3-5 years of tenure at the firm was too high. The trends that led to that point had been developing for some time (Levenson, A, Fenlon, J & Benson, G, 2010).

In Namaganda's (2013) research findings done on Makerere University lecturers studying on employee motivation, job performance and turnover intentions showed that eighty-five percent agreed that they were actively searching for other alternative organizations. Yet, sixty percent reported that if given that opportunity, they would leave the university job at once. This shows that the university had done little to offer in compensation to retain their teaching staff.

The Daily Monitor (2010) of Uganda and the Human Resource Managers Association of Uganda (HRMAU, 2010) noted that the rate at which employees are switching jobs is making it harder for companies to invest in them, and the managers urged each other to work towards better staff retention and add value to their organizations.

This of course would involve more competitive salaries or creating an environment which makes the workers more engaged for instance work itself, advancements, work recognition, working conditions.

The inability of the public sector to attract skilled health workers is due to a number of factors including lack of incentives, brain drain and sector out-migration. It is compounded by the proliferation of other opportunities within the for-profit commercial sector and with NGOs that provide better compensation, benefits and working conditions (Matsiko, 2005; MoH 2009a, MoH 2009b) which increases their chances of staying with these organizations. Also the findings of the retention study carried out by the MoH with Capacity Project support (MoH 2009b) revealed that working conditions of health workers are often difficult and punctuated with inadequate remuneration.

UBOS became a semi-autonomous body by the Uganda Bureau of Statistics by Act No. 12, 1998. The Bureau is charged with coordinating the development and maintenance of a National Statistical System which ensures collection, analysis and dissemination of integrated, reliable and timely statistical information (UBOS report, 2013).

Given this status quo, of failure to retain Human resources in mostly government sector and private sectors, the research therefore examined the relationship between perceptions of compensation fairness, their engagement levels and attitudes of retention at UBOS.

#### *Statement of the Problem*

UBOS is responsible to conduct a National Population and Housing Census for planning and improving on the National Service Delivery for the government. One of the major focuses by UBOS employee is data collection, analysis and dissemination statistical reports to the republic. This is a rigorous exercise that requires full engagement of the employees, however, the current situation of the employees in UBOS's performance report (2020), the employee's turnover in the organization has increased to five percent from two percent in 2010.

UBOS's current employee compensation does not allow retention of the competent employees as compared to small and medium enterprise which are able to retain eighty-five percent of the employees for at least three years (UBOS business report 2012), and (UBOS manpower survey report 2017). This particularly reveals a window of turnover intentions problems in the organization. Unfortunately, the great danger accruing from this would mean reduced quality of the national data on which the whole country bases its socio, -economic, political, planning and decisions in running the country, So inadequate information to the government for planning.

#### *Purpose of the Study*

To examine the relationship between perception of compensation fairness, employee engagement and retention of employees at UBOS (Uganda).

#### *Objectives of the Study*

1. To examine the relationship between compensation fairness and employee engagement at UBOS.
2. To examine the relationship between compensation fairness and turnover intentions at UBOS.
3. To examine the relationship between employee engagement and turnover intentions at UBOS.
4. To find the better predictor of turnover intentions between compensation fairness and employee engagement.

### *Scope of the Study*

The study was carried out at UBOS. This choice reflects the compensation uniqueness of this place which seems to pull many candidates willing to work with this organization compared to other parastatals. This also may reflect a fact that very few employees would want leave such an organization.

The study confined its self to compensation fairness, employee engagement, and turnover intentions. In this research compensation fairness means the employees perceptions that the sum total of all forms of payments or rewards provided to employees for performing tasks to achieve organizational objectives are fair internally and externally, while employee engagement means that an employee consistently acts physically and psychologically in the best interests of the organization. Turnover intentions means an employee's positive evaluation to stay with the organization basing on the attractive practices of the place. Ivanovic (2007) presents a definition of retention by the Dictionary of Human Resources and Personnel Management, that retention is "the process of keeping the loyalty of existing employees and persuading them not to work for another company '...a systematic approach to human resource planning can play a significant part in reducing recruitment and retention'".

### *Significance of the Study*

The study findings will be of importance to the government of Uganda ministry of planning, UBOS management, employees, and future researchers.

The policy makers in the government will gain from the results showing the effects compensation on employee engagement and retention and therefore devise ways for improvement from the recommendations given.



The management of UBOS will know the employee engagement levels so that they can manipulate their compensation to retain more employees.

Employees will know the effect the organization's compensation has on their levels of engagement and therefore opt to stay with improved behaviours or seek for competitive salaries elsewhere.

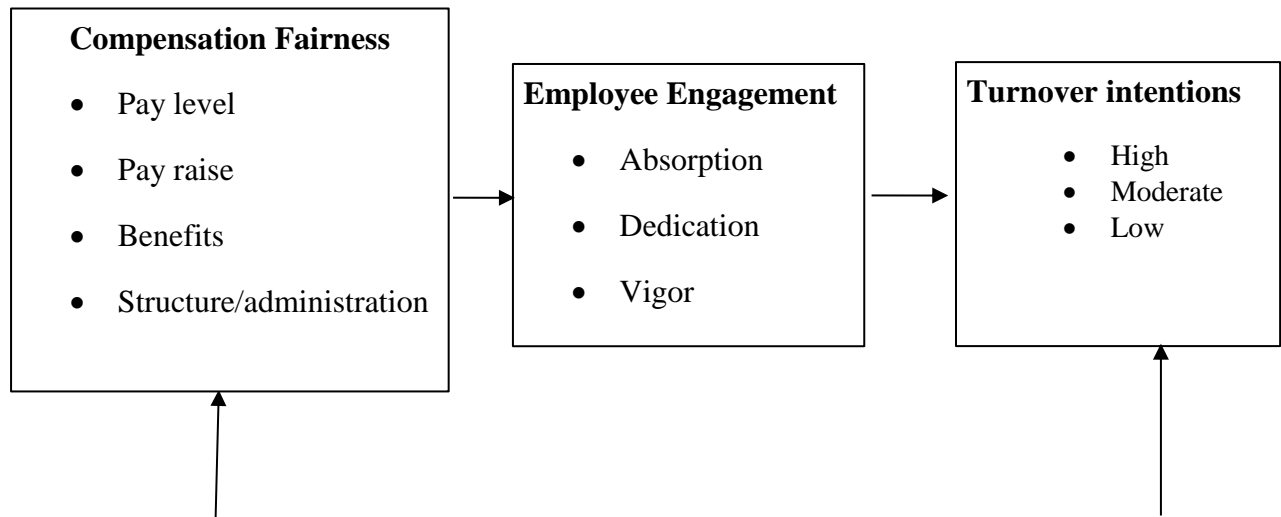
Finally, the research findings of the study will be used by future researchers to advance studies in the same.

### *The Conceptual Framework*

The conceptual framework below describes the relationships between Compensation Fairness, Employee Engagement, and Turnover intentions.

*Figure 1:*

*Showing of Compensation, Employee Engagement, and Turnover intentions*



Source: *Self-constructed*, 2021

Figure 1: Conceptual Framework

A conceptual framework showing the relationships between compensation fairness, employee engagement and turnover intentions. There is a direct relationship between compensation fairness and employee engagement (Gill, Dugger and Norton, 2014). Similarly, there is a relationship between compensation fairness and turnover intentions (Stiglitz, 1975; Salop & Salop 1976; Demski & Feltham 1978; Milgrom & Roberts, 1992). There is also a relationship between employee engagement and turnover intentions (Chandar et al., 2013).

## **Chapter Two: Literature Review**

### *Introduction*

This chapter gives a review of literature relating to compensation fairness, employee engagement, and turnover intentions, the influence between the three variables, the most influencing variable of turnover intentions from compensation and employee engagement, the conclusion and the hypotheses of the research.

### *Compensation*

According to Milkovich et al. (2005), compensation refers to “all forms of financial returns and tangible services and benefits employees receive as part of an employment relationship” (p. 602). Total Compensation, has two components: a) financial and b) non-financial. Under financial there is a) direct financial payments, and b) indirect financial payments (Dessler, 2000). Direct financial payments include; “wages, salaries, incentives, commissions, and bonuses” (Dessler, 2000) and these are paid to employees based on increments of time or on performance. Indirect payments include mandatory benefits like maternity leave and voluntary benefits like educational assistance, vacations, among others.

### *Compensation Fairness*

Dessler (2000) stated that legal, union, policy, and equity factors influence the design of organizational pay plans. That without these factors, compensation plans may be perceived as unfair. Pay should have both external equity (that is, pay is considered equitable to those doing similar work outside the organization) and internal equity (that is, pay is considered equitable to those doing similar work within the organization). Without external equity, employers will find it difficult to attract and retain qualified employees (Dessler, 2000).

Without internal equity, employers will likely face difficult situations with employees. It is important that employees perceive equity in their pay. Without this perception of equity, employees may solicit employers for more pay or less work, reduce the amount of their work to an amount they feel is “fair,” or leave (Pritchard, 1969). However, a particular study like this one is needed at UBOS to find out the degree of perception on compensation fairness.

### *Employee Engagement*

Vazirani (2007) defines employee engagement as the level of commitment and involvement an employee has towards his or her organisation and its values. This means that an engaged employee is aware of the organizational context, and works with colleagues to improve performance for the benefit of the organisation. The organisation thus must work to develop and nurture engagement, which requires a two-way relationship between the employer and the employee. Thus engagement is a barometer that determines the association of a person with the organization.

It stands to reason therefore that an employee who is engaged is emotionally, cognitively and personally committed to the organisation and its goals by exceeding the basic requirements and expectations of the job (Bagraim, Cunningham, Potgieter & Viedge, 2007). Bagraim et al. (2007:14) continue to point out that engaged employees experience meaning in their jobs, and, as a result, are responsible, accountable and innovative, form strong relationships with co-workers and managers, and demonstrate organisational citizenship behaviour. Engaged employees share their knowledge, experience, insight and wisdom in the organisation, which, ultimately, gives an organisation a competitive edge.

Greenberg (2004) also defines employee engagement as the level of commitment and involvement an employee has towards their organisation and its values. He states that the primary behaviours of engaged employees are; Speaking positively about the organization to co-workers, potential employees and customers, having a strong desire to be a member of the organization, Exerting extra effort to contribute to the organization's success.

Bagram et al. (2007) further assert that many smart organizations work towards the development and nurturing of employee engagement, but it is important to note that employee engagement is a process that requires a two-way relationship between employer and employee.

### *The Drivers of Engagement*

Cook (2008) introduces a case study that studies BellSouth and the car manufacturer Chrysler Group. Chrysler group has identified that the key factors influencing engagement in its business are: a collaborative work environment where people work well in teams; Challenging work; Input on decision making; Resources to get the job done; Authority to make decisions; Career advancement opportunities; the company's reputation as a good employer; Evidence that the company is focused on customers; a clear vision from senior management about future success; Senior managers' interest in employees' well-being.

According to the study, Chrysler Group sees the four parts of the jigsaw that leads to engagement as company leaders, supervisors, HR practices and policies, and company communications. At Atlanta-based telecommunications company BellSouth drivers of employee engagement are seen as: Affiliation with a company that is seen to be a winner; Work content – doing work that is challenging and makes a difference; having a clear career path; Benefits – the type of benefits offered such as health plans, stock ,Options, pension plans.

Elegbe (2010) suggests in his book that employee engagement is based on a certain philosophy, stating that the employees can only give their best effort if their own needs are met inside the organization. He states these needs to be for example a challenging job, an enabling and social work environment, competitive total rewards and rapid career development.

In contrast, he writes that the symptoms of low engagement or disengagement include the following: slow or tardy reaction to challenges, gradual failure to meet deadlines, innovation and effectiveness, lack of drive for creativity, ceasing to give customers' concerns the priority attention they used to receive or deserve, lack of drive, enthusiasm and low energy – burn-out consistently only doing enough to get by reluctance to make discretionary effort due to lack of emotional commitment to the job and the company, lack of cooperation in working with team members, finding fault in virtually every policy, system, procedure, initiative, programme and behaviour in the corporation. These symptoms of low engagement can be interpreted as the opposite of the symptoms of high employee engagement.

In light of this above, in 2014, Makerere University in conjunction with Human Resources Management Association of Uganda (HRMAU) and Federation of Uganda Employers (FUE) carried out a survey of Employer of the year (EYA) on employee engagement in the SMEs. The survey revealed a few firms that had high levels of their employees being engaged, however a separate undertaking is needed for specifically UBOS which didn't participate in that survey.

#### *Compensation Fairness and Engagement*

In the study of Gill, Dugger and Norton (2014) on compensation and selected dimensions of employee engagement in a Mid-Sized Engineering Services Firm, addressing the research question - Is there any relationship between the three employee engagement constructs of alignment with the organization, management effectiveness and salary and compensation based on

the perceptions of the employees of the engineering services firm?, These findings provide preliminary evidence that compensation has a positively proportional causal effect on both alignment with organization and opportunity for development and recognition. All the  $\beta$  values are positive on the PLS-SEM path model. It was found that these three dimensions shared a strong relationship.

Additionally, the path coefficients were positive in nature which indicated that the relationship between the dimensions is directly proportional. The SEM analysis also provided preliminary evidence that compensation shares a causal relationship with alignment with the organization and opportunity for development and recognition which fall under engagement. Contrary to the above finding, many prominent studies by Buckingham and Coffman (1999), Wagner and Harter (2006), and Harter et al. (2010) suggest that the role of compensation is relatively small in employee engagement. That there are other pressing issues like work design and job satisfaction that can influence employee engagement other than compensation.

These findings at most look at compensation strategies of the firms and their influence on employee engagement and do not tackle the perception of these employees' compensation fairness in relation to their engagement as this study proposes to do.

#### *Compensation Fairness and Turnover Intentions*

The compensation plan of an organization can affect its performance by influencing recruitment and retention (Stiglitz, 1975; Salop & Salop 1976; Demski & Feltham 1978; Milgrom & Roberts, 1992). For example, performance-based compensation contracts can attract and retain high performers and differentiate high from low performers (Baron & Kreps 1999; Banker et al.2001).

A company benefits when lower-performing employees leave, but can suffer a setback when higher-performing employees depart. Therefore, it is important to consider who will join or leave a company when the performance sensitivity of the compensation contract is changed. This is not far from this study which examines compensation fairness begetting the types of employees who are attracted to the firm, or who leave, when the compensation plan becomes less performance sensitive.

Lawrence (2012) research on turnover intentions and compensation found that the relationship between the two was strong and important in organizations. The logic behind variable pay program is that it provides some or all of the employee's compensation based on individual performance or on the performance of a team. This is viewed as a system that encourages hard work and improved efficiency and is an effective way to eliminate average work performance. Most agree this type of a system recognizes achievement, which is the ultimate goal of a variable pay system.

Variable compensation programs come in a variety of ways. It may come in the form of a strategic focus, providing a bonus based on achieving certain key metrics strategic to financial performance such as certain cost cutting measures. Some incentive options include salary at risk, where base pay is withheld until performance meets minimum goals. Gain sharing is very popular with manufacturing firms where portions of improvements in efficiencies are shared with employees within the organization. Higher end programs include such ticket items as stock options.

Armstrong (2003) also notes that employees' willingness to stay on the job largely depends on compensation packages of the organization. In an attempt to ensure employees optimal performance and retention, organizations need to consider a variety of appropriate ways to reward the employees to get the desired results (Falola, Ibidunni, & Olokundun , 2014). It has



been argued that the degree to which employees are satisfied with their job and their readiness to remain in an organization is a function of compensation packages and reward system of the Organisation (Osibanjo, Abiodun, & Fadugba, 2012). This is further evidenced from the researchers who collected data from the 200 BPO employees from Gandhinagar region from Gujarat. Linear regression analysis was used in the study to understand the influence of the independent variables (compensation) on the dependent variable (turnover intention) revealed that compensation has an influence on turnover intention and both are negatively related (Bhatt & Sharma, 2019). This also means that when compensation (fairness) increases, turnover intention reduces.

The literature of the influence of compensation on retention has been widely studied, but a specific study of the same is needed in the Ugandan government setting like UBOS which seems to attract more applicants than incumbents that intend to stay.

#### *Employee Engagement and Turnover Intentions*

With retention a growing concern for organizations, understanding the factors that drive Commitment and loyalty among employees is essential for managing increasing turnover (that is, increasing retention) risk in the months and years ahead, (Mark Royal, Hay Group News release, 2011). The Corporate Leadership Council report (2008) notes that the highly engaged organizations have the potential to reduce the staff turnover by 87%, the disengaged are four times more likely leave organization than average employees. It was observed that the turnover intentions can be improved by improving employee engagement.

In Chandar et al. (2013) research conducted when the airport was reeling under the high employee turnover. The study brought out how turnover intentions can be improved by improving engagement level of employees. In the study there was statistical evidence in the study to confirm

that the turnover intentions can be improved by addressing non-financial drivers of employee engagement like communication, recognition, manager/supervisor support (relationship), work engagement, team work and role clarity.

In Uganda, a survey by PILA consultants, FUE, HRMAU, (2012) on talent management and relational Human resources management to maximise productivity in Micro, Small and Medium Enterprises found that those disengaged workers score low on prospects of retention with their parent firms and this impacted on their productivity. Because UBOS missed out on this survey to, there is imminent need to find if employee engagement can influence turnover intentions in this setting.

Recently, in Gupta and Shaheen (2017) study on the impact of employee engagement on turnover intention in Indian workers, findings revealed that work engagement explained a significant proportion of variance in intention to turnover in the negative direction. This also meant that employee engagement has a significant influence on the workers ability to stay with these organisations. The more the workers in India are engaged at work, the less they harbour intentions to quit their respective organisations.

### *Conclusion*

The literature reviewed above broadly touches on all the variables at hand (compensation, engagement and turnover intention) but compensation dealt more on the types of financial and non-financial rewards of the organizations as opposed to the fairness perception of the compensation and mostly it was the private sector researched about. Government bodies whose workers are non-pensionable, yet full of tardiness and therefore wouldn't want to leave but be retained, like at UBOS needs to be researched about.

### *Hypotheses*

The study hinged on the following hypotheses;

H1: Perception of compensation fairness has a significant positive relationship with employee engagement.

H2: Perception of compensation fairness has a significant positive relationship with turnover intentions.

H3: Employee engagement has a significant positive relationship with turnover intentions.

H4: Compensation fairness is a better predictor of turnover intentions than employee engagement.

## Chapter Three: Methodology

### *Introduction*

This chapter deals with the research design, survey population, sample size and sampling procedure, the methods of data collection, instruments, measures of variables, data management, data analysis, procedure and limitations of the study.

### *Study Design*

The research was quantitative and used a cross-sectional survey research design. This research design was preferred because it is the one that enables the researcher capture perceptions, attitudes and opinions of a large population in a very short time as they are currently felt or experienced.

### *Target Population*

The study targeted UBOS staff, making a total of 582 employees (UBOS HR Department, 2020). Corporate affairs (98 staff), economics (110 staff), methodology and statistics (85 staff), population and social statistics (84 staff) and data solutions (40 staff). And also from departments such as; finance and administration (68 staff), HRM (60 staff) and Procurement (37 staff).

### *Sample and Sampling Technique*

The sample size comprised of 240 employees using a Krejcie and Morgan's (1970) formula that calculates a representative sample. A summary of the population and corresponding samples are outlined in table below;

To have a fair representation of the members of the same organization, a Stratified random sampling technique was used in which the different directorates such as; corporate affairs (22 out of 98 staff), economics (38 out of 110 staff), methodology and statistics (35 out of 85 staff), population and social statistics (35 out of 84 staff) and data solutions (20 out of 40 staff). And also

from departments such as; finance and administration (35 out of 68 staff), HRM (35 out of 60 staff) and Procurement (20 out of 37 staff) acted as strata. The final sample was then selected randomly from each stratum that represented all staff.

#### *Data Collection Method*

The study used a self-administered questionnaire because this method gave ample time and space to employees to give responses about their opinions and perception of the variables under study.

#### *The Instrument*

The researcher used a questionnaire because it gives respondents the freedom to respond without the nagging presence of the researcher and it comprised of four parts. Section A entailed a bio-data of the respondents. Section B; perceptions of compensation fairness, section C; Employee Engagement and, section D; Turnover intentions strategies.

#### *Measurement of the Variables*

##### *Compensation Fairness*

Compensation Fairness was measured using a Heneman and Schwab (1985) Modified Pay Satisfaction Questionnaire (PSQ) which has 18 questions combined into four pay satisfaction dimensions: Levels, (4 items), benefits (4 items), raises (4 items), and structure/administration (6 items). It is a 5-point Likert- type scale with options as follows: (1) Very dissatisfied, 2) Dissatisfied, 3) Neither satisfied nor dissatisfied, 4) Satisfied, and (5) Very Satisfied. Items included; I am satisfied .....with my take-home pay (level dimension), .....with my benefit package (benefit dimension), I am..... With how my raises are determined (Raises dimension) The scale has a consistence coefficient of 0.89.

### *Employee Engagement*

Employee engagement was measured using the EYA Survey tool (2013). This tool was chosen because it has been used here in Uganda covering both profit and non-profit organizations' practices that depict and enhance employee engagement. The 7-point scale covers 36 items with responses of; (1) 100%, (2) Always Without fail (80-99%), (3) Most of the time (60-79%), (4) About half of the time (50-59%), (5) less than half of the time (25-49%), (6) Never to less than a quarter of the time (0-less 24%), and (7) I Don't know/Not sure. The scale has a Cronbach's alpha of over 0.85.

### *Turnover Intentions*

Turnover intentions was measured by a five-point scale ranging from always without fail (5) to never (1). Seven items captured employee attitudes emanating from the strategies employed by UBOS and other successful companies at turnover intentions. Such items included; I am actively looking for another job; I would like to keep working for this organization for a long time. The items of the scale have a Cronbach's alpha of 0.78.

### *Validity*

Miller and Salkins (2002) note that validity determines whether the study truly measures that which it was intended to measure or how truthful are the study results. To this end, the researcher discussed and sought approval of the instruments by the supervisor and data collection instruments were tested for Content Validity.

### *Reliability*

The data collection instrument was pre-tested on at least 10 respondents, additionally, a reliability analysis was also used to augment the pretest. Items with high reliability coefficients over 0.7

were retained (compensation fairness 0.87, employee engagement 0.81 and turnover intentions 0.78)

### *Research Procedure*

The researcher obtained an introductory letter from Makerere University School of psychology. The researcher then presented the letter to HR Manager of UBOS and then to each head of department. Preferably, because of the sensitivity of the variables “employee engagement” and “turnover intentions”, the questionnaires were hand delivered to each respondent and as such collected from them.

### *Data Analysis*

All the questionnaires were numbered and checked for errors. Thereafter, the data was entered into statistical package for social sciences (SPSS) version 21 where it was cleansed and checked for errors before analysis

Frequencies tables and percentages were used to analyze biographical data which is essentially descriptive. Objectives; 1 to examine the relationship between of perceptions of compensation fairness and on employee engagement at UBOS, a correlation coefficient was used to examine the level of significance (P). Objective 2; to examine the relationship between perception of compensation fairness and turnover intentions at UBOS was analyzed using a correlation coefficient (P). Objective 3; to examine the relationship between employee engagement and turnover intentions at UBOS, a correlation coefficient looking at (P) value was used. Objective 4 ; to find the better predictor of turnover intentions between compensation fairness and employee engagement, was analyzed using a multiple linear regression analysis.

*Ethical Consideration*

The respondents in this study were informed that this study is purely academic and that their names will not feature in the publication against their will. Also a consent form was developed and used on each respondent outlining the respondent's liberty to fill and withdraw response in case of any discomfort.



## Chapter Four: Results

### *Introduction*

This chapter presents the findings and their interpretations in accordance with the objectives of the study. The findings are presented as follows; Biography of respondents, relationships between compensation, employee engagement, and turnover intentions, and finally the multiple regression analysis.

Table 1 :

### *Biography of Respondents*

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*Biography of Respondents*

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Type of employment	Frequency	Percent
Temporary	54	44.6
Contractual	18	14.9
Permanent	49	40.5
Total	121	100.0

---

Gender

Male	75	61.5
Female	47	38.5
Total	122	100.0

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Qualification

Certificate	1	.9
Diploma	11	9.8
Degree	81	72.3

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Master	19	17.0
Total	112	100.0
<hr/>		
Age		
18-25	14	11.5
26-34	61	50.0
35-43	30	24.6
44	17	13.9
Total	122	100.0
<hr/>		
Years in service		
0-2	39	32.0
3-5	37	30.3
6-8	11	9.0
9-11	15	12.3
12+	20	16.4
Total	122	100.0
<hr/>		

*There were more staff on temporary basis (44.6%), more males (61.5%), most (72.5%) had one Degree and were in the age range of 26-30 years. Most (62.3%) had worked for only 2 years in the organization.*

### *Hypotheses*

H1: Perception of compensation fairness has a significant positive relationship with employee engagement.

H2: Perception of compensation fairness has a significant positive relationship with employee turnover intention.

H3: Employee engagement has a significant positive relationship with turnover intentions.

H4: Compensation fairness is a better predictor of turnover intentions than employee engagement.

Table 2:

*Correlations among compensation fairness, employee engagement, and employee turnover intention.*

		1	2	3
1. Compensation	Pearson			
	Correlation	1		
	Sig. (2-tailed)			
	N	122		
2 .Engagement	Pearson			
	Correlation	-.090	1	
	Sig. (2-tailed)	.322		
	N	122	122	
3. Retention	Pearson			
	Correlation	-.106	-.004	1
	Sig. (2-tailed)	.247	.962	
	N	122	122	122

### *Hypothesis 1*

H1: There's no significant relationship between compensation fairness and employee engagement at UBOS.

Table 2 reveals that the relationship between compensation fairness and employee engagement was not significant. This means that any increase or decrease in perception of compensation fairness does not significantly affect the engagement levels of the employees at UBOS. Thus the earlier H3 was rejected and thus concluded that perception of compensation fairness has no significant relationship with employee's engagement.

### *Hypothesis 2*

Table 2 also reveals that the relationship between compensation fairness and turnover intentions was not significant. Meaning that any increase or decrease in perception of compensation fairness does not significantly affect the employees desire to be retained at UBOS. The finding rejects the earlier H4 and thus concluded that compensation fairness doesn't positively and significantly relate with turnover intentions.

### *Hypothesis 3*

Also the relationship between employee engagement and turnover intentions was not significant. This also means that the level of engagement of employees doesn't significantly translate into their desires to be retained. The earlier H5 was thus rejected and concluded that employee engagement has no significant relationship with turnover intentions.

*Hypothesis 4:*

Compensation fairness is a better predictor of turnover intentions than employee engagement.

*Table 3:**Model Summary and ANOVA Results*

Model	Adjusted R Square	Std. Error of the Estimate	F Change	Change Statistics
				Sig. F Change
1	-.005	3.65754	.683	.507

*a. Predictors: (Constant), Engage, Fairness**Table 4:**ANOVA of Blocks of Turnover intentions Predictor Variables in The Model*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.267	2	9.134	.683	.507 <sup>b</sup>
	Residual	1591.938	119	13.378		
	Total	1610.205	121			

*a. Dependent variable: Turnover intentions*

*b. Predictors: (constant) employee engagement, compensation fairness*

Compensation Fairness and Employee engagement do not significantly account for any variations in turnover intentions

*Table 5:*

*Beta Weights of Predictor Variables in the Model*

<b>Variables</b>	<b>Beta</b>	<b>t</b>	<b>sig.</b>
Compensation fairness	-0.107	-1.168	0.245
Employee engagement	-0.014	-0.153	0.879

*a. Dependent Variable: Turnover intentions*

Both Compensation Fairness and Employee Engagement are not significant predictors of Turnover intentions.

## **Chapter Five: Discussion**

### *Introduction*

The chapter presents the discussion of findings, conclusion and recommendations. The discussion will follow the set out objectives 1, 2, 3, and 4, then a conclusion, and recommendations.

### *Discussion of Findings*

#### *The Relationship between Compensation Fairness and Employee Engagement*

H1 stated that compensation fairness has a significant positive relationship with employee engagement. However, results from the study have indicated that there is no significant relationship between compensation fairness and employee engagement. Thus the earlier hypothesis is rejected. This implies that the level of compensation fairness does not significantly affect employee engagement.

This finding is supported by several others, for instance Buckingham and Coffman (1999), Wagner and Harter (2006), and Harter et al. (2010) suggest that the role of compensation is relatively small in employee engagement. All content that there are other pressing issues like work design and job satisfaction that can influence employee engagement other than compensation.

In contrast, the study of Gill, Dugger, and Norton (2014) on compensation and selected dimensions of Employee Engagement in a Mid-Sized Engineering Services Firm, addressing the research question - Is there any relationship between the three employee engagement constructs of alignment with the organization, management effectiveness and salary and compensation based on the perceptions of the employees of the engineering services firm, compensation has a positively

proportional causal effect on both alignment with organization and opportunity for development and recognition. They found that these three dimensions shared a strong relationship.

*The Relationship between Compensation Fairness and Turnover Intentions*

H2 stated that perception of compensation fairness has a significant positive relationship with turnover intentions. On the contrary, results from the current study have indicated that there is no significant relationship between the two. Therefore, H2 is rejected. This implies that the level of compensation fairness does not significantly affect employee's retention. As odd as it may seem, Chandar et al. (2013) in their study on an airport staff in recession present statistical evidence to confirm that turnover intentions can be improved by addressing non-financial drivers like communication, recognition, manager/supervisor among others.

Contrary to this finding, Lawrences (2012) research on turnover intentions and compensation found that the relationship between the two was strong and positive in organisations. This follows footsteps of earlier findings that found that compensation plan of an organisation can affect its performance by influencing recruitment and retention (Stiglitz, 1975; Salop & Salop, 1976; Demski & Feltham, 1978; Milgrom & Roberts, 1992).

Armstrong (2003) also noted that employees' willingness to stay on the job largely depends on compensation packages of the organization. In an attempt to ensure employees optimal performance and retention, organizations need to consider a variety of appropriate ways to reward the employees to get the desired results (Falola, Ibidunni, & Olokundun , 2014) . additionally, it has been proved that the degree to which employees are satisfied with their job and their readiness to remain in an organization is a function of compensation packages and reward system of the Organisation (Osibanjo, Abiodun, & Fadugba, 2012).



*The Relationship between Employee Engagement and Turnover Intentions*

H3 stated that employee engagement has a significant positive relationship with turnover intentions. However, results of the study have found that there is no significant relationship between compensation fairness and turnover intentions, hence H3 is rejected. This implies that the employee engagement does not significantly affect employees' retention.

This finding does not resonate with other findings here in Uganda and elsewhere. For instance, a survey by PILA consultants, FUE, HRMAU, (2013) on talent management and relational Human resources management to Maximize Productivity in Micro, Small and Medium Enterprises found that those disengaged workers scored low on prospects of retention with their parent firms and this impacted on their productivity. This was indicative of a strong positive relationship between employee engagement and turnover intentions.

Similarly, Chandar et al. (2013) research conducted when the airport was reeling under the high employee turnover, it found that turnover intentions can be improved by improving engagement level of employees among other things. Thangaraja (2016) compounds the tangent from the current finding when he found that employee engagement remains strongly correlated to turnover intentions.

*The Effect of Compensation Fairness and employee Engagement on Turnover Intentions*

There is no significant difference in the relationship between turnover intentions, compensation fairness and employee engagement.

Since the P-Value is 0.507 is greater than 0.05, we accept the hypothesis and conclude that there's no significant relationship.

H4 stated that compensation fairness is a better predictor of turnover intentions than employee engagement. However, from the study findings, it was not, in fact none the two had a

significant effect on turnover intentions. Therefore, H4 is rejected. This also implies that compensation fairness is not a better predictor of turnover intentions than employee engagement.

To this extent, this finding is similar to that of Thangaraja (2016), who found that non-financial compensations can also affect retention to a small degree. However, on the whole, country to this finding, Thangaraja (2016) found that financial compensation strongly predicts retention of frontline hospitality employees.

### *Conclusion*

In this study, findings at UBOS on the relationship between the three variables (compensation, engagement, and retention) do significantly depart from other findings elsewhere in organisations found here in Uganda and other countries with bigger economies. In this regard, the study found an insignificant relationship between compensation fairness and employee engagement and an insignificant relationship between compensation fairness and retention. It was also found that employee engagement had an insignificant relationship between employee engagement and retention. It was also found that compensation fairness and engagement had an insignificant predictive power on turnover intentions, compensation fairness had no edge.

### *Recommendations*

It is noted that though the perception of the compensation fairness and level of employee engagement are high, there is no relationship whatsoever, let alone causality with turnover intentions. Therefore, a points rate competence job evaluation is recommended to be conducted to attach pay to individual competencies so that it and engagement levels can relate with and influence turnover intentions to a greater extent than this.

As it was revealed in the regression analysis that both compensation and engagement only contribute 1.2 % of the employees' desire to stay at UBOS. A cultural, HR audit and other attitude

surveys should periodically be conducted to find which other factors explain the 98.8 % turnover intentions precursor.

### *Limitations of the Study*

Although this study makes important theoretical and management contributions to the literature, there are some limitations as discussed below.

The contextual scope of the study was limited to a case study with a small population rendering it to the non-significant relationships amongst the variables of compensation fairness, employee engagement and retention strategies. Perhaps this was just unique to UBOS. Future research needs a wider scope, and varied across sectors and industries.

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## Appendix A

### Questionnaire

Dear respondent,

Introduction: **Compensation Fairness, Employee Engagement, and Turnover intentions at  
UBOS**

Please kindly spare some of your valuable time and respond to the topic above. The researcher has randomly selected you to participate in this study. The information you will provide will be treated with utmost confidentiality and will be used for academic research purposes.

Thank you.

#### **Section A. Background information**

(Please tick in box where applicable)

1. Name of Department .....

2. Position held .....

3. Gender 1. Male  2. Female

4. Age; 18-25  26-34  35-43  44 above

5. Years in service; 0-2  3-5  6-8  9-11  12 +

6. Type of employment; Temporarily  Contractual  Permanent

7. Qualification; Certificate  Diploma  Degree  Masters+

8. Salary.....

**Section B: Perception of Compensation fairness**

<b>Very dissatisfied</b>	<b>Dissatisfied</b>	<b>Neither satisfied or dissatisfied</b>	<b>Satisfied</b>	<b>Very satisfied</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>

Use the “frequency” scale below to evaluate your organization’s compensation fairness

	<b>Compensation fairness</b>	1	2	3	4	5
1	My take-home pay ( L)	1	2	3	4	5
2	My benefit pay (B)	1	2	3	4	5
3	My most recent raise (R)	1	2	3	4	5
4	Influence my supervisor has on my pay (R)	1	2	3	4	5
5	My current salary (L)	1	2	3	4	5
6	Amount the company pays toward my benefits (B)	1	2	3	4	5
7	The raises I have typically received in the past (R)	1	2	3	4	5
8	The company’s pay structure (S/A)	1	2	3	4	5
9	The information the company gives about pay issues of concern to me (S/A)	1	2	3	4	5
10	My overall level of pay (L)	1	2	3	4	5
11	The value of my benefits (B)	1	2	3	4	5
12	Pay of other jobs in the company (S/A)	1	2	3	4	5
13	Consistency of the company’s pay policies (S/A)	1	2	3	4	5
14	Size of my current salary (L)	1	2	3	4	5
15	The number of benefits I receive (B)	1	2	3	4	5
16	How my raises are determined (R)	1	2	3	4	5
17	Differences in pay among jobs in the company (S/A)	1	2	3	4	5
18	How the company administers pay (S/A)	1	2	3	4	5

**Section C: *Employee Engagement***  
**Engagement experiences**

Statements provided in this section require you to indicate your feelings and experiences in relation to your company, job, work tasks, manager/supervisor or indeed the people with whom you work (e.g. colleagues). Please respond using the scale below by circling the figure in the table that best represents what you feel about the issue, what you have experienced or indeed what you do in a given situation referred to in the statement:

<b>Always Without fail</b>	Almost all the time	Most of the time	About half of the time	Less than half of the time	<b>Never to less than a quarter of the time</b>	Don't know/Not sure
(100%)	(80-99%)	(60-79%)	(50-59%)	(25-49 %)	(0% - Less 24%)	-
1	2	3	4	5	6	7

1. I am happy to come to work every morning	1	2	3	4	5	6	7
2. I know what is expected of me at work.	1	2	3	4	5	6	7
3. I have the materials and equipment I need to do my work right	1	2	3	4	5	6	7
4. In the last seven days, I have received recognition or praise for doing good work	1	2	3	4	5	6	7
5. My supervisor/someone at work, seems to care about me as a person	1	2	3	4	5	6	7
6. At work, my opinions count	1	2	3	4	5	6	7
7. My associates or fellow employees are committed to doing quality work	1	2	3	4	5	6	7
8. When speaking with others, I speak highly of my supervisor/manager	1	2	3	4	5	6	7
9. Am personally motivated to help this company/business succeed	1	2	3	4	5	6	7

10. Am willing to put in a great deal of effort beyond what is normally expected of me	1	2	3	4	5	6	7
12. I enjoy my work and feel happy at work	1	2	3	4	5	6	7
13. I really “throw” myself into my job	1	2	3	4	5	6	7
14. My job is all consuming; I am totally into it	1	2	3	4	5	6	7

**Please indicate your level of agreement or disagreement with each of the items below using the scale provided to right**

<b>Don't know/Not sure</b>	<b>Not at all</b>	<b>To a small extent</b>	<b>To a moderate degree</b>	<b>To a large extent</b>	<b>To a very great extent</b>	<b>Completely agree</b>
-	<b>0%</b>	<b>Less than 40%</b>	<b>40%-59%</b>	<b>60%-79%</b>	<b>80%-99%</b>	<b>100%</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>

	1	2	3	4	5	6	7
15. I am proud to work for this company/business	1	2	3	4	5	6	7
16. I would say this company/business is a good place to work	1	2	3	4	5	6	7
17. This company/business inspires me to do my best work	1	2	3	4	5	6	7
18. I really care about the future of this company/business	1	2	3	4	5	6	7
19. At work, I have the opportunity to do what I do best every day	1	2	3	4	5	6	7
20. I feel a sense of personal accomplishment from my job	1	2	3	4	5	6	7
21. There is someone at work who encourages my development	1	2	3	4	5	6	7

22. The mission or purpose of this company/business makes me feel my job is important	1	2	3	4	5	6	7
23. I enjoy working with my team	1	2	3	4	5	6	7
24. In the last six months, someone at work has talked to me about my progress	1	2	3	4	5	6	7
25. This last year, I have had opportunities at work to learn and grow	1	2	3	4	5	6	7
26. I understand how my unit/department contributes to this company/business's success	1	2	3	4	5	6	7
27. I understand how my role relates to this company/business's goals and objectives	1	2	3	4	5	6	7
28. I am bursting with energy in my work	1	2	3	4	5	6	7
29. I am enthusiastic about the job I do.	1	2	3	4	5	6	7
30. Sometimes I am so into my job that I lose track of time	1	2	3	4	5	6	7

**Section D: Turnover intentions**

<b>Strongly agree</b>	<b>Agree</b>	<b>Not sure</b>	<b>Disagree</b>	<b>Strongly disagree</b>
<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>

Use the “frequency” scale below to evaluate the following Retention strategy.

**Retention strategies at UBOS....**

1	I am actively looking for another job ( R )	5	4	3	2	1
2	I am proud to work for this company /business	5	4	3	2	1
3	I would say this company is a good place to work	5	4	3	2	1
4	I would like to keep working for this company for a long time to come	5	4	3	2	1
5	I have a plan to leave ( R)	5	4	3	2	1
6	I am not looking for another job, but would consider the right opportunity ( R)	5	4	3	2	1
7	I have made plans to leave my current job ( R)	5	4	3	2	1

**Appendix B**  
**Consent Form**

---

My name is Nambejja Hellen Pool. I am a student pursuing a Masters of Organizational Psychology. The General objective of this study is to examine the relationship between Compensation Fairness, Employee Engagement, and Turnover intentions among the Uganda Bureau of statistics staff.

I assure you that your name and other personal information will not be documented in the questionnaires and the information you provide will be kept confidential and will not be used for anything other than research purpose. Participating in this study does not affect your job whatsoever. You may withdraw from the study at any point when you become uncomfortable.

I the undersigned, am informed of the purposes of the study and give my consent to participate in this study.

Signature or thumb print of participant

Name: \_\_\_\_\_ Date \_\_\_\_\_

I thank you for your willingness to participate in the study.

Data collector's name \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_



## Appendix C

### Krejcie and Morgan

**Table for determining sample size of a known population**

<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>	<i>N</i>	<i>S</i>
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10000	370
150	108	750	254	15000	375
160	113	800	260	20000	377
170	118	850	265	30000	379
180	123	900	269	40000	380
190	127	950	274	50000	381
200	132	1000	278	75000	382
210	136	1100	285	100000	384

Note.—*N* is population size. *S* is sample size.

Source: Krejcie & Morgan, 1970